



CEYLON LEATHER PRODUCTS PLC

INTERIM FINANCIAL STATEMENTS

Nine Months Ended 31 December 2010

**CEYLON LEATHER PRODUCTS PLC –
HIGH LIGHTS FOR NINE MONTHS ENDING 31 DECEMBER 2010**

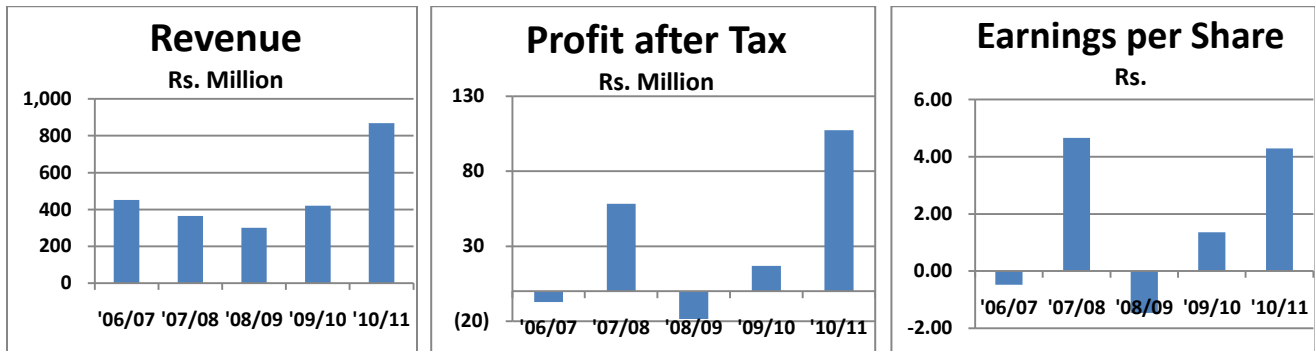
The improvements in the performance of the Company and the Group continued in the 3rd quarter. The overall results for the nine months ending 31 December 2010 is encouraging.

The Group Turnover for the period under review was Rs. 868 mn compared to Rs. 421 mn in the corresponding period of year 2009/10. This reflects an increase of 106% over the previous year.

During the period under review a gross profit of Rs. 249 mn was recorded compared to Rs. 123 mn in the previous year.

The profit after tax for the period was Rs. 107 mn, which includes Rs.16.4 mn being profit on sale of investments and Rs.16.7 mn being preference share dividend compared to the profit after tax of Rs. 17 mn during the corresponding period in the year 2009/10.

**PERFORMANCE AT A GLANCE
Nine Months Ending 31 December:**



Ceylon Leather Products PLC

Balance Sheet

	GROUP		COMPANY	
	31 Dec 2010 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.	31 Dec 2010 Unaudited Rs' 000.	31 March 2010 Audited Rs' 000.
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	888,570	868,586	888,570	868,586
Intangible Assets	2,468	2,765	2,468	2,765
Investment in Subsidiary	-	-	-	-
Investment in Associate	-	6,515	-	5,603
Other Investments	605,962	1,954	605,962	1,954
	1,497,000	879,820	1,497,000	878,908
Current Assets				
Inventories	236,537	114,981	236,537	114,981
Trade and Other Receivables	295,860	231,408	305,028	244,279
Income Tax Refunds due	65	65	-	-
Cash and Cash Equivalents	236,310	16,190	236,310	16,190
	768,772	362,644	777,875	375,450
Total Assets	2,265,772	1,242,464	2,274,875	1,254,358
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	1,037,500	125,000	1,037,500	125,000
Reserves	623,479	623,479	623,479	623,479
Retained earnings	233,585	126,330	244,021	138,963
Total Equity	1,894,564	874,809	1,905,000	887,442
Non-Current Liabilities				
Interest Bearing Loans & Borrowings	37,493	49,129	37,493	49,129
Defined Benefit Liability	31,726	30,202	31,726	30,202
Deferred Tax Liability	71,720	70,720	71,720	70,720
	140,939	150,051	140,939	150,051
Current Liabilities				
Trade and Other Payables	54,227	63,911	53,761	63,603
Income Tax Liabilities	31,485	21,969	30,618	21,538
Interest Bearing Loans & Borrowings	144,557	131,724	144,557	131,724
	230,269	217,604	228,936	216,865
Total Equity and Liabilities	2,265,772	1,242,464	2,274,875	1,254,358
Net Assets Per share (Rs.)	75.78	69.98	76.20	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.

