

Richard Pieris & Company PLC

**Interim Financial Statements
Nine months ended 31st December 2011**

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 Yaddhegige

- *Chairman/ Managing Director/CEO*

Mr. J. H. Paul Ratnayake - *Director*

Prof. Lakshman R. Watawala - *Director*

Prof. Susantha D. Pathirana - *Director*

Mr. M. M. Udeshi – *Director (ceased to be a director w.e.f.30.06.2011)*

Mr. W. J. Viville P. Perera - *Director*

Head/Registered Office

No. 310, High Level Road,

Nawinna, Maharagama,

Sri Lanka.

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Website : www.arpico.com

E-mail : 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 2011 Rs. '000	2010 Rs. '000	31st March 2011 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	10,993,554	10,495,743	10,607,259
Intangible assets	551,498	471,471	497,279
Investments in associates	69,058	469,340	456,186
Other Investments	29,625	30,000	24,000
Deferred tax asset	19,744	-	-
	<u>11,663,479</u>	<u>11,466,554</u>	<u>11,584,724</u>
Current assets			
Inventories	4,063,448	3,259,294	3,341,884
Trade and other receivables	3,507,774	2,830,416	2,908,800
Taxation receivable	199,265	184,102	180,650
Short term investments	51,973	61,546	59,540
Cash at bank and in hand	3,594,586	2,220,070	2,563,859
	<u>11,417,046</u>	<u>8,555,428</u>	<u>9,054,733</u>
Total assets	<u>23,080,525</u>	<u>20,021,982</u>	<u>20,639,457</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,631,996	1,618,780	1,627,612
Capital reserves	126,901	126,901	126,901
Revenue reserves	4,110,841	2,898,797	3,221,102
Foreign currency translation	29,677	27,880	27,314
	<u>5,899,415</u>	<u>4,672,358</u>	<u>5,002,929</u>
Minority Interest	<u>1,817,254</u>	<u>1,783,536</u>	<u>1,860,693</u>
Total equity	<u>7,716,669</u>	<u>6,455,894</u>	<u>6,863,622</u>
Non-current liabilities			
Interest bearing borrowings	2,190,186	1,306,480	1,998,291
Net liability to the lessor	640,644	655,522	650,980
Deferred income	577,938	585,276	584,763
Deferred tax liabilities	-	11,420	10,589
Employee benefit liabilities	2,166,478	1,567,672	1,662,131
	<u>5,575,246</u>	<u>4,126,370</u>	<u>4,906,754</u>
Current liabilities			
Trade and other payables	4,596,747	3,872,761	3,653,146
Current portion of interest bearing borrowings	985,516	869,350	1,075,241
Current portion of net liability to the lessor	15,300	23,532	21,978
Deposits	2,491	2,984	2,838
Current tax liabilities	139,548	276,423	309,944
Short term borrowings	4,049,008	4,394,668	3,805,934
	<u>9,788,610</u>	<u>9,439,718</u>	<u>8,869,081</u>
Total liabilities	<u>15,363,856</u>	<u>13,566,088</u>	<u>13,775,835</u>
Total equity and liabilities	<u>23,080,525</u>	<u>20,021,982</u>	<u>20,639,457</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 .



