



**Interim Statement**  
*for the three months ended 30th June 2010*

## INCOME STATEMENT

For the three months ended 30th June 2010

	Group			Company		
	2010 Rs. '000	2009 Rs. '000	Change %	2010 Rs. '000	2009 Rs. '000	Change %
<b>Gross Revenue</b>	<b>1,514,586</b>	1,252,713	21%	<b>93,675</b>	44,975	108%
Revenue Tax	<u>(69,398)</u>	(64,682)	7%	<u>(54)</u>	–	–
<b>Net Revenue</b>	<b>1,445,188</b>	1,188,031	22%	<b>93,621</b>	44,975	108%
Other Operating Income	<b>1,154</b>	3,148	-63%	<b>(525)</b>	(747)	-30%
Staff Costs	<b>(268,837)</b>	(239,709)	12%	<b>(21,567)</b>	(17,642)	22%
Depreciation	<b>(175,359)</b>	(164,828)	6%	<b>(22,274)</b>	(22,479)	-1%
Amortisation	<b>(17,811)</b>	(19,111)	-7%	–	–	–
Other Operating Expenses – Direct	<b>(339,662)</b>	(276,019)	23%	<b>(20,428)</b>	(10,285)	99%
Other Operating Expenses – Indirect	<b>(639,409)</b>	(557,247)	15%	<b>(45,820)</b>	(28,497)	61%
<b>Profit/(Loss) from Operations</b>	<b>5,264</b>	(65,735)	108%	<b>(16,993)</b>	(34,675)	-51%
Finance Income	<b>41,063</b>	5,818	606%	<b>38,479</b>	881	4268%
Finance Expenses	<b>(61,400)</b>	(109,394)	-44%	<b>(16,726)</b>	(50,013)	-67%
Net Financing Income/(Expenses)	<b>(20,337)</b>	(103,576)	-80%	<b>21,753</b>	(49,132)	144%
	<b>(15,073)</b>	(169,311)	-91%	<b>4,760</b>	(83,807)	106%
Share of Profit/(Loss) of Associates after tax	<b>1,675</b>	(1,297)	229%	–	–	–
<b>Profit/(Loss) before Tax</b>	<b>(13,398)</b>	(170,608)	-92%	<b>4,760</b>	(83,807)	106%
Income Tax Expense	<b>4,687</b>	(3,684)	227%	<b>9,798</b>	–	–
<b>Profit/(Loss) for the Period</b>	<b>(8,711)</b>	(174,292)	-95%	<b>14,558</b>	(83,807)	117%
<b>Attributable to:</b>						
Equity Holders of the Parent	<b>18,774</b>	(114,407)	116%	<b>14,558</b>	(83,807)	117%
Minority Interest	<b>(27,485)</b>	(59,885)	-54%	–	–	–
	<b>(8,711)</b>	(174,292)	-95%	<b>14,558</b>	(83,807)	117%
Earnings per Share for the Period – Rs. (Basic/Diluted)	<b>0.31</b>	(3.07)		<b>0.23</b>	(2.28)	

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 requirement of the Companies Act No. 07 of 2007.

