

# Richard Pieris and Company PLC

Interim Financial Statements  
Nine months ended 31<sup>st</sup> December 2010

# 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 PQ 138.

## Stock Exchange Listing

The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka.

## Board of Directors

Dr. Sena Yaddehige

- Chairman/ Managing Director/CEO

Mr. Pravir D. Samarasinghe

- Director/Chief Operating Officer

Mr. J. H. Paul Ratnayake - Director

Prof. Lakshman R. Watawala - Director

Prof. Susantha D. Pathirana - Director

Mr. M. M. Udeshi - Director

Mr.W.J.V.P.Perera – Director

## Head/Registered Office

No. 310, High Level Road ,

Nawinna,

Maharagama,

Sri Lanka.

Telephone: + (94) 114310500

Fax : + (94) 114310777

Website : [www.arpico.com](http://www.arpico.com)

E-mail : [cpu@arpico.com](mailto:cpu@arpico.com)

## Secretaries

Richard Pieris Group Services (Private) Limited

No. 310, High Level Road,

Nawinna, Maharagama,

Sri Lanka.

## Auditors

Ernst & Young

Chartered Accountants

No. 201, De Saram Place,

Colombo 10,

Sri Lanka.

## Consolidated Balance Sheet

As at 31st December	Group		31st March
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,495,743	10,081,820	10,142,761
Intangible assets	471,471	483,082	480,177
Investments in associates	469,340	151,423	180,919
Other Investments	30,000	-	-
	11,466,554	10,716,325	10,803,857
<b>Current assets</b>			
Inventories	3,259,294	2,905,829	2,464,038
Trade and other receivables	2,830,416	2,369,360	2,550,148
Taxation receivable	184,102	194,441	181,874
Short term investments	61,546	30,310	42,057
Cash at bank and in hand	2,220,070	1,695,612	1,322,843
	8,555,428	7,195,552	6,560,960
<b>Total assets</b>	20,021,982	17,911,877	17,364,817
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,618,780	1,578,475	1,578,475
Capital reserves	126,901	126,901	126,901
Revenue reserves	2,898,797	1,725,661	2,056,364
Foreign currency translation reserves	27,880	31,279	31,152
	4,672,358	3,462,316	3,792,892
Minority interest	1,783,536	1,402,552	1,503,071
<b>Total equity</b>	6,455,894	4,864,868	5,295,963
<b>Non-current liabilities</b>			
Interest bearing borrowings	1,306,480	2,036,796	1,957,680
Net liability to the lessor	655,522	680,287	672,158
Deferred income	585,276	496,119	528,898
Deferred tax	11,420	53,931	24,981
Employee benefit liabilities	1,567,672	1,575,611	1,529,685
	4,126,370	4,842,744	4,713,402
<b>Current liabilities</b>			
Trade and other payables	3,872,761	3,278,096	2,632,913
Current portion of interest bearing borrowings	869,350	1,099,871	1,239,549
Current portion of net liability to the lessor	23,532	23,038	25,394
Deposits	2,984	15,954	7,746
Current tax liabilities	276,423	37,018	100,559
Short term borrowings	4,394,668	3,750,288	3,349,291
	9,439,718	8,204,265	7,355,452
<b>Total liabilities</b>	13,566,088	13,047,009	12,068,854
<b>Total equity and liabilities</b>	20,021,982	17,911,877	17,364,817

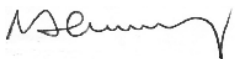
The above figures are subject to audit.

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



Jagath Disanayake  
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

8th February 2011

Provisional Financial Statements

Company Balance Sheet

As at 31st December	Company		31st March
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	54,160	71,707	61,480
Investment Property	688,583	693,453	699,207
Investments in subsidiaries	2,460,917	2,447,584	2,447,584
Investments in associates	159,585	37,500	37,500
Other investments	95,750	120,750	95,750
Deferred tax assets	36,953	36,953	36,953
	3,495,948	3,407,947	3,378,474
<b>Current assets</b>			
Trade and other receivables	332,919	172,647	67,039
Taxation receivable	-	6,956	6,957
Amounts due from subsidiaries	1,562,371	1,846,683	1,629,758
Short term investments	61,546	30,310	42,057
Cash at bank and in hand	45,594	257,700	266,271
	2,002,430	2,314,296	2,012,082
<b>Total assets</b>	5,498,378	5,722,243	5,390,556
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,618,780	1,578,475	1,578,475
Capital reserves	10,574	10,574	10,574
Revenue reserves	341,906	556,053	654,962
<b>Total equity</b>	1,971,260	2,145,102	2,244,011
<b>Non-current liabilities</b>			
Interest bearing borrowings	217,833	804,718	428,469
Employee benefit liabilities	55,164	47,803	50,141
	272,997	852,521	478,610
<b>Current liabilities</b>			
Trade and other payables	270,402	232,641	232,239
Current portion of interest bearing borrowings	275,000	391,803	605,000
Deposits	2,984	15,954	7,745
Amounts due to subsidiaries	284,300	364,222	148,167
Current tax liability	2,780	-	-
Short term borrowings	2,418,655	1,720,000	1,674,784
	3,254,121	2,724,620	2,667,935
<b>Total liabilities</b>	3,527,118	3,577,141	3,146,545
<b>Total equity and liabilities</b>	5,498,378	5,722,243	5,390,556

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.