Jagath Dissanayake
Group Chief Financial Officer

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



W J Viville P Perera
Director



J H P Ratnayake
Director

Company Balance Sheet

As at 31st December	Company		31st March
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	37,554	54,160	46,404
Investment Property	685,763	688,583	691,393
Investments in subsidiaries	2,725,358	2,460,917	2,560,917
Investments in associates	-	159,585	159,756
Other investments	95,375	95,750	89,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,581,003</u>	<u>3,495,948</u>	<u>3,585,173</u>
Current assets			
Trade and other receivables	148,926	332,919	52,706
Amounts due from subsidiaries	1,149,280	1,562,371	984,541
Short term investments	51,973	61,546	59,540
Cash at bank and in hand	77,509	45,594	63,349
	<u>1,427,688</u>	<u>2,002,430</u>	<u>1,160,136</u>
Total assets	<u>5,008,691</u>	<u>5,498,378</u>	<u>4,745,309</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,631,996	1,618,780	1,627,612
Capital reserves	10,575	10,575	10,574
Revenue reserves	570,679	341,906	617,905
Total equity	<u>2,213,250</u>	<u>1,971,261</u>	<u>2,256,091</u>
Non-current liabilities			
Interest bearing borrowings	75,334	217,833	149,084
Employee benefit liabilities	45,246	55,164	48,578
	<u>120,580</u>	<u>272,997</u>	<u>197,662</u>
Current liabilities			
Trade and other payables	318,273	270,401	258,991
Current portion of interest bearing borrowings	237,500	275,000	275,000
Deposits	2,491	2,984	2,838
Amounts due to subsidiaries	304,249	284,300	177,515
Current tax liabilities	13,204	2,780	5,880
Short term borrowings	1,799,144	2,418,655	1,571,332
	<u>2,674,861</u>	<u>3,254,120</u>	<u>2,291,556</u>
Total liabilities	<u>2,795,441</u>	<u>3,527,117</u>	<u>2,489,218</u>
Total equity and liabilities	<u>5,008,691</u>	<u>5,498,378</u>	<u>4,745,309</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.




Jagath Dissanayake
Group Chief Financial Officer

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W J Viville P Perera
Director



J H P Ratnayake
Director

02nd February 2012

Consolidated Income Statement

	3 months ended			9 months ended		
	31st December			31st December		
	2011	2010	%	2011	2010	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Continuing operations						
Revenue	8,571,009	7,275,591	18%	23,510,220	19,969,817	18%
Cost of sales	<u>(6,601,142)</u>	<u>(5,401,487)</u>	22%	<u>(18,753,543)</u>	<u>(15,297,962)</u>	23%
Gross profit	1,969,867	1,874,104	5%	4,756,677	4,671,855	2%
Other operating income	184,395	115,089	60%	1,175,128	318,038	269%
Distribution costs	<u>(270,643)</u>	<u>(222,890)</u>	21%	<u>(724,006)</u>	<u>(578,709)</u>	25%
Administrative expenses	<u>(800,754)</u>	<u>(648,618)</u>	23%	<u>(2,313,347)</u>	<u>(1,842,256)</u>	26%
Other operating expenses	<u>(32,255)</u>	<u>(16,147)</u>	100%	<u>(61,765)</u>	<u>(53,480)</u>	15%
Profit from operations	1,050,610	1,101,538	-5%	2,832,687	2,515,448	13%
Finance cost	<u>(177,459)</u>	<u>(171,251)</u>	4%	<u>(563,063)</u>	<u>(518,234)</u>	9%
Profit from operations after finance cost	873,151	930,287	-6%	2,269,624	1,997,214	14%
Share of results of associates	<u>10,828</u>	<u>56,513</u>	-81%	<u>57,351</u>	<u>100,110</u>	-43%
Profit before tax	883,979	986,800	-10%	2,326,975	2,097,324	11%
Income tax expense	<u>(188,142)</u>	<u>(193,423)</u>	-3%	<u>(391,677)</u>	<u>(422,029)</u>	-7%
Profit for the period from continuing operations	695,837	793,377	-12%	1,935,298	1,675,295	16%
Discontinued Operations						
Loss after tax for the period from discontinued operations	<u>(1,113)</u>	<u>(1,785)</u>	-38%	<u>(3,157)</u>	<u>(5,515)</u>	-43%
Profit for the period	<u>694,724</u>	<u>791,592</u>		<u>1,932,141</u>	<u>1,669,780</u>	
Attributable to:						
Equity holders of the parent	610,096	640,604	-5%	1,858,782	1,345,348	38%
Minority interest	<u>84,628</u>	<u>150,988</u>	-44%	<u>73,359</u>	<u>324,432</u>	-77%
	<u>694,724</u>	<u>791,592</u>	-12%	<u>1,932,141</u>	<u>1,669,780</u>	16%
Earnings per share						
Basic (Rs.)	0.30	0.33		0.94	0.70	
Diluted (Rs.)	0.29	0.32		0.90	0.67	
Dividend per share						
	0.40	0.20		0.40	0.20	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Provisional Financial Statements