Sgd.  
D.H.S. Jayawardena  
Chairman

Sgd.  
J. M. S. Brito  
Managing Director

Sgd.  
C. M. S. Jayawickrama  
Director/Chief Financial Officer

Colombo  
30th July 2010

## CONSOLIDATED BALANCE SHEET

As at 30th June 2010	<b>30.06.2010</b> Rs. '000	<b>30.06.2009</b> Rs. '000	<b>31.03.2010</b> Rs. '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8,596,736	8,716,272	8,756,041
Leasehold Property	1,491,852	1,530,472	1,516,449
Intangible Assets	—	3,624	—
Investment in Associates	194,590	183,821	192,915
Long Term Investment	212,549	217,758	211,770
Deffered Tax Asset	14,563	—	2,713
	<u>10,510,290</u>	<u>10,651,947</u>	<u>10,679,888</u>
<b>Current Assets</b>			
Inventories	212,671	196,739	178,284
Trade and other Receivable	499,723	529,947	772,528
Amount due from Parent's Group Entities	199,356	162,045	281,076
Deposits & Prepayments	170,840	206,104	163,023
Current Tax Receivable	14,595	11,019	13,728
Short Term Deposits	2,349,015	415,695	375,397
Cash and Cash Equivalents	276,573	81,791	90,430
	<u>3,722,773</u>	<u>1,603,340</u>	<u>1,874,466</u>
<b>TOTAL ASSETS</b>	<u>14,233,063</u>	<u>12,255,287</u>	<u>12,554,354</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable to Equity Holders of the Company</b>			
Stated Capital	3,554,587	1,055,810	1,056,433
Reserves	1,184,940	1,454,973	1,198,527
Retained Earnings	2,846,459	2,057,255	2,934,234
	<u>7,585,986</u>	<u>4,568,038</u>	<u>5,189,194</u>
Minority Interest	1,552,905	1,266,934	1,589,136
<b>Total Equity</b>	<u>9,138,891</u>	<u>5,834,972</u>	<u>6,778,330</u>
<b>Non-Current Liabilities</b>			
Interest-bearing borrowings	2,751,791	3,451,323	2,962,320
Government grants	1,196	1,352	1,235
Deferred Tax Liabilities	131,562	89,773	130,381
Employee Benefits	32,960	24,175	31,515
	<u>2,917,509</u>	<u>3,566,623</u>	<u>3,125,451</u>
<b>Current Liabilities</b>			
Trade Creditors	233,827	293,177	252,371
Other Provisions & Payables	605,839	502,160	790,791
Amount due to Ultimate Holding Company	109,497	828,157	646,434
Amount due to Parent's Group Entities	60,751	44,330	55,528
Interest bearing Borrowings	826,427	835,924	852,746
Current Tax Payable	22,722	14,833	17,962
Short term Bank Borrowings	230,688	301,044	34,741
Dividends Payable	86,912	34,067	—
	<u>2,176,663</u>	<u>2,853,692</u>	<u>2,650,573</u>
<b>Total Liabilities</b>	<u>5,094,172</u>	<u>6,420,315</u>	<u>5,776,024</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>14,233,063</u>	<u>12,255,287</u>	<u>12,554,354</u>

*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 requirement of the Companies Act No. 07 of 2007.*

Sgd.  
D.H.S. Jayawardena  
Chairman

Sgd.  
J. M. S. Brito  
Managing Director

Sgd.  
C. M. S. Jayawickrama  
Director/Chief Financial Officer

Colombo  
30th July 2010

## COMPANY BALANCE SHEET

As at 30th June 2010

	<b>30.06.2010</b> Rs. '000	<b>30.06.2009</b> Rs. '000	<b>31.03.2010</b> Rs. '000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1,463,193	1,547,728	1,482,876
Investment in Subsidiaries and Joint Ventures	1,469,734	1,065,041	1,469,734
Investment in Associates	102,189	98,987	102,189
Deferred Tax Assets	10,750	-	-
	<u>3,045,866</u>	<u>2,711,756</u>	<u>3,054,799</u>
<b>Current Assets</b>			
Inventories	14,476	16,079	12,833
Trade and Other Receivable	53,856	26,666	48,452
Amount due to Ultimate Holding Company	1,396	-	-
Amount due from Parent's Group Entities	1,018,099	898,190	669,033
Deposits & Prepayments	13,002	7,979	4,113
Current Tax Receivable	3,500	3,068	3,392
Short Term Deposits	2,217,849	140,542	296,700
Cash and cash Equivalents	13,851	11,534	15,620
	<u>3,336,029</u>	<u>1,104,058</u>	<u>1,050,143</u>
<b>TOTAL ASSETS</b>	<u><b>6,381,895</b></u>	<u><b>3,815,814</b></u>	<u><b>4,104,942</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>			
Stated Capital	3,554,587	1,056,433	1,056,433
Reserves	356,650	356,650	356,650
Retained Earnings	1,620,360	818,846	1,712,351
<b>Total Equity</b>	<u>5,531,597</u>	<u>2,231,929</u>	<u>3,125,434</u>
<b>Non-Current Liabilities</b>			
Interest - bearing Borrowings	604,315	1,017,872	621,468
Employee Benefits	12,009	8,847	11,666
	<u>616,324</u>	<u>1,026,719</u>	<u>633,134</u>
<b>Current Liabilities</b>			
Trade creditors	13,011	9,008	17,092
Other Provisions & Payables	44,468	26,810	71,852
Amount due to Ultimate Holding Company	-	239,704	124,679
Amount due to Parent's Group Entities	20,930	10,574	64,139
Interest bearing Borrowings	68,612	233,212	68,612
Current Tax Payable	41	-	-
Short term Bank Borrowings	-	3,791	-
Dividends Payable	86,912	34,067	-
	<u>233,974</u>	<u>557,166</u>	<u>346,374</u>
<b>Total Liabilities</b>	<u>850,298</u>	<u>1,583,885</u>	<u>979,508</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>6,381,895</b></u>	<u><b>3,815,814</b></u>	<u><b>4,104,942</b></u>

