

Interim Financial Statements  
Three months ended 30th June

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 Yaddhegige - Chairman/Managing Director/CEO  
Mr. P.D. Samarasinghe - Chief Operating Officer/Director  
Mr. J.H. Paul Ratnayake  
Prof. Lakshman R. Watawala  
Prof. S.D. Pathirana  
Mr. M.M. Udeshi

## **Registered Office**

No. 310, High Level Road, Nawinna,  
Maharagama.  
Telephone : +(94) 114 310600  
Fax : +(94) 114 310777  
Website : [www.arpico.com](http://www.arpico.com)  
E-mail : [cpu@arpico.com](mailto: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 30th June	Group		31st March
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,146,576	10,131,179	10,167,170
Intangible assets	488,428	493,157	491,491
Investments in associates	137,075	105,081	136,757
	<u>10,772,079</u>	<u>10,729,417</u>	<u>10,795,418</u>
<b>Current assets</b>			
Inventories	2,203,888	3,298,956	2,303,039
Trade and other receivables	2,384,267	3,448,748	2,551,594
Taxation receivable	230,375	190,971	245,205
Short term investments	17,257	11,855	7,974
Cash at bank and in hand	1,006,180	501,070	1,020,867
	<u>5,841,967</u>	<u>7,451,600</u>	<u>6,128,679</u>
<b>Total assets</b>	<u>16,614,046</u>	<u>18,181,017</u>	<u>16,924,097</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,578,475	1,578,475	1,578,475
Capital reserves	126,901	126,901	126,901
Revenue reserves	1,510,078	2,113,858	1,476,160
Foreign currency translation	31,884	21,463	32,371
	<u>3,247,338</u>	<u>3,840,697</u>	<u>3,213,907</u>
<b>Minority interest</b>	1,424,063	1,486,016	1,380,908
<b>Total equity</b>	<u>4,671,401</u>	<u>5,326,713</u>	<u>4,594,815</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	2,261,209	2,715,505	2,304,617
Net liability to the lessor	695,057	710,429	697,432
Deferred income	482,204	392,701	478,147
Deferred tax liabilities	21,358	799	21,804
Employee benefit liabilities	1,108,293	1,041,870	1,103,222
	<u>4,568,121</u>	<u>4,861,304</u>	<u>4,605,222</u>
<b>Current liabilities</b>			
Trade and other payables	2,405,818	2,780,717	2,124,604
Current portion of interest bearing borrowings	1,091,562	1,182,679	1,062,216
Current portion of net liability to the lessor	21,534	27,101	24,948
Deposits	24,940	84,989	26,704
Current tax liabilities	23,090	32,460	23,377
Short term borrowings	3,807,580	3,885,054	4,462,211
	<u>7,374,524</u>	<u>7,993,000</u>	<u>7,724,060</u>
<b>Total liabilities</b>	<u>11,942,645</u>	<u>12,854,304</u>	<u>12,329,282</u>
<b>Total equity and liabilities</b>	<u>16,614,046</u>	<u>18,181,017</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.



**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 Ratnayeke**

Director

10th August 2009

## Company Balance Sheet

As at 30th June	Company		31st March
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	73,015	52,335	76,079
Investment Property	702,609	708,912	703,076
Investments in subsidiaries	2,207,584	1,677,834	2,207,584
Investments in associates	37,500	37,500	37,500
Other investments	120,750	276,989	120,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,178,411</u>	<u>2,790,523</u>	<u>3,181,942</u>
<b>Current assets</b>			
Trade and other receivables	157,352	315,881	64,577
Taxation receivable	6,957	3,022	6,956
Amounts due from subsidiaries	2,303,358	2,541,060	2,119,524
Short term investments	17,257	11,855	7,974
Cash at bank and in hand	1,001,558	1,962,843	1,348,037
	<u>3,486,482</u>	<u>4,834,661</u>	<u>3,547,068</u>
<b>Total assets</b>	<u>6,664,893</u>	<u>7,625,184</u>	<u>6,729,010</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,578,475	1,578,475	1,578,475
Capital reserves	10,574	10,574	10,574
Revenue reserves	513,496	672,629	520,373
<b>Total equity</b>	<u>2,102,545</u>	<u>2,261,678</u>	<u>2,109,422</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	957,219	1,367,460	1,073,469
Net liability to the lessor payable	-	2,831	-
Employee benefit liabilities	47,538	41,091	45,114
	<u>1,004,757</u>	<u>1,411,382</u>	<u>1,118,583</u>
<b>Current liabilities</b>			
Trade and other payables	228,296	331,808	208,940
Current portion of interest bearing borrowings	438,269	440,000	437,794
Current portion of net liability to the lessor	-	1,118	-
Deposits	24,940	84,989	26,704
Amounts due to subsidiaries	624,910	472,553	372,032
Short term borrowings	2,241,176	2,621,656	2,455,535
	<u>3,567,591</u>	<u>3,952,124</u>	<u>3,601,005</u>
<b>Total liabilities</b>	<u>4,562,348</u>	<u>5,363,506</u>	<u>4,619,588</u>
<b>Total equity and liabilities</b>	<u>6,664,893</u>	<u>7,625,184</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 Ratnayeke**  
 Director