Company Income Statement

	3 months ended 31st December			9 months ended 31st December		
	2011 Rs. '000	2010 Rs. '000	% Variance	2011 Rs. '000	2010 Rs. '000	% Variance
Revenue	272,890	183,010	49%	774,534	515,642	50%
Cost of sales	-	-		-	-	
Gross profit	272,890	183,010	49%	774,534	515,642	50%
Other operating income	-	326	-100%	517,689	21,945	2259%
Administrative expenses	(62,221)	(65,928)	-6%	(196,979)	(199,392)	-1%
Other operating expenses	(8,292)	-		(11,134)	-	
Profit from operations	202,377	117,408	72%	1,084,110	338,195	221%
Finance cost	(41,385)	(44,934)	-8%	(142,074)	(125,568)	13%
Profit before tax	160,992	72,474	122%	942,036	212,627	343%
Income tax expense	(9,122)	(2,474)	269%	(20,219)	(9,737)	108%
Profit for the period	151,870	70,000	117%	921,817	202,890	354%
Earnings per share						
Basic (Rs.)	0.08	0.04		0.48	0.11	
Diluted (Rs.)	0.08	0.04		0.46	0.10	
Dividend per share	0.40	0.20		0.40	0.20	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Cash Flow Statements

For the nine months ended 31st December	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Cash flows from operating activities				
Profit before tax and minority interest from continuing operations	2,326,975	2,097,324	942,036	212,627
Loss before tax from discontinued operations	(3,157)	(5,515)	-	-
Adjustments to reconcile profit before tax to net cash flows	<u>1,123,066</u>	<u>1,083,750</u>	<u>(331,848)</u>	<u>152,907</u>
Operating profit before working capital changes	3,446,884	3,175,559	610,188	365,534
Working capital adjustments	<u>(562,246)</u>	<u>81,371</u>	<u>(75,290)</u>	<u>(60,728)</u>
Cash generated from operations	2,884,638	3,256,930	534,898	304,806
Interest paid	(563,063)	(518,234)	(142,074)	(125,568)
Income tax paid	(611,020)	(261,954)	(12,895)	-
Defined benefit plan costs paid	<u>(124,321)</u>	<u>(103,043)</u>	<u>(12,412)</u>	<u>(3,021)</u>
Net cash from operating activities	1,586,234	2,373,699	367,517	176,217
Net cash flows used in investing activities	<u>93,494</u>	<u>(1,004,097)</u>	<u>494,740</u>	<u>(124,489)</u>
Net cash inflow / (outflow) before financing	1,679,728	1,369,602	862,257	51,728
Net cash flows used in financing activities	<u>(892,075)</u>	<u>(1,517,752)</u>	<u>(1,075,909)</u>	<u>(1,016,276)</u>
Net increase / (decrease) in cash and cash equivalents	787,653	(148,150)	(213,652)	(964,548)
Cash and cash equivalents at the beginning of the period	(1,242,075)	(2,026,448)	(1,507,983)	(1,408,513)
Cash and cash equivalents at the end of the period	(454,422)	(2,174,598)	(1,721,635)	(2,373,061)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	3,594,586	2,220,070	77,509	45,594
Short term borrowings	<u>(4,049,008)</u>	<u>(4,394,668)</u>	<u>(1,799,144)</u>	<u>(2,418,655)</u>
	(454,422)	(2,174,598)	(1,721,635)	(2,373,061)