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

(Sgd.)
Dr. Kosala Heengama
Director

Colombo,
08 February 2011

Ceylon Leather Products PLC
Income Statement

	GROUP			COMPANY			GROUP			COMPANY		
	Quarter Ended		Variance	Quarter Ended		Variance	Nine months Ended		Variance	Nine months Ended		Variance
	31 Dec 2010	31 Dec 2009		31 Dec 2010	31 Dec 2009		31 Dec 2010	31 Dec 2009		31 Dec 2010	31 Dec 2009	
	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%	Rs' 000.	Rs' 000.	%
Revenue (Gross)	316,381	168,320	88%	313,254	166,654	88%	868,336	420,678	106%	860,541	416,026	107%
Less - Taxes	(41,405)	(21,726)	-91%	(41,329)	(21,667)	-91%	(113,509)	(53,638)	-112%	(113,319)	(53,489)	-112%
Revenue - Net	274,976	146,594	88%	271,925	144,987	88%	754,827	367,040	106%	747,222	362,537	106%
Cost of Sales	(200,316)	(93,022)	-115%	(200,316)	(93,022)	-115%	(506,074)	(243,892)	-107%	(506,074)	(243,892)	-107%
Gross Profit	74,660	53,572	39%	71,609	51,965	38%	248,753	123,148	102%	241,148	118,645	103%
Other Operating Income	21,562	1,300	1559%	21,562	1,300	1559%	41,613	2,550	1532%	42,525	2,550	1568%
Distribution Costs	(27,022)	(19,198)	-41%	(25,854)	(18,103)	-43%	(67,852)	(35,373)	-92%	(64,461)	(32,139)	-101%
Administrative Expenses	(18,726)	(12,815)	-46%	(18,664)	(12,771)	-46%	(55,321)	(34,823)	-59%	(55,132)	(34,689)	-59%
Finance Cost	(9,658)	(11,090)	13%	(9,658)	(11,090)	13%	(27,051)	(31,878)	15%	(27,051)	(31,878)	15%
Finance Income	2,235	7	31829%	2,235	7	31829%	2,277	7	32429%	2,277	7	32429%
Profit / (Loss) before Tax	43,051	11,776	266%	41,230	11,308	265%	142,419	23,631	503%	139,306	22,496	519%
Share of Profit of Associate	-	-		-	-		-	-		-	-	
Income Tax Expense	(6,252)	(4,000)	56%	(5,837)	(4,000)	-46%	(35,164)	(6,700)	-425%	(34,248)	(6,700)	-411%
Net Profit/(Loss) for the Period	36,799	7,776	373%	35,393	7,308	384%	107,255	16,931	533%	105,058	15,796	565%
Earnings Per share	1.47	0.62	137%	1.42	0.58	142%	4.29	1.35	217%	4.20	1.26	233%

