

Aitken Spence

Interim Statement

for the six months ended 30th September 2014

Aitken Spence[®] 

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENTS

	Quarter ended 30th September		Six months ended 30th September	
	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)
Revenue	9,391,786	7,920,473	19,717,148	15,935,510
Revenue tax	(123,025)	(125,060)	(241,217)	(240,838)
Net revenue	9,268,761	7,795,413	19,475,931	15,694,672
Other operating income	120,236	69,130	412,968	232,711
Changes in inventories of finished goods and work-in-progress	(8,207)	(27,740)	32,993	50,737
Raw materials and consumables used	(2,248,519)	(1,296,216)	(5,930,579)	(3,820,520)
Employee benefits expense	(1,287,544)	(1,193,129)	(2,694,114)	(2,289,131)
Depreciation and amortisation	(371,544)	(374,031)	(731,549)	(717,146)
Other operating expenses-direct	(2,770,563)	(2,614,969)	(5,166,071)	(4,593,049)
Other operating expenses-indirect	(1,536,047)	(1,285,794)	(2,963,634)	(2,330,996)
Profit from operations	1,166,573	1,072,664	2,435,945	2,227,278
Finance income	164,468	199,147	347,361	401,064
Finance expenses	(285,203)	(306,661)	(549,997)	(681,667)
Net finance expense	(120,735)	(107,514)	(202,636)	(280,603)
Share of profit of equity-accounted investees (net of tax)	24,618	52,839	53,237	79,330
Profit before tax	1,070,456	1,017,989	2,286,546	2,026,005
Income tax expenses	(194,742)	(247,745)	(384,811)	(402,693)
Profit for the period	875,714	770,244	1,901,735	1,623,312
Attributable to:				
Equity holders of the parent	578,844	559,666	1,325,703	1,226,608
Non-controlling interests	296,870	210,578	576,032	396,704
Profit for the period	875,714	770,244	1,901,735	1,623,312
Earnings per share - Basic/Diluted (Rs.)	1.43	1.38	3.27	3.02

The above figures are subject to audit.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ended 30th September		Six months ended 30th September	
	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)
Profit for the period	875,714	770,244	1,901,735	1,623,312
Other comprehensive income				
Exchange differences on translation of foreign operations	(182,792)	81,097	(191,568)	227,666
Net change in fair value of available-for-sale financial assets	7,009	(12,874)	8,351	(10,769)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	–	(11,089)	1,817
Share of other comprehensive income of equity-accounted investees	–	124	–	354
Other comprehensive income for the period, net of tax	(175,783)	68,347	(194,306)	219,068
Total comprehensive income for the period	699,931	838,591	1,707,429	1,842,380
Attributable to:				
Equity holders of the parent	449,472	599,804	1,179,637	1,364,882
Non-controlling interests	250,459	238,787	527,792	477,498
Total comprehensive income for the period	699,931	838,591	1,707,429	1,842,380

