

Richard Pieris and Company PLC
Interim Financial Statements
Three months ended 30th June 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*

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 30th June	Group 2012 Rs. '000	2011 Rs. '000	31st March 2012 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	10,777,615	10,123,125	10,731,588
Leasehold Property	576,231	585,092	582,270
Intangible assets	540,633	496,046	542,758
Investments in associates	85,343	481,446	74,143
Other Investments	108,530	29,625	5,625
Deferred tax asset	-	574	-
	<u>12,088,352</u>	<u>11,715,908</u>	<u>11,936,384</u>
Current assets			
Inventories	3,842,559	3,517,257	3,609,378
Trade and other receivables	4,062,058	3,154,772	3,675,232
Taxation receivable	174,930	190,052	184,309
Short term investments	48,552	59,642	51,942
Cash at bank and in hand	3,495,909	2,800,720	3,445,988
	<u>11,624,008</u>	<u>9,722,443</u>	<u>10,966,849</u>
Total assets	<u>23,712,360</u>	<u>21,438,351</u>	<u>22,903,233</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,635,078	1,628,919	1,633,853
Capital reserves	126,901	126,901	126,901
Revenue reserves	4,456,886	3,038,196	4,010,335
Foreign currency translation	43,593	26,677	38,236
	<u>6,262,458</u>	<u>4,820,693</u>	<u>5,809,325</u>
Minority interest	<u>1,928,048</u>	<u>1,737,123</u>	<u>1,847,746</u>
Total equity	<u>8,190,506</u>	<u>6,557,816</u>	<u>7,657,071</u>
Non-current liabilities			
Insurance Provision	10,047	-	9,390
Interest bearing borrowings	2,406,047	2,019,645	2,177,814
Net liability to the lessor	635,600	645,919	638,237
Deferred income	575,757	579,321	577,609
Deferred tax liabilities	86,819	-	63,692
Employee benefit liabilities	1,927,312	2,175,475	1,940,629
	<u>5,641,582</u>	<u>5,420,360</u>	<u>5,407,371</u>
Current liabilities			
Trade and other payables	4,290,542	4,056,492	4,600,058
Current portion of interest bearing borrowings	762,199	1,057,849	893,957
Current portion of net liability to the lessor	10,745	21,043	12,398
Deposits	2,470	2,819	2,482
Current tax liabilities	138,467	353,449	138,593
Short term borrowings	4,675,849	3,968,523	4,191,303
	<u>9,880,272</u>	<u>9,460,175</u>	<u>9,838,791</u>
Total liabilities	<u>15,521,854</u>	<u>14,880,535</u>	<u>15,246,162</u>
Total equity and liabilities	<u>23,712,360</u>	<u>21,438,351</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 Viville P Perera
Director



J H P Ratnayake
Director

03rd August 2012

Company Balance Sheet

As at 30th June	Company		31st March
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	36,295	37,385	36,121
Investment Property	687,290	689,301	688,458
Investments in subsidiaries	2,716,413	2,685,917	2,696,013
Investments in associates	-	159,756	-
Other investments	71,375	95,383	71,375
Deferred tax assets	36,953	36,953	36,953
	<u>3,548,326</u>	<u>3,704,695</u>	<u>3,528,920</u>
Current assets			
Trade and other receivables	346,971	186,254	39,955
Amounts due from subsidiaries	1,576,391	1,029,222	1,761,629
Short term investments	48,553	59,642	51,942
Cash at bank and in hand	40,983	24,961	25,210
	<u>2,012,898</u>	<u>1,300,079</u>	<u>1,878,736</u>
Total assets	<u>5,561,224</u>	<u>5,004,774</u>	<u>5,407,656</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,635,078	1,628,919	1,633,853
Capital reserves	10,574	10,574	10,574
Revenue reserves	666,654	541,375	560,011
Total equity	<u>2,312,306</u>	<u>2,180,868</u>	<u>2,204,438</u>
Non-current liabilities			
Interest bearing borrowings	205,000	80,333	220,000
Employee benefit liabilities	62,584	39,194	59,674
	<u>267,584</u>	<u>119,527</u>	<u>279,674</u>
Current liabilities			
Trade and other payables	316,207	446,209	873,129
Current portion of interest bearing borrowings	140,333	275,000	209,083
Deposits	2,470	2,819	2,482
Amounts due to subsidiaries	352,547	201,559	322,008
Current tax liabilities	6,567	2,463	9,654
Short term borrowings	2,163,210	1,776,329	1,507,188
	<u>2,981,334</u>	<u>2,704,379</u>	<u>2,923,544</u>
Total liabilities	<u>3,248,918</u>	<u>2,823,906</u>	<u>3,203,218</u>
Total equity and liabilities	<u>5,561,224</u>	<u>5,004,774</u>	<u>5,407,656</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

