

# **Richard Pieris & Company PLC**

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**Interim Financial Statements  
Three months ended 30<sup>th</sup> June 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 Yaddehige

- *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.

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 30th June	Group		31st March
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,708,217	10,110,217	10,607,259
Intangible assets	496,046	477,405	497,279
Investments in associates	481,446	190,642	456,186
Other Investments	29,625	30,000	24,000
Deferred tax asset	574	-	-
	<u>11,715,908</u>	<u>10,808,264</u>	<u>11,584,724</u>
<b>Current assets</b>			
Inventories	3,517,257	2,511,920	3,341,884
Trade and other receivables	3,154,772	2,608,564	2,908,800
Taxation receivable	190,052	176,600	180,650
Short term investments	59,642	49,364	59,540
Cash at bank and in hand	2,800,720	1,529,172	2,563,859
	<u>9,722,443</u>	<u>6,875,620</u>	<u>9,054,733</u>
<b>Total assets</b>	<u>21,438,351</u>	<u>17,683,884</u>	<u>20,639,457</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated / share capital	1,628,919	1,606,127	1,627,612
Capital reserves	126,901	126,901	126,901
Revenue reserves	3,038,196	2,198,013	3,221,102
Foreign currency translation	26,677	31,263	27,314
	<u>4,820,693</u>	<u>3,962,304</u>	<u>5,002,929</u>
<b>Minority interest</b>	<u>1,737,123</u>	<u>1,549,905</u>	<u>1,860,693</u>
<b>Total equity</b>	<u>6,557,816</u>	<u>5,512,209</u>	<u>6,863,622</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	2,019,645	1,704,006	1,998,291
Net liability to the lessor	645,919	665,963	650,980
Deferred income	579,321	588,833	584,763
Deferred tax liabilities	-	14,058	10,589
Employee benefit liabilities	2,175,475	1,545,720	1,662,131
	<u>5,420,360</u>	<u>4,518,580</u>	<u>4,906,754</u>
<b>Current liabilities</b>			
Trade and other payables	3,852,989	2,692,914	3,653,146
Current portion of interest bearing borrowings	1,057,849	1,240,356	1,075,241
Current portion of net liability to the lessor	21,043	25,655	21,978
Deposits	2,819	4,988	2,838
Current tax liabilities	353,449	158,933	309,944
Short term borrowings	3,968,523	3,375,240	3,805,934
Dividends Payable	203,503	155,009	-
	<u>9,460,175</u>	<u>7,653,095</u>	<u>8,869,081</u>
<b>Total liabilities</b>	<u>14,880,535</u>	<u>12,171,675</u>	<u>13,775,835</u>
<b>Total equity and liabilities</b>	<u>21,438,351</u>	<u>17,683,884</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 30th June	Company		31st March
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	37,385	55,950	46,404
Investment Property	689,301	698,448	691,393
Investments in subsidiaries	2,685,917	2,447,584	2,560,917
Investments in associates	159,756	37,500	159,756
Other investments	95,383	95,750	89,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,704,695</u>	<u>3,372,185</u>	<u>3,585,173</u>
<b>Current assets</b>			
Trade and other receivables	186,254	158,060	52,706
Taxation receivable	-	6,957	-
Amounts due from subsidiaries	1,029,222	1,599,728	984,541
Short term investments	59,642	49,364	59,540
Cash at bank and in hand	24,961	331,228	63,349
	<u>1,300,079</u>	<u>2,145,337</u>	<u>1,160,136</u>
<b>Total assets</b>	<u>5,004,774</u>	<u>5,517,522</u>	<u>4,745,309</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated / share capital	1,628,919	1,606,127	1,627,612
Capital reserves	10,574	10,574	10,574
Revenue reserves	541,375	585,604	617,905
<b>Total equity</b>	<u>2,180,868</u>	<u>2,202,305</u>	<u>2,256,091</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	80,333	355,334	149,084
Employee benefit liabilities	39,194	52,009	48,578
	<u>119,527</u>	<u>407,343</u>	<u>197,662</u>
<b>Current liabilities</b>			
Trade and other payables	252,460	265,520	258,991
Current portion of interest bearing borrowings	275,000	575,000	275,000
Deposits	2,819	4,988	2,838
Amounts due to subsidiaries	201,559	156,721	177,515
Current tax liabilities	2,463	-	5,880
Short term borrowings	1,776,329	1,776,795	1,571,332
Dividends payable	193,749	128,850	-
	<u>2,704,379</u>	<u>2,907,874</u>	<u>2,291,556</u>
<b>Total liabilities</b>	<u>2,823,906</u>	<u>3,315,217</u>	<u>2,489,218</u>
<b>Total equity and liabilities</b>	<u>5,004,774</u>	<u>5,517,522</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