10th August 2009

## Consolidated Income Statement

	Group		Year ended	
	2009	2008	%	31st March 2009
For the three months ended 30th June	Rs. '000	Rs. '000	Variance	Rs. '000
<b>Revenue</b>	4,860,977	5,723,314	-15%	20,818,036
Cost of sales	(3,788,247)	(4,474,236)	-15%	(16,890,607)
Gross profit	1,072,730	1,249,078	-14%	3,927,429
Other operating income	67,592	270,344	-75%	509,618
Distribution costs	(149,198)	(157,289)	-5%	(612,397)
Administrative expenses	(528,148)	(536,385)	-2%	(2,429,325)
Other operating expenses	(11,960)	(21,857)	-45%	(44,849)
<b>Profit from operations</b>	451,016	803,891	-44%	1,350,476
Finance cost	(334,587)	(360,025)	-7%	(1,400,426)
<b>Profit/(loss) from operations after finance cost</b>	116,429	443,866	-74%	(49,950)
Share of results of associates	317	4,074	92%	41,015
Profit/(loss) before tax	116,746	447,940	-74%	(8,935)
Income tax expense	(39,194)	(43,409)	-10%	(180,411)
<b>Profit/(loss) for the period from continuing operations</b>	77,552	404,531	-81%	(189,346)
<b>Discontinued Operations</b>				
Loss after tax for the period from discontinued operations	-	-		(115,682)
<b>Profit/(loss) for the period</b>	77,552	404,531	-81%	(305,028)
<b>Attributable to:</b>				
Equity holders of the parent	33,918	308,615	-89%	(329,083)
Minority interest	43,634	95,916	-55%	24,055
	77,552	404,531	-81%	(305,028)
Earnings per share				
Basic / diluted (Rs.)	0.26	2.40		(2.57)

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Company Income Statement

For the three months ended 30th June	Company		Year ended 31st March	
	2009 Rs. '000	2008 Rs. '000	% Variance	2009 Rs. '000
<b>Revenue</b>	112,039	59,179	89%	433,176
Cost of sales	-	-	-	-
<b>Gross profit</b>	112,039	59,179	89%	433,176
Other operating income	-	214,448	-	213,306
Administrative expenses	(45,641)	(88,084)	-48%	(374,644)
<b>Profit from operations</b>	66,398	185,543	-64%	271,838
Finance cost	(73,275)	(77,933)	-6%	(319,669)
<b>Profit/(loss) before tax</b>	(6,877)	107,610	-106%	(47,831)
Income tax expense	-	-		3,185
<b>Profit/(loss) for the period</b>	(6,877)	107,610	-106%	(44,646)
Earnings per share				
Basic / diluted (Rs.)	(0.05)	0.84		(0.35)

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Cash Flow Statements

For the three months ended 30th June	Group		Company	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
<b>Cash flows from / (used in) operating activities</b>				
Group profit/(loss) before tax and minority interest	116,746	447,940	(6,877)	107,610
Adjustments to reconcile profit before tax to net cash flows	547,958	336,995	31,766	(111,319)
<b>Operating profit/ (loss) before working capital changes</b>	664,704	784,935	24,889	(3,709)
Working capital adjustments	494,741	20,429	(15,477)	353,847
<b>Cash generated from / (used in) operations</b>	1,159,445	805,364	9,412	350,138
Interest paid	(334,587)	(360,025)	(73,273)	(77,933)
Income tax paid	(25,096)	(23,668)	-	(979)
Defined benefit plan costs paid	(32,953)	(36,585)	-	(934)
<b>Net cash from / (used in) operating activities</b>	766,809	385,086	(63,861)	270,292
Net cash flows from/ (used in) investing activities	(108,484)	108,945	47,516	147,772
<b>Net cash inflow / (outflow) before financing</b>	658,325	494,031	(16,345)	418,064
Net cash flows from / (used in) financing activities	(18,381)	(40,595)	(115,775)	(141,454)
<b>Net increase / (decrease) in cash and cash equivalents</b>	639,944	453,436	(132,120)	276,610
<b>Cash and cash equivalents at the beginning of the period</b>	(3,441,344)	(3,837,420)	(1,107,498)	(935,423)
<b>Cash and cash equivalents at the end of the period</b>	(2,801,400)	(3,383,984)	(1,239,618)	(658,813)
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	1,006,180	501,070	1,001,558	1,962,843
Short term borrowings	(3,807,580)	(3,885,054)	(2,241,176)	(2,621,656)
	(2,801,400)	(3,383,984)	(1,239,618)	(658,813)

