

Aitken Spence

Interim Statement

for the nine months ended 31st December 2008

Aitken Spence[®]

Aitken Spence PLC

CONSOLIDATED INCOME STATEMENT

	Quarter ended			Nine months ended		
	31st December			31st December		
	2008	2007	Change	2008	2007	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	8,704,135	6,863,836	26.8	23,494,783	19,351,102	21.4
Revenue tax	(682,859)	(456,516)	49.6	(834,565)	(605,238)	37.9
Net revenue	8,021,276	6,407,320	25.2	22,660,218	18,745,864	20.9
Other operating income	225,147	38,400	486.3	270,198	138,225	95.5
Changes in inventories of finished goods and work-in-progress	(11,483)	26,002	-	44,178	34,680	27.4
Raw materials and consumables used	(4,066,252)	(2,672,085)	52.2	(11,722,492)	(8,243,883)	42.2
Employee benefits expense	(615,971)	(551,996)	11.6	(1,667,095)	(1,529,713)	9.0
Depreciation and amortisation expense	(298,005)	(283,381)	5.2	(898,536)	(805,367)	11.6
Other operating expenses – direct	(1,275,717)	(1,396,419)	(8.6)	(3,645,939)	(3,654,601)	(0.2)
Other operating expenses – indirect	(975,752)	(777,786)	25.5	(2,540,911)	(2,335,307)	8.8
Profit from operations	1,003,243	790,055	27.0	2,499,657	2,349,898	6.4
Financial income	23,192	102,776	(77.4)	294,387	287,169	2.5
Financial expenses	(172,673)	(301,951)	(42.8)	(728,517)	(834,403)	(12.7)
Net financing expense	(149,481)	(199,175)	(24.9)	(434,130)	(547,234)	(20.7)
Share of associate companies profit/(loss)	(22,188)	26,140	-	13,207	62,276	(78.8)
Profit before tax	831,574	617,290	34.7	2,078,734	1,864,940	11.5
Income tax expense	(90,353)	(65,677)	37.6	(207,266)	(185,504)	11.7
Net profit for the period	741,221	551,613	34.4	1,871,468	1,679,436	11.4
Attributable to:						
Equity holders of the parent	473,699	342,307	38.4	1,266,133	1,099,637	15.1
Minority interest	267,522	209,306	27.8	605,335	579,799	4.4
	741,221	551,613	34.4	1,871,468	1,679,436	11.4
Earnings per share						
– Basic/Diluted (Rs.)	17.50	12.65	38.4	46.78	40.63	15.1

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,
02nd February, 2009

CONSOLIDATED BALANCE SHEET

As at	31.12.2008 Rs. '000	31.12.2007 Rs. '000	31.03.2008 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	18,860,096	17,062,160	16,982,305
Leasehold property	1,414,672	1,400,603	1,356,987
Intangible assets	122,535	154,587	122,520
Investment property	28,936	28,936	28,936
Investments in associates	775,083	753,150	764,489
Long term investments	404,956	190,496	263,576
Deferred tax asset	42,074	-	39,342
	<u>21,648,352</u>	<u>19,589,932</u>	<u>19,558,155</u>
Current assets			
Inventories	1,142,901	932,589	1,304,955
Amount due from associates	148,129	141,154	115,652
Trade and other receivables	6,555,022	5,537,950	6,085,144
Current investments	4,557	4,556	4,554
Deposits and prepayments	624,927	617,430	481,627
Current tax receivable	19,359	12,259	17,764
Short-term deposits	1,697,166	2,412,113	2,596,529
Cash & cash equivalents	1,276,830	893,994	858,862
	<u>11,468,891</u>	<u>10,552,045</u>	<u>11,465,087</u>
Assets held for sale	149,124	-	161,951
TOTAL ASSETS	<u>33,266,367</u>	<u>30,141,977</u>	<u>31,185,193</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated Capital	2,135,140	2,135,140	2,135,140
Reserves	3,704,251	2,834,300	3,587,884
Retained earnings	7,338,867	6,166,602	6,181,000
	<u>13,178,258</u>	<u>11,136,042</u>	<u>11,904,024</u>
Minority interest	4,160,599	3,546,109	3,881,704
Total equity	<u>17,338,857</u>	<u>14,682,151</u>	<u>15,785,728</u>
Non-current liabilities			
Interest bearing liabilities	5,965,809	7,198,776	6,508,062
Deferred tax liability	180,830	233,449	187,272
Retirement benefit obligations	229,739	194,253	208,500
	<u>6,376,378</u>	<u>7,626,478</u>	<u>6,903,834</u>
Current liabilities			
Trade payables	2,231,558	1,921,150	1,836,475
Provisions and other payables	2,270,649	2,146,815	1,945,994
Interest bearing liabilities repayable within one year	2,304,206	1,917,099	2,106,021
Amount due to associates	370	1,774	4,390
Current tax payable	126,833	73,454	92,600
Interim/final dividend declared	-	-	81,199
Short-term bank borrowings	2,617,606	1,773,056	2,428,952
	<u>9,551,222</u>	<u>7,833,348</u>	<u>8,495,631</u>
TOTAL EQUITY AND LIABILITIES	<u>33,266,367</u>	<u>30,141,977</u>	<u>31,185,193</u>

