

Aitken Spence

**Interim Statement**

*for the year ended 31st March 2011*

Aitken Spence<sup>®</sup> 

**Aitken Spence PLC**

## CONSOLIDATED INCOME STATEMENT

	Quarter ended 31st March		Year ended 31st March	
	2011 Rs. '000	2010 Rs. '000 (Restated)	2011 Rs. '000	2010 Rs. '000 (Restated)
<b>Revenue</b>	<b>6,933,581</b>	6,858,001	<b>25,143,811</b>	24,168,970
Revenue tax	<u>(136,789)</u>	<u>(107,231)</u>	<u>(414,820)</u>	<u>(373,692)</u>
<b>Net revenue</b>	<b>6,796,792</b>	6,750,770	<b>24,728,991</b>	23,795,278
Other operating income	<b>73,312</b>	67,824	<b>254,205</b>	149,596
Changes in inventories of finished goods and work-in-progress	<b>(8,518)</b>	(71,630)	<b>20,402</b>	(9,998)
Raw materials and consumables used	<b>(1,488,838)</b>	(1,947,682)	<b>(6,641,636)</b>	(7,497,448)
Employee benefits expense	<b>(854,326)</b>	(810,267)	<b>(3,055,354)</b>	(2,624,483)
Depreciation, amortisation and impairment of goodwill	<b>(550,391)</b>	(527,917)	<b>(2,094,440)</b>	(1,672,653)
Other operating expenses – direct	<b>(1,649,490)</b>	(1,427,074)	<b>(5,659,838)</b>	(4,763,820)
Other operating expenses – indirect	<b>(967,766)</b>	(702,020)	<b>(3,595,814)</b>	(3,344,591)
<b>Profit from operations</b>	<b>1,350,775</b>	1,332,004	<b>3,956,516</b>	4,031,881
Finance income	<b>146,132</b>	72,337	<b>494,963</b>	289,070
Finance expenses	<b>(141,848)</b>	(220,576)	<b>(731,228)</b>	(986,884)
<b>Net finance income/(expense)</b>	<b>4,284</b>	(148,239)	<b>(236,265)</b>	(697,814)
Share of associate companies profit (net of tax)	<b>23,395</b>	22,689	<b>95,304</b>	19,102
<b>Profit before tax</b>	<b>1,378,454</b>	1,206,454	<b>3,815,555</b>	3,353,169
Income tax expenses	<b>(143,374)</b>	(131,048)	<b>(387,335)</b>	(366,193)
<b>Profit for the year</b>	<b>1,235,080</b>	1,075,406	<b>3,428,220</b>	2,986,976
<b>Attributable to:</b>				
Equity holders of the parent	<b>910,900</b>	754,472	<b>2,535,956</b>	2,059,636
Minority interest	<b>324,180</b>	320,934	<b>892,264</b>	927,340
	<b>1,235,080</b>	1,075,406	<b>3,428,220</b>	2,986,976
Earnings per Share * Basic/Diluted (Rs.)	<b>2.24</b>	1.86	<b>6.25</b>	5.07

\*Information for the previous period has been restated to reflect the subdivision of shares in October 2010.

The above figures for the year ended 31st March 2011 are prepared based on the audited financial statements for the year 2010/2011. 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,  
27th May, 2011