The above figures are subject to audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	30.09.2014 Rs.'000	31.03.2014 Rs.'000 (Re-stated)	01.04.2013 Rs.'000 (Re-stated)
ASSETS			
Non-current assets			
Property, plant & equipment	27,410,719	25,065,484	23,796,518
Investment property	1,648,300	1,648,300	1,661,596
Intangible assets	580,211	605,521	356,440
Leasehold property	1,894,001	1,461,100	1,463,930
Pre-paid operating leases	1,007,914	1,010,249	980,731
Finance lease receivables	2,240,730	2,245,884	2,325,091
Investments in equity-accounted investees	3,758,735	2,826,550	2,590,713
Deferred tax assets	223,354	225,083	226,271
Other financial assets	364,090	387,248	462,117
	<u>39,128,054</u>	<u>35,475,419</u>	<u>33,863,407</u>
Current assets			
Inventories	1,385,603	1,731,696	1,880,351
Finance lease receivables	76,842	146,948	168,964
Trade and other receivables	8,891,302	9,799,382	10,525,361
Current tax receivable	265,563	243,910	182,589
Deposits and prepayments	1,640,700	1,268,381	1,258,077
Other financial assets	10,082,014	10,570,990	6,773,033
Cash and short-term deposits	3,356,062	2,931,674	2,453,706
	<u>25,698,086</u>	<u>26,692,981</u>	<u>23,242,081</u>
Assets classified as held for sale	149,125	149,125	149,125
Total Assets	<u>64,975,265</u>	<u>62,317,525</u>	<u>57,254,613</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	2,135,140	2,135,140	2,135,140
Reserves	13,738,590	13,884,656	12,695,793
Retained earnings	16,752,473	16,238,762	13,222,324
	<u>32,626,203</u>	<u>32,258,558</u>	<u>28,053,257</u>
Non-controlling interests	7,066,869	7,208,930	6,029,302
Total Equity	<u>39,693,072</u>	<u>39,467,488</u>	<u>34,082,559</u>
Non-current liabilities			
Interest bearing liabilities	10,431,963	7,312,336	6,216,851
Deferred tax liabilities	664,431	641,615	501,411
Employee benefits	643,356	629,341	483,704
	<u>11,739,750</u>	<u>8,583,292</u>	<u>7,201,966</u>
Current liabilities			
Interest bearing liabilities	1,840,481	1,626,693	1,363,236
Provisions	447,775	462,771	277,103
Trade and other payables	6,379,478	6,858,598	7,985,981
Current tax payable	483,015	600,709	512,738
Final dividend declared	—	—	—
Other financial liabilities	—	—	—
Bank overdrafts and other short-term borrowings	4,391,694	4,717,974	5,831,030
	<u>13,542,443</u>	<u>14,266,745</u>	<u>15,970,088</u>
Total Equity and Liabilities	<u>64,975,265</u>	<u>62,317,525</u>	<u>57,254,613</u>
Net Assets per share (Rs.)	80.36	79.46	69.10

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

Colombo,
07th November 2014

Sgd.
J.M.S. Brito
Managing and Finance Director

Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

GROUP

For the six months ended 30th September 2014

	Attributable to equity holders of the parent						Retained earnings	Total	Non-controlling interests	Total equity
	Stated capital	Capital reserves	General reserves	Revaluation reserve	Foreign currency translation reserve	Available for sale reserve				
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2014 (Re-stated) *	2,135,140	127,521	6,390,190	6,541,269	818,882	6,794	16,238,762	32,258,558	7,208,930	39,467,488
Profit for the period	–	–	–	–	–	–	1,325,703	1,325,703	576,032	1,901,735
Other comprehensive income for the period	–	–	–	–	(143,299)	(2,767)	–	(146,066)	(48,240)	(194,306)
Total comprehensive income for the period	–	–	–	–	(143,299)	(2,767)	1,325,703	1,179,637	527,792	1,707,429
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	–	–	–	–	–	–	–	–	(50,928)	(50,928)
Dividends for 2013/2014	–	–	–	–	–	–	(811,992)	(811,992)	–	(811,992)
Dividends paid by subsidiary companies to minority shareholders	–	–	–	–	–	–	–	–	(618,925)	(618,925)
Total contributions and distributions, recognised directly in equity	–	–	–	–	–	–	(811,992)	(811,992)	(669,853)	(1,481,845)
Balance as at 30th September 2014	2,135,140	127,521	6,390,190	6,541,269	675,583	4,027	16,752,473	32,626,203	7,066,869	39,693,072