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

## Consolidated Income Statement

For the three months ended 30th June	Group		%	Year ended
	2011	2010		31st March
	Rs. '000	Rs. '000	Variance	2011
				Rs. '000
<b>Revenue</b>	7,246,257	6,280,710	15%	27,241,577
Cost of sales	(6,239,441)	(5,001,044)	25%	(20,631,178)
<b>Gross profit</b>	1,006,816	1,279,666	-21%	6,610,399
Other operating income	95,279	95,917	-1%	492,906
Distribution costs	(211,851)	(172,819)	23%	(849,644)
Administrative expenses	(728,895)	(573,049)	27%	(2,638,251)
Other operating expenses	(13,127)	(24,822)	-47%	(165,044)
<b>Profit from operations</b>	148,222	604,893	-75%	3,450,366
Finance cost	(170,037)	(181,207)	-6%	(794,617)
<b>Profit/(loss) from operations after finance cost</b>	(21,815)	423,686	-105%	2,655,749
Share of results of associates	25,260	9,723	160%	113,008
Profit before tax	3,445	433,409	-99%	2,768,757
Income tax expense	(93,633)	(88,235)	6%	(616,566)
<b>Profit/(loss) for the period from continuing operations</b>	(90,188)	345,174	-126%	2,152,191
<b>Discontinued Operations</b>				
Loss after tax for the period from discontinued operations	(981)	(1,793)		(11,609)
<b>Profit/(loss) for the period</b>	(91,169)	343,381	-127%	2,140,582
<b>Attributable to:</b>				
Equity holders of the parent	10,843	270,499	-96%	1,680,684
Minority interest	(102,012)	72,882	-240%	459,898
	(91,169)	343,381	-127%	2,140,582
<b>Earnings per share</b>				
Basic (Rs.)	0.01	0.14		0.87
Diluted (Rs.)	0.01	0.14		0.84
<b>Dividend per share (Rs)</b>	-	-		0.30

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
	2011	2010		31st March
	Rs. '000	Rs. '000	Variance	2011
				Rs. '000
<b>Revenue</b>	242,228	160,786	51%	968,388
Cost of sales	-	-		-
<b>Gross profit</b>	242,228	160,786	51%	968,388
Other operating income	-	7,307	100%	17,483
Administrative expenses	(64,629)	(71,049)	-9%	(303,251)
Other operating expenses	(3,465)	-		-
<b>Profit from operations</b>	174,134	97,044	79%	682,620
Finance cost	(54,126)	(37,552)	44%	(178,317)
<b>Profit before tax</b>	120,008	59,492	-102%	504,303
Income tax expense	(2,789)	-		(25,414)
<b>Profit for the period</b>	117,219	59,492	-97%	478,889
<b>Earnings per share</b>				
Basic / diluted(Rs.)	0.06	0.03		0.25
<b>Dividend per share (Rs)</b>	-	-		0.30

