

Richard Pieris and Company PLC  
Interim Financial Statements  
Six months ended 30<sup>th</sup> September 2012

TOUCHING LIVES



Since 1932  
*Years*

## 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 Yaddhige - *Chairman/ Managing Director/ CEO*

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

Prof. Lakshman R. Watawala - *Director*

Prof. Susantha D. Pathirana - *Director*

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

Mr. S.S.G. Liyanage – *Director*

Dr.S.A.B. Ekanayake – *Director (appointed w.e.f. 01.09.2012)*

### Head/Registered Office

No. 310, High Level Road,  
Nawinna, Maharagama,  
Sri Lanka.

Telephone : + (94) 114310500

Fax : + (94) 114310777

Website : [www.arpico.com](http://www.arpico.com)

E-mail : [cpu@arpico.com](mailto: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
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,111,974	10,273,380	10,731,588
leasehold Property	570,248	580,082	582,270
Intangible assets	536,939	538,725	542,758
Investments in associates	66,942	76,209	74,143
Other Investments	144,582	29,625	5,625
Deferred tax asset	-	23,174	-
	<u>12,430,685</u>	<u>11,521,195</u>	<u>11,936,384</u>
<b>Current assets</b>			
Inventories	3,660,198	3,547,085	3,609,378
Trade and other receivables	4,090,142	4,398,402	3,675,232
Taxation receivable	162,334	197,858	184,309
Short term investments	56,622	60,265	51,942
Cash at bank and in hand	4,054,735	2,700,317	3,445,988
	<u>12,024,031</u>	<u>10,903,927</u>	<u>10,966,849</u>
<b>Total assets</b>	<u>24,454,716</u>	<u>22,425,122</u>	<u>22,903,233</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,635,078	1,631,997	1,633,853
Capital reserves	126,901	126,901	126,901
Revenue reserves	5,026,415	4,276,040	4,010,335
Foreign currency translation	41,759	27,140	38,236
	<u>6,830,153</u>	<u>6,062,078</u>	<u>5,809,325</u>
<b>Minority interest</b>	<u>2,020,642</u>	<u>1,739,973</u>	<u>1,847,746</u>
<b>Total equity</b>	<u>8,850,795</u>	<u>7,802,051</u>	<u>7,657,071</u>
<b>Non-current liabilities</b>			
Insurance Provisions	30,703	-	9,390
Interest bearing borrowings	2,226,854	1,885,554	2,177,814
Net liability to the lessor	633,057	642,986	638,237
Deferred income	568,553	580,564	577,609
Deferred tax liabilities	74,845	-	63,692
Employee benefit liabilities	1,929,896	2,149,295	1,940,629
	<u>5,463,908</u>	<u>5,258,399</u>	<u>5,407,371</u>
<b>Current liabilities</b>			
Trade and other payables	4,331,939	3,985,578	4,600,058
Current portion of interest bearing borrowings	767,435	991,793	893,957
Current portion of net liability to the lessor	10,149	18,563	12,398
Deposits	2,470	2,489	2,482
Current tax liabilities	132,069	95,179	138,593
Short term borrowings	4,895,951	4,271,070	4,191,303
	<u>10,140,013</u>	<u>9,364,672</u>	<u>9,838,791</u>
<b>Total liabilities</b>	<u>15,603,921</u>	<u>14,623,071</u>	<u>15,246,162</u>
<b>Total equity and liabilities</b>	<u>24,454,716</u>	<u>22,425,122</u>	<u>22,903,233</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



