

Richard Pieris & Company PLC

**Interim Financial Statements
Six months ended 30th September 2011**

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 Yaddhegige

- *Chairman/ Managing Director/CEO*

Mr. J. H. Paul Ratnayake - *Director*

Prof. Lakshman R. Watawala - *Director*

Prof. Susantha D. Pathirana - *Director*

Mr. M. M. Udeshi – *Director (ceased to be a director w.e.f.30.06.2011)*

Mr. W. J. Viville P. Perera - *Director*

Head/Registered Office

No. 310, High Level Road,

Nawinna, Maharagama,

Sri Lanka.

Telephone : + (94) 114310500

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.

Consolidated Balance Sheet

As at 30th September	Group		31st March
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	10,853,462	10,281,077	10,607,259
Intangible assets	538,725	474,336	497,279
Investments in associates	76,209	209,473	456,186
Other Investments	29,625	30,000	24,000
Deferred tax asset	23,174	-	-
	<u>11,521,195</u>	<u>10,994,886</u>	<u>11,584,724</u>
Current assets			
Inventories	3,547,085	2,568,045	3,341,884
Trade and other receivables	4,398,402	2,761,950	2,908,800
Taxation receivable	197,858	180,810	180,650
Short term investments	60,265	63,676	59,540
Cash at bank and in hand	2,700,317	1,611,492	2,563,859
	<u>10,903,927</u>	<u>7,185,973</u>	<u>9,054,733</u>
Total assets	<u>22,425,122</u>	<u>18,180,859</u>	<u>20,639,457</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,631,997	1,618,780	1,627,612
Capital reserves	126,901	126,901	126,901
Revenue reserves	4,276,040	2,632,258	3,221,102
Foreign currency translation	27,140	28,449	27,314
	<u>6,062,078</u>	<u>4,406,388</u>	<u>5,002,929</u>
Minority interest	<u>1,739,973</u>	<u>1,678,324</u>	<u>1,860,693</u>
Total equity	<u>7,802,051</u>	<u>6,084,712</u>	<u>6,863,622</u>
Non-current liabilities			
Interest bearing borrowings	1,885,554	1,525,593	1,998,291
Net liability to the lessor	642,986	662,554	650,980
Deferred income	580,564	587,177	584,763
Deferred tax liabilities	-	14,639	10,589
Employee benefit liabilities	2,149,295	1,556,644	1,662,131
	<u>5,258,399</u>	<u>4,346,607</u>	<u>4,906,754</u>
Current liabilities			
Trade and other payables	3,985,578	3,093,793	3,653,146
Current portion of interest bearing borrowings	991,793	861,677	1,075,241
Current portion of net liability to the lessor	18,563	22,879	21,978
Deposits	2,489	3,049	2,838
Current tax liabilities	95,179	161,734	309,944
Short term borrowings	4,271,070	3,606,408	3,805,934
	<u>9,364,672</u>	<u>7,749,540</u>	<u>8,869,081</u>
Total liabilities	<u>14,623,071</u>	<u>12,096,147</u>	<u>13,775,835</u>
Total equity and liabilities	<u>22,425,122</u>	<u>18,180,859</u>	<u>20,639,457</u>

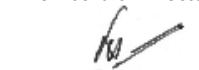
The above figures are subject to audit.