## COMPANY INCOME STATEMENT

	Quarter ended		Year ended	
	31st March		31st March	
	2011	2010	2011	2010
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Revenue</b>	<b>106,023</b>	102,416	<b>377,485</b>	335,379
Revenue tax	<b>(2,006)</b>	(3,031)	<b>(10,141)</b>	(9,753)
<b>Net revenue</b>	<b>104,017</b>	99,385	<b>367,344</b>	325,626
Other operating income	<b>375,592</b>	535,093	<b>1,825,023</b>	1,572,825
Employee benefits expense	<b>(58,655)</b>	(67,262)	<b>(221,813)</b>	(197,083)
Depreciation and amortisation expense	<b>(13,867)</b>	(8,478)	<b>(44,047)</b>	(28,541)
Other operating expenses	<b>(94,597)</b>	(56,090)	<b>(256,600)</b>	(191,408)
<b>Profit from operations</b>	<b>312,490</b>	502,648	<b>1,669,907</b>	1,481,419
Finance income	<b>106,832</b>	102,809	<b>348,846</b>	346,403
Finance expenses	<b>(72,430)</b>	(65,952)	<b>(361,591)</b>	(357,263)
<b>Net finance income/(expense)</b>	<b>34,402</b>	36,857	<b>(12,745)</b>	(10,860)
<b>Profit before tax</b>	<b>346,892</b>	539,505	<b>1,657,162</b>	1,470,559
Income tax expenses	-	-	-	-
<b>Profit for the Year</b>	<b>346,892</b>	539,505	<b>1,657,162</b>	1,470,559
Earnings per Share*	<b>0.85</b>	1.33	<b>4.08</b>	3.62
Basic/Diluted (Rs.)				

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## BALANCE SHEETS

As at	Group		Company	
	31.03.2011 Rs. '000	31.03.2010 Rs. '000 (Restated)	31.03.2011 Rs. '000	31.03.2010 Rs. '000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	23,925,653	23,328,896	209,129	100,177
Leasehold properties	1,359,483	1,468,449	–	–
Intangible assets	134,026	154,185	–	–
Investment property	102,799	28,936	675,888	688,486
Investments in subsidiaries and joint ventures – unquoted	–	–	4,599,972	4,368,728
Investments in subsidiaries – quoted	–	–	2,458,287	679,300
Investments in associates	1,335,002	767,498	165,000	335,515
Long term investment	473,945	483,580	167,873	167,873
Deferred tax assets	138,314	56,823	–	–
	<u>27,469,222</u>	<u>26,288,367</u>	<u>8,276,149</u>	<u>6,340,079</u>
<b>Current assets</b>				
Inventories	1,607,724	1,393,586	1,755	1,791
Trade and other receivables	4,148,373	5,344,272	274,359	157,922
Amounts due from subsidiaries & joint ventures	–	–	2,003,004	2,338,273
Amounts due from associates	23,326	125,309	8,143	111,282
Current investments	261,436	4,619	436	436
Deposits and prepayments	547,022	490,378	23,205	34,075
Current tax receivable	122,298	158,160	109,659	81,271
Short-term deposits	5,047,926	2,752,209	2,700,285	2,146,059
Cash at bank and in hand	736,009	824,915	20,554	13,816
	<u>12,494,114</u>	<u>11,093,448</u>	<u>5,141,400</u>	<u>4,884,925</u>
Assets classified as held for sale	181,489	161,663	70,834	57,337
<b>TOTAL ASSETS</b>	<u>40,144,825</u>	<u>37,543,478</u>	<u>13,488,386</u>	<u>11,282,341</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Stated capital	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	11,071,652	9,317,199	5,737,726	4,352,211
Retained earnings	8,309,395	7,442,131	1,067,320	1,066,337
	<u>21,516,187</u>	<u>18,894,470</u>	<u>8,940,186</u>	<u>7,553,688</u>
Minority interest	5,129,687	4,566,388	–	–
<b>Total equity</b>	<u>26,645,874</u>	<u>23,460,858</u>	<u>8,940,186</u>	<u>7,553,688</u>
<b>Non-current liabilities</b>				
Interest bearing liabilities	4,143,648	5,156,762	844,000	1,112,000
Deferred tax liabilities	267,078	278,408	–	–
Employee benefits	335,637	295,266	46,936	41,674
	<u>4,746,363</u>	<u>5,730,436</u>	<u>890,936</u>	<u>1,153,674</u>
<b>Current liabilities</b>				
Trade and other payables	3,942,187	4,190,966	334,209	432,669
Interest bearing liabilities repayable within one year	1,718,328	1,514,047	568,000	508,000
Amounts due to subsidiaries & joint ventures	–	–	1,940,706	1,172,263
Amounts due to associates	482	2,956	45	209
Current tax payable	179,647	147,326	–	–
Short-term bank borrowings	2,911,944	2,469,889	814,304	461,838
	<u>8,752,588</u>	<u>8,352,184</u>	<u>3,657,264</u>	<u>2,574,979</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>40,144,825</u>	<u>37,543,478</u>	<u>13,488,386</u>	<u>11,282,341</u>
Net Assets per Share (Rs.)*	53.00	46.54	22.02	18.61

\*Information for the previous period has been restated to reflect the subdivision of shares in October 2010.

