



# **CEYLON LEATHER PRODUCTS PLC**

## **INTERIM FINANCIAL STATEMENTS**

**For the Quarter Ended 30 June 2010**

**CEYLON LEATHER PRODUCTS PLC –  
HIGH LIGHTS FOR THE QUARTER ENDING 30 JUNE 2010**

The Company and the Group continued to realise its growth potential during the first quarter of 2010/11 as well. Continued cost control measures, increased capacity utilization, and aggressive marketing efforts resulted in an increase in both turnover and gross profit margin.

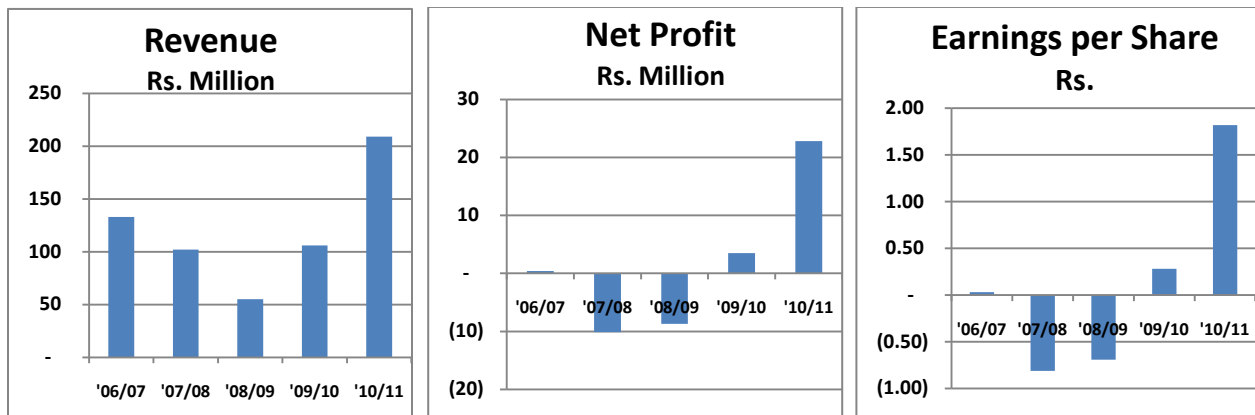
The Group Turnover for the period under review was Rs. 209 mn compared to Rs. 106 mn in the year 2009/10. This reflects an increase of 98% over the corresponding period.

During the period under review a gross profit of Rs. 69 mn was recorded compared to Rs. 29 mn in the previous year.

The profit after Tax for the period was Rs. 22.8 mn compared to the profit of Rs. 3.5 mn during the corresponding period in the year 2009/10.

Ceylon Leather Products Distributors (Pvt) Ltd, the fully owned subsidiary and the distribution arm of the company too continued its recovering trend with making a profit of Rs. 0.5 mn compared to the profit of Rs.0.1 mn during the previous year.

**PERFORMANCE AT A GLANCE  
For the First Quarter – Three Months Ended 30 June:**



# **Ceylon Leather Products PLC**

## **Balance Sheet**

	<b>GROUP</b>		<b>COMPANY</b>	
	30 June 2010 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.	30 June 2010 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	866,617	868,586	866,617	868,586
Intangible Assets	2,666	2,765	2,666	2,765
Investment in Associate	6,515	6,515	5,603	5,603
Other Investments	1,954	1,954	1,954	1,954
	877,752	879,820	876,840	878,908
<b>Current Assets</b>				
Inventories	128,236	114,981	128,236	114,981
Trade and Other Receivables	280,796	231,408	293,074	244,279
Income Tax Refunds due	65	65	-	-
Cash and Cash Equivalents	3,357	16,190	3,357	16,190
	412,454	362,644	424,667	375,450
<b>Total Assets</b>	<b>1,290,206</b>	<b>1,242,464</b>	<b>1,301,507</b>	<b>1,254,358</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated Capital	125,000	125,000	125,000	125,000
Reserves	623,479	623,479	623,479	623,479
Retained earnings	149,126	126,330	161,205	138,963
<b>Total Equity</b>	<b>897,605</b>	<b>874,809</b>	<b>909,684</b>	<b>887,442</b>
<b>Non-Current Liabilities</b>				
Interest Bearing Loans & Borrowings	43,325	49,129	43,325	49,129
Retirement Benefit Liability	31,255	30,202	31,255	30,202
Deferred Tax Liability	70,720	70,720	70,720	70,720
	145,300	150,051	145,300	150,051
<b>Current Liabilities</b>				
Trade and Other Payables	61,157	63,911	60,810	63,603
Income Tax Liabilities	32,069	21,969	31,638	21,538
Interest Bearing Loans & Borrowings	154,075	131,724	154,075	131,724
	247,301	217,604	246,523	216,865
<b>Total Equity and Liabilities</b>	<b>1,290,206</b>	<b>1,242,464</b>	<b>1,301,507</b>	<b>1,254,358</b>
Net Assets Per share (Rs.)	71.81	69.98	72.77	71.00

