

# AITKEN SPENCE & CO PLC

WVB NO : 30001FS                      STATUS : ACTIVE  
 COUNTRY : Republic of Sri Lanka  
 SIC CODE : TRAVEL AGENCIES (4724)  
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## PROFILE NOTE

The Group is engaged in several diversified business activities such as tourism, hotelling, cargo logistics, manufacturing, power, energy, printing and packaging.

## DIRECTORS/EXECUTIVES

CHAIRMAN    HARRY JAYAWARDENA  
 CEO/MD    RATNA SIVARATNAM

## ADVISORS

AUDITOR    KPMG FORD, RHODES, THORNTON & COMPANY

MAJOR SHAREHOLDERS	% of Capital	No of Shares ('000)	% of Votes
SHARES OUTSTANDING	Nominal Value	Shares Outstanding ('000)	
ORD LKR 10	10		27,066

INTERIM DATA	30-JUN-06	30-SEP-06	31-DEC-06	30-JUN-07
Currency	LKR ('000)	LKR ('000)	LKR ('000)	LKR ('000)
Report Type	CQ	CQ	CQ	CQ
Sales	4,343,853	9,362,312	13,836,376	5,833,036
Net profit	645,466	968,697	1,442,122	340,895

6YEARS FINANCIAL SUMMARY	31-MAR-02	31-MAR-03	31-MAR-04	31-MAR-05	31-MAR-06	31-MAR-07
Currency	LKR ('000)	LKR ('000)	LKR ('000)	LKR ('000)	LKR ('000)	LKR ('000)
Report Type	C	CR	C	C	C	C

## :: INCOME STATEMENT

Net Turnover/Net Sales	4,384,590	6,907,629	9,049,244	9,923,182	13,428,781	19,529,725
EBITDA	993,894	1,444,741	2,252,773	2,137,956	2,771,523	4,024,733
EBIT	719,626	1,057,312	1,983,160	1,895,252	2,134,400	3,040,064
Net Profit	354,711	525,185	1,275,523	1,116,776	1,211,284	1,459,775
Ordinary Dividend	-74,328	-120,975	-161,969	-162,341	-94,732	-94,732

#### :: BALANCE SHEET

Intangibles	118,390	98,117	92,017	170,058	191,811	159,407
Fixed Assets	6,865,156	7,754,569	8,576,500	11,005,913	15,450,267	16,770,495
Long Term Investments	1,022,246	793,604	1,087,164	1,202,476	903,608	867,209
Stocks/Inventories	212,488	286,682	316,068	363,089	694,739	872,227
Cash	1,582,088	330,032	896,466	678,662	418,055	533,517
Current Liabilities	3,638,464	2,559,555	3,526,874	3,383,336	6,182,957	6,370,939
Long Term Debt	2,329,480	3,196,070	2,235,722	4,206,804	5,424,584	6,423,906
Provisions	94,120	105,370	130,442	135,736	154,656	0
Minorities	1,279,397	1,433,522	1,765,622	1,774,362	2,697,910	3,193,710
Total Shareholders Equity	4,360,567	4,647,527	6,480,334	7,472,219	8,588,047	9,931,122

#### :: KEY RATIOS

Operating Margin (%)	16.98	16.39	23.56	20.48	17.57	17.56
Return on Equity Capital (%)	8.52	11.66	22.92	16.01	15.08	15.77
Net Profit Margin (%)	8.09	7.6	14.1	11.25	9.02	7.47
Current Ratio	1.04	1.32	1.26	1.39	1.07	1.33
Debt to Capital at Book	0.34	0.33	0.26	0.31	0.39	0.36

#### PROFILE NOTES:

The Group is engaged in several diversified business activities such as tourism & hotel, cargo logistics, manufacturing, power & energy and printing & packaging. The main revenue comes from tourism, power & energy and cargo logistics sector.

Additionally, the Group are also the representatives of OTIS elevators for Sri Lanka and the Maldives and have been the principal Agents for Lloyds of London in Sri Lanka and the Maldives since 1876 and act as chief consultants for a large number of local insurance companies as well as over 200 companies worldwide.

#### Tourism

The Group is the leading Destination Management Companies (DMCs) in Sri Lanka and represents over 50 of the world's leading tour operators. The Group also handle shore excursions and stopover holiday programmes in Sri Lanka for cruise lines and airlines.

#### Printing and Packaging

Equipped with state-of-the-art, hi-tech machinery, our printing company is acknowledged as a leader in high quality printing and packaging. We cater to the packaging needs of many international Fast Moving Consumer Goods (FMCG) manufacturers based in Sri Lanka, and also the island's major tea exporters. A joint venture with a leading printing company in UK has been formed to service the Sri Lankan garment industry.