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27th May, 2011

## STATEMENT OF CHANGES IN EQUITY

### Group

For the year ended 31st March 2011

	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
<b>Balance as at 01st April 2010</b>	2,135,140	9,317,199	7,442,131	18,894,470	4,566,388	23,460,858
Currency translation difference	-	(66,000)	-	(66,000)	(41,968)	(107,968)
Surplus on revaluation	-	434,938	-	434,938	149,656	584,594
Share of net assets of associate companies	-	-	(2,566)	2,566	(1,208)	1,358
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)
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	-	-	(469)	(469)	(557)	(1,026)
<b>Net income directly recognised in the equity statement</b>	-	368,938	(12,513)	356,425	738,182	1,094,607
Profit for the year	-	-	2,535,956	2,535,956	892,264	3,428,220
<b>Total recognised income and expenses for the year</b>	-	368,938	2,523,443	2,892,381	1,630,446	4,522,827
Transfer to general reserve	-	1,385,515	(1,385,515)	-	-	-
Dividends for 2009/2010	-	-	(270,664)	(270,664)	-	(270,664)
Dividends paid by subsidiary companies to minority share holders	-	-	-	-	(1,067,147)	(1,067,147)
<b>Balance as at 31st March 2011</b>	<b>2,135,140</b>	<b>11,071,652</b>	<b>8,309,395</b>	<b>21,516,187</b>	<b>5,129,687</b>	<b>26,645,874</b>

For the year ended 31st March 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
<b>Balance as at 01st April 2009</b>	2,135,140	7,227,545	7,715,269	17,077,954	4,553,439	21,631,393
Prior period adjustments (Note 9-a)	-	-	(38,161)	(38,161)	-	(38,161)
<b>Balance as at 01st April 2009</b>	2,135,140	7,227,545	7,677,108	17,039,793	4,553,439	21,593,232
Currency translation difference	-	48,004	-	48,004	9,814	57,818
Effect of acquisitions, disposals and change in percentage holding in subsidiaries	-	-	4,168	4,168	4,910	9,078
<b>Net income directly recognised in the equity statement</b>	-	48,004	4,168	52,172	14,724	66,896
Profit for the Year	-	-	2,059,636	2,059,636	927,340	2,986,976
<b>Total recognised income and expenses for the year</b>	-	48,004	2,063,804	2,111,808	942,064	3,053,872
Transfer to general reserve	-	2,041,650	(2,041,650)	-	-	-
Dividends for 2008/2009	-	-	(257,131)	(257,131)	-	(257,131)
Dividends paid by subsidiary companies to minority share holders	-	-	-	-	(929,115)	(929,115)
<b>Balance as at 31st March 2010</b>	<b>2,135,140</b>	<b>9,317,199</b>	<b>7,442,131</b>	<b>18,894,470</b>	<b>4,566,388</b>	<b>23,460,858</b>

## STATEMENT OF CHANGES IN EQUITY

### Company

For the year ended 31st March 2011

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 01st April 2010</b>	2,135,140	4,352,211	1,066,337	7,553,688
Profit for the year	-	-	1,657,162	1,657,162
<b>Total recognised income and expenses for the year</b>	-	-	1,657,162	1,657,162
Transfer to general reserve	-	1,385,515	(1,385,515)	-
Dividends for 2009/2010	-	-	(270,664)	(270,664)
<b>Balance as at 31st March 2011</b>	<b>2,135,140</b>	<b>5,737,726</b>	<b>1,067,320</b>	<b>8,940,186</b>