The above figures are provisional and subject to audit

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the board by.

S.S. Senaratne  
Managing Director/ CEO

Dr. Kosala Heengama  
Director

Colombo.

Date: 12 August 2010

**Ceylon Leather Products PLC**  
**Income Statement**

	GROUP			COMPANY		
	Quarter Ended		Variance	Quarter Ended		Variance
	30 June 2010 Rs' 000.	30 June 2009 Rs' 000.	%	30 June 2010 Rs' 000.	30 June 2009 Rs' 000.	%
<b>Revenue</b>	209,031	105,681	98%	207,485	104,530	98%
Cost of Sales	(139,476)	(76,784)	-82%	(139,476)	(76,784)	-82%
Gross Profit	69,555	28,897	141%	68,009	27,746	145%
Other Operating Income	1,711	667	157%	1,711	667	157%
Distribution Costs	(17,812)	(5,844)	-205%	(16,865)	(4,833)	-249%
Administrative Expenses	(12,351)	(9,953)	-24%	(12,306)	(9,908)	-24%
Finance Cost	(8,224)	(10,278)	20%	(8,224)	(10,278)	20%
Finance Income	17	1	1600%	17	1	1600%
<b>Profit/ (Loss) Before Tax</b>	32,896	3,490	843%	32,342	3,395	853%
Share of Profit/ (Loss) of Associate	-	-		-	-	
Income Tax Expense	(10,100)	-		(10,100)	-	
<b>Profit/(Loss) for the Period</b>	22,796	3,490	553%	22,242	3,395	555%
<b>Earnings Per share</b>	1.82	0.28		1.78	0.27	

The above figures are provisional and subject to audit

# **Ceylon Leather Products PLC**

## **Cash Flow Statement**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Quarter Ended</b>		<b>Quarter Ended</b>	
	30 June 2010 Rs' 000.	30 June 2009 Rs' 000.	30 June 2010 Rs' 000.	30 June 2009 Rs' 000.
<b>Cash Flows From / (Used in) Operating Activities</b>				
Net profit before Income Tax Expense	32,896	3,490	32,342	3,395
Adjustments for				
Depreciation	7,087	6,175	7,087	6,175
Income from Investments	(17)	-	(17)	-
Profit on sale of Property, Plant & Equipment	(734)	-	(734)	-
Finance Costs	8,224	10,278	8,224	10,278
Provision for Defined Benefit Plans	1,275	945	1,275	945
Amortisation of Intangible Assets	99	99	99	99
Operating Profit/(Loss) before Working Capital Changes	48,830	20,987	48,276	20,892
(Increase)/ Decrease in Inventories	(13,255)	(2,566)	(13,255)	(2,566)
(Increase)/ Decrease in Trade and Other Receivables	(49,388)	(33,228)	(48,795)	(33,228)
(Increase) /Decrease in Non Trade Dues from Related Parties	-	-	-	(120)
Increase /(Decrease) in Trade and Other Payables	(2,960)	7,912	(2,999)	8,087
Cash Generated from Operations	(16,773)	(6,895)	(16,773)	(6,935)
Finance Costs	(8,224)	(10,278)	(8,224)	(10,278)
Defined Benefit Plan Costs	(222)	(1,009)	(222)	(1,009)
Income tax	-	-	-	-
Net Cash From/(Used in) Operating Activities	(25,219)	(18,182)	(25,219)	(18,222)
<b>Cash Flows from / (Used in) Investing Activities</b>				
Acquisition of Property, Plant & Equipment	(5,352)	(98)	(5,352)	(98)
Proceeds from Sale of Property, Plant & Equipment	1,175	-	1,175	-
Interest Received	17	-	17	-
Net Cash Flows from/(Used in) Investing Activities	(4,160)	(98)	(4,160)	(98)
<b>Cash Flows from (Used in) Financing Activities</b>				
Repayment of Interest Bearing Loans & Borrowings	(38,506)	(91,000)	(38,506)	(91,000)
Net Cash Proceeds from Current Interest Bearing Loans & Borrowings	40,009	15,662	40,009	15,662
Principal Payment under Finance Lease Liabilities	(298)	(471)	(298)	(471)
Net Cash Flows from/(Used in) Financing Activities	1,205	(75,809)	1,205	(75,809)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(28,174)	(94,089)	(28,174)	(94,129)
<b>Cash and Cash Equivalents at the beginning of the period</b>	16,190	70,715	16,190	70,442
<b>Cash and Cash Equivalents at the end of the period</b>	(11,984)	(23,374)	(11,984)	(23,687)
<b>Components of Cash &amp; Cash Equivalents</b>				
Cash & Bank Balances	3,357	2,179	3,357	1,866
Bank Overdrafts	(15,341)	(25,553)	(15,341)	(25,553)
<b>Total Cash Equivalents for the purpose of Cash Flow Statement</b>	(11,984)	(23,374)	(11,984)	(23,687)

