

Richard Pieris and Company PLC

Interim Financial Statements

Twelve months ended 31st March 2010

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. Pravir D. Samarasinghe

- Director/Chief Operating Officer

Mr. J. H. Paul Ratnayake - Director

Prof. Lakshman R. Watawala - Director

Prof. Susantha D. Pathirana - Director

Mr. M. M. Udeshi - Director

Mr.W.J.V.Perera – Director

Appointed w.e.f.01.08.2009

Head/Registered Office

No. 310, High Level Road ,

Nawinna,

Maharagama,

Sri Lanka.

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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.

Interim Financial Statements
Consolidated Balance Sheet

As at March 31	2010 Rs. '000	2009 Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	9,512,842	9,513,034
Leasehold property	629,919	654,136
Intangible assets	480,177	491,491
Investments in associates	180,919	136,757
	<u>10,803,857</u>	<u>10,795,418</u>
Current assets		
Inventories	2,464,038	2,303,039
Trade and other receivables	2,550,148	2,551,594
Taxation receivable	181,874	245,205
Short term investments	42,057	7,974
Cash at bank and in hand	1,322,843	1,020,867
	<u>6,560,960</u>	<u>6,128,679</u>
Total assets	<u>17,364,817</u>	<u>16,924,097</u>
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	1,578,475	1,578,475
Capital reserves	126,901	126,901
Revenue reserves	2,056,364	1,476,160
Foreign currency translation	31,152	32,371
	<u>3,792,892</u>	<u>3,213,907</u>
Minority interest	1,503,071	1,380,908
Total equity	<u>5,295,963</u>	<u>4,594,815</u>
Non-current liabilities		
Interest bearing borrowings	1,957,680	2,354,617
Net liability to the lessor payable	672,158	697,432
Deferred income	528,898	478,147
Deferred tax liabilities	24,981	21,804
Employee benefit liabilities	1,529,685	1,103,222
	<u>4,713,402</u>	<u>4,655,222</u>
Current liabilities		
Trade and other payables	2,632,913	2,124,604
Current portion of interest bearing borrowings	1,239,549	1,062,216
Current portion of net liability to the lessor	25,394	24,948
Deposits	7,746	26,704
Current tax liabilities	100,559	23,377
Short term borrowings	3,349,291	4,412,211
	<u>7,355,452</u>	<u>7,674,060</u>
Total liabilities	<u>12,068,854</u>	<u>12,329,282</u>
Total equity and liabilities	<u>17,364,817</u>	<u>16,924,097</u>

The figures relating to fourth quarter 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



W J Viville Perera
Director

24th May 2010

Interim Financial Statements
Company Balance Sheet

As at March 31	2010 Rs. '000	2009 Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	61,480	76,079
Investment property	699,207	703,076
Investments in subsidiaries	2,447,584	2,207,584
Investments in associates	37,500	37,500
Other investments	95,750	120,750
Deferred tax assets	36,953	36,953
	3,378,474	3,181,942
Current assets		
Trade and other receivables	67,039	64,577
Taxation receivable	6,957	6,957
Amounts due from subsidiaries	1,629,758	2,119,524
Short term investments	42,057	7,974
Cash at bank and in hand	266,271	1,348,036
	2,012,082	3,547,068
Total assets	5,390,556	6,729,010
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	1,578,475	1,578,475
Capital reserves	10,574	10,574
Revenue reserves	654,962	520,373
Total equity	2,244,011	2,109,422
Non-current liabilities		
Interest bearing borrowings	428,469	1,073,469
Employee benefit liabilities	50,141	45,114
	478,610	1,118,583
Current liabilities		
Trade and other payables	232,239	208,940
Current portion of interest bearing borrowings	605,000	437,794
Deposits	7,745	26,704
Amounts due to subsidiaries	148,167	372,032
Short term borrowings	1,674,784	2,455,535
	2,667,935	3,501,005
Total liabilities	3,146,545	4,619,588
Total equity and liabilities	5,390,556	6,729,010

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P D Samarasinghe
Director/ Chief Operating Officer