Jagath Dissanayake  
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

8th February 2011

Provisional Financial Statements

Consolidated Income Statement

	3 months ended 31st December			9 months ended 31st December		
	2010 Rs. '000	2009 Rs. '000	% Variance	2010 Rs. '000	2009 Rs. '000	% Variance
<b>Continuing operations</b>						
<b>Revenue</b>	7,275,591	6,273,448	16%	19,969,817	16,361,961	22%
Cost of sales	(5,401,487)	(4,743,687)	14%	(15,297,962)	(13,166,113)	16%
<b>Gross profit</b>	1,874,104	1,529,761	23%	4,671,855	3,195,848	46%
Other operating income	115,089	22,260	417%	318,038	203,398	56%
Distribution costs	(222,890)	(178,075)	25%	(578,709)	(483,512)	20%
Administrative expenses	(648,618)	(546,828)	19%	(1,842,256)	(1,616,249)	14%
Other operating expenses	(16,147)	(18,795)	-14%	(53,480)	(30,895)	73%
<b>Profit from operations</b>	1,101,538	808,323	36%	2,515,448	1,268,590	98%
Finance cost	(171,251)	(173,086)	-1%	(518,234)	(766,650)	-32%
<b>Profit from operations after finance cost</b>	930,287	635,237	46%	1,997,214	501,940	298%
Share of results of associates	56,513	4,915	1050%	100,110	14,665	583%
Profit before tax	986,800	640,152	54%	2,097,324	516,605	306%
Income tax expense	(193,423)	(130,711)	48%	(422,029)	(229,765)	84%
<b>Profit for the period from continuing operations</b>	793,377	509,441	56%	1,675,295	286,840	484%
<b>Discontinued Operations</b>						
Loss after tax for the period from discontinued operations	(1,785)	(1,327)	35%	(5,515)	(6,494)	-15%
<b>Profit for the period</b>	791,592	508,114		1,669,780	280,346	
<b>Attributable to:</b>						
Equity holders of the parent	640,604	400,063	60%	1,345,348	249,501	439%
Minority interest	150,988	108,051	40%	324,432	30,845	952%
	791,592	508,114	56%	1,669,780	280,346	496%
<b>Earnings per share</b>						
Basic (Rs.)	0.33	0.21		0.70	0.13	
Diluted (Rs.)	0.32	0.21		0.67	0.13	
<b>Dividend per share</b>						
	0.20	-		0.20	-	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Provisional Financial Statements

Company Income Statement

	3 months ended			9 months ended		
	31st December			31st December		
	2010	2009	%	2010	2009	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
<b>Revenue</b>	183,010	119,405	53%	515,642	340,863	51%
Cost of sales	-	-		-	-	
<b>Gross profit</b>	183,010	119,405	53%	515,642	340,863	51%
Other operating income	326	-		21,945	4,515	386%
Administrative expenses	(65,928)	(45,397)	45%	(199,392)	(147,403)	35%
<b>Profit from operations</b>	117,408	74,008	59%	338,195	197,975	71%
Finance cost	(44,934)	(43,125)	4%	(125,568)	(162,295)	-23%
<b>Profit before tax</b>	72,474	30,883	135%	212,627	35,680	496%
Income tax expense	(2,474)	-		(9,737)	-	
<b>Profit for the period</b>	70,000	30,883	127%	202,890	35,680	469%
<b>Earnings per share</b>						
Basic (Rs.)	0.04	0.02		0.11	0.02	
Diluted (Rs.)	0.04	0.02		0.10	0.02	
<b>Dividend per share</b>	0.20	-		0.20	-	

Figures in brackets indicate deductions.