S S G Liyanage  
Director

## Company Balance Sheet

As at 30th September	Company		31st March
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	38,959	34,227	36,121
Investment Property	686,533	690,773	688,458
Investments in subsidiaries	3,116,413	2,690,358	2,696,013
Other investments	71,375	95,383	71,375
Deferred tax assets	36,953	36,953	36,953
	<u>3,950,233</u>	<u>3,547,694</u>	<u>3,528,920</u>
<b>Current assets</b>			
Trade and other receivables	466,839	999,998	39,955
Amounts due from subsidiaries	1,545,494	981,511	1,761,629
Short term investments	56,622	60,265	51,942
Taxation receivable	5,649	-	-
Cash at bank and in hand	31,075	22,759	25,210
	<u>2,105,679</u>	<u>2,064,533</u>	<u>1,878,736</u>
<b>Total assets</b>	<u>6,055,912</u>	<u>5,612,227</u>	<u>5,407,656</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	1,635,078	1,631,997	1,633,853
Capital reserves	10,574	10,574	10,574
Revenue reserves	836,204	1,194,103	560,011
<b>Total equity</b>	<u>2,481,856</u>	<u>2,836,674</u>	<u>2,204,438</u>
<b>Non-current liabilities</b>			
Interest bearing borrowings	190,000	19,584	220,000
Employee benefit liabilities	65,516	42,219	59,674
	<u>255,516</u>	<u>61,803</u>	<u>279,674</u>
<b>Current liabilities</b>			
Trade and other payables	273,854	261,775	873,129
Current portion of interest bearing borrowings	79,583	267,000	209,083
Deposits	2,470	2,489	2,482
Amounts due to subsidiaries	456,648	287,057	322,008
Current tax liabilities	-	6,031	9,654
Short term borrowings	2,505,985	1,889,398	1,507,188
	<u>3,318,540</u>	<u>2,713,750</u>	<u>2,923,544</u>
<b>Total liabilities</b>	<u>3,574,056</u>	<u>2,775,553</u>	<u>3,203,218</u>
<b>Total equity and liabilities</b>	<u>6,055,912</u>	<u>5,612,227</u>	<u>5,407,656</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



S S G Liyanage  
Director

## Consolidated Income Statement

	3 months ended 30th September			6 months ended 30th September		
	2012 Rs. '000	2011 Rs. '000	% Variance	2012 Rs. '000	2011 Rs. '000	% Variance
<b>Continuing operations</b>						
Revenue	8,669,873	7,692,954	13%	16,783,836	14,939,211	12%
Cost of sales	<u>(6,566,515)</u>	<u>(5,912,960)</u>	11%	<u>(12,819,832)</u>	<u>(12,152,401)</u>	5%
<b>Gross profit</b>	2,103,358	1,779,994	18%	3,964,004	2,786,810	42%
Other operating income	151,770	895,454	-83%	360,483	990,733	-64%
Distribution costs	(275,027)	(241,512)	14%	(552,210)	(453,363)	22%
Administrative expenses	(918,297)	(783,698)	17%	(1,774,317)	(1,512,593)	17%
Other operating expenses	<u>(14,238)</u>	<u>(16,382)</u>	-13%	<u>(30,142)</u>	<u>(29,509)</u>	2%
<b>Profit from operations</b>	1,047,566	1,633,856	-36%	1,967,818	1,782,078	10%
Finance cost	<u>(255,175)</u>	<u>(215,567)</u>	18%	<u>(503,769)</u>	<u>(385,604)</u>	31%
<b>Profit from operations after finance cost</b>	792,391	1,418,289	-44%	1,464,049	1,396,474	5%
Share of results of associates	<u>18,788</u>	<u>21,263</u>	-12%	<u>29,988</u>	<u>46,523</u>	-36%
Profit before tax	811,179	1,439,552	-44%	1,494,037	1,442,997	4%
Income tax expense	<u>(147,732)</u>	<u>(109,902)</u>	34%	<u>(319,502)</u>	<u>(203,535)</u>	57%
<b>Profit for the period from continuing operations</b>	663,447	1,329,650	-50%	1,174,535	1,239,462	-5%
<b>Discontinued Operations</b>						
Profit/ (Loss) after tax for the period from discontinued operations	<u>394</u>	<u>(1,063)</u>	137%	<u>(394)</u>	<u>(2,044)</u>	-81%
<b>Profit for the period</b>	<u>663,841</u>	<u>1,328,587</u>		<u>1,174,141</u>	<u>1,237,418</u>	
<b>Attributable to:</b>						
Equity holders of the parent	569,529	1,237,844	-54%	1,015,070	1,248,687	-19%
Minority interest	<u>94,312</u>	<u>90,743</u>	4%	<u>159,071</u>	<u>(11,269)</u>	1512%
	<u>663,841</u>	<u>1,328,587</u>	-50%	<u>1,174,141</u>	<u>1,237,418</u>	-5%
<b>Earnings per share</b>						
Basic (Rs.)	0.29	0.64		0.64	0.34	
Diluted (Rs.)	0.28	0.62		0.62	0.33	