W J Viville Perera
Director

24th May 2010

Interim Financial Statements
Consolidated Income Statement

	3 months ended			Twelve months ended		
	31st March		% Variance	31st March		% Variance
	2010 Rs. '000	2009 Rs. '000		2010 Rs. '000	2009 Rs. '000	
Continuing operations						
Revenue	5,977,327	4,639,777	29%	22,339,288	21,103,176	6%
Cost of sales	(4,488,023)	(3,869,728)	16%	(17,654,136)	(17,152,757)	3%
Gross profit	1,489,304	770,049	93%	4,685,152	3,950,419	19%
Other operating income	152,481	74,635	104%	355,879	505,401	-30%
Distribution costs	(174,847)	(119,217)	47%	(658,359)	(617,593)	7%
Administrative expenses	(738,557)	(839,083)	-12%	(2,354,806)	(2,417,822)	-3%
Other operating expenses	(27,274)	(2,904)	839%	(58,169)	(41,849)	39%
Profit/(loss) from operations	701,107	(116,520)	-702%	1,969,697	1,378,556	43%
Finance cost	(202,497)	(343,974)	-41%	(969,147)	(1,436,225)	-33%
Profit/(loss) from operations after finance cost	498,610	(460,494)	-208%	1,000,550	(57,669)	-1835%
Share of results of associates	57,185	34,635	65%	59,609	41,015	45%
Profit/(loss) before tax	555,795	(425,859)	-231%	1,060,159	(16,654)	-6466%
Income tax expense	(100,827)	(38,113)	165%	(330,592)	(180,411)	83%
Profit/(loss) for the period from continuing operations	454,968	(463,972)	-198%	729,567	(197,065)	-470%
Discontinued Operations						
Loss after tax from discontinued operations	(11,379)	(69,089)	-84%	(17,873)	(107,963)	-83%
Profit/(loss) for the period	443,589	(533,061)		711,694	(305,028)	
Attributable to:						
Equity holders of the parent	330,703	(463,049)	-171%	580,204	(329,083)	-276%
Minority interest	112,886	(70,012)	-261%	131,490	24,055	447%
	443,589	(533,061)	-183%	711,694	(305,028)	-333%
Earnings/(loss) per share						
Basic / diluted (Rs.)	2.58	(3.61)		4.52	(2.57)	
Dividend Per Share (Rs.)						
	1.00	-		1.00	-	

Figures in brackets indicate deductions.

The figures relating to fourth quarter are subject to audit.

Interim Financial Statements
Company Income Statement

	3 months ended			Twelve months ended		
	31st March			31st March		
	2010	2009	%	2010	2009	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Revenue	192,821	127,153	52%	533,684	433,176	23%
Cost of sales	-	-		-	-	
Gross profit	192,821	127,153	52%	533,684	433,176	23%
Other operating income	34,082	8		38,597	213,306	-82%
Administrative expenses	(90,513)	(145,513)	-38%	(237,916)	(374,644)	-36%
Profit/(loss) from operations	136,390	(18,352)	-843%	334,365	271,838	23%
Finance cost	(37,481)	(78,985)	-53%	(199,776)	(319,669)	-38%
Profit/(loss) before tax	98,909	(97,337)	-202%	134,589	(47,831)	-381%
Income tax (expense)/reversal	-	-		-	3,185	
Profit/(loss) for the period	98,909	(97,337)	-202%	134,589	(44,646)	-401%
Earnings per share						
Basic / diluted (Rs.)	0.77	(0.78)		1.05	(0.35)	
Dividend Per Share (Rs.)	1.00	-		1.00	-	

Figures in brackets indicate deductions.

The figures relating to fourth quarter are subject to audit.