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Cash Flow Statements

For the three months ended 30th June	Group		Company	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
<b>Cash flows from / (used in) operating activities</b>				
Profit before tax and minority interest from continuing operations	3,445	433,409	120,008	59,492
Loss before tax from discontinued operations	(981)	(1,793)	-	-
Adjustments to reconcile profit before tax to net cash flows	907,789	406,022	72,269	45,854
<b>Operating profit before working capital changes</b>	<b>910,253</b>	<b>837,638</b>	<b>192,277</b>	<b>105,346</b>
Working capital adjustments	(264,596)	(70,148)	(160,743)	(28,097)
<b>Cash generated from operations</b>	<b>645,657</b>	<b>767,490</b>	<b>31,534</b>	<b>77,249</b>
Interest paid	(170,037)	(181,207)	(54,126)	(37,552)
Income tax paid	(70,693)	(35,510)	(6,206)	-
Defined benefit plan costs paid	(49,151)	(31,595)	(12,411)	(773)
<b>Net cash from / (used in) operating activities</b>	<b>355,776</b>	<b>519,178</b>	<b>(41,209)</b>	<b>38,924</b>
Net cash flows used in investing activities	(282,189)	(109,462)	(134,732)	(495)
<b>Net cash inflow / (outflow) before financing</b>	<b>73,587</b>	<b>409,716</b>	<b>(175,941)</b>	<b>38,429</b>
Net cash flows used in financing activities	685	(229,336)	(67,444)	(75,483)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>74,272</b>	<b>180,380</b>	<b>(243,385)</b>	<b>(37,054)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(1,242,075)</b>	<b>(2,026,448)</b>	<b>(1,507,983)</b>	<b>(1,408,513)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,167,803)</b>	<b>(1,846,068)</b>	<b>(1,751,368)</b>	<b>(1,445,567)</b>
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	2,800,720	1,529,172	24,961	331,228
Short term borrowings	(3,968,523)	(3,375,240)	(1,776,329)	(1,776,795)
	<b>(1,167,803)</b>	<b>(1,846,068)</b>	<b>(1,751,368)</b>	<b>(1,445,567)</b>

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	Rs. '000		
<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	-	-	-	270,499	-	270,499	72,882	343,381	
Issue of share capital	27,652	-	-	-	-	27,652	-	27,652	
Dividends	-	-	-	(128,850)	-	(128,850)	(26,159)	(155,009)	
Effect of foreign currency translation	-	-	-	-	111	111	111	222	
<b>Balance as at 30th June 2010</b>	<u>1,606,127</u>	<u>126,901</u>	<u>179,443</u>	<u>2,018,570</u>	<u>31,263</u>	<u>3,962,304</u>	<u>1,549,905</u>	<u>5,512,209</u>	
<b>Balance as at 1st April 2011</b>	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	-	-	-	10,843	-	10,843	(102,012)	(91,169)	
Issue of share capital	1,307	-	-	-	-	1,307	-	1,307	
Dividends	-	-	-	(193,749)	-	(193,749)	-	(193,749)	
Subsidiary dividend paid	-	-	-	-	-	-	(9,755)	(9,755)	
Adjustments due to changes in holding	-	-	-	-	-	-	(11,123)	(11,123)	
Effect of foreign currency translation	-	-	-	-	(637)	(637)	(680)	(1,317)	
<b>Balance as at 30th June 2011</b>	<u>1,628,919</u>	<u>126,901</u>	<u>179,443</u>	<u>2,858,753</u>	<u>26,677</u>	<u>4,820,693</u>	<u>1,737,123</u>	<u>6,557,816</u>	
<b>Company</b>									
<b>Balance as at 1st April 2010</b>	1,578,475	10,574	-	654,962	-	2,244,011	-	2,244,011	
Issue of shares	27,652	-	-	-	-	27,652	-	27,652	
Dividend	-	-	-	(128,850)	-	(128,850)	-	(128,850)	
Profit for the period	-	-	-	59,492	-	59,492	-	59,492	
<b>Balance as at 30th June 2010</b>	<u>1,606,127</u>	<u>10,574</u>	<u>-</u>	<u>585,604</u>	<u>-</u>	<u>2,202,305</u>	<u>-</u>	<u>2,202,305</u>	
<b>Balance as at 1st April 2011</b>	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091	
Issue of share capital	1,307	-	-	-	-	1,307	-	1,307	
Profit for the period	-	-	-	117,219	-	117,219	-	117,219	
Dividend	-	-	-	(193,749)	-	(193,749)	-	(193,749)	
<b>Balance as at 30th June 2011</b>	<u>1,628,919</u>	<u>10,574</u>	<u>-</u>	<u>541,375</u>	<u>-</u>	<u>2,180,868</u>	<u>-</u>	<u>2,180,868</u>	

