



CEYLON LEATHER PRODUCTS PLC

INTERIM FINANCIAL STATEMENTS

Quarter Ended 30 June 2011

**CEYLON LEATHER PRODUCTS PLC –
HIGH LIGHTS FOR QUARTER ENDING 30 JUNE 2011**

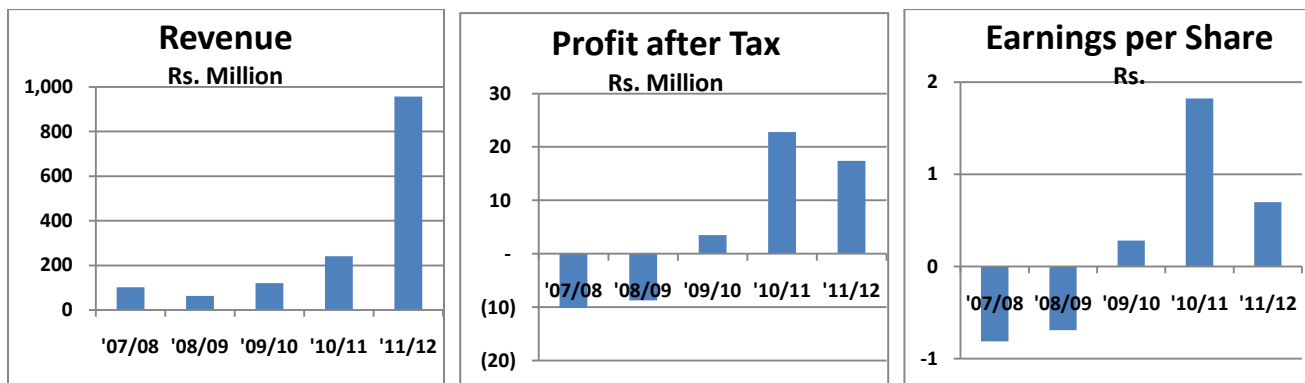
A growth in both Turnover and Profitability was reflected in the segment of Leather & Foot ware, while negative results contributed by the Textile segment eroded the Group profitability.

The Group Turnover for the period under review was Rs. 957 mn including the consolidation of newly acquired subsidiary, South Asia Textiles Lanka (Pvt) Ltd. (SATIL), compared to Rs. 240 mn in the previous year - 2010/11. This reflects an increase of 298 % over the previous year.

The profit after tax for the period was Rs. 17.4 mn, compared to the profit after tax of Rs. 22.8 mn during the year 2010/11. Leather & Footwear segment contributed Rs.23.6 mn, and the loss of Rs.6.2 mn from Textiles resulted lower profitability of the group.

The corrective measures have been taken to address the losses of subsidiary SATIL, and consequently positive results shown from May 2011 onwards, and is expected to continue.

**PERFORMANCE AT A GLANCE
Quarter Ending 30 June:**



Note: Results for the Quarter ending 30 June 2011 includes consolidation of South Asia Textiles Industries Lanka (Pvt) Ltd., the newly acquired subsidiary

Ceylon Leather Products PLC

Balance Sheet

	GROUP		COMPANY	
	30 June 2011 Unaudited Rs' 000.	31 March 2011 Unaudited Rs' 000.	30 June 2011 Unaudited Rs' 000.	31 March 2011 Unaudited Rs' 000.
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	1,704,302	1,727,735	912,508	902,719
Intangible Assets	2,271	2,370	2,271	2,370
Goodwill on Consideration	256,015	256,015	-	-
Investment in Subsidiary	-	-	550,000	550,000
Other Investments	55,962	74,488	55,962	55,962
Deferred Tax Asset	12,224	12,224	-	-
	2,030,774	2,072,832	1,520,741	1,511,051
Current Assets				
Inventories	853,840	1,021,783	178,798	164,398
Trade and Other Receivables	1,976,053	1,112,440	345,999	255,020
Short Term Investments	19,102	7,973	10,023	7,973
Income Tax Refunds due	65	683	-	-
Cash and Cash Equivalents	247,010	261,921	217,072	249,917
	3,096,070	2,404,800	751,892	677,308
Total Assets	5,126,844	4,477,632	2,272,633	2,188,359
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	1,037,500	1,037,500	1,037,500	1,037,500
Reserves	642,598	642,598	642,598	642,598
Retained earnings	222,318	226,908	233,281	235,975
Equity attributable to Shareholders of Parent	1,902,416	1,907,006	1,913,379	1,916,073
Minority Interest	273,304	276,306	-	-
Total Equity	2,175,720	2,183,312	1,913,379	1,916,073
Non-Current Liabilities				
Interest Bearing Loans & Borrowings	93,586	122,069	10,752	21,801
Defined Benefit Liability	45,054	44,174	32,927	31,685
Deferred Tax Liability	76,672	74,672	76,672	74,672
	215,312	240,915	120,351	128,158
Current Liabilities				
Trade and Other Payables	1,468,579	830,848	59,673	49,376
Income Tax Liabilities	54,122	42,829	52,820	41,820
Interest Bearing Loans & Borrowings	1,213,111	1,179,728	126,410	52,932
	2,735,812	2,053,405	238,903	144,128
Total Equity and Liabilities	5,126,844	4,477,632	2,272,633	2,188,359
Net Assets Per share (Rs.)	76.10	76.28	76.54	76.64