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

11th November 2011

Company Balance Sheet

As at 30th September	Company		31st March
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	34,227	58,468	46,404
Investment Property	690,773	690,948	691,393
Investments in subsidiaries	2,690,358	2,460,917	2,560,917
Investments in associates	-	37,500	159,756
Other investments	95,383	95,750	89,750
Deferred tax assets	36,953	36,953	36,953
	<u>3,547,694</u>	<u>3,380,536</u>	<u>3,585,173</u>
Current assets			
Trade and other receivables	999,998	246,701	52,706
Amounts due from subsidiaries	981,511	1,203,049	984,541
Short term investments	60,265	63,676	59,540
Cash at bank and in hand	22,759	105,095	63,349
	<u>2,064,533</u>	<u>1,618,521</u>	<u>1,160,136</u>
Total assets	<u>5,612,227</u>	<u>4,999,057</u>	<u>4,745,309</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,631,997	1,618,780	1,627,612
Capital reserves	10,574	10,574	10,574
Revenue reserves	1,194,103	659,002	617,905
Total equity	<u>2,836,674</u>	<u>2,288,356</u>	<u>2,256,091</u>
Non-current liabilities			
Interest bearing borrowings	19,584	286,584	149,084
Employee benefit liabilities	42,219	54,706	48,578
	<u>61,803</u>	<u>341,290</u>	<u>197,662</u>
Current liabilities			
Trade and other payables	261,775	310,745	258,991
Current portion of interest bearing borrowings	267,000	275,000	275,000
Deposits	2,489	3,049	2,838
Amounts due to subsidiaries	287,057	225,206	177,515
Current tax liabilities	6,031	306	5,880
Short term borrowings	1,889,398	1,555,105	1,571,332
	<u>2,713,750</u>	<u>2,369,411</u>	<u>2,291,556</u>
Total liabilities	<u>2,775,553</u>	<u>2,710,701</u>	<u>2,489,218</u>
Total equity and liabilities	<u>5,612,227</u>	<u>4,999,057</u>	<u>4,745,309</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 Disسانayake
Group Chief Financial Officer

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W J Viville P Perera
Director



J H P Ratnayake
Director

Consolidated Income Statement

	3 months ended 30th September			6 months ended 30th September		
	2011 Rs. '000	2010 Rs. '000	% Variance	2011 Rs. '000	2010 Rs. '000	% Variance
Continuing operations						
Revenue	7,692,954	6,413,516	20%	14,939,211	12,694,226	18%
Cost of sales	<u>(5,912,960)</u>	<u>(4,895,431)</u>	21%	<u>(12,152,401)</u>	<u>(9,896,475)</u>	23%
Gross profit	1,779,994	1,518,085	17%	2,786,810	2,797,751	0%
Other operating income	895,454	107,032	737%	990,733	202,949	388%
Distribution costs	(241,512)	(183,000)	32%	(453,363)	(355,819)	27%
Administrative expenses	(783,698)	(620,589)	26%	(1,512,593)	(1,193,638)	27%
Other operating expenses	<u>(16,383)</u>	<u>(12,511)</u>	31%	<u>(29,510)</u>	<u>(37,333)</u>	-21%
Profit from operations	1,633,855	809,017	102%	1,782,077	1,413,910	26%
Finance cost	<u>(215,567)</u>	<u>(165,776)</u>	30%	<u>(385,604)</u>	<u>(346,983)</u>	11%
Profit from operations after finance cost	1,418,288	643,241	120%	1,396,473	1,066,927	31%
Share of results of associates	<u>21,263</u>	<u>33,874</u>	-37%	<u>46,523</u>	<u>43,597</u>	7%
Profit before tax	1,439,551	677,115	113%	1,442,996	1,110,524	30%
Income tax expense	<u>(109,902)</u>	<u>(140,371)</u>	-22%	<u>(203,535)</u>	<u>(228,606)</u>	-11%
Profit for the period from continuing operations	1,329,649	536,744	148%	1,239,461	881,918	41%
Discontinued Operations						
Loss after tax for the period from discontinued operations	<u>(1,063)</u>	<u>(1,937)</u>	-45%	<u>(2,044)</u>	<u>(3,730)</u>	-45%
Profit for the period	<u>1,328,586</u>	<u>534,807</u>		<u>1,237,417</u>	<u>878,188</u>	
Attributable to:						
Equity holders of the parent	1,237,844	434,245	185%	1,248,687	704,744	77%
Minority interest	<u>90,743</u>	<u>100,562</u>	-10%	<u>(11,269)</u>	<u>173,444</u>	-106%
	<u>1,328,587</u>	<u>534,807</u>	148%	<u>1,237,418</u>	<u>878,188</u>	41%
Earnings per share						
Basic (Rs.)	0.64	0.22		0.34	0.37	
Diluted (Rs.)	0.62	0.22		0.33	0.36	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Provisional Financial Statements