The above figures are provisional and subject to audit

Ceylon Leather Products PLC

Cash Flow Statement

	GROUP		COMPANY	
	Nine Months Ended		Nine Months Ended	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	Rs' 000.	Rs' 000.	Rs' 000.	Rs' 000.
Cash Flows From / (Used in) Operating Activities				
Net profit before Income Tax Expense	142,419	23,631	139,306	22,496
Adjustments for				
Depreciation	22,309	18,625	22,309	18,625
Income from Investments	(2,277)	(7)	(2,277)	(7)
Profit on sale of Property, Plant & Equipment	(3,718)	-	(3,718)	-
Profit on Sale of Investment	(16,387)		(17,299)	
Finance Costs	27,051	31,878	27,051	31,878
Provision for Defined Benefit Plans	3,825	2,835	3,825	2,835
Amortisation of Intangible Assets	297	297	297	297
Operating Profit/(Loss) before Working Capital Changes	173,519	77,259	169,494	76,124
(Increase)/ Decrease in Inventories	(121,556)	3,731	(121,556)	3,731
(Increase)/ Decrease in Trade and Other Receivables	(64,452)	(64,253)	(60,268)	(63,120)
Increase/ (Decrease) in NonTrade Dues to Related Parties	-	(399)	-	(399)
Increase /(Decrease) in Trade and Other Payables	(32,175)	4,846	(32,334)	4,848
Cash Generated from Operations	(44,664)	21,184	(44,664)	21,184
Finance Costs	(27,051)	(31,878)	(27,051)	(31,878)
Defined Benefit Plan Costs	(2,301)	(3,882)	(2,301)	(3,882)
Income tax	(2,726)	-	(2,726)	-
Net Cash From/(Used in) Operating Activities	(76,742)	(14,576)	(76,742)	(14,576)
Cash Flows from / (Used in) Investing Activities				
Investment in Shares	(604,007)	-	(604,007)	
Proceeds from Sale of Investment	22,901		22,901	
Acquisition of Property, Plant & Equipment	(42,621)	(4,891)	(42,621)	(4,891)
Proceeds from Sale of Property, Plant & Equipment	4,616	-	4,616	-
Interest Received	2,277	7	2,277	7
Net Cash Flows from/(Used in) Investing Activities	(616,834)	(4,884)	(616,834)	(4,884)
Cash Flows from (Used in) Financing Activities				
Proceeds from Right Issue	912,500	23,684	912,500	23,684
Repayment of Interest Bearing Loans & Borrowings	(59,201)	(103,130)	(59,201)	(103,130)
New Lease obtained	12,150		12,150	
Net Cash Proceeds from Current Interest Bearing Loans & Borrowing	45,225	33,573	45,225	33,573
Principal Payment under Finance Lease Liabilities	(1,482)	(1,173)	(1,482)	(1,173)
Net Cash Flows from/(Used in) Financing Activities	909,192	(47,046)	909,192	(47,046)
Net Increase/(Decrease) in Cash and Cash Equivalents	215,616	(66,506)	215,616	(66,506)
Cash and Cash Equivalents at the beginning of the period	16,190	70,793	16,190	70,793
Cash and Cash Equivalents at the end of the period	231,806	4,287	231,806	4,287
Components of Cash & Cash Equivalents				
Cash & Bank Balances	236,310	6,000	236,310	6,000
Bank Overdrafts	(4,504)	(1,713)	(4,504)	(1,713)
Total Cash Equivalents for the purpose of Cash Flow Statement	231,806	4,287	231,806	4,287

The above figures are provisional and subject to audit

Ceylon Leather Products PLC
Statement of Changes in Equity

GROUP	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
Proceeds From Rights Issue	912,500	-	-	912,500
Net Profit For the period	-	-	107,255	107,255
Balance as at 31 December 2010	<u>1,037,500</u>	<u>623,479</u>	<u>233,585</u>	<u>1,894,564</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
Proceeds From Rights Issue	912,500			912,500
Net Profit For the period	-	-	105,058	105,058
Balance as at 31 December 2010	<u>1,037,500</u>	<u>623,479</u>	<u>244,021</u>	<u>1,905,000</u>

GROUP	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total
	RS' 000	RS' 000	RS' 000	RS' 000
Balance as at 31 st March 2009	125,000	623,479	90,432	838,911
Net Profit for the Period	-	-	16,931	16,931
Balance as at 31 December 2009	<u>125,000</u>	<u>623,479</u>	<u>107,363</u>	<u>855,842</u>
COMPANY	Stated Capital	Revaluation Reserve	Accumulated Profit/(Loss)	Total
	RS' 000	RS' 000	RS' 000	RS' 000
Balance as at 31 st March 2009	125,000	623,479	103,237	851,716
Net Profit for the Period	-	-	15,796	15,796
Balance as at 31 December 2009	<u>125,000</u>	<u>623,479</u>	<u>119,033</u>	<u>867,512</u>

The above figures are provisional and subject to audit

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements****For Nine Months Ended 31 st December 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 2010.

