

Richard Pieris and Company PLC

Interim Financial Statements
Six months ended 30th September 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.P.Perera – Director

Head/Registered Office

No. 310, High Level Road ,

Nawinna,

Maharagama,

Sri Lanka.

Telephone: + (94) 114310500

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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.

Provisional Financial Statements

Consolidated Balance Sheet

As at 30th September	Group		31st March
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	10,281,077	10,092,546	10,142,761
Intangible assets	474,336	485,726	480,177
Investments in associates	209,473	146,508	180,919
Other Investments	30,000	-	-
	10,994,886	10,724,780	10,803,857
Current assets			
Inventories	2,568,045	2,423,441	2,464,038
Trade and other receivables	2,761,950	2,351,278	2,550,148
Taxation receivable	180,810	234,583	181,874
Short term investments	63,676	24,065	42,057
Cash at bank and in hand	1,611,492	1,300,634	1,322,843
	7,185,973	6,334,001	6,560,960
Total assets	18,180,859	17,058,781	17,364,817
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,618,780	1,578,475	1,578,475
Capital reserves	126,901	126,901	126,901
Revenue reserves	2,632,258	1,325,598	2,056,364
Foreign currency translation	28,449	31,497	31,152
	4,406,388	3,062,471	3,792,892
Minority interest	1,678,324	1,294,714	1,503,071
Total equity	6,084,712	4,357,185	5,295,963
Non-current liabilities			
Interest bearing borrowings	1,525,593	2,346,647	1,957,680
Net liability to the lessor	662,554	686,521	672,158
Deferred income	587,177	485,546	528,898
Deferred tax liabilities	14,639	21,426	24,981
Employee benefit liabilities	1,556,644	1,565,580	1,529,685
	4,346,607	5,105,720	4,713,402
Current liabilities			
Trade and other payables	3,093,793	2,871,093	2,632,913
Current portion of interest bearing borrowings	861,677	1,056,951	1,239,549
Current portion of net liability to the lessor	22,879	23,900	25,394
Deposits	3,049	18,977	7,746
Current tax liabilities	161,734	10,783	100,559
Short term borrowings	3,606,408	3,614,172	3,349,291
	7,749,540	7,595,876	7,355,452
Total liabilities	12,096,147	12,701,596	12,068,854
Total equity and liabilities	18,180,859	17,058,781	17,364,817

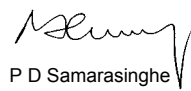
The above figures are subject to audit.

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



Mallik De Silva
Group Finance Manager

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

3rd November 2010

Provisional Financial Statements

Company Balance Sheet

As at 30th September	Company		31st March
	2010 Rs. '000	2009 Rs. '000	2010 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	58,468	73,156	61,480
Investment Property	690,948	697,668	699,207
Investments in subsidiaries	2,460,917	2,447,584	2,447,584
Investments in associates	37,500	37,500	37,500
Other investments	95,750	120,750	95,750
Deferred tax assets	36,953	36,953	36,953
	3,380,536	3,413,611	3,378,474
Current assets			
Trade and other receivables	246,701	157,226	67,039
Taxation receivable	-	6,957	6,957
Amounts due from subsidiaries	1,203,049	2,047,140	1,629,758
Short term investments	63,676	24,066	42,057
Cash at bank and in hand	105,095	551,550	266,271
	1,618,521	2,786,939	2,012,082
Total assets	4,999,057	6,200,550	5,390,556
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,618,780	1,578,475	1,578,475
Capital reserves	10,574	10,574	10,574
Revenue reserves	659,002	525,170	654,962
Total equity	2,288,356	2,114,219	2,244,011
Non-current liabilities			
Interest bearing borrowings	286,584	878,968	428,469
Employee benefit liabilities	54,706	49,010	50,141
	341,290	927,978	478,610
Current liabilities			
Trade and other payables	310,745	219,672	232,239
Current portion of interest bearing borrowings	275,000	438,803	605,000
Deposits	3,049	18,977	7,745
Amounts due to subsidiaries	225,206	590,901	148,167
Current tax liability	306	-	-
Short term borrowings	1,555,105	1,890,000	1,674,784
	2,369,411	3,158,353	2,667,935
Total liabilities	2,710,701	4,086,331	3,146,545
Total equity and liabilities	4,999,057	6,200,550	5,390,556