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

Statements of Changes in Equity

Attributable to equity holders of the parent

Group	Stated capital Rs. '000	Capital reserves Rs. '000	Revenue reserves Rs. '000	Retained profit Rs. '000	Foreign currency translation Rs. '000	Total Rs. '000	Minority Interest Rs. '000	Total equity Rs. '000
Balance as at 1st April 2010	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
Change 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)
Balance as at 31st December 2010	<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>
Balance as at 1st April 2011	1,627,612	126,901	179,443	3,041,659	27,314	5,002,929	1,860,693	6,863,622
Profit for the period	-	-	-	1,858,782	-	1,858,782	73,359	1,932,141
Issue of share capital	4,384	-	-	-	-	4,384	-	4,384
Dividends	-	-	-	(969,043)	-	(969,043)	-	(969,043)
Subsidiary dividend paid	-	-	-	-	-	-	(9,840)	(9,840)
Adjustments due to changes in holding	-	-	-	-	-	-	(109,480)	(109,480)
Effect of foreign currency translation	-	-	-	-	2,363	2,363	2,522	4,885
Balance as at 31st December 2011	<u>1,631,996</u>	<u>126,901</u>	<u>179,443</u>	<u>3,931,398</u>	<u>29,677</u>	<u>5,899,415</u>	<u>1,817,254</u>	<u>7,716,669</u>
Company								
Balance as at 1st April 2010	1,578,475	10,575	-	654,962	-	2,244,012	-	2,244,012
Issue of shares	40,305	-	-	-	-	40,305	-	40,305
Profit for the period	-	-	-	202,890	-	202,890	-	202,890
Dividend	-	-	-	(515,946)	-	(515,946)	-	(515,946)
Balance as at 31st December 2010	<u>1,618,780</u>	<u>10,575</u>	<u>-</u>	<u>341,906</u>	<u>-</u>	<u>1,971,261</u>	<u>-</u>	<u>1,971,261</u>
Balance as at 1st April 2011	1,627,612	10,575	-	617,905	-	2,256,092	-	2,256,092
Issue of share capital	4,384	-	-	-	-	4,384	-	4,384
Profit for the period	-	-	-	921,817	-	921,817	-	921,817
Dividend	-	-	-	(969,043)	-	(969,043)	-	(969,043)
Balance as at 31st December 2011	<u>1,631,996</u>	<u>10,575</u>	<u>-</u>	<u>570,679</u>	<u>-</u>	<u>2,213,250</u>	<u>-</u>	<u>2,213,250</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	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Rubber	2,082,470	1,812,287	(187,294)	(133,100)	(577)	(21,406)	1,894,599	1,657,781	99,129	41,722	2,467,597	2,289,952
Tyre	3,293,978	2,865,681	(32,065)	(105,631)	(1,128,326)	(861,256)	2,133,587	1,898,794	219,767	196,843	1,796,817	1,538,276
Plastics & Distribution	5,451,660	4,356,535	(249,146)	(226,134)	(1,616,577)	(1,355,585)	3,585,937	2,774,816	461,324	344,462	3,170,059	2,648,647
Retail	10,541,598	8,151,659	(19,971)	(357)	(152,923)	(144,702)	10,368,704	8,006,600	1,170,808	616,875	7,101,881	6,106,005
Services	974,875	661,033	(897,977)	(645,536)	-	-	76,899	15,497	340,955	(21,977)	6,428,767	5,998,418
Plantations	6,295,336	6,475,011	(619,472)	(566,052)	(225,369)	(292,630)	5,450,495	5,616,329	540,704	1,337,523	12,606,386	11,069,544
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(10,560,040)	(10,098,200)
Group	<u>28,639,917</u>	<u>24,322,206</u>	<u>(2,005,925)</u>	<u>(1,676,810)</u>	<u>(3,123,772)</u>	<u>(2,675,579)</u>	<u>23,510,221</u>	<u>19,969,817</u>	<u>2,832,687</u>	<u>2,515,448</u>	<u>23,011,467</u>	<u>19,552,642</u>

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

Notes to the Financial Statements

For the nine months ended 31st December	2011 Rs.	2010 Rs.	Year ended 31st March 2011 Rs.
1. Net asset value per share - Group	3.04	2.41	2.58

Market price per share {adjusted for sub division(Note 9)}

Highest	10.80	12.33	16.00
Lowest	8.30	9.80	3.65
Last traded	9.00	10.50	13.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,631,996,111 represented by 1,938,235,800 ordinary shares.
3. A final dividend of Rs.0.10 per share for the financial year ended 31 March 2011 was paid on 8 July 2011. A first interim dividend of Rs.0.40 per share for the financial year ending 31 March 2012 was declared on 25 November 2011 and was paid on 15 December 2011.
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 2011 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 31,2011.
7. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
8. Wages of employees in the plantation sector were increased as a result of a collective agreement entered upon in June 2011.Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs 567 million was charged as cost of sales in the income statement as follows.