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.

(Sgd.)
S.S. Senaratne
Managing Director/ CEO

(Sgd.)
Dr. Kosala Heengama
Director

Colombo,
10 August 2011

Ceylon Leather Products PLC

Income Statement

	GROUP			COMPANY		
	Quarter Ended		Variance %	Quarter Ended		Variance %
	30 June 2011 Rs' 000.	30 June 2010 Rs' 000.		30 June 2011 Rs' 000.	30 June 2010 Rs' 000.	
Revenue (Gross)	957,456	240,460	298%	256,293	238,875	7%
Less - Taxes	(31,480)	(31,429)	0%	(31,359)	(31,390)	0%
Revenue - Net	925,976	209,031	343%	224,934	207,485	8%
Cost of Sales	(767,146)	(139,476)	-450%	(146,369)	(139,476)	-5%
Gross Profit	158,830	69,555	128%	78,565	68,009	16%
Other Operating Income	2,743	1,711	60%	1,543	1,711	-10%
Distribution Costs	(29,159)	(17,812)	-64%	(23,270)	(16,865)	-38%
Administrative Expenses	(62,404)	(12,351)	-405%	(20,058)	(12,306)	-63%
Finance Cost	(46,435)	(8,224)	-465%	(4,742)	(8,224)	42%
Finance Income	7,294	17		3,339	17	
Profit / (Loss) before Tax	30,869	32,896	-6%	35,377	32,342	9%
Share of Profit of Associate		-				
Income Tax Expense	(13,461)	(10,100)	-33%	(13,071)	(10,100)	-29%
Net Profit/(Loss) for the Period	17,408	22,796	-24%	22,306	22,242	0.3%
Attributable to						
Equity Holders of the Parent	20,410	22,796	-10%	22,306	22,242	0.3%
Minority Interest	(3,002)	-	-100%	-	-	0%
	17,408	22,796	-24%	22,306	22,242	0.3%
Earnings Per share - Rs.	0.70	1.82	-62%	0.89	1.78	-50%

The above figures are provisional and subject to audit

Ceylon Leather Products PLC
Cash Flow Statement

	GROUP		COMPANY	
	Quarter Ended		Quarter Ended	
	30 June 2011 Rs' 000.	30 June 2010 Rs' 000.	30 June 2011 Rs' 000.	30 June 2010 Rs' 000.
Cash Flows From / (Used in) Operating Activities				
Net profit before Income Tax Expense	30,869	32,896	35,377	32,342
Adjustments for				
Depreciation	42,603	7,087	8,400	7,087
Income from Investments	(7,294)	(17)	(3,339)	(17)
Profit on sale of Property, Plant & Equipment	-	(734)	-	(734)
Disposal of Investment	9,448			
Finance Costs	46,435	8,224	4,742	8,224
Provision for Defined Benefit Plans	1,425	1,275	1,425	1,275
Amortisation of Intangible Assets	99	99	99	99
Operating Profit/(Loss) before Working Capital Changes	123,585	48,830	46,704	48,276
(Increase)/ Decrease in Inventories	167,943	(13,255)	(14,400)	(13,255)
(Increase)/ Decrease in Trade and Other Receivables	(862,995)	(49,388)	(90,979)	(48,795)
Increase /(Decrease) in Trade and Other Payables	637,730	(2,960)	10,296	(2,999)
Cash Generated from Operations	66,263	(16,773)	(48,379)	(16,773)
Finance Costs	(46,435)	(8,224)	(4,742)	(8,224)
Defined Benefit Plan Costs	(545)	(222)	(184)	(222)
Income tax	(168)	-	(70)	-
Net Cash From/(Used in) Operating Activities	19,115	(25,219)	(53,375)	(25,219)
Cash Flows from / (Used in) Investing Activities				
Investment in Shares	(2,050)	-	(2,050)	-
Acquisition of Property, Plant & Equipment	(19,171)	(5,352)	(18,189)	(5,352)
Proceeds from Sale of Property, Plant & Equipment	-	1,175	-	1,175
Interest Received	7,294	17	3,339	17
Net Cash Flows from/(Used in) Investing Activities	(13,927)	(4,160)	(16,900)	(4,160)
Cash Flows from (Used in) Financing Activities				
Dividend Paid	(25,000)	-	(25,000)	-
Repayment of Interest Bearing Loans & Borrowings	(44,554)	(38,506)	(10,132)	(38,506)
Net Cash Proceeds from Current Interest Bearing Loans & Borrowings	14,989	40,009	39,897	40,009
Principal Payment under Finance Lease Liabilities	(1,451)	(298)	(916)	(298)
Net Cash Flows from/(Used in) Financing Activities	(56,016)	1,205	3,849	1,205
Net Increase/(Decrease) in Cash and Cash Equivalents	(50,828)	(28,174)	(66,426)	(28,174)
Cash and Cash Equivalents at the beginning of the period	91,764	16,190	249,917	16,190
Cash and Cash Equivalents at the end of the period	40,936	(11,984)	183,491	(11,984)
Components of Cash & Cash Equivalents				
Cash & Bank Balances	47,010	3,357	17,072	3,357
Fixed Deposits	200,000	-	200,000	-
Bank Overdrafts	(206,074)	(15,341)	(33,581)	(15,341)
Total Cash Equivalents for the purpose of Cash Flow Statement	40,936	(11,984)	183,491	(11,984)