2 Share Prices for the Quarter ended	31.12.2010	31.12.2009
Higest	Rs.126.00	Rs.62.75
Lowest	Rs.78.90	Rs.53.00
Last Traded Price	Rs 92.60	Rs 56.00

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

4 Twenty Major Shareholders as at 31 st December 2010

Name of the Shareholder	No of shares held	%
Environmental Resources Investment PLC	18,116,902	72.47%
Dr. Kasim Nader	408,000	1.63%
HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singapore A/C 01	376,700	1.51%
Mercator Associates LLC	278,600	1.11%
Pan Asia Banking Corporation PLC/Mr. W.P.A.S.Perera	188,600	0.75%
Wagoda Pathirage Amith Senarathna Perera	126,000	0.50%
Sushil Rohantha De Silva	120,000	0.48%
Merchant Bank of Sri Lanka Ltd A/C No.1	113,600	0.45%
First Capital Markets Ltd / Mr. E.P.I Fernando	103,087	0.41%
Gammeddegoda Liyanage Shriyani Chandrika	102,900	0.41%
Pan Asia Banking Corporation PLC/Mr. S.S.C Fernando	100,000	0.40%
Pan Asia Banking Corporation PLC/Mr. C.W. Abeygoonawardane	87,100	0.35%
Dr.W.S.E. Fernando / S.K. Fernando	85,000	0.34%
Pan Asia Banking Corporation PLC/Mr. C.N Rajahmoneey	84,500	0.34%
Waldock Mackenzie Ltd /Mr. L.P. Hapangama	70,000	0.28%
Merchant Credit of Sri Lanka Ltd	68,700	0.27%
MBSL Savings Bank Ltd	61,500	0.25%
E.Thavagnanasooriyam / E.E.Thavagnanasundaram	60,500	0.24%
Perpetual Capital (Private) Ltd	59,200	0.24%
M.P.W. Gunawardana	51,000	0.20%

5 The public holding percentage as at 31st December 2010 27.53 %

6 Directors Shareholdings	31/12/2010
<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

7 Shareholding by the Chief Executie Officer 31 Dec. 2010
No of Shares
Mr. S. S. Senaratne Nil

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For Nine Months Ended 31 st December 2010****8 Twenty Major Warrant holders as at 31 st December 2010 - Warrant 2011 (WR2011)**

Name of the Warrant holder	No of Warrants held	% held
1 Environmental Resources Investment PLC	9,205,851	73.65%
2 Dr. Kasim Nader	208,000	1.66%
3 First Capital Markets Ltd / Mr. W.D.N.H.Perera	200,000	1.60%
4 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singa	175,300	1.40%
5 Mercator Associates LLC	163,600	1.31%
6 C.N Rajahmoney	78,174	0.63%
7 A.W. Mohottala	66,300	0.53%
8 E.Thavagnanasooriyam / E.E.Thavagnanasundaram	60,500	0.48%
9 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	56,200	0.45%
10 Wagoda Pathirage Amith Senarathna Perera	56,000	0.45%
11 Sushil Rohantha De Silva	50,000	0.40%
12 Pan Asia Banking Corporation PLC/Emagewise (Pvt) Ltd	46,419	0.37%
13 W.S. Perera	44,000	0.35%
14 M.A.T.Raaymakers	43,400	0.35%
15 G.N.R. Dias	39,000	0.31%
16 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	38,100	0.30%
17 E.Thavagnanasundaram	35,200	0.28%
18 Gammeddegoda Liyanage Shriyani Chandrika	32,900	0.26%
19 V.P.K.A. Palpita	32,700	0.26%
20 S.M.Masoor/R.Mashur	32,505	0.26%