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COMPANY INCOME STATEMENT

	Quarter ended 31st December			Nine months ended 31st December		
	2008	2007	Change	2008	2007	Change
	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Revenue	69,677	55,066	26.5	215,353	193,535	11.3
Other operating income	52,251	231,351	(77.4)	469,483	715,193	(34.4)
Employee benefits expense	(42,525)	(31,324)	35.8	(107,616)	(88,300)	21.9
Depreciation and amortisation expense	(6,099)	(5,389)	13.2	(17,047)	(15,133)	12.6
Other operating expenses – indirect	(55,981)	(86,794)	(35.5)	(105,279)	(192,901)	(45.4)
Profit from operations	17,323	162,910	(89.4)	454,894	612,394	(25.7)
Financial income	93,993	63,664	47.6	321,605	355,857	(9.6)
Financial expenses	(130,934)	(80,615)	62.4	(411,021)	(360,919)	13.9
Net financing expense	(36,941)	(16,951)	117.9	(89,416)	(5,062)	1,666.4
Profit/(loss) before tax	(19,618)	145,959	–	365,478	607,332	(39.8)
Income tax expense	(776)	6,062	–	(306)	(3,996)	(92.3)
Net profit/(loss) for the period	(20,394)	152,021	–	365,172	603,336	(39.5)
Earnings/(loss) per share – Basic/Diluted (Rs.)	(0.75)	5.62	–	13.49	22.29	(39.5)

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COMPANY BALANCE SHEET

As at	31.12.2008 Rs. '000	31.12.2007 Rs. '000	31.03.2008 Rs. '000
ASSETS			
Non-current assets			
Property, plant and equipment	49,908	48,355	47,101
Investment property	709,022	713,419	712,206
Investments in subsidiaries and joint ventures – unquoted	4,096,117	4,264,155	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	159,231	159,233
	<u>6,044,095</u>	<u>6,257,212</u>	<u>6,028,972</u>
Current assets			
Inventories	2,351	2,310	1,511
Amount due from subsidiaries	2,044,263	1,356,091	1,459,581
Amount due from associates	140,816	137,265	107,498
Trade and other receivables	131,182	230,678	113,238
Current investments	436	438	436
Deposits and prepayments	37,924	9,836	20,163
Current tax receivable	11,660	–	9,443
Short-term deposits	1,001,839	1,629,810	1,871,220
Cash & cash equivalents	238,537	177,865	60,216
	<u>3,609,008</u>	<u>3,544,293</u>	<u>3,643,306</u>
Assets held for sale	57,237	–	57,237
TOTAL ASSETS	<u>9,710,340</u>	<u>9,801,505</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	2,231,920	2,726,072	1,975,014
Total equity	<u>6,202,072</u>	<u>6,090,080</u>	<u>5,945,166</u>
Non-current liabilities			
Interest bearing liabilities	1,382,000	2,025,000	1,990,000
Deferred tax	4,945	7,576	4,639
Retirement benefit obligations	31,103	25,417	29,691
	<u>1,418,048</u>	<u>2,057,993</u>	<u>2,024,330</u>
Current liabilities			
Provisions and other payables	414,295	272,207	278,293
Interest bearing liabilities repayable within one year	643,000	310,000	320,000
Amount due to subsidiaries	930,641	1,053,995	946,594
Current tax payable	–	10,110	–
Interim/final dividend declared	–	–	81,199
Short-term bank borrowings	102,284	7,120	133,933
	<u>2,090,220</u>	<u>1,653,432</u>	<u>1,760,019</u>
TOTAL EQUITY AND LIABILITIES	<u>9,710,340</u>	<u>9,801,505</u>	<u>9,729,515</u>

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Colombo,
02nd February, 2009