03rd August 2012

Consolidated Income Statement

For the three months ended 30th June	Group		%	Year ended
	2012	2011		31st March
	Rs. '000	Rs. '000	Variance	2012
				Rs. '000
Revenue	8,113,963	7,246,257	12%	31,497,914
Cost of sales	(6,253,317)	(6,239,441)	0%	(24,617,471)
Gross profit	1,860,646	1,006,816	85%	6,880,443
Other operating income	208,713	95,279	119%	1,481,016
Distribution costs	(277,183)	(211,851)	31%	(1,063,422)
Administrative expenses	(856,020)	(728,895)	17%	(3,190,562)
Other operating expenses	(15,904)	(13,127)	21%	(103,710)
Profit from operations	920,252	148,222	521%	4,003,765
Finance cost	(248,594)	(170,037)	46%	(794,264)
Profit/(loss) from operations after finance cost	671,658	(21,815)	3179%	3,209,501
Share of results of associates	11,200	25,260	-56%	62,436
Profit before tax	682,858	3,445	19722%	3,271,937
Income tax expense	(171,770)	(93,633)	83%	(706,128)
Profit/(loss) for the period from continuing operations	511,088	(90,188)	667%	2,565,809
Discontinued Operations				
Loss after tax for the period from discontinued operations	(788)	(981)		(4,374)
Profit/(loss) for the period	510,300	(91,169)	660%	2,561,435
Attributable to:				
Equity holders of the parent	445,541	10,843	4009%	2,339,854
Minority interest	64,759	(102,012)	163%	221,581
	510,300	(91,169)	660%	2,561,435
Earnings per share				
Basic (Rs.)	0.23	0.01		1.21
Diluted (Rs.)	0.22	0.01		1.16

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
	2012	2011		31st March
	Rs. '000	Rs. '000	Variance	2012
				Rs. '000
Revenue	272,088	242,228	12%	1,542,190
Cost of sales	-	-		-
Gross profit	272,088	242,228	12%	1,542,190
Other operating income	-	-	100%	515,832
Administrative expenses	(75,438)	(64,629)	17%	(327,975)
Other operating expenses	(3,389)	(3,465)	-2%	(11,165)
Profit from operations	193,261	174,134	11%	1,718,882
Finance cost	(86,494)	(54,126)	60%	(206,472)
Profit before tax	106,767	120,008	-11%	1,512,410
Income tax expense	(124)	(2,789)		(19,683)
Profit for the period	106,643	117,219	-9%	1,492,727
Earnings per share				
Basic / diluted(Rs.)	0.06	0.06		0.77

Figures in brackets indicate deductions.

The above figures are subject to audit.

Cash Flow Statements

For the three months ended 30th June	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
Cash flows from / (used in) operating activities				
Profit before tax and minority interest from continuing operations	682,858	3,445	106,767	120,008
Loss before tax from discontinued operations	(788)	(981)	-	-
Adjustments to reconcile profit before tax to net cash flows	489,741	907,789	100,685	72,269
Operating profit before working capital changes	<u>1,171,811</u>	<u>910,253</u>	<u>207,452</u>	<u>192,277</u>
Working capital adjustments	(961,009)	(264,596)	(648,175)	(160,743)
Cash generated from operations	<u>210,802</u>	<u>645,657</u>	<u>(440,723)</u>	<u>31,534</u>
Interest paid	(248,594)	(170,037)	(86,494)	(54,126)
Income tax paid	(139,391)	(70,693)	(3,211)	(6,206)
Defined benefit plan costs paid	(70,044)	(49,151)	(515)	(12,411)
Net cash from / (used in) operating activities	<u>(247,227)</u>	<u>355,776</u>	<u>(530,943)</u>	<u>(41,209)</u>
Net cash flows used in investing activities	<u>(300,409)</u>	<u>(282,189)</u>	<u>(26,781)</u>	<u>(134,732)</u>
Net cash inflow / (outflow) before financing	<u>(547,636)</u>	<u>73,587</u>	<u>(557,724)</u>	<u>(175,941)</u>
Net cash flows used in financing activities	113,011	685	(82,525)	(67,444)
Net increase / (decrease) in cash and cash equivalents	<u>(434,625)</u>	<u>74,272</u>	<u>(640,249)</u>	<u>(243,385)</u>
Cash and cash equivalents at the beginning of the period	<u>(745,315)</u>	<u>(1,242,075)</u>	<u>(1,481,978)</u>	<u>(1,507,983)</u>
Cash and cash equivalents at the end of the period	<u>(1,179,940)</u>	<u>(1,167,803)</u>	<u>(2,122,227)</u>	<u>(1,751,368)</u>
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	3,495,909	2,800,720	40,983	24,961
Short term borrowings	(4,675,849)	(3,968,523)	(2,163,210)	(1,776,329)
	<u>(1,179,940)</u>	<u>(1,167,803)</u>	<u>(2,122,227)</u>	<u>(1,751,368)</u>

