

Richard Pieris and Company PLC
Interim Financial Statements
Nine months ended 31st December 2012

TOUCHING LIVES



Since 1932
Years

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 Yaddhige - *Chairman/ Managing Director/ CEO*

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

Prof. Lakshman R. Watawala - *Director*

Prof. Susantha D. Pathirana - *Director*

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

Mr. S.S.G. Liyanage – *Director*

Dr. S.A.B. Ekanayake – *Director (appointed w.e.f. 01.09.2012)*

Head/Registered Office

No. 310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.

Telephone : + (94) 114310500

Fax : + (94) 114310777

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		31st March
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	11,229,438	10,993,554	10,731,588
leasehold Property	565,987	-	582,270
Intangible assets	533,598	551,498	542,758
Investments in associates	42,595	69,058	74,143
Other Investments	175,806	29,625	5,625
Deferred tax asset	-	19,744	-
	<u>12,547,424</u>	<u>11,663,479</u>	<u>11,936,384</u>
Current assets			
Inventories	4,184,715	4,063,448	3,609,378
Trade and other receivables	4,303,712	3,507,774	3,675,232
Taxation receivable	161,038	199,265	184,309
Short term investments	50,938	51,973	51,942
Cash at bank and in hand	4,737,301	3,594,586	3,445,988
	<u>13,437,704</u>	<u>11,417,046</u>	<u>10,966,849</u>
Total assets	<u>25,985,128</u>	<u>23,080,525</u>	<u>22,903,233</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,637,236	1,631,996	1,633,853
Capital reserves	126,901	126,901	126,901
Revenue reserves	5,684,561	4,110,841	4,010,335
Foreign currency translation	40,797	29,677	38,236
	<u>7,489,495</u>	<u>5,899,415</u>	<u>5,809,325</u>
Minority interest	<u>2,067,503</u>	<u>1,817,254</u>	<u>1,847,746</u>
Total equity	<u>9,556,998</u>	<u>7,716,669</u>	<u>7,657,071</u>
Non-current liabilities			
Insurance Provisions	53,498	-	9,390
Interest bearing borrowings	3,119,645	2,190,186	2,177,814
Net liability to the lessor	630,439	640,644	638,237
Deferred income	564,885	577,938	577,609
Deferred tax liabilities	85,639	-	63,692
Employee benefit liabilities	1,938,157	2,166,478	1,940,629
	<u>6,392,263</u>	<u>5,575,246</u>	<u>5,407,371</u>
Current liabilities			
Trade and other payables	5,476,520	4,596,747	4,600,058
Current portion of interest bearing borrowings	943,315	985,516	893,957
Current portion of net liability to the lessor	10,817	15,300	12,398
Deposits	2,470	2,491	2,482
Current tax liabilities	186,110	139,548	138,593
Short term borrowings	3,416,635	4,049,008	4,191,303
	<u>10,035,867</u>	<u>9,788,610</u>	<u>9,838,791</u>
Total liabilities	<u>16,428,130</u>	<u>15,363,856</u>	<u>15,246,162</u>
Total equity and liabilities	<u>25,985,128</u>	<u>23,080,525</u>	<u>22,903,233</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 V P Perera
Director



S S G Liyanage
Director

Company Balance Sheet

As at 31st December	Company		31st March
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	35,058	37,554	36,121
Investment Property	684,594	685,763	688,458
Investments in subsidiaries	2,870,544	2,725,358	2,696,013
Other investments	71,375	95,375	71,375
Deferred tax assets	36,953	36,953	36,953
	<u>3,698,524</u>	<u>3,581,003</u>	<u>3,528,920</u>
Current assets			
Trade and other receivables	352,462	148,926	39,955
Amounts due from subsidiaries	2,192,481	1,149,280	1,761,629
Short term investments	50,939	51,973	51,942
Taxation receivable	-	-	-
Cash at bank and in hand	37,064	77,509	25,210
	<u>2,632,946</u>	<u>1,427,688</u>	<u>1,878,736</u>
Total assets	<u><u>6,331,470</u></u>	<u><u>5,008,691</u></u>	<u><u>5,407,656</u></u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,637,236	1,631,996	1,633,853
Capital reserves	10,574	10,574	10,574
Revenue reserves	978,310	570,679	560,011
Total equity	<u>2,626,120</u>	<u>2,213,249</u>	<u>2,204,438</u>
Non-current liabilities			
Interest bearing borrowings	738,380	75,334	220,000
Employee benefit liabilities	68,962	45,246	59,674
	<u>807,342</u>	<u>120,580</u>	<u>279,674</u>
Current liabilities			
Trade and other payables	221,640	318,274	873,129
Current portion of interest bearing borrowings	225,293	237,500	209,083
Deposits	2,470	2,491	2,482
Amounts due to subsidiaries	353,911	304,249	322,008
Current tax liabilities	1,932	13,204	9,654
Short term borrowings	2,092,762	1,799,144	1,507,188
	<u>2,898,008</u>	<u>2,674,862</u>	<u>2,923,544</u>
Total liabilities	<u>3,705,350</u>	<u>2,795,442</u>	<u>3,203,218</u>
Total equity and liabilities	<u><u>6,331,470</u></u>	<u><u>5,008,691</u></u>	<u><u>5,407,656</u></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 V P Perera
Director