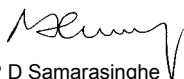
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Group Finance Manager

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P D Samarasinghe
Director/ Chief Operating Officer



J H P Ratnayake
Director

3rd November 2010

Provisional Financial Statements

Consolidated Income Statement

	3 months ended 30th September			6 months ended 30th September		
	2010 Rs. '000	2009 Rs. '000	% Variance	2010 Rs. '000	2009 Rs. '000	% Variance
Continuing operations						
Revenue	6,413,516	5,227,536	23%	12,694,226	10,088,513	26%
Cost of sales	(4,895,431)	(4,634,179)	6%	(9,896,475)	(8,422,426)	18%
Gross profit	1,518,085	593,357	156%	2,797,751	1,666,087	68%
Other operating income	107,032	114,730	-7%	202,949	181,138	12%
Distribution costs	(183,000)	(156,240)	17%	(355,819)	(305,437)	16%
Administrative expenses	(620,589)	(545,296)	14%	(1,193,638)	(1,069,421)	12%
Other operating expenses	(12,511)	(838)	1393%	(37,333)	(12,100)	209%
Profit from operations	809,017	5,713	14061%	1,413,910	460,267	207%
Finance cost	(165,776)	(259,078)	-36%	(346,983)	(593,564)	-42%
Profit/(loss) from operations after finance cost	643,241	(253,365)	354%	1,066,927	(133,297)	900%
Share of results of associates	33,874	436	7669%	43,597	9,750	347%
Profit/(loss) before tax	677,115	(252,929)	368%	1,110,524	(123,547)	999%
Income tax expense	(140,371)	(59,860)	134%	(228,606)	(99,054)	131%
Profit/(loss) for the period from continuing operations	536,744	(312,789)	272%	881,918	(222,601)	496%
Discontinued Operations						
Loss after tax for the period from discontinued operations	(1,937)	(1,528)	27%	(3,730)	(5,167)	-28%
Profit/(loss) for the period	534,807	(314,317)		878,188	(227,768)	
Attributable to:						
Equity holders of the parent	434,245	(194,196)	324%	704,744	(150,562)	568%
Minority interest	100,562	(120,121)	184%	173,444	(77,206)	325%
	534,807	(314,317)	270%	878,188	(227,768)	486%
Earnings/(loss) per share						
Basic (Rs.)	0.22	(0.10)		0.37	(0.08)	
Diluted (Rs.)	0.22	(0.10)		0.36	(0.08)	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Provisional Financial Statements

Company Income Statement

	3 months ended 30th September			6 months ended 30th September		
	2010	2009	%	2010	2009	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Revenue	171,846	109,419	57%	332,632	221,458	50%
Cost of sales	-	-		-	-	
Gross profit	171,846	109,419	57%	332,632	221,458	50%
Other operating income	14,312	4,515		21,619	4,515	379%
Administrative expenses	(62,415)	(56,365)	11%	(133,464)	(102,006)	31%
Profit from operations	123,743	57,569	115%	220,787	123,967	78%
Finance cost	(43,082)	(45,895)	-6%	(80,634)	(119,170)	-32%
Profit before tax	80,661	11,674	591%	140,153	4,797	2822%
Income tax expense	(7,263)	-		(7,263)	-	
Profit for the period	73,398	11,674	529%	132,890	4,797	2670%
Earnings per share						
Basic (Rs.)	0.04	0.01		0.07	-	
Diluted (Rs.)	0.04	0.01		0.07	-	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Cash Flow Statements