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**Cash Flow Statements**

For the nine months ended 31st December

	Group		Company	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
<b>Cash flows from / (used in) operating activities</b>				
Profit before tax and minority interest from continuing operations	2,097,324	504,364	212,627	35,680
Loss before tax from discontinued operations	(5,515)	(6,494)	-	-
Adjustments to reconcile profit before tax to net cash flows	1,083,750	1,881,756	152,907	165,326
<b>Operating profit before working capital changes</b>	3,175,559	2,379,626	365,534	201,006
Working capital adjustments	81,371	617,435	(60,728)	(70,087)
<b>Cash generated from operations</b>	3,256,930	2,997,061	304,806	130,919
Interest paid	(518,234)	(766,650)	(125,568)	(162,295)
Income tax paid	(261,954)	(133,231)	-	-
Defined benefit plan costs paid	(103,043)	(96,058)	(3,021)	(4,637)
<b>Net cash from / (used in) operating activities</b>	2,373,699	2,001,122	176,217	(36,013)
Net cash flows from/ (used in) investing activities	(1,004,097)	(359,163)	(124,489)	(4,047)
<b>Net cash inflow / (outflow) before financing</b>	1,369,602	1,641,959	51,728	(40,060)
Net cash flows from/( used in) financing activities	(1,517,752)	(255,291)	(1,016,276)	(314,742)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(148,150)	1,386,668	(964,548)	(354,802)
<b>Cash and cash equivalents at the beginning of the period</b>	(2,026,448)	(3,441,344)	(1,408,513)	(1,107,498)
<b>Cash and cash equivalents at the end of the period</b>	(2,174,598)	(2,054,676)	(2,373,061)	(1,462,300)
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	2,220,070	1,695,612	45,594	257,700
Short term borrowings	(4,394,668)	(3,750,288)	(2,418,655)	(1,720,000)
	(2,174,598)	(2,054,676)	(2,373,061)	(1,462,300)

Figures in brackets indicate deductions.

The above figures are subject to audit.

Provisional Financial Statements

Statements of Changes in Equity

Group	Attributable to equity holders of the parent							Total equity
	Stated capital	Capital reserves	Revenue reserves	Retained profit	Foreign currency translation	Total	Minority interest	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>Balance as at 1st April 2009</b>	1,578,475	126,901	179,443	1,296,717	32,371	3,213,907	1,380,908	4,594,815
Profit for the period	-	-	-	249,501	-	249,501	30,845	280,346
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(8,128)	(8,128)
Effect of foreign currency translation	-	-	-	-	(1,092)	(1,092)	(1,073)	(2,165)
<b>Balance as at 31st December 2009</b>	<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>1,402,552</u>	<u>4,864,868</u>
<b>Balance as at 1st April 2010</b>	1,578,475	126,901	179,443	1,876,921	31,152	3,792,892	1,503,071	5,295,963
Profit for the period	-	-	-	1,345,348	-	1,345,348	324,432	1,669,780
Issue of share capital	40,305	-	-	-	-	40,305	-	40,305
Changes in Group Structure	-	-	-	13,031	-	13,031	(16,751)	(3,720)
Dividends	-	-	-	(515,946)	-	(515,946)	(26,352)	(542,298)
Effect of foreign currency translation	-	-	-	-	(3,272)	(3,272)	(864)	(4,136)
<b>Balance as at 31st December 2010</b>	<u>1,618,780</u>	<u>126,901</u>	<u>179,443</u>	<u>2,719,354</u>	<u>27,880</u>	<u>4,672,358</u>	<u>1,783,536</u>	<u>6,455,894</u>
<b>Company</b>								
<b>Balance as at 1st April 2009</b>	1,578,475	10,574	-	520,373	-	2,109,422	-	2,109,422
Profit for the period	-	-	-	35,680	-	35,680	-	35,680
<b>Balance as at 31st December 2009</b>	<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>
<b>Balance as at 1st April 2010</b>	1,578,475	10,574	-	654,962	-	2,244,011	-	2,244,011
Issue of share capital	40,305	-	-	-	-	40,305	-	40,305
Profit for the period	-	-	-	202,890	-	202,890	-	202,890
Dividend	-	-	-	(515,946)	-	(515,946)	-	(515,946)
<b>Balance as at 31st December 2010</b>	<u>1,618,780</u>	<u>10,574</u>	<u>-</u>	<u>341,906</u>	<u>-</u>	<u>1,971,260</u>	<u>-</u>	<u>1,971,260</u>