For the six months ended 30th September 2013

	Attributable to equity holders of the parent						Retained earnings	Total	Non-controlling interests	Total equity
	Stated capital	Capital reserves	General reserves	Revaluation reserve	Foreign currency translation reserve	Available for sale reserve				
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2013 (Re-stated) *	2,135,140	127,521	6,359,580	5,478,094	707,064	23,534	13,222,324	28,053,257	6,029,302	34,082,559
Profit for the period	–	–	–	–	–	–	1,226,608	1,226,608	396,704	1,623,312
Other comprehensive income for the period	–	–	–	–	145,379	(7,105)	–	138,274	80,794	219,068
Total comprehensive income for the period	–	–	–	–	145,379	(7,105)	1,226,608	1,364,882	477,498	1,842,380
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	–	–	–	–	–	–	6,051	6,051	444,528	450,579
Dividends for 2012/2013	–	–	–	–	–	–	(608,994)	(608,994)	–	(608,994)
Dividends paid by subsidiary companies to minority shareholders	–	–	–	–	–	–	–	–	(529,396)	(529,396)
Total contributions and distributions, recognised directly in equity	–	–	–	–	–	–	(602,943)	(602,943)	(84,868)	(687,811)
Balance as at 30th September 2013	2,135,140	127,521	6,359,580	5,478,094	852,443	16,429	13,845,989	28,815,196	6,421,932	35,237,128

* Refer note 7 of the financial statements.

COMPANY INCOME STATEMENTS

	Quarter ended 30th September		Six months ended 30th September	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Revenue	141,906	140,614	329,945	317,591
Revenue tax	(3,198)	(2,363)	(6,013)	(5,597)
Net revenue	138,708	138,251	323,932	311,994
Other operating income	223,351	305,992	681,367	548,566
Employee benefits expense	(90,947)	(78,035)	(192,850)	(167,813)
Depreciation and amortisation	(16,109)	(15,812)	(32,238)	(31,227)
Other operating expenses-indirect	(81,790)	(79,846)	(153,799)	(145,647)
Profit from operations	173,213	270,550	626,412	515,873
Finance income	120,288	150,006	237,381	326,579
Finance expenses	(101,334)	(134,517)	(207,799)	(268,786)
Net finance income	18,954	15,489	29,582	57,793
Profit before tax	192,167	286,039	655,994	573,666
Income tax expenses	(1,593)	(4,105)	(1,926)	(4,421)
Profit for the period	190,574	281,934	654,068	569,245
Earnings per share - Basic/Diluted (Rs.)	0.47	0.69	1.61	1.40

The above figures are subject to audit.

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ended 30th September		Six months ended 30th September	
	2014 Rs.'000	2013 Rs.'000	2014 Rs.'000	2013 Rs.'000
Profit for the period	190,574	281,934	654,068	569,245
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	2,284	(1,430)	1,862	(2,177)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	–	(6,212)	–
Other comprehensive income for the period, net of tax	2,284	(1,430)	(4,350)	(2,177)
Total comprehensive income for the period	192,858	280,504	649,718	567,068

The above figures are subject to audit.

COMPANY STATEMENT OF FINANCIAL POSITION

As at	30.09.2014 Rs.'000	31.03.2014 Rs.'000
ASSETS		
Non-current assets		
Property, plant & equipment	142,635	143,967
Investment property	3,438,567	3,439,945
Intangible assets	41,676	53,059
Investments in subsidiaries and joint ventures - unquoted	5,440,983	5,583,951
Investments in subsidiaries - quoted	2,458,287	2,458,287
Investments in equity-accounted investees	165,000	165,000
Other financial assets	157,810	181,878
	<u>11,844,958</u>	<u>12,026,087</u>
Current assets		
Inventories	2,743	2,167
Trade and other receivables	2,977,780	2,768,751
Current tax receivable	232,996	215,560
Deposits and prepayments	46,733	44,151
Other financial assets	4,307,500	4,274,439
Cash and short-term deposits	359,255	62,504
	<u>7,927,007</u>	<u>7,367,572</u>
Assets classified as held for sale	57,237	57,237
Total Assets	<u>19,829,202</u>	<u>19,450,896</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Stated capital	2,135,140	2,135,140
Reserves	6,352,754	6,357,104
Retained earnings	4,279,222	4,437,146
Total Equity	<u>12,767,116</u>	<u>12,929,390</u>
Non-current liabilities		
Interest bearing liabilities	3,005,452	3,426,394
Employee benefits	85,020	86,426
	<u>3,090,472</u>	<u>3,512,820</u>
Current liabilities		
Interest bearing liabilities	622,605	371,837
Trade and other payables	3,006,130	2,324,439
Bank overdrafts and other short-term borrowings	342,879	312,410
	<u>3,971,614</u>	<u>3,008,686</u>
Total Equity and Liabilities	<u>19,829,202</u>	<u>19,450,896</u>
Net Assets per share (Rs.)	31.45	31.85