For the year ended 31st March 2010

	Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 01st April 2009</b>	2,135,140	2,310,561	1,894,559	6,340,260
Profit for the year	-	-	1,470,559	1,470,559
<b>Total recognised income and expenses for the year</b>	-	-	1,470,559	1,470,559
Transfer to general reserve	-	2,041,650	(2,041,650)	-
Dividends for 2008/2009	-	-	(257,131)	(257,131)
<b>Balance as at 31st March 2010</b>	<b>2,135,140</b>	<b>4,352,211</b>	<b>1,066,337</b>	<b>7,553,688</b>

## CASH FLOW STATEMENTS

For the year ended 31st March

	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Cash flow from operating activities</b>				
Net profit before taxation	3,815,555	3,353,169	1,657,162	1,470,559
<b>Adjustments for</b>				
Depreciation & amortisation	2,070,436	1,652,628	44,047	28,541
Impairment of goodwill	24,004	20,025	–	–
Interest expense	660,440	902,200	355,705	356,563
Gain on sale of property, plant and equipment	(41,925)	(19,786)	(10,070)	(700)
Loss on disposal of investments property	–	–	23,711	–
Gain on sale of investments	(10,691)	–	(180,564)	–
Interest income	(494,963)	(289,070)	(348,846)	(346,403)
Surplus on acquisition of companies	(30,127)	(33,785)	–	–
Share of associate companies' profit after tax	(95,304)	(19,102)	–	–
Provision / (write-back) of bad and doubtful debts	(3,894)	10,194	987	(15,146)
Effect of changes in percentage holding in subsidiaries	(19,826)	4,077	–	–
Movement in assets held for sale	(19,826)	(12,539)	–	–
Provision for fall in value of investments	(995)	4,712	4,488	150
Foreign exchange Gain/(loss)	(137,068)	(69,808)	13	–
Provision for retirement benefit obligations	80,020	79,807	9,163	10,094
	<u>1,991,293</u>	<u>2,229,553</u>	<u>(101,366)</u>	<u>33,099</u>
<b>Operating profit before working capital changes</b>	<b>5,806,848</b>	<b>5,582,722</b>	<b>1,555,796</b>	<b>1,503,658</b>
(Increase)/decrease in trade and other receivables	1,301,776	515,318	320,984	(90,755)
(Increase)/decrease in inventories	(214,138)	(109,975)	36	3
Increase/(decrease) in trade & other payables	(251,976)	284,083	669,096	285,965
(Increase)/decrease in deposits & prepayments	(56,644)	42,142	10,870	10,704
	<u>779,018</u>	<u>731,568</u>	<u>1,000,986</u>	<u>205,917</u>
<b>Cash generated from operations</b>	<b>6,585,866</b>	<b>6,314,290</b>	<b>2,556,782</b>	<b>1,709,575</b>
Interest paid	(660,440)	(902,200)	(355,705)	(356,563)
Income tax paid	(406,612)	(442,295)	(28,388)	(37,686)
Retirement benefit obligations paid	(39,863)	(32,804)	(3,901)	(1,472)
	<u>(1,106,915)</u>	<u>(1,377,299)</u>	<u>(387,994)</u>	<u>(395,721)</u>
<b>Net cash generated from operating activities</b>	<b>5,478,951</b>	<b>4,936,991</b>	<b>2,168,788</b>	<b>1,313,854</b>
<b>Cash flow from investing activities</b>				
Investments made during the period	(1,030,107)	(102,353)	(2,028,726)	(441,007)
Acquisition of subsidiaries	(224,132)	(458,553)	–	–
Purchase of property, plant and equipment	(2,012,935)	(1,938,023)	(150,163)	(72,559)
Purchase of investment property	(56,612)	–	(14,941)	–
Purchase of leasehold rights	(5,547)	(51,341)	–	–
Proceeds from disposal of property, plant and equipment	115,896	137,694	11,062	2,167
Proceeds from disposal of investment	289,440	15,000	351,586	15,000
Dividends and dividend taxes paid by subsidiary companies to outside shareholders	(1,067,147)	(929,115)	–	–
Dividends received from associate companies	34,066	7,443	–	–
	<u>(3,957,078)</u>	<u>(3,319,248)</u>	<u>(1,831,182)</u>	<u>(496,399)</u>

