

Interim Financial Statements  
Six months ended 30th September

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  
Mr. W.J.V.P. Perera

## **Registered Office**

No. 310, High Level Road, Nawinna,  
Maharagama.  
Telephone : +(94) 114 310500  
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 September	<b>2009</b> Rs. '000	<b>Group</b> <b>2008</b> Rs. '000	<b>31st March</b> <b>2009</b> Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,092,546	10,120,014	10,167,170
Intangible assets	485,726	492,909	491,491
Investments in associates	137,511	111,979	136,757
Other Investments		3,437	
	<u>10,715,783</u>	<u>10,728,339</u>	<u>10,795,418</u>
<b>Current assets</b>			
Inventories	2,423,441	3,181,700	2,303,039
Trade and other receivables	2,351,278	3,294,950	2,551,594
Taxation receivable	234,583	176,385	245,205
Short term investments	24,065	11,854	7,974
Cash at bank and in hand	1,300,634	549,917	1,020,867
	<u>6,334,001</u>	<u>7,214,806</u>	<u>6,128,679</u>
<b>Total assets</b>	<u>17,049,784</u>	<u>17,943,145</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	1,325,598	2,210,313	1,476,160
Foreign currency translation	31,497	21,602	32,371
	<u>3,062,471</u>	<u>3,937,291</u>	<u>3,213,907</u>
<b>Minority interest</b>	1,285,717	1,507,232	1,380,908
<b>Total equity</b>	<u>4,348,188</u>	<u>5,444,523</u>	<u>4,594,815</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	2,346,647	2,676,849	2,304,617
Net liability to the lessor	686,521	703,956	697,432
Deferred income	485,546	418,568	478,147
Deferred tax liabilities	21,426	804	21,804
Employee benefit liabilities	1,566,580	1,047,366	1,103,222
	<u>5,105,720</u>	<u>4,847,543</u>	<u>4,605,222</u>
<b>Current liabilities</b>			
Trade and other payables	2,871,093	2,674,622	2,124,604
Current portion of interest bearing borrowings	1,056,951	1,062,322	1,062,216
Current portion of net liability to the lessor	23,900	25,950	24,948
Deposits	18,977	81,572	26,704
Current tax liabilities	10,783	31,896	23,377
Short term borrowings	3,614,172	3,774,717	4,462,211
	<u>7,596,876</u>	<u>7,651,079</u>	<u>7,724,060</u>
<b>Total liabilities</b>	<u>12,701,596</u>	<u>12,498,622</u>	<u>12,329,282</u>
<b>Total equity and liabilities</b>	<u>17,049,784</u>	<u>17,943,145</u>	<u>16,924,097</u>

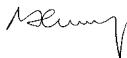
The above figures are subject to audit.

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

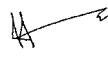


**Goralie Pietersz**  
Group Chief Financial Officer

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 Ratnayake**  
Director

10th November 2009

## Company Balance Sheet

As at 30th September	Company		31st March
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	73,156	46,975	76,079
Investment Property	697,668	706,992	703,076
Investments in subsidiaries	2,447,584	1,677,834	2,207,584
Investments in associates	37,500	37,500	37,500
Other investments	120,750	236,951	120,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,413,611</u>	<u>2,743,205</u>	<u>3,181,942</u>
<b>Current assets</b>			
Trade and other receivables	157,226	126,199	64,577
Taxation receivable	6,957	-	6,956
Amounts due from subsidiaries	2,047,140	2,566,496	2,119,524
Short term investments	24,066	11,855	7,974
Cash at bank and in hand	551,550	2,068,934	1,348,037
	<u>2,786,939</u>	<u>4,773,484</u>	<u>3,547,068</u>
<b>Total assets</b>	<u>6,200,550</u>	<u>7,516,689</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	528,170	722,337	520,373
<b>Total equity</b>	<u>2,114,219</u>	<u>2,311,386</u>	<u>2,109,422</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	878,968	1,310,130	1,073,469
Other deferred liabilities	49,010	42,708	45,114
	<u>927,978</u>	<u>1,352,838</u>	<u>1,118,583</u>
<b>Current liabilities</b>			
Trade and other payables	219,672	218,366	208,940
Current portion of interest bearing borrowings	438,803	440,000	437,794
Deposits	18,977	81,573	26,704
Amounts due to subsidiaries	590,901	562,305	372,032
Short term borrowings	1,890,000	2,550,221	2,455,535
	<u>3,158,353</u>	<u>3,852,465</u>	<u>3,501,005</u>
<b>Total liabilities</b>	<u>4,086,331</u>	<u>5,205,303</u>	<u>4,619,588</u>
<b>Total equity and liabilities</b>	<u>6,200,550</u>	<u>7,516,689</u>	<u>6,729,010</u>

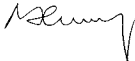
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**Coralie Pietersz**  
Group Chief Financial Officer