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
Managing and Finance Director

Sgd.
Ms. N. Sivapragasam
Chief Financial Officer

Colombo,
07th November 2014

STATEMENT OF CHANGES IN EQUITY

COMPANY

For the six months ended 30th September 2014

	Stated capital	General reserve	Available for sale reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2014	2,135,140	6,363,478	(6,374)	4,437,146	12,929,390
Profit for the period	–	–	–	654,068	654,068
Other comprehensive income for the period	–	–	(4,350)	–	(4,350)
Total comprehensive income for the period	–	–	(4,350)	654,068	649,718
Dividends for 2013/2014	–	–	–	(811,992)	(811,992)
Balance as at 30th September 2014	2,135,140	6,363,478	(10,724)	4,279,222	12,767,116

For the six months ended 30th September 2013

	Stated capital	General reserve	Available for sale reserve	Retained earnings	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2013	2,135,140	6,332,868	(3,898)	4,669,527	13,133,637
Profit for the period	–	–	–	569,245	569,245
Other comprehensive income for the period	–	–	(2,177)	–	(2,177)
Total comprehensive income for the period	–	–	(2,177)	569,245	567,068
Dividends for 2012/2013	–	–	–	(608,994)	(608,994)
Balance as at 30th September 2013	2,135,140	6,332,868	(6,075)	4,629,778	13,091,711

CASH FLOW STATEMENTS

<i>For the six months ended 30th September</i>	Group		Company	
	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000
Cash flow from operating activities				
Net profit before taxation	2,286,546	2,026,005	655,994	573,666
Adjustments for				
Depreciation and amortisation	731,549	717,146	32,238	31,227
Interest expense	495,789	650,662	204,101	267,922
(Gain)/loss on disposal of property plant & equipment	(20,357)	(6,671)	(2,552)	–
(Gain)/loss on losing control of subsidiaries	(6,723)	–	128,974	–
Gain on disposal of available-for-sale financial assets reclassified from equity	(11,089)	(26,438)	(6,212)	–
Interest income	(347,361)	(401,064)	(237,381)	(326,579)
Share of equity-accounted investees' profit after tax	(53,237)	(79,330)	–	–
Impairment of trade & other receivables	34,702	38,632	–	–
Net foreign exchange gain	(10,889)	(58,311)	(906)	(16,619)
Provision for retirement benefit obligations	73,551	66,490	9,880	7,738
	885,935	901,116	128,142	(36,311)
Operating profit before working capital changes	3,172,481	2,927,121	784,136	537,355
(Increase)/decrease in trade and other receivables	574,312	3,351,625	(209,029)	335,169
(Increase)/decrease in inventories	223,241	(205,393)	(576)	(603)
(Increase)/ decrease in deposits & prepayments	(374,867)	142,514	(2,582)	1,181
Increase/(decrease) in trade and other payables	(224,379)	(2,998,429)	544,599	(402,127)
Increase/(decrease) in provisions	(14,996)	189,160	–	–
	183,311	479,477	332,412	(66,380)
Cash generated from / (used in) operations	3,355,792	3,406,598	1,116,548	470,975
Interest paid	(490,463)	(647,952)	(198,775)	(265,212)
Income tax paid	(497,216)	(473,781)	(19,362)	(29,907)
Retirement benefit obligations paid	(56,599)	(21,542)	(11,286)	(3,347)
	(1,044,278)	(1,143,275)	(229,423)	(298,466)
Net cash flow from operating activities	2,311,514	2,263,323	887,125	172,509
Cash flow from investing activities				
Interest received from deposits	348,681	398,000	240,902	322,176
Investment in subsidiaries, joint ventures & equity-accounted investees	–	(169,202)	(3,257)	(749,242)
Purchase of equity and debt securities	(5,218)	–	(5,000)	–
Proceeds from disposal of subsidiary	17,252	–	17,251	–
Cash and cash equivalents on disposal of subsidiary	347,200	–	–	–
Purchase of property, plant and equipment	(4,757,994)	(770,358)	(18,779)	(31,141)
Purchase of intangible assets	(2,915)	(2,088)	(333)	(1,393)
Purchase of leasehold rights	(459,766)	–	–	–
Proceeds from disposal of property, plant and equipment	617,420	58,454	3,517	–
Receipts of finance lease receivables	69,733	79,093	–	–
Proceeds from sale of equity and debt securities	45,009	307,110	37,490	23,854
Proceeds / (purchase) of other financial assets & liabilities (net)	479,115	(937,147)	(43,143)	(994,742)
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(618,925)	(529,396)	–	–
Dividends received from equity-accounted investees	21,600	10,800	–	–
Net cash flow from investing activities	(3,898,808)	(1,554,734)	228,648	(1,430,488)

