

Interim Financial Statements
For the nine months ended 31st December

2009

Richard Pieris and Company PLC

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Corporate Information

Legal Form

A quoted public company with limited liability, incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 on 11th May 1940.

The Company registration number is PQ138

Board of Directors

Dr. Sena Yaddhige - Chairman/Managing Director/CEO
Mr. P.D. Samarasinghe - Chief Operating Officer/Director
Mr. J.H. Paul Ratnayeke
Prof. Lakshman R. Watawala
Prof. S.D. Pathirana
Mr. M.M. Udeshi
Mr. W.J.V.P. Perera

Registered Office

No. 310, High Level Road, Nawinna,
Maharagama.
Telephone : +(94) 114 310500
Fax : +(94) 114 310777
Website : www.arpico.com
E-mail : cpu@arpico.com

Company Secretaries

Richard Pieris Group Services (Pvt) Ltd.
310, High Level Road
Nawinna,
Maharagama.

Auditors

Ernst & Young
Chartered Accountants
201, De Saram Place, Colombo 10
Sri Lanka

Consolidated Balance Sheet

As at 31st December	Group		31st March
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	10,081,820	10,164,353	10,167,170
Intangible assets	483,082	492,335	491,491
Investments in associates	139,182	107,388	136,757
Other Investment	-	5,683	-
	<u>10,704,084</u>	<u>10,769,759</u>	<u>10,795,418</u>
Current assets			
Inventories	2,905,829	2,971,562	2,303,039
Trade and other receivables	2,369,360	2,963,040	2,551,594
Taxation receivable	194,441	208,343	245,205
Short term investments	30,310	8,064	7,974
Cash at bank and in hand	1,695,612	661,016	1,020,867
	<u>7,195,552</u>	<u>6,812,025</u>	<u>6,128,679</u>
Total assets	<u>17,899,636</u>	<u>17,581,784</u>	<u>16,924,097</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,578,475	1,578,475	1,578,475
Capital reserves	126,901	126,901	126,901
Revenue reserves	1,725,661	1,939,209	1,476,160
Foreign currency translation	31,279	25,863	32,371
	<u>3,462,316</u>	<u>3,670,448</u>	<u>3,213,907</u>
Minority interest	1,390,311	1,442,915	1,380,908
Total equity	<u>4,852,627</u>	<u>5,113,363</u>	<u>4,594,815</u>
Non-current liabilities			
Interest bearing borrowings	2,036,796	2,533,876	2,304,617
Net liability to the lessor	680,287	701,487	697,432
Deferred income	496,119	443,332	478,147
Deferred tax liabilities	53,931	22,072	21,804
Employee benefit liabilities	1,575,611	1,057,554	1,103,222
	<u>4,842,744</u>	<u>4,758,321</u>	<u>4,605,222</u>
Current liabilities			
Trade and other payables	3,278,096	2,749,685	2,124,604
Current portion of interest bearing borrowings	1,099,871	923,107	1,062,216
Current portion of net liability to the lessor	23,038	25,882	24,948
Deposits	15,954	79,749	26,704
Current tax liabilities	37,018	32,634	23,377
Short term borrowings	3,750,288	3,899,043	4,462,211
	<u>8,204,265</u>	<u>7,710,100</u>	<u>7,724,060</u>
Total liabilities	<u>13,047,009</u>	<u>12,468,421</u>	<u>12,329,282</u>
Total equity and liabilities	<u>17,899,636</u>	<u>17,581,784</u>	<u>16,924,097</u>

The above figures are subject to audit.

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.