The above figures are provisional and subject to audit

Ceylon Leather Products PLC
Statement of Changes in Equity

GROUP	Attributable to Equity Holders of Parent				Minority Interest	Total
	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total		
	RS' 000	RS' 000	RS' 000	RS' 000		
Balance as at 31 st March 2011	1,037,500	642,598	226,908	1,907,006	276,306	2,183,312
Dividend Paid	-	-	(25,000)	(25,000)	-	(25,000)
Net Profit for the period	-	-	20,410	20,410	(3,002)	17,408
Balance as at 30 June 2011	<u>1,037,500</u>	<u>642,598</u>	<u>222,318</u>	<u>1,902,416</u>	<u>273,304</u>	<u>2,175,720</u>
COMPANY	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total		
	RS' 000	RS' 000	RS' 000	RS' 000		
Balance as at 31 st March 2011	1,037,500	642,598	235,975	1,916,073		
Dividend Paid			(25,000)	(25,000)		
Net Profit for the period	-	-	22,306	22,306		
Balance as at 30 June 2011	<u>1,037,500</u>	<u>642,598</u>	<u>233,281</u>	<u>1,913,379</u>		

GROUP	Attributable to Equity Holders of Parent				Minority Interest	Total
	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total		
	RS' 000	RS' 000	RS' 000	RS' 000		
Balance as at 31 st March 2010	125,000	623,479	126,330	874,809	-	874,809
Net Profit for the period	-	-	22,796	22,796	-	22,796
Balance as at 30 June 2010	<u>125,000</u>	<u>623,479</u>	<u>149,126</u>	<u>897,605</u>	<u>-</u>	<u>897,605</u>
COMPANY	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total		
	RS' 000	RS' 000	RS' 000	RS' 000		
Balance as at 31 st March 2010	125,000	623,479	138,963	887,442		
Net Profit for the period	-	-	22,242	22,242		
Balance as at 30 June 2010	<u>125,000</u>	<u>623,479</u>	<u>161,205</u>	<u>909,684</u>		

The above figures are provisional and subject to audit

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements****For the 03 Months ended 30 th June 2011**

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 2010.

2 The Group results for the quarter ending 30 June 2011 includes consolidation of South Asia Textiles Industries Lanka (Pvt) Ltd., the newly acquired subsidiary

3 Share Prices for the Quarter ended	30.06.2011	30.06.2010
Higest	Rs.102.90	Rs.268.00
Lowest	Rs.78.00	Rs 85.00
Last Traded Price	Rs 95.30	Rs 234.00