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						Minority interest	Total equity
	Stated capital	Capital reserves	Revenue reserves	Retained profit	Foreign currency translation	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
<b>Balance as at 1st April 2008</b>	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	-	-	-	308,615	-	308,615	95,916	404,531
Effect of foreign currency translation	-	-	-	-	(136)	(136)	(132)	(268)
<b>Balance as at 30th June 2008</b>	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,934,415</u>	<u>21,463</u>	<u>3,840,697</u>	<u>1,486,016</u>	<u>5,326,713</u>
<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
Net profit for the period	-	-	-	33,918	-	33,918	43,634	77,552
Effect of foreign currency translation	-	-	-	-	(487)	(487)	(479)	(966)
<b>Balance as at 30th June 2009</b>	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,330,635</u>	<u>31,884</u>	<u>3,247,338</u>	<u>1,424,063</u>	<u>4,671,401</u>
<b>Company</b>								
<b>Balance as at 1st April 2008</b>	1,578,475	10,574	-	565,019	-	2,154,068	-	2,154,068
Net profit for the period	-	-	-	107,610	-	107,610	-	107,610
<b>Balance as at 30th June 2008</b>	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>672,629</u>	<u>-</u>	<u>2,261,678</u>	<u>-</u>	<u>2,261,678</u>
<b>Balance as at 1st April 2009</b>	1,578,475	10,574	-	520,373	-	2,109,422	-	2,109,422
Net profit for the period	-	-	-	(6,877)	-	(6,877)	-	(6,877)
<b>Balance as at 30th June 2009</b>	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>513,496</u>	<u>-</u>	<u>2,102,545</u>	<u>-</u>	<u>2,102,545</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Segmental Results

	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	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	Rs. '000	Rs. '000
30th June														
Rubber	447,858	654,764	(31,866)	(34,750)	(4,767)	(8,182)	411,285	611,892	33,383	8,879	2,279,901	2,657,287		
Tyre	677,886	711,252	(20,264)	(32,548)	(194,113)	(213,870)	463,449	464,654	63,971	33,960	1,387,907	1,575,658		
Plastics & Distribution	955,297	1,180,443	(52,286)	(84,188)	(301,307)	(397,803)	599,704	698,452	33,355	76,394	2,061,720	2,601,334		
Retail	2,091,981	2,114,305	(267)	(559)	(43,413)	(29,033)	2,048,301	2,084,713	99,957	103,732	4,877,074	5,487,543		
Services	145,296	213,979	(131,206)	(105,411)	-	-	14,090	108,568	(8,859)	176,265	6,336,352	6,336,441		
Plantations	1,459,744	2,022,289	(100,829)	(175,633)	(34,706)	(91,801)	1,324,208	1,754,855	229,209	406,661	9,283,620	9,680,356		
Inter segment eliminations											(9,749,604)	(10,264,683)		
Group	5,776,001	6,897,032	(336,718)	(433,089)	(578,306)	(740,689)	4,860,977	5,753,314	451,016	803,891	16,476,971	18,075,946		

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

## Notes to the Financial Statements

For the three months ended 30th June	Year ended 31st March		
	2009 Rs.	2008 Rs.	2009 Rs.
1. Net asset value per share - Group	25.32	29.94	25.06
<b>Market price per share</b>			
Highest	44.50	50.00	50.50
Lowest	23.75	39.00	21.75
Last traded	39.00	41.25	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. Subsequent to the Balance Sheet date, Hamefa Kegalle (Pvt) Ltd, a subsidiary of the Group discontinued commercial operations and steps are being taken to dispose the assets.
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, 2009.
7. There have been no other events subsequent to the balance sheet date, which require disclosure in the interim financial statements.
8. The percentage of shares held by the public as at 30th June 2009 was 44.86% (31st March 2009- 44.86%).

## Notes to the Financial Statements Contd.

9. The number of shares held by the Board of directors are as follows:

As at	30-6-2009	31-3-2009
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	86,064	86,064
3 Mr. J H Paul Ratnayeke	9,050	9,050
4 Prof. Lakshman R Watawala	7,000	7,000
5 Prof. Susantha Pathirana	-	-
6 Mr. M M Udeshi	24,600	24,500

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

As at	30-6-2009 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	15,025,038	11.72%	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 Asia Capital PLC	5,572,828	4.35%	7,602,328	5.93%
7 National Savings Bank	4,933,825	3.85%	4,933,825	3.85%
8 Grauson & Company	2,000,000	1.56%	-	0.00%
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	1,295,778	1.01%	1,463,778	1.14%
13 Mr. R.J.D Ferdinands	873,326	0.68%	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. Wambeek	726,275	0.57%	726,275	0.57%
17 Associated Electrical Corporation Ltd	560,191	0.44%	-	-
18 Mr R. C. Pieris	515,752	0.40%	518,752	0.40%
19 Deutsch Bank -National Equity Fund	500,000	0.39%	-	0.00%
20 Employees Trust Fund Board	477,733	0.37%	408,633	0.32%
	<b>113,037,124</b>	<b>88.14%</b>	<b>112,128,833</b>	<b>87.43%</b>

11. 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](http://www.arpico.com)