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 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	-	-	-	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)
Balance as at 30th June 2011	1,628,919	126,901	179,443	2,858,753	26,677	4,820,693	1,737,123	6,557,816
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	-	-	-	445,541	-	445,541	64,759	510,300
Issue of share capital	1,225	-	-	-	-	1,225	-	1,225
Adjustments due to changes in holding	-	-	-	1,010	-	1,010	15,515	16,525
Effect of foreign currency translation	-	-	-	-	5,357	5,357	28	5,385
Balance as at 30th June 2012	1,635,078	126,901	179,443	4,277,443	43,593	6,262,458	1,928,048	8,190,506
Company								
Balance as at 1st April 2011	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091
Issue of shares	1,307	-	-	-	-	1,307	-	1,307
Dividend	-	-	-	(193,749)	-	(193,749)	-	(193,749)
Profit for the period	-	-	-	117,219	-	117,219	-	117,219
Balance as at 30th June 2011	1,628,919	10,574	-	541,375	-	2,180,868	-	2,180,868
Balance as at 1st April 2012	1,633,853	10,574	-	560,011	-	2,204,438	-	2,204,438
Issue of share capital	1,225	-	-	-	-	1,225	-	1,225
Profit for the period	-	-	-	106,643	-	106,643	-	106,643
Balance as at 30th June 2012	1,635,078	10,574	-	666,654	-	2,312,306	-	2,312,306

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	
	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	773,215	541,482	(62,376)	(59,302)	(155)	(1,296)	710,684	480,884	90,949	8,819	2,431,370	2,274,876
Tyre retreading	1,011,283	994,580	(13,356)	(11,528)	(324,078)	(351,772)	673,849	631,280	79,680	43,277	1,754,327	1,666,643
Plastics & Distribution	1,974,642	1,585,503	(83,830)	(76,265)	(625,865)	(462,855)	1,264,947	1,046,383	142,489	116,660	3,654,110	2,968,840
Retail	3,697,045	3,170,450	(38,544)	(8,594)	(18,888)	(50,036)	3,639,613	3,111,820	273,058	244,677	6,696,001	6,012,559
Services	342,027	308,749	(314,819)	(280,355)	(1,406)	(400)	25,802	27,994	(77,677)	(35,489)	7,065,722	6,206,150
Plantations	2,128,279	2,148,863	-	(155,079)	(329,211)	(45,888)	1,799,068	1,947,896	411,753	(229,722)	13,458,902	12,272,363
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(11,433,415)	(10,444,526)
Group	9,926,491	8,749,627	(512,925)	(591,123)	(1,299,603)	(912,247)	8,113,963	7,246,257	920,252	148,222	23,627,017	20,956,905

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

Notes to the Financial Statements

For the three months ended 30th June	2012 Rs.	2011 Rs.	Year ended 31st March 2012 Rs.
1. Net asset value per share - Group	3.23	2.49	3.00
Net asset value per share - Company	1.19	1.12	1.14
Market price per share			
Highest	7.60	14.00	9.20
Lowest	5.50	11.80	6.50
Last traded	6.70	12.00	7.50

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,635,078,255.01 represented by 1,938,825,120 ordinary shares.

3. 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).

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, 2012.

6. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.

7. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

8. The percentage of shares held by the public as at 30th June 2012 was 45.02% (31st March 2012 - 44.91%).

Notes to the Financial Statements

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

As at	30-6-2012	31-3-2012
1 Dr. Sena Yaddehige -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 Pathirana	-	-
5 Mr. Vivile Perera	4,500	4,500
6 Mr. Sunil Liyanage	3,708,505	3,708,505

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

As at	30-6-2012 Number of shares	%	31-3-2012 Number of shares	%
1 Skyworld Overseas Holdings Limited	516,388,590	26.63%	516,274,590	26.63%
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	130,983,643	6.76%	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	12,391,015	0.64%	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%	6,419,095.00	0.33%
18 Mrs. S. Wambeeek	6,217,800	0.32%	6,217,800.00	0.32%
19 Mr. M.M. Udeshi	6,003,600	0.31%	6,003,600	0.31%
20 National Savings Bank	5,323,900	0.27%	5,323,900	0.27%
	1,625,330,033	83.83%	1,625,226,033	83.84%

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