## Infrastructure Development

The Company has ventured into the power and energy sector and has taken pioneering steps as the first truly Sri Lankan private sector company to take a lead role as an Independent Power Producer (IPP). Initially, the company has commenced work on two projects, each of which will sell 167 GWH of energy annually to the Ceylon Electricity Board, for a project period of 10 years.

## Plantations

The Company is a partner of a consortium, which owns two plantation companies comprising 33 estates, covering a total of 15,701 hectares of land situated in the best tea planting districts of the island. As part of a diversification programme, unproductive land is being converted to oil palm cultivation and a joint venture has been formed to set up a mill to process palm oil. Steps have also been taken to market packaged tea to India.

## Cargo Logistics

The Company has, since its inception, been a major player in the shipping and freight forwarding industries. We provide a full spectrum of logistics and supply chain management services through various subsidiaries. We are the agents for several international shipping lines and NVOCC principals, and a pioneer in Sri Lanka of inland container handling.

## A one hundred and thirty year success story

The eleven story Vauxhall Tower in Colombo houses the elegant office complex that is the headquarters of one of Sri Lanka's most renowned and respected names in business - Aitken Spence and Company Ltd. A far cry from its origins as Clark Spence & Company in Galle, which commenced business activities 135 years ago - the brainchild of two English entrepreneurs, Thomas Clark and Patrick Gordon Spence.

Following its appointment in 1876 as an agent for Lloyds of London - perhaps the single most famous name in marine insurance then as now, the company obtained agencies for a number of international shipping firms.

An indicator of the firm's growing prosperity was its move to the heart of Colombo's commercial district Fort, where it purchased the building owned by Freudenberg and renamed it "Lloyd's Building", which was subsequently sold in the 1950s.

During the 1920s and 30s Aitken Spence cut loose its ties in trading due to the adverse effects of the depression and intensified its interests in shipping and insurance where it soon became a leading player in the field. Around this time the company also became an agency house for plantation companies.

Following the advent of the island's independence in 1948 (and the end of the Second World War) the firm was transformed into a private limited company. Under the guidance of its first ever Sri Lankan Chairman E.L. Van Langenberg in 1952, the Company diversified into other areas of business as diverse as industrial printing, light engineering and travel obtaining IATA membership.

In 1968, the Company became a wholly Sri Lankan owned business venture - exactly 100 years after its inception. Further diversification followed hard on the heels of the nationalization of industries in the early 1970s into areas of business hitherto unexplored by the company. These included freight forwarding, garment manufacture and most importantly tourism, industries which directly or indirectly contributed towards the country's foreign exchange earnings and offered new employment opportunities. During the period of economic liberalisation the company was converted to a public listed company in 1983, with an issued share capital of Rs. 51 million.

Tourism remains a mainstay of the company's business to this day and is epitomised by two remarkable hotels,

among others built by the company. The Kandalama Hotel is noted for its ecologically conscious outlook - a fact that was underlined when the hotel achieved the prestigious "Green Globe 21" certification in 1999, and The Tea Factory located at Kandapola on the outskirts of Nuwara Eliya. The latter is an old tea factory that was ingeniously converted into a theme hotel and stands out distinctively in Sri Lanka's hospitality industry. The Group's investment in hotels and tourism has expanded beyond the shores of Sri Lanka to the Maldivian Islands. The Company manages the Bathala Island Resort and Club Rannalhi.

With the liberalisation of the insurance industry of the Company returned to this sector with a substantial stake in Union Assurance Ltd., which has rapidly become one of the market leaders in the Sri Lankan insurance industry. Following the development of the Colombo Port, Aitken Spence has rapidly claimed its stake as a front runner in inland container operations, integrated warehousing, shipping and freight forwarding, the core of the Group's cargo logistics sector today.

In response to the government's privatisation programme the Company re-entered the plantation business with strategic investments in two of the privatised regional plantation companies. More recently, the Company took the opportunity to venture into infrastructure development, having bid for and being awarded letters of intent to operate two 20 MW power plants in Horana and Mathara.

Yet another example of the company's international outlook was its success in raising Rs. 730 million with a placement of shares in 1998, among major foreign and local investors including the international Finance Corporation and the Commonwealth Development Corporation.

Following the success of the resorts in the Maldives a third resort comprising 215 rooms is already on operation in the South Maalhosmadulu Atoll. With this investment the Group would control 5% of the total resort bed capacity in the Maldives.

Thus the story continues as the company goes from strength to strength in all aspects of its business operations - helped in no small measure by the astute guiding hands of those who direct the company's fortunes and the employees whose concentrated efforts have made the Company what it is today.

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