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 requirement of the Companies Act No. 07 of 2007.

Sgd.  
D.H.S. Jayawardena  
Chairman

Sgd.  
J.M.S. Brito  
Managing Director

Sgd.  
C. M. S. Jayawickrama  
Director/Chief Financial Officer

Colombo  
30th July 2010

## STATEMENT OF CHANGES IN EQUITY

For the three months ended 30th June 2010

GROUP	..... Attributable to the 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>	<b>1,055,810</b>	<b>1,462,526</b>	<b>2,205,729</b>	<b>4,724,065</b>	<b>1,346,064</b>	<b>6,070,129</b>
Currency translation difference	-	(7,553)	-	(7,553)	2,149	(5,404)
Effect of new companies Acquired	-	-	-	-	(21,394)	(21,394)
<b>Net Income directly recognised in the Equity Statement</b>	-	(7,553)	-	(7,553)	(19,245)	(26,798)
Net profit/(Loss) for the period	-	-	(114,407)	(114,407)	(59,885)	(174,292)
Preference Dividend declared - 2008/09	-	-	(14,850)	(14,850)	-	(14,850)
Ordinary Dividend declared - 2008/09	-	-	(19,217)	(19,217)	-	(19,217)
<b>Balance as at 30th June 2009</b>	<b>1,055,810</b>	<b>1,454,973</b>	<b>2,057,255</b>	<b>4,568,038</b>	<b>1,266,934</b>	<b>5,834,972</b>
<b>Balance as at 01st April 2010</b>	<b>1,056,433</b>	<b>1,198,527</b>	<b>2,934,234</b>	<b>5,189,194</b>	<b>1,589,136</b>	<b>6,778,330</b>
Currency translation difference	-	(13,587)	-	(13,587)	(8,746)	(22,333)
<b>Net Income directly recognised in the Equity Statement</b>	-	(13,587)	-	(13,587)	(8,746)	(22,333)
Net profit/(Loss) for the Period	-	-	18,774	18,774	(27,485)	(8,711)
Rights issue of shares	2,498,154	-	-	2,498,154	-	2,498,154
Direct share issue expenses	-	-	(19,637)	(19,637)	-	(19,637)
Preference Dividend declared - 2009/10	-	-	(14,850)	(14,850)	-	(14,850)
Ordinary Dividend declared - 2009/10	-	-	(72,062)	(72,062)	-	(72,062)
<b>Balance as at 30th June 2010</b>	<b>3,554,587</b>	<b>1,184,940</b>	<b>2,846,459</b>	<b>7,585,986</b>	<b>1,552,905</b>	<b>9,138,891</b>
<b>COMPANY</b>						
			Stated Capital Rs. '000	Reserves Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 01st April 2009</b>			<b>1,056,433</b>	<b>356,650</b>	<b>936,720</b>	<b>2,349,803</b>
Net profit/(Loss) for the Period			-	-	(83,807)	(83,807)
Preference Dividend declared - 2008/09			-	-	(14,850)	(14,850)
Ordinary Dividend declared - 2008/09			-	-	(19,217)	(19,217)
<b>Balance as at 30th June 2009</b>			<b>1,056,433</b>	<b>356,650</b>	<b>818,846</b>	<b>2,231,929</b>
<b>Balance as at 01st April 2010</b>			<b>1,056,433</b>	<b>356,650</b>	<b>1,712,351</b>	<b>3,125,434</b>
Net profit/(Loss) for the Period			-	-	14,558	14,558
Rights issue of shares			2,498,154	-	-	2,498,154
Direct share issue expenses			-	-	(19,637)	(19,637)
Preference Dividend declared - 2009/10			-	-	(14,850)	(14,850)
Ordinary Dividend declared- 2009/10			-	-	(72,062)	(72,062)
<b>Balance as at 30th June 2010</b>			<b>3,554,587</b>	<b>356,650</b>	<b>1,620,360</b>	<b>5,531,597</b>