4 Number of shares represented in stated Capital -25,000,000

5 Twenty Major Shareholders as at 30 th June 2011

Name of the Shareholder	No of shares held	%
1 Environmental Resources Investment PLC	18,655,602	74.62%
2 Dr. Kasim Nader	891,700	3.57%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	362,500	1.45%
4 Merchant Bank of Sri Lanka Ltd A/C No.1	299,300	1.20%
5 Pan Asia Banking Corporation PLC/Mr. W.P.A.S.Perera	139,800	0.56%
6 Dr.Sushil Rohantha De Silva	110,000	0.44%
7 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	100,000	0.40%
8 Mr. M.P.W. Gunawardana	88,700	0.35%
9 Mr.W.P.A.S.Perera	85,300	0.34%
10 Seylan Bank PLC / A.M.N.A.Abeykoon	82,300	0.33%
11 Mrs.G.L.S.Chandrika	81,400	0.33%
12 Waldock Mackenzie Ltd/Mr. L.P.Hapangama	70,000	0.28%
13 Merchant Credit of Sri Lanka Ltd	68,700	0.27%
14 Mr.Duraisamy Ganeshamoorthy	60,000	0.24%
15 Mercator Associates LLC	56,700	0.23%
16 Pan Asia Banking Corporation PLC/Mr. C.N.Rajahmoney	55,300	0.22%
17 Miss. M.K.Nirosha Gayani	55,200	0.22%
18 Harsha International (Pvt) Ltd	54,000	0.22%
19 Mr.M.A.Wickramachchi	52,100	0.21%
20 Mr. E.Thavagnanasundaram	35,200	0.14%

6 The public holding percentage as at 30 th June 2011 25.38 %

7 Directors Shareholdings	30/06/2011
<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.A.K.B. Dodamgoda	Nil
Mr. H.B. Dissanayake	Nil
Mr. Gamini S. Munasinghe	Nil

8 Shareholding by the Chief Executie Officer 30 th June 2011
No of Shares
 Mr. S. S. Senaratne Nil

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For the 03 Months ended 30 th June 2011****9 Twenty Major Warrant holders as at 30 th June 2011 - Warrant 2011 (WR2011)**

Name of the Warrant holder	No of Warrants held	% held
1 Environmental Resources Investment PLC	9,186,751	73.49%
2 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	175,100	1.40%
3 Mercator Associates LLC	130,900	1.05%
4 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	115,000	0.92%
5 First Capital Markets Ltd / Mr. W.D.N.H.Perera	85,000	0.68%
6 Mr.G.T. Jayasinghe	61,200	0.49%
7 Mr.E.Thavagnanasooriyam	60,500	0.48%
8 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	56,200	0.45%
9 Mr.C.D.D.Wijayananda	53,900	0.43%
10 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	53,300	0.43%
11 Mr. A.A.T.S. Amarasinghe	50,000	0.40%
12 Mr.A.W. Mohottala	48,100	0.38%
13 Pan Asia Banking Corporation PLC/Mr. K.R.Kannangara	39,300	0.31%
14 Mr. E.Thavagnanasundaram	35,200	0.28%
15 Mr. Somasiri Ellawala	34,062	0.27%
16 Mr. S.M.Masoor	32,505	0.26%
17 Mr.J.H.M.U.L. Herath	31,900	0.26%
18 Mr.W.S.Perera	31,300	0.25%
19 Mr.A.A.A.Hakeem	30,000	0.24%
20 Mr.C.R.S. De Saram	30,000	0.24%

Warrant Prices (WR2011) for the Quarter ended**30.06.2011**

Higest	Rs.23.00
Lowest	Rs.10.00
Last Traded Price	Rs.16.60

10 Twenty Major Warrant holders as at 30 th June 2011 - Warrant 2014 (WR2014)

Name of the Warrant holder	No of shares held	% held
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	381,500	1.53%
3 Pan Asia Banking Corporation PLC/Mr. C.N.Rajahmoney	118,900	0.48%
4 Pan Asia Banking Corporation PLC/Mr. S.S.C.Fernando	116,000	0.46%
5 Mercator Associates LLC	116,000	0.46%
6 Mr.A.W. Mohottala	113,900	0.46%
7 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	102,800	0.41%
8 Mr.W.B.L.Perera	101,400	0.41%
9 Mr.W.S.S.Rajapaksa	100,000	0.40%
10 Mr. S.M.Masoor	98,210	0.39%
11 Mr. D.R.M.S.Hettiarachchige	85,600	0.34%
12 Mr.M.Jayaweera	85,100	0.34%
13 Mr.L.Pathirana	72,814	0.29%
14 Mr.S.P.Samaratunge	72,000	0.29%
15 Mr.E.Thavagnanasundaram	70,400	0.28%
16 Pan Asia Banking Corporation PLC/Mr. H.H.A.Chandrasiri	68,000	0.27%
17 Waldock Mackenzie Limited / Mr. L.P.Hapangama	61,600	0.25%
18 First Capital Markets Limited / Mr. H.K.D.R.P.Amarasekera	60,200	0.24%
19 Mr.D.M.Jayalath	59,700	0.24%
20 Mr.S.H.L.N.P.Dissanayaka	59,500	0.24%