The above figures are provisional and subject to audit

# **Ceylon Leather Products PLC**

## **Statement of Changes in Equity**

<b>GROUP</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Retained Earnings RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2010</b>	125,000	623,479	126,330	874,809
Net Profit for the Period	-	-	22,796	22,796
<b>Balance as at 30 th June 2010</b>	<u>-</u>	<u>-</u>	<u>149,126</u>	<u>897,605</u>
<b>COMPANY</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Retained Earnings RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2010</b>	125,000	623,479	138,963	887,442
Net Profit for the Period	-	-	22,242	22,242
<b>Balance as at 30 th June 2010</b>	<u>-</u>	<u>623,479</u>	<u>161,205</u>	<u>909,684</u>

<b>GROUP</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Retained Earnings RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2009</b>	125,000	623,479	90,432	838,911
Net Profit for the Period	-	-	3,490	3,490
<b>Balance as at 30 th June 2009</b>	<u>125,000</u>	<u>623,479</u>	<u>93,922</u>	<u>842,401</u>
<b>COMPANY</b>	<b>Stated Capital RS' 000</b>	<b>Revaluation Reserve RS' 000</b>	<b>Retained Earnings RS' 000</b>	<b>Total RS' 000</b>
<b>Balance as at 31 st March 2009</b>	125,000	623,479	103,237	851,716
Net Profit for the Period	-	-	3,395	3,395
<b>Balance as at 30 th June 2009</b>	<u>125,000</u>	<u>623,479</u>	<u>106,632</u>	<u>855,111</u>

The above figures are provisional and subject to audit

## **Ceylon Leather Products PLC**

### **Additional Notes to the Interim Financial Statements**

#### **For the Year Ended 30 June 2010**

1 These financial statements which are provisional and subject to audit are in compliance with the Sri Lanka Accounting Standard 35 and have been prepared in accordance with the accounting policies and method of computation disclosed in the Annual Report for the year ended 31 st March 2009, except for following adjustments made in the accounts (audited) for year ending 31 March 2010, with restrospective effect to previous years, in compliance with SLAS 10 - Accounting Policies, Changes in Accounting Estimates and Errors:

- a) Provisioning of Rs.95,595,326/-, being the Deferred Tax Liability arising on the revalued Property, Plant & Equipment, in accordance with Sri Lanka Accounting Standard 14 - Income Taxes.
- b) Provisioning of Rs. 100,000.- as allowance for fall in value of investment, and Rs.26,269,000.- as allowance for doubtful receivable from Subsidiary, Ceylon Leather Products Distributors (Pvt) Ltd.
- c) Increase in the carrying value of Associate Company, Tan Lanka Ltd. by Rs.5,366,637.- being the correction of understatement, in compliance with SLAS 27 - Investments in Associates

<b>2 Share Prices for the Quarter ended</b>	<b>30 June 2010</b>	<b>30 June 2009</b>
Higest	Rs.268.00	Rs.58.50
Lowest	Rs.85.00	Rs 47.25
Last Traded Price	Rs 234.00	Rs.52.25