For the six months ended 30th September	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	1,110,524	(123,547)	140,153	4,797
Loss before tax from discontinued operations	(3,730)	(5,167)	-	-
Adjustments to reconcile profit before tax to net cash flows	749,541	1,471,381	90,234	128,884
Operating profit before working capital changes	1,856,335	1,342,667	230,387	133,681
Working capital adjustments	90,132	743,523	385,581	(40,547)
Cash generated from operations	1,946,467	2,086,190	615,968	93,134
Interest paid	(346,982)	(593,564)	(80,634)	(119,170)
Income tax paid	(176,709)	(101,403)	-	-
Defined benefit plan costs paid	(68,602)	(68,349)	(773)	-
Net cash from / (used in) operating activities	1,354,174	1,322,874	534,561	(26,036)
Net cash flows from/ (used in) investing activities	(407,324)	(213,436)	(15,628)	(3,697)
Net cash inflow / (outflow) before financing	946,850	1,109,438	518,933	(29,733)
Net cash flows from/(used in) financing activities	(915,318)	18,368	(560,430)	(201,219)
Net increase / (decrease) in cash and cash equivalents	31,532	1,127,806	(41,497)	(230,952)
Cash and cash equivalents at the beginning of the period	(2,026,448)	(3,441,344)	(1,408,513)	(1,107,498)
Cash and cash equivalents at the end of the period	(1,994,916)	(2,313,538)	(1,450,010)	(1,338,450)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	1,611,492	1,300,634	105,095	551,550
Short term borrowings	(3,606,408)	(3,614,172)	(1,555,105)	(1,890,000)
	(1,994,916)	(2,313,538)	(1,450,010)	(1,338,450)

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

Provisional Financial Statements

Statements 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 translation		interest	equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2009	1,578,475	126,901	179,443	1,296,717	32,371	3,213,907	1,380,908	4,594,815
Loss for the period	-	-	-	(150,562)	-	(150,562)	(77,206)	(227,768)
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(8,128)	(8,128)
Effect of foreign currency translation	-	-	-	-	(874)	(874)	(860)	(1,734)
Balance as at 30th September 2009	<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>1,294,714</u>	<u>4,357,185</u>
Balance as at 1st April 2010	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	-	-	-	704,744	-	704,744	173,444	878,188
Issue of share capital	40,305	-	-	-	-	40,305	-	40,305
Change in Group Structure	-	-	-	-	-	-	28,418	28,418
Dividends	-	-	-	(128,850)	-	(128,850)	(26,352)	(155,202)
Effect of foreign currency translation	-	-	-	-	(2,703)	(2,703)	(257)	(2,960)
Balance as at 30th September 2010	<u>1,618,780</u>	<u>126,901</u>	<u>179,443</u>	<u>2,452,815</u>	<u>28,449</u>	<u>4,406,388</u>	<u>1,678,324</u>	<u>6,084,712</u>
Company								
Balance as at 1st April 2009	1,578,475	10,574	-	520,373	-	2,109,422	-	2,109,422
Profit for the period	-	-	-	4,797	-	4,797	-	4,797
Balance as at 30th September 2009	<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>
Balance as at 1st April 2010	1,578,475	10,574	-	654,962	-	2,244,011	-	2,244,011
Issue of share capital	40,305	-	-	-	-	40,305	-	40,305
Profit for the period	-	-	-	132,890	-	132,890	-	132,890
Dividend	-	-	-	(128,850)	-	(128,850)	-	(128,850)
Balance as at 30th September 2010	<u>1,618,780</u>	<u>10,574</u>	<u>-</u>	<u>659,002</u>	<u>-</u>	<u>2,288,356</u>	<u>-</u>	<u>2,288,356</u>