STATEMENT OF CHANGES IN EQUITY

Group

For the nine months ended 31st December 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	–	116,367	–	116,367	85,217	201,584
Net income directly recognised in the equity statement	–	116,367	–	116,367	85,217	201,584
Net profit for the period	–	–	1,266,133	1,266,133	605,335	1,871,468
Total recognised income and expenses for the period	–	116,367	1,266,133	1,382,500	690,552	2,073,052
Final dividend 2007/2008	–	–	(108,266)	(108,266)	–	(108,266)
Subsidiary dividend to minority share holders	–	–	–	–	(411,747)	(411,747)
Balance as at 31st December 2008	2,135,140	3,704,251	7,338,867	13,178,258	4,160,509	17,338,767

For the nine months ended 31st December 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	–	160,790	–	160,790	78,946	239,736
Effect of changes in percentage holding in subsidiaries	–	–	(1,015)	(1,015)	11,741	10,726
Net income directly recognised in the equity statement	–	160,790	39,225	200,015	90,687	290,702
Net profit for the period	–	–	1,099,637	1,099,637	579,799	1,679,436
Total recognised income and expenses for the period	–	160,790	1,138,862	1,299,652	670,486	1,970,138
Final Dividend 2006/2007	–	–	(94,732)	(94,732)	–	(94,732)
Subsidiary dividend to minority share holders	–	–	–	–	(318,087)	(318,087)
Balance as at 31st December 2007	2,135,140	2,834,300	6,166,602	11,136,042	3,546,109	14,682,151

STATEMENT OF CHANGES IN EQUITY

Company

For the nine months ended 31st December 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	—	—	365,172	365,172
Total recognised income and expenses for the period	—	—	365,172	365,172
Final dividend 2007/2008	—	—	(108,266)	(108,266)
Balance as at 31st December 2008	2,135,140	1,835,012	2,231,920	6,202,072

For the nine months ended 31st December 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	—	—	603,336	603,336
Total recognised income and expenses for the period	—	—	603,336	603,336
Final dividend 2006/2007	—	—	(94,732)	(94,732)
Balance as at 31st December 2007	2,135,140	1,228,868	2,726,072	6,090,080

CASH FLOW STATEMENTS

For the nine months ended 31st December

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Cash flow from operating activities				
Net profit before taxation	2,078,734	1,864,940	365,478	607,332
Adjustment for				
Depreciation & amortisation	898,537	805,367	17,047	15,133
Interest expense	728,517	780,668	411,021	360,374
Profit on sale of property plant & equipment	(22,449)	(22,040)	(87)	(53)
Effect of subsidiaries disposed during the period	(18,826)	–	–	–
Unclaimed dividends transferred to reserves	–	234	–	234
Profit on sale of investments	(218,012)	(24,635)	–	(36,598)
Profit on retirement of assets held for sale	(511)	–	–	–
Provision for fall in value of investments	–	–	–	(291)
Interest income	(294,387)	(290,011)	(321,605)	(355,857)
Share of associate companies' profit after tax	(13,207)	(62,276)	–	–
Provision/write-off of bad and doubtful debts	22,580	133,583	–	–
Foreign exchange profit	(20,984)	(50,106)	–	–
Gratuity provision	36,329	35,511	4,633	4,861
	<u>1,097,587</u>	<u>1,306,295</u>	<u>111,009</u>	<u>(12,197)</u>
Operating profit before working capital changes	3,176,321	3,171,235	476,487	595,135
(Increase)/decrease in trade and other receivables	(524,935)	(1,440,554)	(635,945)	942,372
(Increase)/decrease in inventories	162,053	(60,362)	(840)	(890)
Increase/(decrease) in trade & other payables	715,717	829,160	120,051	(409,789)
(Increase)/decrease in deposits & prepayments	(143,300)	(100,477)	(17,761)	18,283
	<u>209,535</u>	<u>(772,233)</u>	<u>(534,495)</u>	<u>549,976</u>
Cash generated from/(used in) operations	3,385,856	2,399,002	(58,008)	1,145,111
Interest paid	(728,517)	(780,668)	(411,021)	(360,374)
Income tax paid	(183,801)	(215,565)	(2,217)	(9,897)
Gratuity payment	(15,089)	(18,340)	(3,221)	(2,419)
	<u>(927,407)</u>	<u>(1,014,573)</u>	<u>(416,459)</u>	<u>(372,690)</u>
Net cash generated from/(used in) operating activities	2,458,449	1,384,429	(474,466)	772,421
Cash flow from investing activities				
Investments made during the period	(141,382)	(5,909)	(15,500)	(298,643)
Purchase of property, plant & equipment	(2,652,779)	(2,464,104)	(16,736)	(14,051)
Proceeds from sale of property, plant & equipment	32,892	31,141	152	220
Proceeds from sale of investment	236,839	46,301	–	45,988
Proceeds on retirement of assets held for sale	13,338	–	–	–
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(411,747)	(318,087)	–	–
Dividends received from associate companies	2,615	4,178	–	–
Net cash used in investing activities	(2,920,224)	(2,706,480)	(32,084)	(266,486)

CASH FLOW STATEMENTS – CONTD.