Goralie Pietersz

Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



P D Samarasinghe

Director/ Chief Operating Officer



J H P Ratnayeke

Director

3rd February 2010

Company Balance Sheet

As at 31st December	Company		31st March
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	71,707	64,508	76,079
Investment Property	693,453	704,605	703,076
Investments in subsidiaries	2,447,584	2,243,584	2,207,584
Investments in associates	37,500	37,500	37,500
Other investments	120,750	-	120,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,407,947</u>	<u>3,087,150</u>	<u>3,181,942</u>
Current assets			
Trade and other receivables	172,647	207,370	64,577
Taxation receivable	6,956	-	6,956
Amounts due from subsidiaries	1,846,683	2,234,088	2,119,524
Short term investments	30,310	8,064	7,974
Cash at bank and in hand	257,700	1,679,621	1,348,037
	<u>2,314,296</u>	<u>4,129,143</u>	<u>3,547,068</u>
Total assets	<u>5,722,243</u>	<u>7,216,293</u>	<u>6,729,010</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,578,475	1,578,475	1,578,475
Capital reserves	10,574	10,574	10,574
Revenue reserves	556,053	617,710	520,373
Total equity	<u>2,145,102</u>	<u>2,206,759</u>	<u>2,109,422</u>
Non-current liabilities			
Interest bearing borrowings	804,718	1,239,794	1,073,469
Employee benefit liabilities	47,803	44,923	45,114
	<u>852,521</u>	<u>1,284,717</u>	<u>1,118,583</u>
Current liabilities			
Trade and other payables	232,641	298,452	208,940
Current portion of interest bearing borrowings	391,803	440,000	437,794
Deposits	15,954	79,749	26,704
Amounts due to subsidiaries	364,222	499,013	372,032
Short term borrowings	1,720,000	2,407,603	2,455,535
	<u>2,724,620</u>	<u>3,724,817</u>	<u>3,501,005</u>
Total liabilities	<u>3,577,141</u>	<u>5,009,534</u>	<u>4,619,588</u>
Total equity and liabilities	<u>5,722,243</u>	<u>7,216,293</u>	<u>6,729,010</u>

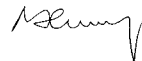
The above figures are subject to audit.

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.



Coralie Pietersz
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



P D Samarasinghe
Director/ Chief Operating Officer



J H P Ratnayake
Director

3rd February 2010

Consolidated Income Statement

	3 months ended			9 months ended		
	31st December			31st December		
	2009	2008	%	2009	2008	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Continuing operations						
Revenue	6,273,448	5,126,840	22%	16,361,961	16,463,399	-1%
Cost of sales (Note 07)	(4,743,687)	(4,383,195)	8%	(13,166,113)	(13,283,029)	-1%
Gross profit	1,529,761	743,645	106%	3,195,848	3,180,370	0%
Other operating income	22,260	80,813	-72%	203,398	430,766	-53%
Distribution costs	(178,075)	(164,879)	8%	(483,512)	(498,376)	-3%
Administrative expenses	(546,828)	(550,572)	-1%	(1,616,249)	(1,578,739)	2%
Other operating expenses	(18,795)	(6,261)	200%	(30,895)	(38,945)	-21%
Profit from operations	808,323	102,746	687%	1,268,590	1,495,076	-15%
Finance cost	(173,086)	(382,254)	-55%	(766,650)	(1,092,251)	-30%
Profit/(loss)from operations after finance cost	635,237	(279,508)	-327%	501,940	402,825	25%
Share of results of associates	1,671	(4,591)	-136%	2,424	6,380	-62%
Profit/(loss) before tax	636,908	(284,099)	-324%	504,364	409,205	23%
Income tax expense	(130,711)	(45,593)	187%	(229,765)	(142,298)	61%
Profit/(loss) for the period from continuing operations	506,197	(329,692)	-254%	274,599	266,907	3%
Discontinued Operations						
Loss after tax for the period from discontinued operations	(1,327)	(9,919)	-87%	(6,494)	(38,874)	-83%
Profit/(loss)for the period	504,870	(339,611)		268,105	228,033	
Attributable to:						
Equity holders of the parent	400,063	(271,104)	-248%	249,501	133,966	86%
Minority interest	104,807	(68,507)	-253%	18,604	94,067	-80%
	504,870	(339,611)	-249%	268,105	228,033	18%
Earnings/(loss) per share						
Basic / diluted (Rs.)	3.12	(2.11)		1.95	1.04	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Company Income Statement

	3 months ended			9 months ended		
	31st December			31st December		
	2009	2008	%	2009	2008	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Revenue	119,405	93,124	28%	340,863	306,023	11%
Cost of sales	-	-		-	-	
Gross profit	119,405	93,124	28%	340,863	306,023	11%
Other operating income	-	-		4,515	213,298	-98%
Administrative expenses	(45,397)	(99,595)	-54%	(147,403)	(229,131)	-36%
Profit from operations	74,008	(6,471)	-1244%	197,975	290,190	-32%
Finance cost	(43,125)	(101,342)	-57%	(162,295)	(240,684)	-33%
Profit before tax	30,883	(107,813)	-129%	35,680	49,506	-28%
Income tax expense	-	3,185		-	3,185	
Profit for the period	30,883	(104,628)	-130%	35,680	52,691	-32%
Earnings per share						
Basic / diluted (Rs.)	0.24	(0.82)		0.28	0.41	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Cash Flow Statements