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

**Provisional Financial Statements**  
**Segmental Results**

31st December	Gross turnover		Inter segmental		Intra segmental		Revenue from external customers		Profits from operations before finance cost		Assets	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Rubber	1,812,287	1,446,398	(133,100)	(93,817)	(21,406)	(19,515)	1,657,781	1,333,066	41,722	125,029	2,289,952	2,312,296
Tyre	2,865,681	2,264,831	(105,631)	(84,510)	(861,256)	(643,644)	1,898,794	1,536,677	196,843	244,409	1,538,276	1,376,176
Plastics & Distribution	4,356,535	3,196,770	(226,134)	(159,999)	(1,355,585)	(1,013,499)	2,774,816	2,023,272	344,462	215,452	2,648,647	2,329,728
Retail	8,151,659	6,880,221	(357)	(352)	(144,702)	(132,373)	8,006,600	6,747,496	616,875	398,847	6,106,005	5,553,284
Services	661,033	459,642	(645,536)	(410,005)	-	(1,058)	15,497	48,579	(21,977)	(31,410)	5,998,418	6,089,612
Plantations	6,475,011	5,197,964	(566,052)	(430,216)	(292,630)	(94,877)	5,616,329	4,672,871	1,337,523	316,263	11,069,544	9,909,575
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(10,098,200)	(9,810,217)
<b>Group</b>	<b>24,322,206</b>	<b>19,445,826</b>	<b>(1,676,810)</b>	<b>(1,178,899)</b>	<b>(2,675,579)</b>	<b>(1,904,966)</b>	<b>19,969,817</b>	<b>16,361,961</b>	<b>2,515,448</b>	<b>1,268,590</b>	<b>19,552,642</b>	<b>17,760,454</b>

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

**Provisional Financial Statements**  
**Notes to the Financial Statements**

For the nine months ended 31st December	2010 Rs.	2009 Rs.	Year ended 31st March 2010 Rs.
1. Net asset value per share - Group	2.41	1.79	1.96

**Market price per share (adjusted for sub division(Note 7))**

Highest	12.33	2.95	4.58
Lowest	9.80	2.07	1.58
Last traded	10.50	2.60	3.67

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,618,779,430 represented by 1,935,480,855 ordinary shares.
3. A final dividend of Rs.1.00 per share for the financial year ended 31 March 2010 was paid on 8 July 2010. A first interim dividend of Rs.0.20 per share for the financial year ending 31 March 2011 was declared on 29 November 2010 and was paid on 16 December 2010.
4. 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 2010 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.
5. 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.
6. 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 31,2010.
7. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
8. The Company exercised a sub division of ordinary shares in the proportion of 15:1 on 4 October 2010. Earnings Per Share has been based on the new number of shares.
9. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Interim Financial Statements.
10. The percentage of shares held by the public as at 31st December 2010 was 44.81% (31st March 2010- 44.94%)

**Provisional Financial Statements**  
**Notes to the Financial Statements**

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

<b>As at</b>	<b>31-12-2010</b>	<b>31-3-2010</b>
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	47,715	4,140
3 Mr. J H Paul Ratnayake	3,250,005	-
4 Prof. Lakshman R Watawala	105,000	7,000
5 Prof. Susantha Pathirana	-	-
6 Mr. M M Udeshi	6,156,000	24,600
7 Mr.WJVP Perera	2,500	100

12 Twenty largest shareholders of the Company are as follows:

<b>As at</b>	<b>31-12-2010</b>	<b>%</b>	<b>31-3-2010</b>	<b>%</b>
	<b>Number of shares</b>		<b>Number of shares</b>	
1 Skyworld Overseas Holdings Limited	516,274,590	26.7%	34,425,906	26.8%
2 Camille Consulting Corp.	316,935,120	16.4%	21,129,008	16.5%
3 HSBC International Nominee Ltd-SSBT- Deutsche Bank	225,375,570	11.6%	15,025,038	11.7%
4 Sezeka Limited	174,447,000	9.0%	11,629,800	9.1%
5 Rockport Limited	99,506,865	5.1%	6,633,791	5.2%
6 Employees Provident Fund	93,485,740	4.8%	N/A	-
7 Commercial Bank of Ceylon PLC/ A.L. Devasurendra	28,379,600	1.5%	2,239,300	1.7%
8 Mr. D.W.R.Rutnam & Mr. J.L.G. Wilson (The Executors of the estate of Late Mr. M.D. Rutnam)	25,759,500	1.3%	1,717,300	1.3%
9 The Executor of the Estate of Mrs L.B. S. Pieris	22,782,045	1.2%	1,518,803	1.2%
10 Mercantile Investment Limited	22,745,995	1.2%	N/A	-
11 Mr. H. A. Pieris	20,937,015	1.1%	1,841,701	1.4%
12 Kalday (Pvt) Ltd.	12,126,030	0.6%	841,867	0.7%
14 Mrs. S.S.Wambeek	10,900,000	0.6%	726,275	0.6%
15 Bank of Ceylon No. 1 Account	8,734,900	0.5%	N/A	-
16 Mr. R.C. Peries	7,253,780	0.4%	494,752.00	0.4%
17 Mr. C.M. Fernando	6,660,165	0.3%	N/A	-
18 Mr.M.M. Udeshi	6,156,000	0.3%	N/A	-
19 The incorporated trustees of the church of England	4,668,795	0.2%	N/A	-
20 Miss. L.A. Pieris	4,501,170	0.2%	757,878	0.6%
	<b>1,619,340,175</b>	<b>83.7%</b>	<b>99,459,152</b>	<b>77.6%</b>

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