## CASH FLOW STATEMENTS

For the three months ended 30th June 2010

	Group		Company	
	30.06.2010 Rs. '000	30.06.2009 Rs. '000	30.06.2010 Rs. '000	30.06.2009 Rs. '000
Profit before Taxation	(13,398)	(170,608)	4,760	(83,807)
<b>Adjustments for</b>				
Depreciation of Property, Plant and Equipment	175,359	164,828	22,274	22,479
Amortisation of pre-paid lease rentals	375	375	–	–
Amortisation of leasehold rights	17,436	17,027	–	–
Amortisation of Government Grant	(39)	(39)	–	–
Provision for doubtful debts	2,267	614	1,869	1,376
Interest	61,400	109,394	16,726	50,013
Profit on Sale of Property, Plant and Equipment	(419)	(1,146)	–	–
Gratuity provision	2,292	1,973	606	616
Share of Associate Companies (Profit)/Loss before tax	(1,675)	1,297	–	–
<b>Operating profit before working capital changes</b>	<b>243,598</b>	<b>123,715</b>	<b>46,235</b>	<b>(9,323)</b>
(Increase)/Decrease in Inventories	(34,387)	(2,690)	(1,643)	(717)
(Increase)/Decrease in Trade and other receivables	270,538	452,050	(7,273)	14,362
(Increase)/Decrease in Amount due from related parties	81,720	52,603	(349,066)	212,745
(Increase)/Decrease in Deposits and Prepayments	(7,817)	(1,726)	(8,889)	(5,197)
Increase/(Decrease) in Trade Creditors	(18,544)	63,599	(4,081)	(9,117)
Increase/(Decrease) in Provisions and other Payables	(184,952)	(296,431)	(27,384)	(9,295)
Increase/(Decrease) in Amount due to Ultimate Holding Company	(536,937)	49,048	(126,075)	2,667
Increase/(Decrease) in Amount due to related parties	5,223	(11,157)	(43,209)	276
<b>Cash generated from operations</b>	<b>(181,558)</b>	<b>429,011</b>	<b>(521,385)</b>	<b>196,401</b>
Interest paid	(61,400)	(109,394)	(16,726)	(50,013)
Gratuity paid	(847)	(427)	(263)	(81)
Income Tax paid	(987)	(13,756)	(1,019)	(13)
<b>Net Cash Flow from/(used in) operating activities</b> (carried forward to next page)	<b>(244,792)</b>	<b>305,434</b>	<b>(539,393)</b>	<b>146,294</b>

