

# **Richard Pieris & Company PLC**

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**Interim Financial Statements  
Twelve months ended 31<sup>st</sup> March 2012**

## Balance Sheet

As at March 31	Group	
	2012 Rs. '000	2011 Rs. '000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	10,731,588	10,001,325
Leasehold property	582,270	605,934
Intangible assets	542,758	497,279
Investments in associates	74,143	456,186
Other investments	5,625	24,000
	<u>11,936,384</u>	<u>11,584,724</u>
<b>Current assets</b>		
Inventories	3,609,378	3,341,884
Trade and other receivables	3,675,232	2,908,800
Taxation receivable	184,309	180,650
Short term investments	51,942	59,540
Cash at bank and in hand	3,445,988	2,563,859
	<u>10,966,849</u>	<u>9,054,733</u>
<b>Total assets</b>	<u><u>22,903,233</u></u>	<u><u>20,639,457</u></u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	1,633,853	1,627,612
Capital reserves	126,901	126,901
Revenue reserves	4,010,335	3,221,102
Foreign currency translation	38,236	27,314
	<u>5,809,325</u>	<u>5,002,929</u>
<b>Minority interest</b>	<u>1,847,746</u>	<u>1,860,693</u>
<b>Total equity</b>	<u><u>7,657,071</u></u>	<u><u>6,863,622</u></u>
<b>Non-current liabilities</b>		
Insurance provisions	9,390	-
Interest bearing borrowings	2,177,814	1,998,291
Net liability to the lessor payable	638,237	650,980
Deferred income	577,609	584,763
Deferred tax liabilities	63,692	10,589
Employee benefit liabilities	1,940,629	1,662,131
	<u>5,407,371</u>	<u>4,906,754</u>
<b>Current liabilities</b>		
Trade and other payables	4,600,058	3,653,146
Current portion of interest bearing borrowings	893,957	1,075,241
Current portion of net liability to the lessor	12,398	21,978
Deposits	2,482	2,838
Current tax liabilities	138,593	309,944
Short term borrowings	4,191,303	3,805,934
	<u>9,838,791</u>	<u>8,869,081</u>
Total liabilities	<u>15,246,162</u>	<u>13,775,835</u>
<b>Total equity and liabilities</b>	<u><u>22,903,233</u></u>	<u><u>20,639,457</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



J H P Ratnayake  
Director

24th May 2012

**Balance Sheet**

As at March 31	Company	
	2012 Rs. '000	2011 Rs. '000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,121	46,404
Investment property	688,458	691,393
Investments in subsidiaries	2,696,013	2,560,917
Investments in associates	-	159,756
Other investments	71,375	89,750
Deferred tax assets	36,953	36,953
	<u>3,528,920</u>	<u>3,585,173</u>
<b>Current assets</b>		
Trade and other receivables	39,955	52,706
Amounts due from subsidiaries	1,761,629	984,541
Short term investments	51,942	59,540
Cash at bank and in hand	25,210	63,349
	<u>1,878,736</u>	<u>1,160,136</u>
<b>Total assets</b>	<u><u>5,407,656</u></u>	<u><u>4,745,309</u></u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	1,633,853	1,627,612
Capital reserves	10,574	10,574
Revenue reserves	560,011	617,905
<b>Total equity</b>	<u>2,204,438</u>	<u>2,256,091</u>
<b>Non-current liabilities</b>		
Interest bearing borrowings	220,000	149,084
Employee benefit liabilities	59,674	48,578
	<u>279,674</u>	<u>197,662</u>
<b>Current liabilities</b>		
Trade and other payables	873,129	258,991
Current portion of interest bearing borrowings	209,083	275,000
Deposits	2,482	2,838
Amounts due to subsidiaries	322,008	177,515
Current tax liabilities	9,654	5,880
Short term borrowings	1,507,188	1,571,332
	<u>2,923,544</u>	<u>2,291,556</u>
Total liabilities	<u>3,203,218</u>	<u>2,489,218</u>
<b>Total equity and liabilities</b>	<u><u>5,407,656</u></u>	<u><u>4,745,309</u></u>

The above figures are subject to audit.