Company Income Statement

	3 months ended			6 months ended		
	30th September			30th September		
	2011	2010	%	2011	2010	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Revenue	259,416	171,846	51%	501,644	332,632	51%
Cost of sales	-	-		-	-	
Gross profit	259,416	171,846	51%	501,644	332,632	51%
Other operating income	518,312	14,312		517,689	21,619	2295%
Administrative expenses	(70,129)	(62,415)	12%	(134,758)	(133,464)	1%
Other operating expenses	-	-		(2,842)	-	
Profit from operations	707,599	123,743	472%	881,733	220,787	299%
Finance cost	(46,563)	(43,082)	8%	(100,689)	(80,634)	25%
Profit before tax	661,036	80,661	720%	781,044	140,153	457%
Income tax expense	(8,308)	(7,263)	14%	(11,097)	(7,263)	53%
Profit for the period	652,728	73,398	789%	769,947	132,890	479%
Earnings per share						
Basic (Rs.)	0.34	0.04		0.40	0.07	
Diluted (Rs.)	0.33	0.04		0.38	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	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Cash flows from operating activities				
Profit before tax and minority interest from continuing operations	1,442,996	1,110,524	781,044	140,153
Loss before tax from discontinued operations	(2,044)	(3,730)	-	-
Adjustments to reconcile profit before tax to net cash flows	668,581	749,541	(388,249)	90,234
Operating profit before working capital changes	<u>2,109,533</u>	<u>1,856,335</u>	<u>392,795</u>	<u>230,387</u>
Working capital adjustments	(359,937)	90,132	(156,704)	385,581
Cash generated from operations	<u>1,749,596</u>	<u>1,946,467</u>	<u>236,091</u>	<u>615,968</u>
Interest paid	(385,604)	(346,982)	(100,689)	(80,634)
Income tax paid	(469,270)	(176,709)	(10,946)	-
Defined benefit plan costs paid	(85,038)	(68,602)	(12,412)	(773)
Net cash from operating activities	<u>809,684</u>	<u>1,354,174</u>	<u>112,044</u>	<u>534,561</u>
Net cash flows used in investing activities	(732,144)	(407,324)	(143,835)	(15,628)
Net cash inflow / (outflow) before financing	<u>77,540</u>	<u>946,850</u>	<u>(31,791)</u>	<u>518,933</u>
Net cash flows used in financing activities	(406,218)	(915,318)	(326,865)	(560,430)
Net increase / (decrease) in cash and cash equivalents	<u>(328,678)</u>	<u>31,532</u>	<u>(358,656)</u>	<u>(41,497)</u>
Cash and cash equivalents at the beginning of the period	<u>(1,242,075)</u>	<u>(2,026,448)</u>	<u>(1,507,983)</u>	<u>(1,408,513)</u>
Cash and cash equivalents at the end of the period	<u>(1,570,753)</u>	<u>(1,994,916)</u>	<u>(1,866,639)</u>	<u>(1,450,010)</u>
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	2,700,317	1,611,492	22,759	105,095
Short term borrowings	(4,271,070)	(3,606,408)	(1,889,398)	(1,555,105)
	<u>(1,570,753)</u>	<u>(1,994,916)</u>	<u>(1,866,639)</u>	<u>(1,450,010)</u>

Figures in brackets indicate deductions.
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Statements of Changes in Equity