Interim Financial Statements
Cash Flow Statements

For the twelve months ended 31st March	Group		Company	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Cash flows from / (used in) operating activities				
Profit/(loss) before tax and minority interest from continuing operations	1,060,159	(16,654)	134,589	(47,831)
Loss before tax from discontinued operation	(17,873)	(107,963)		
Adjustments to reconcile profit before tax to net cash flows	2,276,800	2,220,410	255,120	259,221
Operating profit before working capital changes	3,319,086	2,095,793	389,709	211,390
Working capital adjustments	123,819	995,745	239,029	(15,773)
Cash generated from operations	3,442,905	3,091,538	628,738	195,617
Interest paid	(969,147)	(1,436,225)	(199,776)	(319,669)
Income tax paid	(186,900)	(202,981)	-	(3,466)
Defined benefit plan costs paid	(131,022)	(138,273)	(4,772)	(1,673)
Net cash from / (used in) operating activities	2,155,836	1,314,059	424,190	(129,191)
Net cash flows from/ (used in) investing activities	(541,748)	(264,850)	(247,410)	396,674
Net cash inflow before financing activities	1,614,088	1,049,209	176,780	267,483
Net cash flows used in financing activities	(249,192)	(653,133)	(477,795)	(439,558)
Net increase / (decrease) in cash and cash equivalents	1,364,896	396,076	(301,015)	(172,075)
Cash and cash equivalents at the beginning of the period	(3,391,344)	(3,787,420)	(1,107,498)	(935,423)
Cash and cash equivalents at the end of the period	(2,026,448)	(3,391,344)	(1,408,513)	(1,107,498)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	1,322,843	1,020,867	266,271	1,348,037
Short term borrowings	(3,349,291)	(4,412,211)	(1,674,784)	(2,455,535)
	(2,026,448)	(3,391,344)	(1,408,513)	(1,107,498)

Figures in brackets indicate deductions.

The figures relating to fourth quarter 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
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2008	1,578,475	126,901	179,443	1,625,800	21,599	3,532,218	1,390,232	4,922,450
Net profit / (loss) for the period	-	-	-	(329,083)	-	(329,083)	24,055	(305,028)
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(45,677)	(45,677)
Effect of foreign currency translation	-	-	-	-	10,772	10,772	10,591	21,363
Adjustments due to changes in holding	-	-	-	-	-	-	1,707	1,707
Balance as at 31st March 2009	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,296,717</u>	<u>32,371</u>	<u>3,213,907</u>	<u>1,380,908</u>	<u>4,594,815</u>
Balance as at 31st March 2009	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	-	-	-	580,204	-	580,204	131,490	711,694
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	(8,128)	(8,128)
Effect of foreign currency translation	-	-	-	-	(1,219)	(1,219)	(1,199)	(2,418)
Balance as at 31st March 2010	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,876,921</u>	<u>31,152</u>	<u>3,792,892</u>	<u>1,503,071</u>	<u>5,295,963</u>
Company								
Balance as at 1st April 2008	1,578,475	10,574	-	565,019	-	2,154,068	-	2,154,068
Net loss for the period	-	-	-	(44,646)	-	(44,646)	-	(44,646)
Balance as at 31st March 2009	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>520,373</u>	<u>-</u>	<u>2,109,422</u>	<u>-</u>	<u>2,109,422</u>
Balance as at 31st March 2009	1,578,475	10,574	-	520,373	-	2,109,422	-	2,109,422
Net profit for the period	-	-	-	134,589	-	134,589	-	134,589
Balance as at 31st March 2010	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>654,962</u>	<u>-</u>	<u>2,244,011</u>	<u>-</u>	<u>2,244,011</u>

Figures in brackets indicate deductions.

The figures relating to fourth quarter are subject to audit.

Segmental Results

31st March	Gross turnover		Inter segmental		Intra segmental		Revenue from external customers		Operating profits		Assets	
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000	2009 Rs. '000
Rubber	1,943,809	2,174,750	(132,102)	(124,946)	(43,789)	(41,350)	1,767,918	2,008,454	64,758	25,827	2,318,959	2,328,410
Tyre	3,111,907	3,096,506	(84,836)	(72,414)	(926,289)	(917,514)	2,100,782	2,106,578	299,640	235,217	1,480,950	1,481,765
Plastics	4,480,045	4,826,713	(221,519)	(275,442)	(1,400,293)	(1,592,617)	2,858,233	2,958,654	320,743	137,618	2,265,447	2,357,257
Retail	9,222,859	8,813,467	(19,498)	(1,718)	(160,576)	(130,506)	9,042,785	8,681,243	515,318	472,554	4,832,359	5,087,483
Services	704,312	730,394	(654,040)	(601,866)		(434)	50,272	128,094	177,840	177,902	5,733,862	6,056,708
Plantations	7,288,407	5,939,016	(638,677)	(540,530)	(130,432)	(178,333)	6,519,298	5,220,153	822,697	555,233	9,944,975	9,068,382
Inter segment eliminations	-	-	-	-	-	-	-	-	(231,299)	(225,795)	(9,392,654)	(9,592,665)
Group	26,751,339	25,580,846	(1,750,672)	(1,616,916)	(2,661,379)	(2,860,754)	22,339,288	21,103,176	1,969,697	1,378,556	17,183,898	16,787,340