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

**Segmental Results**

30th June	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	541,482	467,046	(59,302)	(35,621)	(1,296)	(2,491)	480,884	428,934	8,819	(16,844)	2,274,876	2,296,255
Tyre retreading	994,580	871,089	(11,528)	(13,905)	(351,772)	(287,287)	631,280	569,897	43,277	45,500	1,666,643	1,547,732
Plastics & Distribution	1,585,503	1,305,122	(76,265)	(66,687)	(462,855)	(426,123)	1,046,383	812,312	116,660	75,575	2,968,840	2,338,201
Retail	3,170,450	2,498,722	(8,594)	(137)	(50,036)	(47,662)	3,111,820	2,450,923	244,677	174,734	6,012,559	4,811,062
Services	308,749	201,812	(280,355)	(196,573)	(400)	-	27,994	5,239	(35,489)	(22,151)	6,206,149	5,788,697
Plantations	2,148,863	2,153,011	(155,079)	(53,406)	(45,888)	(86,200)	1,947,896	2,013,405	(229,722)	348,079	12,272,363	10,244,461
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(10,444,526)	(9,533,166)
<b>Group</b>	<b>8,749,627</b>	<b>7,496,802</b>	<b>(591,123)</b>	<b>(366,329)</b>	<b>(912,247)</b>	<b>(849,763)</b>	<b>7,246,257</b>	<b>6,280,710</b>	<b>148,222</b>	<b>604,893</b>	<b>20,956,904</b>	<b>17,493,242</b>

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

## Notes to the Financial Statements

For the three months ended 30th June	2011 Rs.	2010 Rs.	Year ended 31st March 2011 Rs.
1. Net asset value per share - Group	2.49	2.05	2.58
<b>Market price per share (adjusted for sub division(Note 9))</b>			
Highest	14.00	6.53	16.00
Lowest	11.80	3.65	3.65
Last traded	12.00	5.87	13.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,628,919,025 represented by 1,937,491,535 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 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.
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 31,2011
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 June 2011.Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs 626 million was charged as cost of sales in the income statement as follows.

Details	Amount Rs'000
Arrears in Wages	157,118
Adjustment to Opening Balance of Gratuity Provision	469,429
Total Charge to Cost of Sales	626,547

- 8 There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
- 9 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.
- 10 The Group incorporated Arpico Insurance Limited in June 2011 (A new insurance Company established under the "Arpico" brand) with a stated capital of Rs.500mn and has made an application to The Insurance Board of Sri Lanka to obtain the license to operate as an insurance company
- 11 The percentage of shares held by the public as at 30th June 2011 was 44.88%(31st March 2011- 44.86%)

## Notes to the Financial Statements

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

As at	30-6-2011	31-3-2011
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayeke	3,250,005	3,250,005
3 Prof. Lakshman R Watawala	105,000	105,000
4 Prof. Susantha Pathirana	-	-
5 Mr. M M Udeshi	6,156,000	6,156,000
6 Mr.WJVP Perera	2,500	2,500

13 Twenty largest shareholders of the Company are as follows:

As at	30-6-2011 Number of shares	%	31-3-2011 Number of shares	%
1 Skyworld Overseas Holdings Limited	516,274,590	26.65%	516,274,590	26.65%
2 Camille Consulting Corp.	316,935,120	16.36%	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	6.64%	99,186,140	5.12%
6 Rockport Limited	99,506,865	5.14%	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 Investment 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 Mr. K.R. Dharmendra	7,576,900	0.39%	7,576,900	0.39%
13 Mr.R.C.Peries	7,243,780	0.37%	7,253,780	0.37%
14 Mr.C.M. Fernando	6,660,165	0.34%	6,660,165	0.34%
15 Mrs. S. Wambeek	6,217,800	0.32%	9,248,200	0.48%
16 Mr. M.M. Udeshi	6,156,000	0.32%	6,156,000	0.32%
17 Lexinton Holdings (PVT) Limited	5,943,500	0.31%	6,193,500.00	0.32%
18 Employees Trust Fund Board	5,425,595	0.28%	N/A	N/A
19 Seylan Bank PLC - A/C No 03	5,000,000	0.26%	5,000,000	0.26%
20 The Incorporated Trustees of the Church of England	4,868,795	0.25%	4,868,795	0.00%
	<b>1,613,377,705</b>	<b>83.27%</b>	<b>1,581,844,210</b>	<b>81.40%</b>

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