S S G Liyanage
Director

Consolidated Income Statement

	3 months ended 31st December			9 months ended 31st December		
	2012 Rs. '000	2011 Rs. '000	% Variance	2012 Rs. '000	2011 Rs. '000	% Variance
Continuing operations						
Revenue	9,596,973	8,571,009	12%	26,380,809	23,510,220	12%
Cost of sales	<u>(7,319,308)</u>	<u>(6,601,142)</u>	11%	<u>(20,139,140)</u>	<u>(18,753,543)</u>	7%
Gross profit	2,277,665	1,969,867	16%	6,241,669	4,756,677	31%
Other operating income	238,883	184,395	30%	599,366	1,175,128	-49%
Distribution costs	(300,400)	(270,643)	11%	(852,610)	(724,006)	18%
Administrative expenses	(949,443)	(800,754)	19%	(2,723,760)	(2,313,347)	18%
Other operating expenses	<u>(16,687)</u>	<u>(32,255)</u>	-48%	<u>(46,829)</u>	<u>(61,765)</u>	-24%
Profit from operations	1,250,018	1,050,610	19%	3,217,836	2,832,687	14%
Finance cost	<u>(290,006)</u>	<u>(177,459)</u>	63%	<u>(793,775)</u>	<u>(563,063)</u>	41%
Profit from operations after finance cost	960,012	873,151	10%	2,424,061	2,269,624	7%
Share of results of associates	<u>23,250</u>	<u>10,828</u>	115%	<u>53,238</u>	<u>57,351</u>	-7%
Profit before tax	983,262	883,979	11%	2,477,299	2,326,975	6%
Income tax expense	<u>(273,136)</u>	<u>(188,142)</u>	45%	<u>(592,638)</u>	<u>(391,677)</u>	51%
Profit for the period from continuing operations	710,126	695,837	2%	1,884,661	1,935,298	-3%
Discontinued Operations						
Profit/ (Loss) after tax for the period from discontinued operations	<u>(813)</u>	<u>(1,113)</u>	-27%	<u>(1,207)</u>	<u>(3,157)</u>	-62%
Profit for the period	<u>709,313</u>	<u>694,724</u>		<u>1,883,454</u>	<u>1,932,141</u>	
Attributable to:						
Equity holders of the parent	557,065	610,096	-9%	1,572,135	1,858,782	-15%
Minority interest	<u>152,248</u>	<u>84,628</u>	80%	<u>311,319</u>	<u>73,359</u>	324%
	<u>709,313</u>	<u>694,724</u>	2%	<u>1,883,454</u>	<u>1,932,141</u>	-3%
Earnings per share						
Basic (Rs.)	0.29	0.30		0.81	0.94	
Diluted (Rs.)	0.28	0.29		0.78	0.90	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Company Income Statement

	3 months ended 31st December 2012			9 months ended 31st December 2012		
	2012 Rs. '000	2011 Rs. '000	% Variance	2012 Rs. '000	2011 Rs. '000	% Variance
Revenue	349,420	272,890	28%	953,914	774,534	23%
Cost of sales	-	-		-	-	
Gross profit	349,420	272,890	28%	953,914	774,534	23%
Other operating income	-	-		-	517,689	-100%
Administrative expenses	(74,742)	(62,221)	20%	(223,260)	(196,979)	13%
Other operating expenses	(5,684)	(8,292)	-31%	(1,003)	(11,134)	-91%
Profit from operations	268,994	202,377	33%	729,651	1,084,110	-33%
Finance cost	(116,522)	(41,385)	182%	(300,792)	(142,074)	112%
Profit before tax	152,472	160,992	-5%	428,859	942,036	-54%
Income tax expense	(10,366)	(9,122)	14%	(10,560)	(20,219)	-48%
Profit for the period	142,106	151,870	-6%	418,299	921,817	-55%

Earnings per share

Basic (Rs.)	0.08	0.08	0.22	0.48
Diluted (Rs.)	0.07	0.08	0.21	0.46

Figures in brackets indicate deductions.