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 Ratnayake**  
Director

10th November 2009

## Consolidated Income Statement

	3 months ended			6 months ended		
	30th September			30th September		
	2009	2008	%	2009	2008	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
<b>Continuing operations</b>						
<b>Revenue</b>	5,227,536	5,616,635	-7%	10,088,513	11,336,559	-11%
Cost of sales ( <b>Note 07</b> )	(4,634,179)	(4,430,986)	5%	(8,422,426)	(8,899,834)	-5%
<b>Gross profit</b>	593,357	1,185,649	-50%	1,666,087	2,436,725	-32%
Other operating income	114,730	80,411	43%	181,138	349,953	-48%
Distribution costs	(156,240)	(181,590)	-14%	(305,437)	(333,497)	-8%
Administrative expenses	(545,296)	(491,782)	11%	(1,069,421)	(1,028,167)	4%
Other operating expenses	(838)	(10,827)	-92%	(12,100)	(32,684)	-63%
<b>Profit from operations</b>	5,713	581,861	-99%	460,267	1,392,330	-67%
Finance cost	(259,078)	(356,397)	-27%	(593,564)	(709,997)	-16%
<b>Profit/(loss) from operations after finance cost</b>	(253,365)	225,464	-212%	(133,297)	682,333	-120%
Share of results of associates	436	6,897	-94%	753	10,971	-93%
Profit/(loss) before tax	(252,929)	232,361	-209%	(132,544)	693,304	-119%
Income tax expense	(59,860)	(53,296)	12%	(99,054)	(96,705)	2%
<b>Profit/(loss) for the period from continuing operations</b>	(312,789)	179,065	-275%	(231,598)	596,599	-139%
<b>Discontinued Operations</b>						
Loss after tax for the period from discontinued operations	(1,528)	(15,952)	-90%	(5,167)	(28,955)	-82%
<b>Profit/(loss) for the period</b>	(314,317)	163,113		(236,765)	567,644	
Attributable to:						
Equity holders of the parent	(194,196)	96,455	-301%	(150,562)	405,070	-137%
Minority interest	(120,121)	66,658	-280%	(86,203)	162,574	-153%
	(314,317)	163,113	-293%	(236,765)	567,644	-142%
Earnings/(loss) per share						
Basic / diluted (Rs.)	(1.51)	0.75		(1.17)	3.16	

Figures in brackets indicate deductions.

The above figures are subject to audit.

# Company Income Statement

	3 months ended			6 months ended		
	30th September			30th September		
	2009	2008	%	2009	2008	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
<b>Revenue</b>	109,419	153,720	-29%	221,458	212,899	4%
Cost of sales	-	-	-	-	-	
<b>Gross profit</b>	109,419	153,720	-29%	221,458	212,899	4%
Other operating income	4,515	-	-	4,515	213,298	-98%
Administrative expenses	(56,365)	(42,603)	32%	(102,006)	(129,537)	-21%
<b>Profit from operations</b>	57,569	111,117	-48%	123,967	296,660	-58%
Finance cost	(45,895)	(61,409)	-25%	(119,170)	(139,342)	-14%
<b>Profit before tax</b>	11,674	49,708	-77%	4,797	157,318	-97%
Income tax expense	-	-		-	-	
<b>Profit for the period</b>	11,674	49,708	-77%	4,797	157,318	-97%
Earnings per share						
Basic / diluted (Rs.)	0.09	0.39		0.04	1.23	

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Cash Flow Statements

	Group		Company	
	2009 Rs. '000	2008 Rs. '000	2009 Rs. '000	2008 Rs. '000
For the six months ended 30th September				
<b>Cash flows from / (used in) operating activities</b>				
Group profit/(loss) before tax and minority interest from continuing operation	(132,544)	693,304	4,797	157,318
Loss before tax from discontinued operation	(5,167)	(28,955)	-	-
Adjustments to reconcile profit / (loss) before tax to net cash flows	1,480,378	938,533	128,884	(65,670)
<b>Operating profit/ (loss) before working capital changes</b>	1,342,667	1,602,882	133,681	91,648
Working capital adjustments	743,523	141,285	(40,547)	383,687
<b>Cash generated from / (used in) operations</b>	2,086,190	1,744,167	93,134	475,335
Interest paid	(593,564)	(723,659)	(119,170)	(139,341)
Income tax paid	(101,403)	(62,935)	-	(1,860)
Defined benefit plan costs paid	(68,349)	(74,662)	-	(1,596)
<b>Net cash from / (used in) operating activities</b>	1,322,874	882,911	(26,036)	332,538
Net cash flows from/ (used in) investing activities	(213,436)	28,601	(3,697)	322,289
<b>Net cash inflow / (outflow) before financing</b>	1,109,438	911,512	(29,733)	654,827
Net cash flows from / (used in) financing activities	18,368	(298,892)	(201,219)	(200,691)
<b>Net increase / (decrease) in cash and cash equivalents</b>	1,127,806	612,620	(230,952)	454,136
<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>	<u>(2,313,538)</u>	<u>(3,224,800)</u>	<u>(1,338,450)</u>	<u>(481,287)</u>
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	1,300,634	549,917	551,550	2,068,934
Short term borrowings	(3,614,172)	(3,774,717)	(1,890,000)	(2,550,221)
	<u>(2,313,538)</u>	<u>(3,224,800)</u>	<u>(1,338,450)</u>	<u>(481,287)</u>