CASH FLOW STATEMENTS – CONTD.

<i>For the six months ended 30th September</i>	Group		Company	
	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000
Cash flow from operating activities				
Proceeds from interest bearing liabilities	4,175,773	1,330,965	–	1,265,363
Repayment of interest-bearing liabilities	(820,958)	(746,487)	(172,500)	(67,500)
Dividends paid	(674,900)	(606,321)	(674,900)	(606,321)
Net cash flow from financing activities	2,679,915	(21,843)	(847,400)	591,542
Net increase/(decrease) in cash and cash equivalents	1,092,621	686,746	268,373	(666,437)
Cash and cash equivalents at the beginning of the period (Note A)	(2,128,253)	(3,319,756)	(251,997)	(11,665)
Cash and cash equivalents at the end of the period	(1,035,632)	(2,633,010)	16,376	(678,102)
Cash and cash equivalents at the end of the period				
Cash at bank and in hand & deposits	3,356,062	2,762,388	359,255	175,325
Short-term bank borrowings	(4,391,694)	(5,395,398)	(342,879)	(853,427)
Cash and cash equivalent at the end of the period	(1,035,632)	(2,633,010)	16,376	(678,102)
Note A				
Cash and cash equivalents at the beginning of the period				
Cash at bank and in hand & deposits	2,931,674	2,453,706	62,504	62,885
Short-term bank borrowings	(4,717,974)	(5,831,030)	(312,410)	(99,881)
Cash and cash equivalent as previously reported	(1,786,300)	(3,377,324)	(249,906)	(36,996)
Effect of exchange rate changes	(341,953)	57,568	(2,091)	25,331
Cash and cash equivalent as restated	(2,128,253)	(3,319,756)	(251,997)	(11,665)