## CASH FLOW STATEMENTS – CONTD.

For the year ended 31st March

	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Cash flow from financing activities</b>				
Interest received from deposits	494,963	289,070	348,846	346,403
Proceeds from interest bearing liabilities	1,244,137	616,271	300,000	–
Repayment of interest-bearing liabilities	(1,891,150)	(1,978,703)	(508,000)	(370,000)
Proceeds from minority shareholders on issue of shares by subsidiaries	637,286	–	–	–
Direct cost on share issue by a subsidiary company	(19,637)	–	–	–
Dividends paid	(269,941)	(256,715)	(269,941)	(256,715)
<b>Net cash flow from financing activities</b>	<b>195,658</b>	<b>(1,330,077)</b>	<b>(129,095)</b>	<b>(280,312)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,717,531</b>	<b>287,666</b>	<b>208,511</b>	<b>537,143</b>
Cash and cash equivalents at the beginning of the period (Note A)	1,154,460	819,569	1,698,024	1,160,894
<b>Cash and cash equivalents at the end of the period</b>	<b>2,871,991</b>	<b>1,107,235</b>	<b>1,906,535</b>	<b>1,698,037</b>
<b>Cash and cash equivalents at the end of the period</b>				
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
Short-term bank borrowings	(2,911,944)	(2,469,889)	(814,304)	(461,838)
<b>Cash and cash equivalent at the end of the period</b>	<b>2,871,991</b>	<b>1,107,235</b>	<b>1,906,535</b>	<b>1,698,037</b>
<b>Note A - Cash and cash equivalents at the beginning of the period</b>				
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)
<b>Cash and cash equivalent as previously reported</b>	<b>1,107,235</b>	<b>686,984</b>	<b>1,698,037</b>	<b>1,160,894</b>
Effect of exchange rate changes	47,225	132,585	(13)	–
<b>Cash and cash equivalent as restated</b>	<b>1,154,460</b>	<b>819,569</b>	<b>1,698,024</b>	<b>1,160,894</b>



## NOTES TO THE FINANCIAL STATEMENTS

### Segment Analysis of Group Revenue and Profit

#### (a) Revenue

For the year ended 31st March	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*	10,779,827	9,233,205	23,726	25,178	788,830	697,789	9,967,271	8,510,238
Cargo Logistics Sector	4,604,821	4,138,939	296,774	346,626	180,044	230,141	4,128,003	3,562,172
Strategic Investments*	10,312,991	11,979,612	133,980	120,540	37,153	27,452	10,141,858	11,831,620
Services Sector	2,251,756	1,898,570	169,456	128,136	14,238	11,485	2,068,062	1,758,949
Total revenue with associates	27,949,395	27,250,326	623,936	620,480	1,020,265	966,867	26,305,194	25,662,979
Share of associate company revenue	(1,161,383)	(1,494,009)	–	–	–	–	(1,161,383)	(1,494,009)
<b>Total Revenue</b>	<b>26,788,012</b>	<b>25,756,317</b>	<b>623,936</b>	<b>620,480</b>	<b>1,020,265</b>	<b>966,867</b>	<b>25,143,811</b>	<b>24,168,970</b>

\* Includes Associate Companies

#### (b) Profit

For the year ended 31st March	Profit from operations		Profit 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	1,602,206	1,173,069	1,564,264	791,354	44,734	62,873	48,382	48,548
Cargo Logistics Sector	601,670	623,401	594,566	630,374	21,380	30,302	192,751	222,834
Strategic Investments	961,046	1,453,062	861,922	1,147,742	25,256	4,914	109,840	62,044
Services Sector	791,594	782,349	794,803	783,699	2,256	14,525	36,362	32,767
	3,956,516	4,031,881	3,815,555	3,353,169	93,626	112,614	387,335	366,193

\* Includes Associate Companies

## 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. On 25th October 2010 the Company redeemed unquoted debentures to the value of Rs. 288 million. There was no other material change in the use of funds raised through debenture issue.
3. 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 period under review is Rs. 109 million.
4. 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.
5. There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.