The above figures are subject to audit.

Cash Flow Statements

For the nine months ended 31st December	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Cash flows from operating activities				
Profit before tax and minority interest from continuing operations	2,477,299	2,326,975	428,859	942,036
Loss before tax from discontinued operations	(1,207)	(3,157)	-	-
Adjustments to reconcile profit before tax to net cash flows	1,513,017	1,123,066	340,021	(331,848)
Operating profit before working capital changes	3,989,109	3,446,884	768,880	610,188
Working capital adjustments	(373,555)	(562,246)	(1,362,958)	(75,290)
Cash generated from operations	3,615,554	2,884,638	(594,078)	534,898
Interest paid	(793,775)	(563,063)	(300,792)	(142,074)
Income tax paid	(499,903)	(611,020)	(18,282)	(12,895)
Defined benefit plan costs paid	(173,850)	(124,321)	(1,029)	(12,412)
Net cash from operating activities	2,148,026	1,586,234	(914,181)	367,517
Net cash flows from / (used) in investing activities	(1,114,564)	93,494	(197,512)	494,740
Net cash inflow / (outflow) before financing	1,033,462	1,679,728	(1,111,693)	862,257
Net cash flows from / (used) in financing activities	1,032,519	(892,075)	537,973	(1,075,909)
Net increase / (decrease) in cash and cash equivalents	2,065,981	787,653	(573,720)	(213,652)
Cash and cash equivalents at the beginning of the period	(745,315)	(1,242,075)	(1,481,978)	(1,507,983)
Cash and cash equivalents at the end of the period	1,320,666	(454,422)	(2,055,698)	(1,721,635)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	4,737,301	3,594,586	37,064	77,509
Short term borrowings	(3,416,635)	(4,049,008)	(2,092,762)	(1,799,144)
	1,320,666	(454,422)	(2,055,698)	(1,721,635)

Figures in brackets indicate deductions.

The above figures are subject to audit.

Statements of Changes in Equity

Attributable to equity holders of the parent

	Stated capital	Capital reserves	Revenue reserves	Retained profit	Foreign currency translation	Total	Minority interest	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group								
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	1,631,996	126,901	179,443	3,931,398	29,677	5,899,415	1,817,254	7,716,669
Balance as at 1st April 2012	1,633,853	126,901	179,443	3,830,892	38,236	5,809,325	1,847,746	7,657,071
Profit for the period	-	-	-	1,572,135	-	1,572,135	311,319	1,883,454
Issue of share capital	3,383	-	-	-	-	3,383	-	3,383
Adjustments due to changes in holding	-	-	-	102,091	-	102,091	(88,971)	13,120
Effect of foreign currency translation	-	-	-	-	2,561	2,561	(2,591)	(30)
Balance as at 31st December 2012	1,637,236	126,901	179,443	5,505,118	40,797	7,489,495	2,067,503	9,556,998
Company								
Balance as at 1st April 2011	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091
Issue of shares	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	1,631,996	10,574	-	570,679	-	2,213,249	-	2,213,249
Balance as at 1st April 2012	1,633,853	10,574	-	560,011	-	2,204,438	-	2,204,438
Issue of share capital	3,383	-	-	-	-	3,383	-	3,383
Profit for the period	-	-	-	418,299	-	418,299	-	418,299
Balance as at 31st December 2012	1,637,236	10,574	-	978,310	-	2,626,120	-	2,626,120

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	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Rubber	2,384,468	2,082,470	(185,868)	(187,294)	(1,309)	(577)	2,197,291	1,894,599	295,462	99,129	2,251,159	2,467,597
Tyre retrading	3,102,233	3,293,978	(26,994)	(32,065)	(1,018,885)	(1,128,326)	2,056,354	2,133,587	257,827	219,767	1,786,920	1,796,817
Plastics & Distribution	6,466,443	5,451,660	(273,859)	(249,146)	(1,971,840)	(1,616,577)	4,220,744	3,585,937	525,326	461,324	3,914,943	3,170,059
Retail	12,351,952	10,541,598	-	(19,971)	(172,299)	(152,923)	12,179,653	10,368,704	893,305	1,170,808	7,395,253	7,101,881
Services	1,233,478	974,875	(1,091,452)	(897,977)	-	-	142,026	76,898	(164,786)	340,955	8,236,574	6,428,767
Plantations	6,559,962	6,295,336	(698,042)	(619,472)	(277,179)	(225,369)	5,584,741	5,450,495	1,410,702	540,704	14,873,964	12,606,386
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(12,516,280)	(10,560,040)
Group	32,098,536	28,639,917	(2,276,215)	(2,005,925)	(3,441,512)	(3,123,772)	26,380,809	23,510,220	3,217,836	2,832,687	25,942,533	23,011,467