NOTES TO THE FINANCIAL STATEMENTS

1. Segment analysis

1.1 Segment analysis of Group revenue and profit

	Tourism sector		Maritime cargo logistics sector		Strategic investments		Services sector		Total	
<i>For the six months ended 30th September</i>	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)	2014 Rs.'000	2013 Rs.'000 (Re-stated)
Total revenue generated	8,548,747	8,114,540	4,037,089	3,489,799	8,685,651	6,001,430	533,538	478,965	21,805,025	18,084,734
Inter - segmental revenue	37,286	15,099	165,451	126,356	147,892	134,292	110,970	107,073	461,599	382,820
Intra-segmental revenue	891,108	1,036,130	113,813	102,340	31,479	37,848	14,503	16,865	1,050,903	1,193,183
Total revenue with equity-accounted investees	7,620,353	7,063,311	3,757,825	3,261,103	8,506,280	5,829,290	408,065	355,027	20,292,523	16,508,731
Share of equity-accounted investees' revenue	—	—	(247,763)	(250,568)	(327,612)	(322,653)	—	—	(575,375)	(573,221)
Revenue from external customers	7,620,353	7,063,311	3,510,062	3,010,535	8,178,668	5,506,637	408,065	355,027	19,717,148	15,935,510
Profit from operations	1,296,234	1,273,378	349,712	314,338	714,679	504,603	75,320	134,959	2,435,945	2,227,278
Finance income	182,439	159,142	22,146	27,038	134,515	204,464	8,261	10,420	347,361	401,064
Finance expenses	(187,352)	(120,339)	(30,117)	(32,916)	(328,808)	(524,712)	(3,720)	(3,700)	(549,997)	(681,667)
Share of profit of equity- accounted investees (net of tax)	847	24,332	24,827	38,470	36,232	29,228	(8,669)	(12,700)	53,237	79,330
Profit before tax	1,292,168	1,336,513	366,568	346,930	556,618	213,583	71,192	128,979	2,286,546	2,026,005
Income tax expense	(294,021)	(277,022)	(61,687)	(70,164)	(13,730)	(25,093)	(15,373)	(30,414)	(384,811)	(402,693)
Profit for the year	998,147	1,059,491	304,881	276,766	542,888	188,490	55,819	98,565	1,901,735	1,623,312

1.2 Segment analysis of Group assets

	Tourism sector		Maritime cargo logistics sector		Strategic investments		Services sector		Total	
<i>As at</i>	30.09.14 Rs.'000	31.03.14 Rs.'000 (Re-stated)	30.09.14 Rs.'000	31.03.14 Rs.'000 (Re-stated)	30.09.14 Rs.'000	31.03.14 Rs.'000 (Re-stated)	30.09.14 Rs.'000	31.03.14 Rs.'000 (Re-stated)	30.09.14 Rs.'000	31.03.14 Rs.'000 (Re-stated)
Segment assets	29,705,658	26,725,540	7,058,559	7,178,928	20,934,855	21,949,348	2,870,512	2,990,213	60,569,584	58,844,029
Investments in equity -accounted investees	2,241,889	1,340,495	627,121	623,894	790,234	754,001	99,491	108,160	3,758,735	2,826,550
Goodwill on consolidation	—	—	—	—	—	—	—	—	497,821	497,821
Assets classified as held for sale	—	—	—	—	—	—	—	—	149,125	149,125
Total assets	31,947,547	28,066,035	7,685,680	7,802,822	21,725,089	22,703,349	2,970,003	3,098,373	64,975,265	62,317,525

- 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 Standards - LKAS 34 - Interim Financial Reporting.
- A first & final ordinary dividend of Rs. 2.00 per share for the year ended 31st March 2014 was paid on 09th July 2014, after it was approved at the Annual General Meeting on the 30th June 2014. The total dividend payment for the year ended 31st March 2014 amounted to Rs. 811,992,090.
- 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 were no material change in the nature of contingent liabilities disclosed in the annual report for the year ended 31st March 2014.
- The accounting policies adopted by the Group are consistent with those adopted in the previous financial year except for changes described in note 7. These changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31st March 2015.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

7. Changes in accounting policies

7.1. SLFRS 10 - Consolidated financial statements

With the adoption of SLFRS 10 in Sri Lanka with effect from 1st January 2014, the Group changed its accounting policy for determining whether an investee is a subsidiary based on the definition of control. The Group considers that control exists when the Company has power over an investee; has exposure or rights to variable returns from its involvement with the investee and when it has ability to use its power over the investee to affect the amount of the Company's returns.

With the adoption of SLFRS 10, the Group reassessed the control conclusion for its investees and changed the control conclusion for Aitken Spence Travels Ltd and its subsidiaries, Shipping & Cargo Logistics (Pvt) Ltd., Spence Maldives (Pvt) Ltd., Ace Aviation Services Maldives (Pvt) Ltd., Aitken Spence Garments Ltd., and MMBL Money Transfer (Pvt) Ltd., and treated them as subsidiaries based on de facto circumstances. These investees where applicable were previously accounted for as Joint Ventures using the proportionate consolidation method.