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W J V P Perera  
Director



J H P Ratnayake  
Director

24th May 2012

## Consolidated Income Statement

	3 months ended			12 months ended		
	31st March			31st March		
	2012	2011	%	2012	2011	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
<b>Continuing operations</b>						
<b>Revenue</b>	7,987,694	7,271,760	10%	31,497,914	27,241,577	16%
Cost of sales	(5,863,928)	(5,333,216)	10%	(24,617,471)	(20,631,178)	19%
<b>Gross profit</b>	2,123,766	1,938,544	10%	6,880,443	6,610,399	4%
Other operating income	305,888	174,868	75%	1,481,016	492,906	200%
Distribution costs	(339,416)	(270,935)	25%	(1,063,422)	(849,644)	25%
Administrative expenses	(877,215)	(795,995)	10%	(3,190,562)	(2,638,251)	21%
Other operating expenses	(41,945)	(111,564)	-62%	(103,710)	(165,044)	-37%
<b>Profit from operations</b>	1,171,078	934,918	25%	4,003,765	3,450,366	16%
Finance cost	(231,201)	(276,383)	-16%	(794,264)	(794,617)	0%
<b>Profit from operations after finance cost</b>	939,877	658,535	43%	3,209,501	2,655,749	21%
Share of results of associates	5,085	28,865	-82%	62,436	113,008	-45%
Profit before tax	944,962	687,400	37%	3,271,937	2,768,757	18%
Income tax expense	(314,451)	(194,537)	62%	(706,128)	(616,566)	15%
<b>Profit for the period from continuing operations</b>	630,511	492,863	28%	2,565,809	2,152,191	19%
<b>Discontinued Operations</b>						
Loss after tax from discontinued operations	(1,217)	(6,094)	-80%	(4,374)	(11,609)	-62%
<b>Profit for the period</b>	629,294	486,769		2,561,435	2,140,582	
<b>Attributable to:</b>						
Equity holders of the parent	481,072	335,336	43%	2,339,854	1,680,684	39%
Minority interest	148,222	151,433	-2%	221,581	459,898	-52%
	629,294	486,769	29%	2,561,435	2,140,582	20%
<b>Earnings per share</b>						
Basic (Rs.)	0.25	0.17		1.21	0.87	
Diluted (Rs.)	0.24	0.17		1.16	0.84	
Dividend Per Share (Rs.)	0.30	0.10		0.70	0.30	

Figures in brackets indicate deductions.

The above figures are subject to audit.

**Company Income Statement**

	3 months ended			12 months ended		
	31st March			31st March		
	2012	2011	%	2012	2011	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
<b>Revenue</b>	765,799	452,746	69%	1,542,190	968,388	59%
Cost of sales	-	-		-	-	
<b>Gross profit</b>	765,799	452,746	69%	1,542,190	968,388	59%
Other operating income	-	-		515,832	17,483	2850%
Administrative expenses	(130,996)	(108,321)	21%	(327,975)	(303,251)	8%
Other operating expenses	(31)	-		(11,165)	-	
<b>Profit from operations</b>	634,772	344,425	84%	1,718,882	682,620	152%
Finance cost	(64,398)	(52,749)	22%	(206,472)	(178,317)	16%
<b>Profit before tax</b>	570,374	291,676	96%	1,512,410	504,303	200%
Income tax expense	536	(15,677)		(19,683)	(25,414)	
<b>Profit for the period</b>	570,910	275,999	107%	1,492,727	478,889	212%
Earnings per share						
Basic (Rs.)	0.29	0.14		0.77	0.25	
Diluted (Rs.)	0.28	0.14		0.74	0.24	
Dividend Per Share (Rs.)	0.30	0.10		0.70	0.30	

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Cash Flow Statements

For the twelve months ended 31st March	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Cash flows from / (used in) operating activities</b>				
Profit before tax and minority interest from continuing operations	3,271,937	2,768,757	1,512,410	504,303
Loss before tax from discontinued operation	-4,374	-11,609	-	-
Adjustments to reconcile profit before tax to net cash flows	1,329,607	1,797,463	(188,927)	268,579
<b>Operating profit before working capital changes</b>	<u>4,597,170</u>	<u>4,554,611</u>	<u>1,323,483</u>	<u>772,882</u>
Working capital adjustments	-822,401	-370,986	(591,818)	637,616
<b>Cash generated from operations</b>	<u>3,774,769</u>	<u>4,183,625</u>	<u>731,665</u>	<u>1,410,498</u>
Interest paid	-794,264	-794,617	(206,472)	(178,317)
Income tax paid	-828,038	-419,729	(15,909)	(12,577)
Defined benefit plan costs paid	-183,721	-150,397	(15,076)	(4,788)
<b>Net cash from operating activities</b>	<u>1,968,746</u>	<u>2,818,882</u>	<u>494,209</u>	<u>1,214,816</u>
Net cash flows from investing activities	<u>-375,053</u>	<u>-1,389,077</u>	<u>489,601</u>	<u>-238,092</u>
<b>Net cash inflow before financing activities</b>	1,593,693	1,429,805	983,810	976,724
Net cash flows used in financing activities	-1,096,933	-645,432	(957,804)	-1,076,194
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>496,760</u>	<u>784,373</u>	<u>26,006</u>	<u>(99,470)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>-1,242,075</u>	<u>-2,026,448</u>	<u>(1,507,983)</u>	<u>-1,408,513</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>(745,315)</u>	<u>(1,242,075)</u>	<u>(1,481,977)</u>	<u>(1,507,983)</u>
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	3,445,988	2,563,859	25,210	63,349
Short term borrowings	-4,191,303	-3,805,934	(1,507,188)	-1,571,332
	<u>-745,315</u>	<u>-1,242,075</u>	<u>(1,481,978)</u>	<u>-1,507,983</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Statement of Changes in Equity