Figures in brackets indicate deductions.

The above figures are subject to audit.

**Company Income Statement**

	3 months ended 30th September			6 months ended 30th September		
	2012 Rs. '000	2011 Rs. '000	% Variance	2012 Rs. '000	2011 Rs. '000	% Variance
<b>Revenue</b>	332,406	259,416	28%	604,494	501,644	21%
Cost of sales	-	-		-	-	
<b>Gross profit</b>	332,406	259,416	28%	604,494	501,644	21%
Other operating income	8,070	518,312	-98%	4,681	517,689	-99%
Administrative expenses	(73,080)	(70,129)	4%	(148,518)	(134,758)	10%
Other operating expenses	-	-		-	(2,842)	-100%
<b>Profit from operations</b>	267,396	707,599	-62%	460,657	881,733	-48%
Finance cost	(97,776)	(46,563)	110%	(184,270)	(100,689)	83%
<b>Profit before tax</b>	169,620	661,036	-74%	276,387	781,044	-65%
Income tax expense	(70)	(8,308)	-99%	(194)	(11,097)	-98%
<b>Profit for the period</b>	169,550	652,728	-74%	276,193	769,947	-64%
<b>Earnings per share</b>						
Basic (Rs.)	0.09	0.34		0.14	0.40	
Diluted (Rs.)	0.08	0.33		0.14	0.38	

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Cash Flow Statements

For the six months ended 30th September	Group		Company	
	2012 Rs. '000	2011 Rs. '000	2012 Rs. '000	2011 Rs. '000
<b>Cash flows from operating activities</b>				
Profit before tax and minority interest from continuing operations	1,494,037	1,442,997	276,387	781,044
Loss before tax from discontinued operations	(394)	(2,044)	-	-
Adjustments to reconcile profit before tax to net cash flows	985,566	668,581	201,144	(388,249)
<b>Operating profit before working capital changes</b>	<u>2,479,209</u>	<u>2,109,534</u>	<u>477,531</u>	<u>392,795</u>
Working capital adjustments	(779,075)	(359,937)	(675,399)	(156,704)
<b>Cash generated from operations</b>	<u>1,700,134</u>	<u>1,749,597</u>	<u>(197,868)</u>	<u>236,091</u>
Interest paid	(503,769)	(385,604)	(184,270)	(100,689)
Income tax paid	(292,898)	(469,270)	(15,496)	(10,946)
Defined benefit plan costs paid	(124,494)	(85,038)	(1,029)	(12,412)
<b>Net cash from operating activities</b>	<u>778,973</u>	<u>809,685</u>	<u>(398,663)</u>	<u>112,044</u>
Net cash flows used in investing activities	(810,789)	(732,144)	(435,994)	(143,835)
<b>Net cash inflow / (outflow) before financing</b>	<u>(31,816)</u>	<u>77,541</u>	<u>(834,657)</u>	<u>(31,791)</u>
Net cash flows used in financing activities	(64,085)	(406,218)	(158,275)	(326,865)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>(95,901)</u>	<u>(328,677)</u>	<u>(992,932)</u>	<u>(358,656)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>(745,315)</u>	<u>(1,242,075)</u>	<u>(1,481,978)</u>	<u>(1,507,983)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>(841,216)</u>	<u>(1,570,752)</u>	<u>(2,474,910)</u>	<u>(1,866,639)</u>
<b>Analysis of cash and cash equivalents at the end of the period</b>				
Bank and cash balances	4,054,735	2,700,317	31,075	22,759
Short term borrowings	(4,895,951)	(4,271,070)	(2,505,985)	(1,889,398)
	<u>(841,216)</u>	<u>(1,570,753)</u>	<u>(2,474,910)</u>	<u>(1,866,639)</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