## CASH FLOW STATEMENTS – CONTD.

For the three months ended 30th June 2010

	Group		Company	
	30.06.2010 Rs. '000	30.06.2009 Rs. '000	30.06.2010 Rs. '000	30.06.2009 Rs. '000
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>(244,792)</b>	305,434	<b>(539,393)</b>	146,294
<b>Cash Flows from Investing Activities</b>				
Purchase of Property, Plant & Equipment	(45,869)	(206,481)	(2,591)	(326)
Proceeds from Sale of Property, Plant & Equipment	456	1,146	-	-
Investments made	-	-	-	(62,740)
<b>Net cash used in Investing Activities</b>	<b>(45,413)</b>	(205,335)	<b>(2,591)</b>	(63,066)
<b>Cash flows from Financing Activities</b>				
Proceeds from Rights Issue of Shares	2,498,154	-	2,498,154	-
Direct Share Issue Expenses	(19,637)	-	(19,637)	-
Repayment of Long term Borrowings	(222,509)	(120,873)	(17,153)	(13,636)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>2,256,008</b>	(120,873)	<b>2,461,364</b>	(13,636)
<b>Net increase/(Decrease) in cash &amp; cash equivalents</b>	<b>1,965,803</b>	(20,774)	<b>1,919,380</b>	69,592
<b>Cash &amp; cash equivalents at the beginning of the Period adjusted for effect of exchange rate change</b>	<b>429,097</b>	217,216	<b>312,320</b>	78,693
<b>Cash &amp; cash equivalents at the end of the Period</b>	<b>2,394,900</b>	196,442	<b>2,231,700</b>	148,285
<b>Analysis of cash &amp; cash equivalents at the end of the Period</b>				
Cash at Bank and in Hand	276,573	81,791	13,851	11,534
Short Term Deposits	2,349,015	415,695	2,217,849	140,542
Bank Overdrafts	(230,688)	(301,044)	-	(3,791)
	<b>2,394,900</b>	196,442	<b>2,231,700</b>	148,285

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SEGMENTAL RESULTS

#### 1.1 Revenue

For the three months ended 30th June	GROUP			
	External	Intra Group	Total 2010	Total 2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Sri Lanka Sector</b>				
Resorts and Hotels	310,482	928	311,410	165,270
Others	<u>11,219</u>	32,530	<u>43,749</u>	44,934
<b>Total Sri Lanka Sector</b>	<b>321,701</b>	33,458	<b>355,159</b>	210,204
<b>South Asian Sector</b>	<b>1,192,885</b>	22,449	<b>1,215,334</b>	1,080,864
<b>Total</b>	<b><u>1,514,586</u></b>	<u>55,907</u>	<b><u>1,570,493</u></b>	<u>1,291,068</u>
Intra Group			<u>(55,907)</u>	<u>(38,355)</u>
			<b><u>1,514,586</u></b>	<u>1,252,713</u>

#### 1.2 Profit/(Loss) before taxation

For the three months ended 30th June	GROUP	
	2010 Rs. '000	2009 RS. '000
<b>Sri Lanka Sector</b>		
Resorts and Hotels	21,513	(108,295)
Others	<u>25,755</u>	<u>30,931</u>
	<b>47,268</b>	<b>(77,364)</b>
Share of Profit/(Loss) of Associates after tax	<u>1,675</u>	<u>(1,297)</u>
<b>Total Sri Lanka Sector</b>	<b>48,943</b>	<b>(78,661)</b>
<b>South Asian Sector</b>	<b>(62,341)</b>	<b>(90,238)</b>
	<b>(13,398)</b>	<b>(168,899)</b>
Impairment of Goodwill on Acquisition	-	(1,709)
<b>Total</b>	<b><u>(13,398)</u></b>	<b><u>(170,608)</u></b>

2. 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 35 – Interim Financial Statements.
3. The presentation and classification of the financial statements of the previous period have been amended where relevant to be comparable with those of the current period.
4. The company paid the final recommended ordinary dividend of Rs. 1.50 per ordinary share for the year ended 31st March 2010 on 08th July 2010 after it was approved at the Annual General Meeting. Total final ordinary dividend payment amounted to Rs. 72,062,145/-.
5. Two months of the period under review relates to the off season of the tourism industry both in Sri Lanka and Overseas, the group operates.
6. During the quarter the Company made a rights issue of one ordinary share for every four shares held at Rs. 260 per share and raised Rs. 2,498,154,360 to finance the future expansions of the Group.
7. There were no material events subsequent to the end of the interim period which require disclosure in the interim financial statements.
8. There were no material changes in contingent liabilities and contingent Assets which were disclosed in the Annual Report for the year ended 31st March 2010.
9. There was no liability to Management Fees or any other similar expenditure not provided for in the interim accounts.