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

Notes to the Financial Statements

For the nine months ended 31st December	2012 Rs.	2011 Rs.	Year ended 31st March 2012 Rs.
1. Net asset value per share - Group	3.86	3.04	3.00
Net asset value per share - Company	1.35	1.14	1.14
Market price per share			
Highest	9.10	10.80	14.00
Lowest	5.50	8.30	6.50
Last traded	7.80	9.00	7.50

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,637,235,656 represented by 1,939,237,625 ordinary shares.
3. A first interim dividend of Rs.0.20 per share for the financial year ending 31st March 2013 was declared on 24th January 2013 and will be paid on 15th February 2013.
4. Application of new/revised Sri Lanka Financial Reporting Standards (SLFRS/ LKAS)

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards (SLRFS/ LKAS) which has become applicable for financial periods commenced after 1st January 2012. However, we have not applied the said new Accounting Standards in preparation of these Interim Financial Statements. Instead, we have opted to apply the option 2 given by the Institute of Chartered Accountants of Sri Lanka (ICASL) in their " Ruling on the Comparative Figures in the Interim Financial Statements" issued on 2nd March 2012.

Accordingly, these Interim Financial Statements have been prepared in line with the accounting policies applied during the financial year ended 31st March 2012 which are in line with Sri Lanka Accounting Standards (SLAS).

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 31,2012.
7. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
8. The Group incorporated Richard Pieris Arpico Finance Limited in August 2012 (A new Finance Company established under the "Arpico" brand) with a stated capital of Rs.400 mn .
9. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
10. The percentage of shares held by the public as at 31st December 2012 was 45.05% (31st March 2012 - 44.91%).

Notes to the Financial Statements

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

As at	31-12-2012	31-3-2012
1 Dr. Sena Yaddhegige -Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayake	3,250,005	3,250,005
3 Prof. Lakshman R Watawala	40,000	40,000
4 Prof. Susantha D. Pathirana	-	-
5 Mr. W.J. Vivile P. Perera	4,500	4,500
6 Mr. S S G Liyanage	3,708,505	3,708,505
7 Dr. S A B Ekanayake (appointed w.e.f. 01/09/2012)	-	-

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

As at	31-12-2012 Number of shares	%	31-3-2012 Number of shares	%
1 Skyworld Overseas Holdings Limited	516,388,590	26.63%	516,388,590	26.64%
2 Camille Consulting Corp.	316,935,120	16.35%	316,935,120	16.35%
3 HSBC International Nominees Ltd-SSBT- Deutsche Bank	225,375,570	11.62%	225,375,570	11.63%
4 Sezeka Limited	174,447,000	9.00%	174,447,000	9.00%
5 Employees Provident Fund	137,181,379	7.08%	130,983,643	6.76%
6 Rockport Limited	99,506,865	5.13%	99,506,865	5.13%
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 and Finance PLC	15,785,995	0.81%	15,785,995	0.81%
11 Dhanasiri Recreation Pvt Ltd	13,770,584	0.71%	12,401,015	0.64%
12 Kalday (Pvt) Ltd.	12,126,030	0.63%	12,126,030	0.63%
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%	7,188,780	0.37%
15 Seylan Bank PLC - Account No: 03	7,000,000	0.36%	7,000,000	0.36%
16 Dr C.M. Fernando	6,660,570	0.34%	6,660,570	0.34%
17 Employees Trust Fund Board	6,419,095	0.33%	6,419,095	0.33%
18 Mr. M.M. Udeshi	6,003,600	0.31%	6,003,600	0.31%
19 National Savings Bank	5,323,900	0.27%	5,323,900	0.27%
20 The Incorporated Trustees of the Church of Ceylon	4,868,795	0.25%	-	0.00%
	1,631,558,333	84.15%	1,619,122,233	83.52%

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