Figures in brackets indicate deductions.
The figures relating to fourth quarter are subject to audit.

Notes to the Financial Statements

For the twelve months ended 31st March

**2010
Rs.**

**2009
Rs.**

For the twelve months ended 31st March	2010 Rs.	2009 Rs.
1. Net asset value per share - Group	29.57	25.06
Market price per share		
Highest	68.75	50.50
Lowest	23.75	21.75
Last traded	55.00	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. 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.		
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 other than;		
(a) The disposal of 706,500 shares of RPC Timberline (Pvt) Limited (a subsidiary of the group with a controlling interest of 75%) to the joint venture partner and the termination of the joint venture agreement. The Group's interest after the disposal was reduced to 49%.		
(b) Richard Pieris Distributors Ltd, the retail company of the Group took over the business operation of five mini stores located in the central province in April 2010.		
(c) The liquidator of the Tusker Bottling Co. (Pvt) Ltd, to which 06 estates of the Namunukula Plantations PLC had been subleased, withdrew his earlier application dated 28th April 2009 for a disclaimer of the leasehold rights created under the Sub Lease Agreement and such application was allowed by court, when this case was taken up on 14th May 2010.		
(d) The Board of Directors of the company has declared a final dividend of Rs.1.00 per share for the financial year ended 31st March 2010. As required by section 56 (2) of the Companies Act No 07 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with section 57 of the Companies Act No 07, and has obtained a certificate from the auditors, prior to declaring the dividend which is to be paid on 8th July 2010. In accordance with the Sri Lanka Accounting Standard 12 (revised 2005), Events after the Balance Sheet date, the final dividend has not been recognized as a liability in the financial statements as at 31st March 2010.		
8. The percentage of shares held by the public as at 31st March 2010 was 44.94%(31st March 2009- 44.87%)		

Notes to the Financial Statements

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

As at	31-3-2010	31-3-2009
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	4,140	86,064
3 Mr. J H Paul Ratnayeke	-	9,050
4 Prof. Lakshman R Watawala	7,000	7,000
5 Prof. Susantha Pathirana	-	-
6 Mr. M M Udeshi	24,600	24,600
7 Mr.WJVP Perera	100	-

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

As at	31-3-2010 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 National Savings Bank	4,933,825	3.85%	4,933,825	3.85%
7 Mr.A.I.Devasurendra	2,239,300	1.75%	-	-
8 Mr. H. A. Pieris	1,841,701	1.44%	1,841,701	1.44%
9 Mr M.D. Rutnam	1,717,300	1.34%	1,717,300	1.34%
10 The Executor of the Estate of Mrs L.B. S. Pieris	1,518,803	1.18%	1,518,803	1.18%
11 Taprobane Holdings Ltd	1,281,600	1.00%	-	-
12 Pershing LLC S/A Averbach Grauson & Co	966,000	0.75%	-	-
13 Kalday (Pvt) Ltd.	841,867	0.66%	841,867	0.66%
14 Mrs E De Mel	818,202	0.64%	818,202	0.64%
15 Miss L. A. Pieris	757,878	0.59%	1,463,778	1.14%
16 Mrs. S. Wambeek	726,275	0.57%	726,275	0.57%
17 Asia Capital PLC	625,628	0.49%	7,602,328	5.93%
18 Mr. R.J.D Ferdinands	576,526	0.45%	893,826	0.70%
19 Mr R. C. Pieris	494,752	0.39%	518,752	0.40%
20 Employees Trust Fund Board	477,733	0.37%	408,633	0.32%
	108,660,933	84.73%	112,128,833	87.43%

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