3 Number of shares represented in stated Capital -12,500,000

#### **4 Twenty Major Shareholders of the Company as at 30 th June 2010**

<b>Name of the Shareholder</b>	<b>No of shares held</b>	<b>%</b>
Environmental Resources Investment PLC	8,911,051	71.29%
First Capital Market Ltd / Mr. W.D.N.H.Perera	216,600	1.73%
Mr.Wagoda Pathirage Amith Senerathna Perera	199,300	1.59%
Miss Godage Nanayakkara Ronali Lioma Dias	180,300	1.44%
Mr. Dharmasiri Priyantha Salpitikorala	118,800	0.95%
Mrs. Chandrika Gammeddegoda Liyanage Shriyani	88,500	0.71%
Mr. Dandunna Arachchige Dasantha Primal	82,001	0.66%
Mr. Thavagnanasooriyam Elayathamby	80,600	0.64%
Mr.Sulaiman Mohamed Mashoor/Mrs. R.Mashoor	71,800	0.57%
Mr.Thavagnanasundaram Elayathamby	65,200	0.52%
Mr. Parana Sattambige Kamila Jeewantha	51,800	0.41%
Mrs. Compannage Chamila Lakmalee Fonseka	51,000	0.41%
Mr.Fritzroy Fernandez	42,700	0.34%
Mrs. Farwina Mohamed Saburdeen Fatima	41,000	0.33%
Mr. Ajith Kumar Madanayaka	40,000	0.32%
Mr. Wanigasinghe Arachchige Udaya Sirimewan Wanasinghe	40,000	0.32%
Mrs.Pelawatthe Athukoralalage chandranimanel sisila webadagalla Wanasinghe	40,000	0.32%
Mr.Kahawe Guruge Anuradha Nalaka Wijesinghe	36,100	0.29%
Pan Asia Banking Corporation PLC/Emagwise (Pvt) Ltd	35,300	0.28%
Pan Asia Banking Corporation PLC/Mr.Channa Wijesekera Abeygoonawardana	32,500	0.26%

5 The public holding percentage as at 30 th June 2010 29 %

<b>6 Directors Shareholdings</b>	<b>30 June 2010</b>
<u>Name of Director</u>	<u>No of Shares</u>
Mr. Lalith Heengama ( Chairman)	Nil
Mr. S. S. Senaratne (Managing Director/ Chief Executive Officer)	Nil
Dr. K. Heengama	Nil
Mr. G. S. Newsome	Nil
Mr. M. K. B. Dodamgoda	Nil
Mr. H.B. Dissanayake	Nil
Mr. Gamini S. Munasinghe	Nil

**Ceylon Leather Products PLC****Additional Notes to the Interim Financial Statements (Contd.)****For the Quarter Ended 30 June 2010**

7 Shareholding by the Chief Executive Officer

30 June 2010

No of Shares

Mr. S. S. Senaratne

Nil

**8 Segment Information - Group (Geographical)****30 June 2010**

	<b>Local Sales</b>	<b>Export Sales</b>	<b>Total</b>
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	204,261	4,770	209,031
Total Revenue from External Customers	204,261	4,770	209,031
Operating Profit Segment Results (before finance cost)			41,103
Finance Cost			(8,224)
Finance Income			17
Finance Cost - Net			(8,207)
Share of Profit / ( Loss ) of Associate			-
Profit/ (Loss) before Tax			32,896
Income Tax (Expense)/ Reversal			(10,100)
Net Profit/(Loss) For the Year			22,796

**Segment Information - Group (Geographical)****30 June 2009**

	<b>Local Sales</b>	<b>Export Sales</b>	<b>Total</b>
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	102,409	3,272	105,681
Total Revenue from External Customers	102,409	3,272	105,681
Operating Profit Segment Results (before finance cost)			13,767
Finance Cost			(10,278)
Finance Income			1
Finance Cost - Net			(10,277)
Share of Profit / ( Loss ) of Associate			-
Profit/ (Loss) before Tax			3,490
Income Tax (Expense)/ Reversal			-
Net Profit/(Loss) For the Year			3,490

9 Where necessary, comparative figures have been re-classified to conform with the current period's presentation.

10 No any other circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

11 There has not been significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 March 2009.