For the nine months ended 31st December	Group		Company	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
Cash flows from / (used in) operating activities				
Group profit before tax and minority interest from continuing operations	504,364	409,205	35,680	49,506
Loss before tax from discontinued operation	(6,494)	(38,874)		
Adjustments to reconcile profit before tax to net cash flows	1,881,756	1,527,429	165,326	127,863
Operating profit before working capital changes	2,379,626	1,897,760	201,006	177,369
Working capital adjustments	617,435	724,699	(70,087)	578,222
Cash generated from / (used in) operations	2,997,061	2,622,459	130,919	755,591
Interest paid	(766,650)	(1,108,039)	(162,295)	(240,684)
Income tax paid	(133,231)	(118,481)	-	(2,487)
Defined benefit plan costs paid	(96,058)	(97,004)	(4,637)	(1,673)
Net cash from / (used in) operating activities	2,001,122	1,298,935	(36,013)	510,747
Net cash flows from/ (used in) investing activities	(359,163)	(156,169)	(4,047)	(32,279)
Net cash inflow / (outflow) before financing	1,641,959	1,142,766	(40,060)	478,468
Net cash flows used in financing activities	(255,291)	(543,373)	(314,742)	(271,027)
Net increase / (decrease) in cash and cash equivalents	1,386,668	599,393	(354,802)	207,441
Cash and cash equivalents at the beginning of the period	(3,441,344)	(3,837,420)	(1,107,498)	(935,423)
Cash and cash equivalents at the end of the period	(2,054,676)	(3,238,027)	(1,462,300)	(727,982)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	1,695,612	661,016	257,700	1,679,621
Short term borrowings	(3,750,288)	(3,899,043)	(1,720,000)	(2,407,603)
	(2,054,676)	(3,238,027)	(1,462,300)	(727,982)

Figures in brackets indicate deductions.

The above figures are subject to audit.

Statements of Changes in Equity

Group	Attributable to equity holders of the parent					Total	Minority interest	Total equity
	Stated capital	Capital reserves	Revenue reserves	Retained profit	Foreign currency translation			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000			
Balance as at 1st April 2008	1,578,475	126,901	179,443	1,625,800	21,599	3,532,218	1,390,232	4,922,450
Net profit for the period	-	-	-	133,966	-	133,966	94,067	228,033
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(45,578)	(45,578)
Effect of foreign currency translation	-	-	-	-	4,264	4,264	4,194	8,458
Balance as at 31st December 2008	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,759,766</u>	<u>25,863</u>	<u>3,670,448</u>	<u>1,442,915</u>	<u>5,113,363</u>
Balance as at 1st April 2009	1,578,475	126,901	179,443	1,296,717	32,371	3,213,907	1,380,908	4,594,815
Net profit for the period	-	-	-	249,501	-	249,501	18,604	268,105
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	(8,128)	(8,128)
Effect of foreign currency translation	-	-	-	-	(1,092)	(1,092)	(1,073)	(2,165)
Balance as at 31st December 2009	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,546,218</u>	<u>31,279</u>	<u>3,462,316</u>	<u>1,390,311</u>	<u>4,852,627</u>
Company								
Balance as at 1st April 2008	1,578,475	10,574	-	565,019	-	2,154,068	-	2,154,068
Net profit for the period	-	-	-	52,691	-	52,691	-	52,691
Balance as at 31st December 2008	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>617,710</u>	<u>-</u>	<u>2,206,759</u>	<u>-</u>	<u>2,206,759</u>
Balance as at 1st April 2009	1,578,475	10,574	-	520,373	-	2,109,422	-	2,109,422
Net profit for the period	-	-	-	35,680	-	35,680	-	35,680
Balance as at 31st December 2009	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>556,053</u>	<u>-</u>	<u>2,145,102</u>	<u>-</u>	<u>2,145,102</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

Segmental Results

31st December	Gross turnover		Inter segmental		Intra segmental		Revenue from external customers		Operating profits		Assets	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rubber	1,446,398	1,788,660	(95,817)	(118,512)	(19,515)	(12,319)	1,333,086	1,662,749	125,029	60,168	2,312,296	2,587,361
Tyre retreading	2,264,831	2,305,168	(84,510)	(88,365)	(643,644)	(636,124)	1,536,677	1,536,679	244,409	163,456	1,376,176	1,564,686
Plastics & Distribution	3,196,770	3,640,931	(159,999)	(297,686)	(1,013,499)	(1,098,707)	2,023,272	2,244,538	215,452	146,118	2,339,728	1,977,773
Retail	6,880,221	6,798,427	(352)	(1,625)	(192,573)	(87,098)	6,747,496	6,709,704	398,847	452,035	5,655,284	5,936,075
Services	459,642	529,592	(410,005)	(449,189)	(1,068)	-	48,579	80,403	(31,410)	7,683	6,089,612	6,213,884
Plantations	5,197,964	4,877,770	(430,216)	(460,694)	(94,877)	(187,760)	4,672,871	4,229,526	316,263	665,632	9,909,575	9,038,790
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(9,810,217)	(9,854,073)
Group	19,445,886	19,940,468	(1,178,899)	(1,405,071)	(1,904,966)	(2,071,988)	16,361,961	16,463,599	1,268,890	1,495,076	17,760,454	17,474,396

Figures in brackets indicate deductions.
The above figures are subject to audit.