Attributable to equity holders of the parent

Group	Stated capital	Capital reserves	Revenue reserves	Retained profit	Foreign currency translation	Total	Minority interest	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
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>
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	-	-	-	1,248,687	-	1,248,687	(11,269)	1,237,418
Issue of share capital	4,385	-	-	-	-	4,385	-	4,385
Dividends	-	-	-	(193,749)	-	(193,749)	-	(193,749)
Subsidiary dividend paid	-	-	-	-	-	-	(9,838)	(9,838)
Adjustments due to changes in holding	-	-	-	-	-	-	(99,427)	(99,427)
Effect of foreign currency translation	-	-	-	-	(174)	(174)	(186)	(360)
Balance as at 30th September 2011	<u>1,631,997</u>	<u>126,901</u>	<u>179,443</u>	<u>4,096,597</u>	<u>27,140</u>	<u>6,062,078</u>	<u>1,739,973</u>	<u>7,802,051</u>
Company								
Balance as at 1st April 2010	1,578,475	10,574	-	654,962	-	2,244,011	-	2,244,011
Issue of shares	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>
Balance as at 1st April 2011	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091
Issue of share capital	4,385	-	-	-	-	4,385	-	4,385
Profit for the period	-	-	-	769,947	-	769,947	-	769,947
Dividend	-	-	-	(193,749)	-	(193,749)	-	(193,749)
Balance as at 30th September 2011	<u>1,631,997</u>	<u>10,574</u>	<u>-</u>	<u>1,194,103</u>	<u>-</u>	<u>2,836,674</u>	<u>-</u>	<u>2,836,674</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	
	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000	2011 Rs. '000	2010 Rs. '000
Rubber	1,296,197	1,133,083	(123,760)	(75,150)	(2,618)	(20,878)	1,169,819	1,037,055	50,350	15,510	2,281,251	2,327,478
Tyre retrading	2,214,814	1,905,309	(22,013)	(71,392)	(789,164)	(578,429)	1,403,637	1,255,488	124,171	124,887	1,831,070	1,562,228
Plastics & Distribution	3,493,874	2,812,662	(155,536)	(142,087)	(1,018,710)	(891,517)	2,319,628	1,779,058	269,266	183,727	3,063,608	2,479,433
Retail	6,470,274	5,004,555	(16,572)	(9,592)	(101,480)	(85,899)	6,352,223	4,909,064	820,895	344,771	6,606,439	5,081,067
Services	637,876	420,109	(579,375)	(409,625)	(800)	-	57,701	10,484	374,889	(15,727)	7,066,259	5,524,723
Plantations	4,191,356	4,189,039	(408,002)	(305,851)	(147,152)	(180,111)	3,636,202	3,703,077	142,506	760,742	12,096,047	10,349,018
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(10,595,761)	(9,352,561)
Group	18,304,391	15,464,757	(1,305,257)	(1,013,697)	(2,059,923)	(1,756,834)	14,939,211	12,694,226	1,782,077	1,413,910	22,348,913	17,971,386

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

Notes to the Financial Statements

For the six months ended 30th September	2011 Rs.	2010 Rs.	Year ended 31st March 2011 Rs.
1. Net asset value per share - Group	3.13	2.28	2.58
Market price per share (adjusted for sub division(Note 9))			
Highest	14.00	12.33	16.00
Lowest	9.80	3.65	3.65
Last traded	10.20	11.33	13.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,631,996,111 represented by 1,938,235,800 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 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.
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 31,2011
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 June 2011.Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs 567 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	469,429
Total Charge to Cost of Sales	<u>567,134</u>

- 8 There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
- 9 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.
- 10 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.
- 11 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 .
- 12 The percentage of shares held by the public as at 30th September 2011 was 44.86%(31st March 2011- 44.86%)

Notes to the Financial Statements

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

As at	30-9-2011	31-3-2011
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayeke	3,250,005	3,250,005
3 Prof. Lakshman R Watawala	40,000	105,000
4 Prof. Susantha Pathirana	-	-
5 Mr. M M Udeshi	6,303,600	6,156,000
6 Mr.WJVP Perera	2,500	2,500

14 Twenty largest shareholders of the Company are as follows:

As at	30-9-2011 Number of shares	%	31-3-2011 Number of shares	%
1 Skyworld Overseas Holdings Limited	516,274,590	26.65%	516,274,590	26.65%
2 Camille Consulting Corp.	316,935,120	16.36%	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	128,584,440	6.64%	99,186,140	5.12%
6 Rockport Limited	99,506,865	5.14%	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 Investment Limited	16,035,995	0.83%	16,035,995	0.83%
11 Kalday (Pvt) Ltd.	12,126,030	0.63%	12,126,030	0.63%
12 Mr. K.R. Dharmendra	7,576,900	0.39%	7,576,900	0.39%
13 Mr.R.C.Peries	7,228,780	0.37%	7,253,780	0.37%
14 Seylan Bank PLC - A/C No 03	7,000,000	0.36%	5,000,000	0.26%
15 Mr.C.M. Fernando	6,660,165	0.34%	6,660,165	0.34%
16 Mr. M.M. Udeshi	6,303,600	0.33%	6,156,000	0.32%
17 Employees Trust Fund Board	6,256,395	0.32%	N/A	N/A
18 Mrs. S. Wambeek	6,217,800	0.32%	9,248,200.00	0.48%
19 National Savings Bank	5,323,900	0.27%	N/A	N/A
20 The Incorporated Trustees of the Church of England	4,868,795	0.25%	4,868,795	0.00%
	1,615,721,505	83.39%	1,575,650,710	81.08%

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