For the nine months ended 31st December

	Group		Company	
	2008 Rs. '000	2007 Rs. '000	2008 Rs. '000	2007 Rs. '000
Cash flow from financing activities				
Interest received from deposits	294,387	290,011	321,605	355,857
Proceeds from interest bearing liabilities	1,006,748	2,349,100	–	–
Repayment of interest bearing borrowings	(1,553,733)	(1,468,857)	(285,001)	(225,000)
Dividends paid	(189,465)	(175,513)	(189,465)	(175,513)
Net cash generated from/(used in) financing activities	<u>(442,063)</u>	994,741	<u>(152,861)</u>	(44,656)
Net increase/(decrease) in cash and cash equivalents	(903,838)	(327,310)	(659,411)	461,279
Cash and cash equivalents at the beginning of the period (Note A)	1,260,228	1,860,361	1,797,503	1,339,276
Cash and cash equivalents at the end of the period	<u>356,390</u>	<u>1,533,051</u>	<u>1,138,092</u>	<u>1,800,555</u>
Cash and cash equivalents at the end of the period				
Cash at bank and in hand	1,276,830	893,994	238,537	177,865
Short-term deposits	1,697,166	2,412,113	1,001,839	1,629,810
Short-term bank borrowings	(2,617,606)	(1,773,056)	(102,284)	(7,120)
Cash and cash equivalent at end of the period	<u>356,390</u>	<u>1,533,051</u>	<u>1,138,092</u>	<u>1,800,555</u>
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	233,789	255,662	–	–
Cash & cash equivalents as restated	<u>1,260,228</u>	<u>1,860,361</u>	<u>1,797,503</u>	<u>1,339,276</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Segment Analysis of Group Revenue and Profit

1.1 Business Segment

(a) Revenue

For the nine months ended 31st December	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*	5,712,094	5,252,240	19,805	18,055	368,698	315,614	5,323,591	4,918,571
Cargo Logistics Sector*	3,613,513	3,336,244	280,508	239,273	155,266	187,423	3,177,738	2,909,548
Strategic Investments*	16,051,698	12,542,057	100,486	122,594	40,619	36,140	15,910,594	12,383,323
Total revenue with associates	25,377,305	21,130,541	400,799	379,922	564,583	539,177	24,411,923	20,211,442
Share of associate company revenue	(917,140)	(860,340)	-	-	-	-	(917,140)	(860,340)
Total Revenue	24,460,165	20,270,201	400,799	379,922	564,583	539,177	23,494,783	19,351,102

* Includes Associate Companies

(b) Profit

For the nine months ended 31st December	Profit 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*	643,284	586,544	405,874	357,306	13,316	18,276	39,410	37,008
Cargo Logistics Sector*	385,915	311,650	394,695	291,671	11,009	16,196	117,928	81,331
Strategic Investments*	1,470,458	1,451,704	1,278,165	1,215,963	34,584	22,154	49,928	67,165
	2,499,657	2,349,898	2,078,734	1,864,940	58,909	56,626	207,266	185,504

* Includes Associate Companies

1.2 Geographical Segment

For the nine months ended 31st December	Total Revenue Generated		Profit before tax	
	2008	2007	2008	2007
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka	19,807,343	15,994,844	1,306,797	1,329,632
Asia and Africa	4,652,822	4,275,357	771,937	535,308
	24,460,165	20,270,201	2,078,734	1,864,940

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. 235 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. During the period under review the Group recognised a profit of Rs. 218 million resulting from the divestment of a company in the tourism sector. Rs. 163 million of the above profit is attributable to the equity holders of the Parent.
5. The accounting policies have been consistently applied by the Group and are consistent with those used in 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

	31-12-2008	31-12-2007	31-03-2008
Stated capital			
Number of shares represented by the stated capital	27,066,403	27,066,403	27,066,403
Shares traded			
Market Price per Share – Last traded (Rs.)	311.00	400.00	430.00
Market Price per Share – Highest (Rs.)	430.00	400.00	430.00
Market Price per Share – Lowest (Rs.)	305.00	380.00	256.00
Net Asset Value per Share – Group (Rs.)	486.89	411.44	439.81
Dividend per share (Rs.)	–	–	7.00
Debt/Equity Ratio	0.48	0.62	0.42
Quick Asset Ratio (times)	1.08	1.23	1.20
Interest Cover	6.78	4.75	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. 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.