## Statements of Changes in Equity

### Attributable to equity holders of the parent

Group	Stated capital Rs. '000	Capital reserves Rs. '000	Revenue reserves Rs. '000	Retained profit Rs. '000	Foreign currency translation Rs. '000	Total Rs. '000	Minority interest Rs. '000	Total equity Rs. '000
<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
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)
<b>Balance as at 30th September 2011</b>	<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>
<b>Balance as at 1st April 2012</b>	1,633,853	126,901	179,443	3,830,892	38,236	5,809,325	1,847,746	7,657,071
Profit for the period	-	-	-	1,015,070	-	1,015,070	159,071	1,174,141
Issue of share capital	1,225	-	-	-	-	1,225	-	1,225
Adjustments due to changes in holding	-	-	-	1,010	-	1,010	15,515	16,525
Effect of foreign currency translation	-	-	-	-	3,523	3,523	(1,690)	1,833
<b>Balance as at 30th September 2012</b>	<u>1,635,078</u>	<u>126,901</u>	<u>179,443</u>	<u>4,846,972</u>	<u>41,759</u>	<u>6,830,153</u>	<u>2,020,642</u>	<u>8,850,795</u>
<b>Company</b>								
<b>Balance as at 1st April 2011</b>	1,627,612	10,574	-	617,905	-	2,256,091	-	2,256,091
Issue of shares	4,385	-	-	-	-	4,385	-	4,385
Profit for the period	-	-	-	769,947	-	769,947	-	769,947
Dividend	-	-	-	(193,749)	-	(193,749)	-	(193,749)
<b>Balance as at 30th September 2011</b>	<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>
<b>Balance as at 1st April 2012</b>	1,633,853	10,574	-	560,011	-	2,204,438	-	2,204,438
Issue of share capital	1,225	-	-	-	-	1,225	-	1,225
Profit for the period	-	-	-	276,193	-	276,193	-	276,193
<b>Balance as at 30th September 2012</b>	<u>1,635,078</u>	<u>10,574</u>	<u>-</u>	<u>836,204</u>	<u>-</u>	<u>2,481,856</u>	<u>-</u>	<u>2,481,856</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	
	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	1,668,616	1,296,197	(117,011)	(123,760)	(7,347)	(2,618)	1,544,258	1,169,819	216,813	50,350	2,367,902	2,281,251
Tyre retrading	2,102,266	2,214,814	(16,900)	(22,013)	(681,163)	(789,164)	1,404,203	1,403,637	174,405	124,171	1,842,965	1,831,070
Plastics & Distribution	4,158,670	3,493,874	(169,554)	(155,536)	(1,301,311)	(1,018,710)	2,687,805	2,319,628	320,523	269,266	3,776,970	3,063,608
Retail	7,635,804	6,470,276	(935)	(16,572)	(114,867)	(101,480)	7,520,002	6,352,224	562,810	820,896	6,810,113	6,606,439
Services	773,884	637,876	(698,286)	(579,375)	-	(800)	75,598	57,701	(118,016)	374,889	8,016,956	7,066,259
Plantations	4,213,191	4,191,356	(493,461)	(408,002)	(167,760)	(147,152)	3,551,970	3,636,202	811,283	142,506	13,497,029	12,096,047
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(11,924,161)	(10,595,761)
<b>Group</b>	<b>20,552,431</b>	<b>18,304,393</b>	<b>(1,496,147)</b>	<b>(1,305,258)</b>	<b>(2,272,448)</b>	<b>(2,059,924)</b>	<b>16,783,836</b>	<b>14,939,211</b>	<b>1,967,818</b>	<b>1,782,078</b>	<b>24,387,774</b>	<b>22,348,913</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	2012 Rs.	2011 Rs.	Year ended 31st March 2012 Rs.
1. Net asset value per share - Group	3.52	3.13	3.00
Net asset value per share - Company	1.28	1.46	1.14
<b>Market price per share</b>			
Highest	9.10	14.00	16.00
Lowest	5.50	9.80	3.65
Last traded	8.90	10.20	13.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,635,078,255.01 represented by 1,938,825,120 ordinary shares.