7.2. SLFRS 11 - Joint arrangements

With the adoption of SLFRS 11 in Sri Lanka, the Group changed its accounting policy for its interests in joint arrangements. Under SLFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group re-evaluated its involvement in its joint arrangements and identified the investments in Ace Bangladesh Ltd., Delta Shipping (Pvt) Ltd., Colombo International Nautical & Engineering College (Pvt) Ltd., and Aitken Spence C & T Investments (Pvt) Ltd., as joint ventures. Application of this standard impacted the Group financial statements by replacing proportionate consolidation of these companies with the equity method of accounting.

Changes to the basis of accounting of the companies mentioned in 7.1 and 7.2 above were applied with retrospective effect as per the transitional provisions under the relevant standards.

7.3. SLFRS 12 - Disclosure of interests in other entities

SLFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Non of theses disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

7.4. SLFRS 13 - Fair value measurement

SLFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other SLASs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Application of this standard has not materially impacted the fair value measurements carried out by the Group.

NOTES TO THE FINANCIAL STATEMENTS – CONTD.

7.5. Summary of quantitative impact

The following tables summarise the material impacts for the comparative periods resulting from the above changes in accounting policies on the Group's financial statements.

(a) Impact on consolidated income statement for the six months ended 30th September 2013.

	Application of SLFRS 10 Rs.'000	Application of SLFRS 11 Rs.'000
Revenue	1,296,219	(250,568)
Revenue tax	(771)	-
Net revenue	1,295,448	(250,568)
Other operating income	34,446	(546)
Changes in inventories of finished goods and work-in-progress	23,603	-
Raw materials and consumables used	(192,464)	-
Employee benefits expense	(162,363)	56,445
Depreciation amortisation and impairment expense	(19,152)	12,259
Other operating expenses-direct	(769,489)	114,580
Other operating expenses-indirect	(77,338)	37,374
Profit from operations	132,691	(30,456)
Finance income	3,457	(2,287)
Finance expenses	8,633	4,675
Net finance income	12,090	2,388
Share of equity-accounted investees profits	-	25,770
Profit before tax	144,781	(2,298)
Income tax expenses	(9,324)	2,298
Net Profit for the period	135,457	-
Attributable to:		
Equity holders of the parent	-	-
Minority interest	135,457	-
Net Profit for the period	135,457	-

(b) Impact on consolidated statements of financial position

	As at 31.03.2014 Application of SLFRS 10 Rs.'000	Application of SLFRS 11 Rs.'000	As at 01.04.2013 Application of SLFRS 10 Rs.'000	Application of SLFRS 11 Rs.'000
Property, plant & equipment	204,505	(359,942)	194,505	(439,767)
Investment property	-	(89,274)	-	-
Intangible assets	2,504	(299,583)	3,399	(301,015)
Investments in equity-accounted investees	-	732,054	-	659,508
Deferred tax assets	5,062	-	4,124	-
Inventories	93,734	(1,438)	56,327	(699)
Trade and other receivables	537,554	(50,839)	577,049	(24,315)
Current tax receivable	2,694	(14)	1,685	(14)
Deposits and prepayments	213,902	(5,209)	134,063	(5,829)
Other financial assets	52,444	(69,026)	48,137	(39,267)
Cash and short-term deposits	204,306	(1,146)	273,975	(38,263)
Total Assets	1,316,705	(144,417)	1,293,264	(189,661)
Interest bearing liabilities	23,980	(41,838)	14,370	(49,727)
Deferred tax liabilities	4,579	(2,450)	4,574	(7,906)
Employee benefits	65,803	(12,878)	49,272	(12,958)
Trade and other payables	359,024	(76,879)	374,426	(102,083)
Current tax payable	7,716	(4,800)	14,899	(3,399)
Bank overdrafts and other short-term borrowings	166,379	(5,572)	255,865	(13,588)
Total Liabilities	627,481	(144,417)	713,406	(189,661)
Non-controlling interests	689,224	-	579,858	-
Total Equity	689,224	-	579,858	-

There is no material impact on interim consolidated other comprehensive income and cash flows.