6. The contingent liability as at 31.03.2011 on guarantees given by Aitken Spence PLC to third parties amounted to Rs. 1,238 million. Of this sum Rs.1,064 million and Rs.174 million relates to facilities obtained by subsidiaries and joint ventures respectively and none to associate companies. Liability as at 31.03.2011 on guarantees given by subsidiaries to third parties amounted to Rs. 1,841 million. None of the above guarantees were in relation to facilities obtained by companies other than companies within the Group. There were no guarantees given in relation to facilities obtained by Aitken Spence PLC.

Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company currently supplies power to the Ceylon Electricity Board based on a generation license validly obtained on 14th January 2004, for which payment has been received regularly. However, the Sri Lanka Electricity Act No.20 of 2009, states that for a company to be eligible to obtain a power generation license for power generation capacity of over and above 25MW, the company must be incorporated under the Companies Act No.7 of 2007, in which the government, a public corporation, a company in which the government holds more than fifty per centum of the shares or a subsidiary of such a company, holds such number of shares as may be determined by the Secretary to the Treasury with the concurrence of the Minister in charge of the subject of Finance. However such determination has not been made by the Secretary to the Treasury to-date. Based on the legal opinion obtained, the company is of the view that the above provision of the Act will not have a material impact on the financial position of the subsidiary and/or the Group. Further, in the absence of the determination by the Secretary to the Treasury, Aitken Spence PLC is unable to determine the financial effect on the dilution, if any, of its holding in the shares of Ace Power Embilipitiya (Pvt) Ltd.

7. Pursuant to the approval by the shareholders at an Extraordinary General Meeting, the shares of the Company were subdivided on 05th October 2010 on the basis of 01 ordinary share into 15 ordinary shares. Consequent to the subdivision the number of ordinary shares of the Company increased from 27,066,403 to 405,996,045, without any change to the Stated Capital of the Company of Rs. 2,135 million.
8. Subsequent to the balance sheet date Aitken Spence Hotel Holdings PLC, a subsidiary of the Group invested Rs. 267.5 million to acquire 3.2 million additional shares of MPS Hotels Ltd. The new equity holding by the Group in MPS Hotels Ltd., after the additional purchase of shares is 73.62%.

Further, Aitken Spence Hotel Holdings PLC., concluded the mandatory offer made by them to the share holders of Browns Beach Hotels PLC., complying with the Company Takeovers and Mergers Code of 1995 (as amended) on 28th April 2011. On conclusion of this offer Aitken Spence Hotel Holdings PLC., purchased an additional 2.9 million shares at the offer price of Rs 21.70 thereby increasing the percentage holding in the company from 33.22% to 35.4%.

The Board of Directors of the Company resolved to recommend a first & final ordinary dividend of Rs. 1.00 per share for the year 2010/2011 to be approved at the Annual General Meeting. Details of the dividend is disclosed in note 14 to the financial statements. There were no other material events that occurred after the balance sheet date that require adjustments to or disclosure in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS – CONTD.

9. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year other than as mentioned in (a) & (b) below.

(a) *Effect of application of deferred taxation as per SLAS 14 Income Taxes (Revised 2005) to entities enjoying a tax holiday period.*

During the year the Group commenced application of deferred taxation as per SLAS 14 Income Taxes (Revised 2005) to entities enjoying tax holiday period under Board of Investment law, as recommended by the “Deferred Tax council ruling for BOI companies” issue by The Institute of Chartered Accountants of Sri Lanka. The effect of this application has been accounted for retrospectively in compliance with SLAS 10 Accounting Policies, Changes in Accounting Estimates & Errors (Revised 2005) and the above mentioned ruling. Accordingly the opening retained earnings for 2009/2010 is reduced by Rs. 38,161,237/-, which is the amount of the adjustment relating to periods prior to 2009/2010.