Details	Amount Rs'000
Arrears in Wages	97,705
Adjustment to Opening Balance of Gratuity Provision	469,429
Total Charge to Cost of Sales	<u>567,134</u>

9. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
10. In September 2011,the Group disposed its stake in Asian Alliance Insurance PLC and it ceased to be an associate company . The resulting capital gain of Rs 717 million (Capital gain for the Company Rs. 516 million) has been reflected under other operating income in the respective income statements.
11. The Company exercised a sub division of ordinary shares in the proportion of 15 shares for every 1 share held on 4 October 2010. Earnings Per Share have been based on the new number of shares.
12. The Group incorporated Arpico Insurance Limited in June 2011 (A new insurance Company established under the "Arpico" brand) with a stated capital of Rs.503mn . Arpico Insurance Limited commenced business operations in January 2012.
13. The percentage of shares held by the public as at 31st December 2011 was 45.03%(31st March 2011- 44.86%)

Notes to the Financial Statements

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

As at	31-12-2011	31-3-2011
1 Dr. Sena Yaddhehige -Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayake	-	3,250,005
3 Prof. Lakshman R Watawala	40,000	105,000
4 Prof. Susantha Pathirana	-	-
5 Mr. M M Udeshi	6,303,600	6,156,000
6 Mr.WJVP Perera	2,500	2,500

15 Twenty largest shareholders of the Company are as follows:

As at	31-12-2011	%	31-3-2011	%
	Number of shares		Number of shares	
1 Skyworld Overseas Holdings Limited	516,274,590	26.64%	516,274,590	26.65%
2 Camille Consulting Corp.	316,935,120	16.35%	316,935,120	16.36%
3 HSBC International Nominee Ltd-SSBT- Deutsche Bank	225,375,570	11.63%	225,375,570	11.63%
4 Sezeka Limited	174,447,000	9.00%	174,447,000	9.00%
5 Employees Provident Fund	128,584,440	6.63%	99,186,140	5.12%
6 Rockport Limited	99,506,865	5.13%	99,506,865	5.14%
7 Mr. D.W.R.Rutnam & Mr. J.L.G. Wilson (The Executors of the estate of Late Mr. M.D. Rutnam)	25,759,500	1.33%	25,759,500	1.33%
8 The Executor of the Estate of Late Mrs L.B. S. Pieris	22,782,045	1.18%	22,782,045	1.18%
9 Mr. H. A. Pieris	20,458,015	1.06%	20,458,015	1.06%
10 Mercantile Investments Limited	16,035,995	0.83%	16,035,995	0.83%
11 Kalday (Pvt) Ltd.	12,126,030	0.63%	12,126,030	0.63%
12 Dhanasiri Recreation Pvt Ltd	11,653,515	0.60%	N/A	N/A
13 Mr. K.R. Dharmendra	7,576,900	0.39%	7,576,900	0.39%
14 Mr.R.C.Peries	7,188,780	0.37%	7,253,780	0.37%
15 Seylan Bank PLC - A/C No 03	7,000,000	0.36%	5,000,000	0.26%
16 Dr.C.M. Fernando	6,660,570	0.34%	6,660,165	0.34%
17 Employees Trust Fund Board	6,419,095	0.33%	N/A	N/A
18 Mr. M.M. Udeshi	6,303,600	0.33%	6,156,000	0.32%
19 Mrs. S. Wambeek	6,217,800	0.32%	9,248,200.00	0.48%
20 National Savings Bank	5,323,900	0.27%	N/A	N/A
	1,622,629,330	83.72%	1,570,781,915	81.08%

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