Notes to the Financial Statements

For the nine months ended 31st December	Year ended 31st March		
	2009 Rs.	2008 Rs.	2009 Rs.
1. Net asset value per share - Group	27.00	28.62	25.06
Market price per share			
Highest	44.25	50.50	50.50
Lowest	31.00	21.75	21.75
Last traded	39.00	22.50	25.00

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,578,474,120 represented by 128,251,023 ordinary shares.
3. The interim financial statements of the company and of the group have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March 2009 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Further, provisions of the Companies Act No. 7 of 2007 have been considered in preparing the interim financial statements of the company and the Group.
4. The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.
5. There has been no significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended March 31, 2009.
6. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
7. Wages of employees in the plantation sector were increased as a result of a collective agreement entered upon in September 2009. Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs 659 million was charged as cost of sales in the income statement as follows.

Details	Amount Rs'000
Arrears in Wages	215,065
Adjustment to Opening Balance of Gratuity Provision	444,137
Total Charge to Cost of Sales	<u>659,202</u>

Gratuity Provision is subject to an Actuarial Valuation that will be carried out during the current financial year.

8. There have been no material events occurring after the balance sheet date that require adjustment to or disclosure in the financial statements.
9. The percentage of shares held by the public as at 31st December 2009 was 44.87% (31st March 2009 - 44.86%)

Notes to the Financial Statements Contd.

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

As at	31-12-2009	31-3-2009
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	64	86,064
3 Mr. J H Paul Ratnayake	9,050	9,050
4 Prof. Lakshman R Watawala	7,000	7,000
5 Prof. Susantha Pathirana	-	-
6 Mr. M M Udeshi	24,500	24,500
7 Mr.WJVP Perera	100	-

11. Twenty largest shareholders of the Company are as follows:

As at	31-12-2009 Number of shares	%	31-3-2009 Number of shares	%
1 Skyworld Overseas Holdings Limited	34,425,906	26.84%	34,425,906	26.84%
2 Camille Consulting Corp.	21,129,008	16.47%	21,129,008	16.47%
3 HSBC International Nominee Ltd -SSBT- Deutsche Bank	15,108,838	11.78%	15,025,038	11.72%
4 Sezeka Limited	11,629,800	9.07%	11,629,800	9.07%
5 Rockport Limited	6,633,791	5.17%	6,633,791	5.17%
6 National Savings Bank	4,933,825	3.85%	4,933,825	3.85%
7 Grauson & Company	3,257,000	2.54%	-	-
8 Asia Capital PLC	2,868,628	2.24%	7,602,328	5.93%
9 Mr. H. A. Pieris	1,841,701	1.44%	1,841,701	1.44%
10 Mr. M. D. Rutnam	1,717,300	1.34%	1,717,300	1.34%
11 The Executor of the Estate of Mrs. L. B. S. Pieris	1,518,803	1.18%	1,518,803	1.18%
12 Miss. L. A. Pieris	1,057,878	0.82%	1,463,778	1.14%
13 Mr. R. J. D. Ferdinands	853,526	0.67%	893,826	0.70%
14 Kalday (Pvt) Ltd.	841,867	0.66%	841,867	0.66%
15 Mrs. E. De Mel	818,202	0.64%	818,202	0.64%
16 Mrs. S. Wambeck	726,275	0.57%	726,275	0.57%
17 Associated Electrical Corporation Ltd	610,191	0.48%	-	-
18 Janashakthi Insurance Company Limited	600,000	0.47%	-	-
19 Mr. R. C. Pieris	505,752	0.39%	518,752	0.40%
20 Employees Trust Fund Board	477,733	0.37%	408,633	0.32%
	111,556,024	86.98%	112,128,833	87.43%

12 All values included in these financial statements are in Rs.'000s unless otherwise stated.

Cut out the

Richard Pieris and Company PLC

310 High Level Road Nawinna Maharagama Sri Lanka

www.arpico.com