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

Provisional Financial Statements
Segmental Results

30th September	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	1,133,083	967,999	(75,150)	(60,782)	(20,878)	(15,002)	1,037,055	892,215	15,510	94,567	2,327,478	2,382,563
Tyre retrading	1,905,309	1,489,021	(71,392)	(33,572)	(578,429)	(423,383)	1,255,488	1,032,066	124,887	164,047	1,562,228	1,441,859
Plastics & Distribution	2,812,662	2,020,948	(142,087)	(108,971)	(891,517)	(638,174)	1,779,058	1,273,803	183,727	111,143	2,479,433	2,113,634
Retail	5,004,555	4,237,953	(9,592)	(288)	(85,899)	(86,826)	4,909,064	4,150,839	344,771	203,786	5,081,067	4,976,136
Services	420,109	305,225	(409,625)	(266,449)	-	(1,058)	10,484	37,718	(15,727)	(21,362)	5,524,723	6,286,807
Plantations	4,189,039	2,978,654	(305,851)	(223,492)	(180,111)	(53,290)	3,703,077	2,701,872	760,742	(91,914)	10,349,018	9,453,773
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(9,352,561)	(9,742,498)
Group	15,464,757	11,999,800	(1,013,697)	(693,554)	(1,756,834)	(1,217,733)	12,694,226	10,088,513	1,413,910	460,267	17,971,386	16,912,274

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

Provisional Financial Statements
Notes to the Financial Statements

For the six months ended 30th September	2010 Rs.	2009 Rs.	Year ended 31st March 2010 Rs.
1. Net asset value per share - Group	34.15	23.87	29.57
Market price per share			
Highest	185.00	44.50	68.75
Lowest	54.75	23.75	23.75
Last traded	170.00	41.00	55.00

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,618,779,430 represented by 129,032,057 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 2010 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, 2010.
6. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
7. The Company exercised a sub division of ordinary shares in the proportion of 15:1 on 4 October 2010. Earnings Per Share have been based on the new number of shares. There have been no other material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Interim Financial Statements.
8. The percentage of shares held by the public as at 30th September 2010 was 44.83%(31st March 2010- 44.94%)

Provisional Financial Statements
Notes to the Financial Statements

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

As at	30-9-2010	31-3-2010
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. Pravir D Samarasinghe	2,222	4,140
3 Mr. J H Paul Ratnayeke	216,667	-
4 Prof. Lakshman R Watawala	7,000	7,000
5 Prof. Susantha Pathirana	-	-
6 Mr. M M Udeshi	217,800	24,600
7 Mr.WJVP Perera	100	100

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

As at	30-9-2010	%	31-3-2010	%
	Number of shares		Number of shares	
1 Skyworld Overseas Holdings Limited	34,418,306	26.67%	34,425,906	26.84%
2 Camille Consulting Corp.	21,129,008	16.38%	21,129,008	16.47%
3 HSBC International Nominee Ltd-SSBT- Deutsche Bank	15,192,038	11.77%	15,025,038	11.72%
4 Sezeka Limited	11,629,800	9.01%	11,629,800	9.07%
5 Rockport Limited	6,633,791	5.14%	6,633,791	5.17%
6 Employees Provident Fund Board	5,205,716	4.03%	N/A	
7 Mr. A.I. Devasurendra	2,147,000	1.66%	2,239,300	1.75%
8 National Savings Bank	1,723,825	1.34%	4,933,825	3.85%
9 Mr D.W.R. Rutnam	1,717,300	1.33%	1,717,300	1.34%
10 Mercantile Investment Limited	1,608,033	1.25%	N/A	
11 The Executor of the Estate of Mrs L.B. S. Pieris	1,518,803	1.18%	1,518,803	1.18%
12 Mr.H.A.Pieris	1,457,201	1.13%	1,841,701	1.44%
13 Mrs E De Mel	818,202	0.63%	818,202	0.64%
14 Kalday (Pvt) Ltd.	808,402	0.63%	841,867	0.66%
15 Mrs. S. Wambeek	726,275	0.56%	726,275	0.57%
16 Bank of Ceylon No. 1 Account	697,600	0.54%	N/A	
17 Employees Trust Fund Board	667,933	0.52%	477,733	0.37%
18 Mr.R.C Peries	485,252	0.38%	494,752	0.39%
19 Mr.C.M.Fernando	444,011	0.34%	N/A	
20 Miss L. A. Pieris	350,078	0.27%	757,878	0.59%
	109,378,574	84.77%	105,211,179	82.04%

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