## NOTES TO THE FINANCIAL STATEMENTS – CONTD.

### 10. Share Information

	30.06.2010	30.06.2009	31.03.2010
Net Asset Value per Share (Rs.)	154.47	114.56	130.73
Market Price per Share - Highest (Rs.)	470.00	150.00	430.00
- Lowest (Rs.)	380.00	90.00	90.00
- Last Traded Price (Rs.)	415.00	145.00	385.00
Dividend per Ordinary Share (Rs.)	-	-	1.50
Debt Equity Ratio	0.33	0.64	0.47
Number of Shares Represented by the Stated Capital - Ordinary	48,041,430	38,433,144	38,433,144
- Preference	16,500,000	16,500,000	16,500,000

11. Percentage of shares held by the public as at 30th June 2010 is 24.73%

### 12. Share held by the Directors as at 30th June 2010

Name of the Director	Position	No of Shares
D.H.S. Jayawardena	Chairman	-
J.M.S. Brito	Managing Director	15,228
R.E.V. Casie Chetty	Director	26,457
S.M. Hapugoda	Director	-
C.M.S. Jayawickrama	Director	-
G.P.J. Goonewardene	Director	780
C.H. Gomez	Director	-
N.J. de S. Deva Aditya	Director	-
		<b>42,465</b>

### 13. Twenty Largest Shareholders as at 30th June 2010

Name of the Share Holder	No of Shares	%
Aitken Spence PLC - A/C No. 1	34,210,381	71.21%
Employees Provident Fund	2,049,439	4.27%
Sri Lanka Insurance Corporation Ltd - Life Fund	1,527,887	3.18%
Bank of Ceylon A/C Ceybank Unit Trust	1,397,531	2.91%
Ace Cargo (Pvt) Ltd	631,943	1.32%
The Ceylon Guardian Investmenttrust PLC AC #02	529,250	1.10%
Aitken Spence Hotel Managements (Pvt) Ltd.,	504,377	1.05%
The Ceylon Investment PLC A/C # 02	500,000	1.04%
G.C. Wickremasinghe	407,463	0.85%
Aitken Spence Aviation (Pvt) Ltd	372,020	0.77%
Mas Capital (Pvt) Ltd	339,300	0.71%
Bank of Ceylon A/C Ceybank Century Growth Fund	306,065	0.64%
Rubber Investment Trust Limited A/C #01	250,000	0.52%
Deutsche Bank AG As Trustee for Namal Acuity Value	201,072	0.42%
F.A.A. Mack	168,958	0.35%
Deutsche Bank AG - National Equity Fund	150,064	0.31%
A.L. Devasurendra	125,541	0.26%
A.T. Wickremasinghe	118,572	0.25%
Aviva NDB Insurance PLC A/C No 07	112,375	0.23%
M.B. Sivaratnam	110,332	0.23%

## **DIRECTORS**

D. H. S. Jayawardena (*Chairman*)

J. M. S. Brito LLB., FCA., MBA (*Managing Director*)

R. E. V. Casie Chetty FCA., FCMA., M.C.M.I., J.Dip. M.A.

S. M. Hapugoda FCIM (UK)

C. M. S. Jayawickrama ACMA

G. P. J. Goonewardene

R. N. Asirwatham FCA

C.H. Gomez (*appointed w.e.f. 1st July 2010*)

N.J. de S. Deva Aditya DL, FRSA, MEP (*appointed w.e.f. 1st July 2010*)

## **SECRETARIES**

Aitken Spence Corporate Finance (Pvt) Ltd.

## **REGISTERED OFFICE**

305, Vauxhall Street,  
Colombo 2.