3. Application of new/revised Sri Lanka Financial Reporting Standards (SLFRS/ LKAS)

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards (SLRFS/ LKAS) which has become applicable for financial periods commenced after 1st January 2012. However, we have not applied the said new Accounting Standards in preparation of these Interim Financial Statements. Instead, we have opted to apply the option 2 given by the Institute of Chartered Accountants of Sri Lanka (ICASL) in their " Ruling on the Comparative Figures in the Interim Financial Statements" issued on 2nd March 2012.

Accordingly, these Interim Financial Statements have been prepared in line with the accounting policies applied during the financial year ended 31st March 2012 which are in line with Sri Lanka Accounting Standards (SLAS).

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 31,2012.

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.

8. The percentage of shares held by the public as at 30th September 2012 was 45.03% (31st March 2012 - 44.91%).

## Notes to the Financial Statements

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

As at	30-9-2012	31-3-2012
1 Dr. Sena Yaddhegige -Chairman/Managing Director/CEO	-	-
2 Mr. J H Paul Ratnayake	3,250,005	3,250,005
3 Prof. Lakshman R Watawala	40,000	40,000
4 Prof. Susantha D. Pathirana	-	-
5 Mr. W.J. Vivile P. Perera	4,500	4,500
6 Mr. S S G Liyanage	3,708,505	3,708,505
7 Dr. S A B Ekanayake (appointed w.e.f. 01/09/2012)	-	-

10 Twenty largest shareholders of the Company are as follows:

As at	30-9-2012 Number of shares	%	31-3-2012 Number of shares	%
1 Skyworld Overseas Holdings Limited	516,388,590	26.63%	516,274,590	26.63%
2 Camille Consulting Corp.	316,935,120	16.35%	316,935,120	16.35%
3 HSBC International Nominees Ltd-SSBT- Deutsche Bank	225,375,570	11.62%	225,375,570	11.63%
4 Sezeka Limited	174,447,000	9.00%	174,447,000	9.00%
5 Employees Provident Fund	137,181,379	7.08%	130,983,643	6.76%
6 Rockport Limited	99,506,865	5.13%	99,506,865	5.13%
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 and Finance PLC	15,785,995	0.81%	15,785,995	0.81%
11 Dhanasiri Recreation Pvt Ltd	12,770,584	0.66%	12,401,015	0.64%
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%	7,188,780	0.37%
15 Seylan Bank PLC - Account No: 03	7,000,000	0.36%	7,000,000	0.36%
16 Dr C.M. Fernando	6,660,570	0.34%	6,660,570	0.34%
17 Employees Trust Fund Board	6,419,095	0.33%	6,419,095	0.33%
18 Mr. M.M. Udeshi	6,003,600	0.31%	6,003,600	0.31%
19 National Savings Bank	5,323,900	0.27%	5,323,900	0.27%
20 The Incorporated Trustees of the Church of Ceylon	4,868,795	0.25%	-	0.00%
	<b>1,630,558,333</b>	<b>84.10%</b>	<b>1,619,008,233</b>	<b>83.51%</b>

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