Attributable to equity holders of the parent

Group	Stated	Capital	Revenue	Retained	Foreign	Total	Minority	Total
	capital	reserves	reserves	profit	currency		interest	equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at 31st March 2010</b>	1,578,475	126,901	179,443	1,876,921	31,152	3,792,892	1,503,071	5,295,963
Net profit / (loss) for the period	-	-	-	1,680,684	-	1,680,684	459,898	2,140,582
Dividends	-	-	-	(515,946)	-	(515,946)	-	(515,946)
Issue of Share Capital	49,137	-	-	-	-	49,137	-	49,137
Adjustment due to changes in holding	-	-	-	-	-	-	12,217	12,217
Acquisition of minority interest	-	-	-	-	-	-	(56,908)	(56,908)
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	(56,117)	(56,117)
Effect of foreign currency translation	-	-	-	-	(3,838)	(3,838)	(1,468)	(5,306)
<b>Balance as at 31st March 2011</b>	<b>1,627,612</b>	<b>126,901</b>	<b>179,443</b>	<b>3,041,659</b>	<b>27,314</b>	<b>5,002,929</b>	<b>1,860,693</b>	<b>6,863,622</b>
<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
Net profit / (loss) for the period	-	-	-	2,339,854	-	2,339,854	221,581	2,561,435
Dividends	-	-	-	(1,550,621)	-	(1,550,621)	-	(1,550,621)
Issue of share capital	6,241	-	-	-	-	6,241	-	6,241
Acquisition of minority interest	-	-	-	-	-	-	(141,151)	(141,151)
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	(105,034)	(105,034)
Effect of foreign currency translation	-	-	-	-	10,922	10,922	11,657	22,579
<b>Balance as at 31st March 2012</b>	<b>1,633,853</b>	<b>126,901</b>	<b>179,443</b>	<b>3,830,892</b>	<b>38,236</b>	<b>5,809,325</b>	<b>1,847,746</b>	<b>7,657,071</b>
<b>Company</b>								
<b>Balance as at 1st April 2010</b>	1,578,475	10,574	-	654,962	-	2,244,011	-	2,244,011
Net profit for the period	-	-	-	478,889	-	478,889	-	478,889
Issue of share capital	49,137	-	-	-	-	49,137	-	49,137
Dividends	-	-	-	(515,946)	-	(515,946)	-	(515,946)
<b>Balance as at 31st March 2011</b>	<b>1,627,612</b>	<b>10,574</b>	<b>-</b>	<b>617,905</b>	<b>-</b>	<b>2,256,091</b>	<b>-</b>	<b>2,256,091</b>
<b>Balance as at 1st April 2011</b>	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091
Net profit for the period	-	-	-	1,492,727	-	1,492,727	-	1,492,727
Issue of share capital	6,241	-	-	-	-	6,241	-	6,241
Dividends	-	-	-	(1,550,621)	-	(1,550,621)	-	(1,550,621)
<b>Balance as at 31st March 2012</b>	<b>1,633,853</b>	<b>10,574</b>	<b>-</b>	<b>560,011</b>	<b>-</b>	<b>2,204,438</b>	<b>-</b>	<b>2,204,438</b>