(b) *Re-classification of prior period expenses*

Direct costs relating to the freight forwarding business of the company operating in Bangladesh has been re-classified under “other operating expenses - direct”, while the direct costs relating to airline ticket sales of the travel company Oman has been adjusted against revenue; to conform to the current year’s presentation in compliance with the policy adopted by other companies in the group.

The depreciation cost of components capitalized during machinery overhauls of the power generation companies which was previously charged against raw materials and consumables used has been re-classified under depreciation for better presentation.

### NON FINANCIAL INFORMATION

	<b>31.03.2011</b>
<b>1. Stated Capital</b>	
Number of shares represented by the stated capital	<b>405,996,045</b>
(31.03.2010 - 27,066,403)	
Percentage of shares held by the Public	<b>57.53%</b>
<b>2. Shares Traded</b>	
Market Price per Share – Last traded (Rs.)	<b>162.30</b>
Market Price per Share – Highest (Rs.)	
Pre subdivision	<b>3,500.00</b>
Post subdivision	<b>200.10</b>
Market Price per Share – Lowest (Rs.)	
Pre subdivision	<b>1,340.00</b>
Post subdivision	<b>159.00</b>

### 3. Share Holding of Directors

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

<b>Name of Director</b>	<b>Position</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
D.H.S. Jayawardena	Chairman	Nil	Nil
J.M.S. Brito	Deputy Chairman/Managing Director	<b>288,495</b>	19,233
R.M. Fernando	Director	Nil	Nil
G.M. Perera	Director	Nil	Nil
M. P. Dissanayake	Director	Nil	Nil
G.C. Wickremasinghe	Director	<b>7,607,070</b>	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 31st March 2011, are as follows:

<b>Name of the Share Holder</b>	<b>Share holding</b>	<b>%</b>
Distilleries Company of Sri Lanka PLC	90,666,925	22.33
Rubicond Enterprises Limited	65,990,145	16.25
Sri Lanka Insurance Corporation Ltd-General Fund	26,032,575	6.41
Commercial Bank of ceylon PLC/Distilleries Company of Sri Lanka PLC	23,122,000	5.69
Sri Lanka Insurance Corporation Ltd-Life Fund	18,000,000	4.43
HSBC International Nominees Limited – BPSS LDN- Aberdeen Asia Pacific Fund	17,331,000	4.27
Employees Provident Fund	16,922,335	4.17
HSBC International Nominees Limited-BPSS LUX- Aberdeen Global-Asian Smaller Companies Fund	12,397,500	3.05
HSBC International Nominees Limited-SSBT- Aberdeen Institutional Commingled funds,LLC	10,043,500	2.47
Mr. G. C. Wickremasinghe	7,308,240	1.80
Ceylon Guardian Investment Trust PLC A/C # 01	6,919,500	1.70
Placidrange Holdings Limited	5,521,500	1.36
HSBC International Nominees Limited -SSBTL- Aberdeen New Dawn Investment Trust XCC6	4,503,555	1.11
HSBC International Nominees Limited -BPSS LDN- Aberdeen Investment Fund - ICVC Aberdeen Emerging Markets Fund	4,342,500	1.07
Milford Exports (Ceylon) Limited	4,321,500	1.06
HSBC International Nominees Limited -BPSS LUX- Aberdeen Global-Emerging Markets Equity Fund	4,311,000	1.06
Mellon Bank N.A.-Florida Retirement System	4,164,200	1.03
HSBC International Nominees Limited – SSBT-Janus Overseas Fund	3,768,000	0.93
Stassen Exports Limited	3,244,500	0.80
Ms. A. T. Wickremasinghe	3,211,975	0.79

## **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**

Aitken Spence Tower II

315, Vauxhall Street,

Colombo 2,

Sri Lanka.