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	-	-	-	405,070	-	405,070	162,574	567,644
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(45,578)	(45,578)
Effect of foreign currency translation	-	-	-	-	3	3	4	7
<b>Balance as at 30th September 2008</b>	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>2,030,870</u>	<u>21,602</u>	<u>3,937,291</u>	<u>1,507,232</u>	<u>5,444,523</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	-	-	-	(150,562)	-	(150,562)	(86,203)	(236,765)
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	(8,128)	(8,128)
Effect of foreign currency translation	-	-	-	-	(874)	(874)	(860)	(1,734)
<b>Balance as at 30th September 2009</b>	<u>1,578,475</u>	<u>126,901</u>	<u>179,443</u>	<u>1,146,155</u>	<u>31,497</u>	<u>3,062,471</u>	<u>1,285,717</u>	<u>4,346,188</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	-	-	-	157,318	-	157,318	-	157,318
<b>Balance as at 30th September 2008</b>	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>722,337</u>	<u>-</u>	<u>2,311,386</u>	<u>-</u>	<u>2,311,386</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	-	-	-	4,797	-	4,797	-	4,797
<b>Balance as at 30th September 2009</b>	<u>1,578,475</u>	<u>10,574</u>	<u>-</u>	<u>525,170</u>	<u>-</u>	<u>2,114,219</u>	<u>-</u>	<u>2,114,219</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Segmental Results

30th September	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
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rubber	967,999	1,355,564	(60,782)	(70,685)	(15,002)	(21,888)	892,215	1,292,791	94,567	53,569	2,352,555	2,903,807
Tyre retreading	1,489,081	1,565,839	(33,572)	(52,369)	(422,382)	(442,891)	1,023,066	1,068,969	164,047	107,128	1,441,859	1,702,849
Plastics & Distribution	2,020,948	2,462,337	(108,971)	(220,464)	(658,174)	(794,260)	1,273,803	1,427,613	111,143	153,989	2,113,634	1,821,954
Retail	4,227,953	4,301,974	(288)	(547)	(86,826)	(98,065)	4,150,839	4,243,362	203,786	257,312	4,976,136	5,991,727
Services	305,225	488,831	(266,449)	(312,418)	(1,068)	-	37,718	175,413	(21,362)	96,012	6,286,807	6,155,391
Plantations	2,978,654	3,880,647	(223,492)	(342,452)	(52,290)	(167,149)	2,701,872	3,118,411	(91,914)	719,320	9,453,773	9,651,689
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(9,742,498)	(10,396,261)
<b>Group</b>	<b>11,999,800</b>	<b>14,024,362</b>	<b>(693,554)</b>	<b>(1,010,935)</b>	<b>(1,217,735)</b>	<b>(1,485,253)</b>	<b>10,088,513</b>	<b>11,336,559</b>	<b>460,287</b>	<b>1,392,330</b>	<b>16,912,273</b>	<b>17,821,166</b>

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

## Notes to the Financial Statements

For the six months ended 30th September	Year ended 31st March		
	2009 Rs.	2008 Rs.	2009 Rs.
1. Net asset value per share - Group	23.87	30.70	25.06
<b>Market price per share</b>			
Highest	44.50	50.00	50.50
Lowest	23.75	35.00	21.75
Last traded	41.00	43.50	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. Wages of employees in the plantation sector were increased as a result of a collective agreement entered upon in September 2009. Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs 659 million was charged as cost of sales in the income statement as follows.

Details	Amount Rs'000
Arrears in Wages	215,065
Adjustment to Opening Balance of Gratuity Provision	444,137
Total Charged to Cost of Sales	<u>659,202</u>

These figures are subject to an Actuarial Valuation that will be carried out during the current financial year.

8. There have been no other events subsequent to the balance sheet date, which require disclosure in the interim financial statements.
9. The percentage of shares held by the public as at 30th September 2009 was 44.93% (31st March 2009- 44.86%)

## Notes to the Financial Statements Contd.

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

As at	30-9-2009	31-3-2009
1 Dr. Sena Yaddhegige - Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	1,023	86,064
3 Mr. J H Paul Ratnayake	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
7 Mr.WJVP Perera	-	-

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

As at	30-9-2009 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 National Savings Bank	4,933,825	3.85%	4,933,825	3.85%
7 Grauson & Company	3,289,600	2.56%	-	0.00%
8 Asia Capital PLC	3,199,128	2.49%	7,602,328	5.93%
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	1,092,878	0.85%	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%	-	0.00%
19 Janashakthi Insurance Company Limited	520,100	0.41%	-	0.00%
18 Mr R. C. Pieris	505,752	0.39%	518,752	0.40%
20 Employees Trust Fund Board	477,733	0.37%	408,633	0.32%
	111,760,224	87.14%	112,128,833	87.43%

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

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**Richard Pieris and Company PLC**

310 High Level Road Nawinna Maharagama Sri Lanka

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