NON FINANCIAL INFORMATION

	30.09.2014
1. Stated Capital	
Number of shares represented by the stated capital (31.03.2014 - 405,996,045)	405,996,045
Number of Public Shareholders	4,257
Percentage of shares held by the Public	38.78%
2. Shares Traded	
Market Price per Share - Last traded (Rs.)	110.00
Market Price per Share - Highest (Rs.)	115.00
Market Price per Share - Lowest (Rs.)	101.10

3. Share Holding of Directors

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

Name of Director	Position	30.09.2014	31.03.2014
1 D. H. S. Jayawardena	Chairman	Nil	Nil
2 J. M. S. Brito	Deputy Chairman/ Managing Director	304,495	294,495
3 R. M. Fernando	Director	Nil	Nil
4 M. P. Dissanayake	Director	Nil	Nil
5 D.S.T. Jayawardena	Director	27,839	N/A
6 G.C. Wickremasinghe	Director	7,308,240	7,308,240
7 C. H. Gomez	Director	Nil	Nil
8 N. J. de Silva Deva Aditya	Director	Nil	Nil
9 V. M. Fernando	Director	Nil	Nil
10 R. N. Asirwatham	Director	1,000	1,000

4. Substantial Shareholdings

The twenty largest shareholding as at 30th September 2014, are as follows ;

Name of the Shareholder	Share Holding	%
1 Melstacorp (Private) Limited	166,826,598	41.09
2 Rubicond Enterprises Limited	65,990,145	16.25
3 HSBC International Nominees Limited-BPSS LUX-Aberdeen Global-Asian Smaller Companies Fund	33,145,934	8.16
4 HSBC International Nominees Limited -BP2S London-Aberdeen Asia Pasific Equity Fund	17,192,300	4.24
5 Mr. G.C. Wickremasinghe	7,308,240	1.80
6 HSBC International Nominees Limited -BP2S Luxembourg-Aberdeen Global-Frontier Markets Equity Fund	6,780,000	1.67
7 Employees Provident Fund	6,272,452	1.55
8 HSBC International Nominees Limited- SSBT-Aberdeen Institutional Commingled funds, LLC	5,795,500	1.43
9 Placidrange Holdings Limited	5,521,500	1.36
10 HSBC International Nominees Limited -BP2S London-Aberdeen New Dawn Investment Trust Xcc6	4,503,555	1.11
11 Milford Exports (Ceylon) (Private) Limited	4,321,500	1.06
12 HSBC International Nominees Limited -BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,400,000	0.84
13 Stassen Exports Limited	3,244,500	0.80
14 Ms. A.T. Wickremasinghe	3,211,975	0.79
15 Ms. K. Fernando	3,135,070	0.77
16 Mellon Bank N.A.-Florida Retirement System	3,100,000	0.76
17 Mr. G.Wickremasinghe	3,019,090	0.74
18 Employees Trust Fund Board	2,621,870	0.65
19 HSBC International Nominees Ltd-BP2S London-Aberdeen Asia Pacific and Japan Equity Fund	1,790,000	0.44
20 The Ceylon Investment PLC A/C No. 02	1,674,000	0.41

CORPORATE INFORMATION

as at 30th September 2014

DIRECTORS

Deshamanya D. H. S. Jayawardena - Chairman

Mr. J.M.S. Brito - Managing and Finance Director

Dr. R. M. Fernando

Dr. M. P. Dissanayake

Miss. D.S.T. Jayawardena

Mr. G. C. Wickremasinghe

Mr. C. H. Gomez

Mr. V. M. Fernando

Mr. N. J. de Silva Deva Aditya

Mr. R. N. Asirwatham

Mr. A. L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya)

SECRETARY

Mr. R. E. V. Casie Chetty

REGISTERED OFFICE

Aitken Spence Tower II

315, Vauxhall Street,

Colombo 02,

Sri Lanka.