Warrant Prices (WR2014) for the Quarter ended**30.06.2011**

Higest	Rs.18.40
Lowest	Rs.10.00
Last Traded Price	Rs.14.40

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For the 03 Months ended 30 th June 2011****11 Twenty Major Warrant holders as at 30 th June 2011 - Warrant 2015 (WR2015)**

Name of the Warrant holder	No of shares held	% held
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	409,600	1.64%
3 Mr.M.Jayaweera	321,900	1.29%
4 Mercator Associates LLC	151,700	0.61%
5 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	116,800	0.47%
6 Mr.R.S.Gunawardena	115,800	0.46%
7 Pan Asia Banking Corporation PLC/Mr. C.N Rajahmoney	100,700	0.40%
8 Mr.S.Rajahmoney	100,000	0.40%
9 Waldock Mackenzie Ltd /Mr. L.P. Hapangama	97,600	0.39%
10 Mr.K.S.Jinadasa	90,200	0.36%
11 Mr. S.M.Masoor	89,210	0.36%
12 Mr.E.Thavagnansooriyam	84,000	0.34%
13 Mrs.S.C.R.Thambimuttu	77,138	0.31%
14 Mr.E.Thavagnanasundaram	70,400	0.28%
15 Mr.L.Pathirana	63,914	0.26%
16 Pan Asia Banking Corporation PLC/Mr. W.N.P.Withanarachchi	62,500	0.25%
17 Mr.M.Chandrasekara	61,400	0.25%
18 Mrs.K.Rajapakshage	59,600	0.24%
19 First Capital Markets Limited / Mr. M.A.U.Gnanathilaka	58,150	0.23%
20 Pan Asia Banking Corporation PLC/Mr. A.M.N.A.Abeykoon	54,048	0.22%

Share Prices (WR2015) for the Quarter ended**30.06.2011**

Highest

Rs.18.90

Lowest

Rs.10.00

Last Traded Price

Rs.15.30

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For the 03 Months ended 30 th June 2011****12 Segment Information - Group**

	30 June 2011		
	Leather & Footwear	Textile	Total
	Rs. 000	Rs. 000	Rs. 000
Revenue - Local (Net of Taxes)	222,720	5,816	228,536
Revenue - Export (Direct/ Indirect)	5,657	691,783	697,440
Total Segment Revenue (Net of Taxes)	228,377	697,599	925,976
Operating Profit Segment Results (before finance cost)	36,926	30,341	67,267
Finance Cost	(4,742)	(41,693)	(46,435)
Finance Income	3,339	3,955	7,294
Finance Cost - Net	(1,403)	(37,738)	(39,141)
Other Income	1,543	1,200	2,743
Share of Profit / (Loss) of Associate	-	-	-
Profit/ (Loss) before Tax	37,066	(6,197)	30,869
Income Tax (Expense)/ Reversal	(13,461)	-	(13,461)
Net Profit/(Loss) For the Period	23,605	(6,197)	17,408

Segment Information - Group

	30 June 2010		
	Leather & Footwear	Textile	Total
	Rs. 000	Rs. 000	Rs. 000
Revenue - Local (Net of Taxes)	204,261	-	204,261
Revenue - Export	4,770	-	4,770
Total Segment Revenue (Net of Taxes)	209,031	-	209,031
Operating Profit Segment Results (before finance cost)	39,392	-	39,392
Finance Cost	(8,224)	-	(8,224)
Finance Income	17	-	17
Finance Cost - Net	(8,207)	-	(8,207)
Other Income	1,711	-	1,711
Share of Profit / (Loss) of Associate	-	-	-
Profit/ (Loss) before Tax	32,896	-	32,896
Income Tax (Expense)/ Reversal	(10,100)	-	(10,100)
Net Profit/(Loss) For the Period	22,796	-	22,796

13 A Rights issue of 12,500,000 shares, being one new ordinary share for every one existing ordinary share in the Company at a consideration of Rs.73.- per share as approved at the Extraordinary General Meeting held on 25 August 2010 was carried during the year 2010/11.

Share Warrants were also attached to above rights as per the basis shown below:

- 12,500,000 Warrants: 01 Warrant for 01 Right, at an exercise price of Rs.102.- per share in year 2011.
- 25,000,000 Warrants: 02 Warrant for 01 Right, at an exercise price of Rs.118.- per share in year 2014.
- 25,000,000 Warrants: 02 Warrant for 01 Right, at an exercise price of Rs.142.- per share in year 2015.

14 An interim dividend of Rs.1.00 per share, totaling to Rs.25,000,000.- was paid on 12 April 2011 for the financial year ending 31 March 2011.

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

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

17 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 2010.