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

## Segmental Results

31st March	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	2,786,684	2,454,023	(205,998)	(202,149)	(39,518)	(36,849)	2,541,168	2,215,025	139,144	(24,643)	2,408,522	2,284,492
Tyre	4,339,506	3,857,303	(47,347)	(58,742)	(1,458,164)	(1,268,640)	2,833,995	2,529,921	300,157	263,943	1,698,275	1,757,046
Plastics	7,574,649	5,957,011	(322,738)	(373,271)	(2,321,432)	(1,774,328)	4,930,479	3,809,412	662,387	460,200	3,173,925	2,924,522
Retail	14,092,827	11,121,538	(154,976)	(119,856)	(75,551)	(76,135)	13,862,300	10,925,547	1,495,226	827,759	6,849,456	5,960,404
Services	1,816,455	1,190,269	(1,712,841)	(1,128,259)	-	-	103,614	62,010	1,407,042	429,316	6,882,498	5,375,493
Plantations	8,331,706	8,923,247	(783,085)	(810,088)	(322,265)	(413,497)	7,226,356	7,699,662	1,216,832	2,031,672	13,174,833	11,674,794
Inter segment eliminations	-	-	-	-	-	-	-	-	(1,217,023)	(537,881)	(11,358,419)	(9,793,480)
Group	<u>38,941,827</u>	<u>33,503,391</u>	<u>(3,226,985)</u>	<u>(2,692,365)</u>	<u>(4,216,930)</u>	<u>(3,569,449)</u>	<u>31,497,912</u>	<u>27,241,577</u>	<u>4,003,765</u>	<u>3,450,366</u>	<u>22,829,090</u>	<u>20,183,271</u>

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

## Notes to the Financial Statements

For the twelve months ended 31st March	2012 Rs.	2011 Rs.
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1. Net asset value per share - Group	3.00	2.58
Net asset value per share - Company	1.14	1.16

### Market price per share (adjusted for sub division(Note 9))

Highest	9.20	16.00
Lowest	6.50	10.70
Last traded	7.50	13.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,633,852,800 represented by 1,938,590,800 ordinary shares.
3. A final dividend of Rs.0.10 per share for the financial year ended 31 March 2011 was paid on 08th July 2011. A first interim dividend of Rs.0.40 per share for the financial year ending 31 March 2012 was declared on 25th November 2011 and was paid on 15th December 2011 and a second interim dividend of Rs.0.30 per share was declared on 29th March 2012 and paid on 23rd April 2012.
4. 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.
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, 2011.
7. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
8. 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 345 million was charged as cost of sales in the income statement as follows.

Details	Amount Rs'000
Arrears in Wages	97,705
Adjustment to Opening Balance of Gratuity Provision	247,368
Total Charge to Cost of Sales	345,073

9. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
10. In September 2011, the Group disposed its stake in Asian Alliance Insurance PLC and it ceased to be an associate company. The resulting capital gain of Rs 717 million (Capital gain for the Company Rs. 516 million) has been reflected under other operating income in the respective income statements.
11. 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.
12. The Group incorporated Arpico Insurance Limited in June 2011 (A new insurance Company established under the "Arpico" brand) with a stated capital of Rs.503mn. Arpico Insurance Limited commenced business operations in January 2012.
13. The percentage of shares held by the public as at 31st March 2012 was 44.91% (31st March 2011- 44.86%)

## Notes to the Financial Statements

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

As at	31-3-2012	31-3-2011
1 Dr. Sena Yaddehige - Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayake	3,250,005	3,250,005
Prof. Lakshman R Watawala	40,000	105,000
4 Prof. Susantha Pathirana	-	-
5 Mr.W J Viville P Perera	4,500	2,500
6 Mr. Sunil Liyanage (appointed w.e.f. 27.01.2012)	-	-
7 Mr. M M Udeshi (resigned w.e.f. 30.06.2011)	6,003,600	6,156,000

15 Twenty largest shareholders of the Company are as follows:

As at	31-3-2012	%	31-3-2011	%
	Number of shares		Number of shares	
1 Skyworld Overseas Holdings Limited	516,274,590	26.63%	516,274,590	26.65%
2 Camille Consulting Corp.	316,935,120	16.35%	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	130,983,643	6.76%	99,186,140	5.12%
6 Rockport Limited	99,506,865	5.13%	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 Investments & Finance PLC	15,785,995	0.81%	16,035,995	0.83%
11 Dhanasiri Recreation Pvt Ltd	12,401,015	0.64%	N/A	N/A
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%	7,253,780	0.37%
15 Seylan Bank PLC - Account No: 03	7,000,000	0.36%	5,000,000	0.26%
16 Dr C.M. Fernando	6,660,570	0.34%	6,660,165	0.34%
17 Employees Trust Fund Board	6,419,095	0.33%	N/A	N/A
18 Mrs. S. Wambeek	6,217,800	0.32%	9,248,200	0.48%
19 Mr. M.M. Udeshi	6,003,600	0.31%	6,156,000	0.32%
20 National Savings Bank	5,323,900	0.27%	N/A	N/A
	<b>1,625,226,033</b>	<b>83.84%</b>	<b>1,570,781,915</b>	<b>81.08%</b>

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