Warrant Prices (WR2011) for the Quarter ended**31.12.2010**

Highest

Rs.39.00

Lowest

Rs.20.00

Last Traded Price

Rs 25.50

9 Twenty Major Warrant holders as at 31 st December 2010 - Warrant 2014 (WR2014)

Name of the Warrant holder	No of shares held	% held
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 Dr. Kasim Nader	416,000	1.66%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singa	381,500	1.53%
4 First Capital Markets Ltd / Mr. W.D.N.H.Perera	308,100	1.23%
5 Perpetual Capital (Private) Ltd	163,000	0.65%
6 Mercator Associates LLC	135,000	0.54%
7 E.Thavagnanasooriyam / E.E.Thavagnanasundaram	121,000	0.48%
8 Pan Asia Banking Corporation PLC/Mr. C.N Rajahmoney	118,900	0.48%
9 Pan Asia Banking Corporation PLC/Mr. M.N.Ranasinghe	102,800	0.41%
10 Sushil Rohantha De Silva	100,000	0.40%
11 Pan Asia Banking Corporation PLC/Emagewise (Pvt) Ltd	92,838	0.37%
12 Wagoda Pathirage Amith Senarathna Perera	92,000	0.37%
13 Gammeddegoda Liyanage Shriyani Chandrika	91,600	0.37%
14 W.S. Perera	91,000	0.36%
15 Pan Asia Banking Corporation PLC/Mr. C.W. Abeygoonawardane	89,800	0.36%
16 S.M.Masoor	78,510	0.31%
17 E.Thavagnanasundaram	70,400	0.28%
18 Pan Asia Banking Corporation PLC/Mr. H.H.A.Chandrasiri	69,800	0.28%
19 H.M.C.M. Perera	69,238	0.28%
20 First Capital Markets Ltd / Mr. E.P.I.Fernando	67,374	0.27%

Warrant Prices (WR2014) for the Quarter ended**31.12.2010**

Highest

Rs.35.00

Lowest

Rs.14.90

Last Traded Price

Rs 19.00

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For Nine Months Ended 31 st December 2010****10 Twenty Major Warrant holders as at 31 st December 2010 - Warrant 2015 (WR2015)**

Name of the Warrant holder	No of shares held	% held
1 Environmental Resources Investment PLC	18,411,702	73.65%
2 Dr. Kasim Nader	416,000	1.66%
3 HSBC International Nominees Ltd-SSBT-Deutsche Bank AG Singap	409,600	1.64%
4 H.M.C.M. Perera	197,138	0.79%
5 Mercator Associates LLC	178,200	0.71%
6 W.S. Perera	174,300	0.70%
7 Perpetual Capital (Private) Ltd	152,800	0.61%
8 E.Thavagnanasooriyam / E.E.Thavagnanasundaram	121,000	0.48%
9 Pan Asia Banking Corporation PLC/Mr. W.P.A.S.Perera	109,000	0.44%
10 Pan Asia Banking Corporation PLC/Mr. C.N Rajahmoney	100,700	0.40%
11 S.Rajahmoney	100,000	0.40%
12 First Capital Markets Ltd / Mr. W.D.N.H. Perera	100,000	0.40%
13 Sushil Rohantha De Silva	100,000	0.40%
14 Waldock Mackenzie Ltd /Mr. L.P. Hapangama	97,600	0.39%
15 Pan Asia Banking Corporation PLC/Emagewise (Pvt) Ltd	92,838	0.37%
16 Wagoda Pathirage Amith Senarathna Perera	82,000	0.33%
17 S.M.Masoor/R.R.Mashur	80,010	0.32%
18 Pan Asia Banking Corporation PLC/Mr. C.W. Abeygoonawardane	74,800	0.30%
19 E.Thavagnanasundaram	70,400	0.28%
20 Pan Asia Banking Corporation PLC/Mr. N.Vandebona	62,000	0.25%

Share Prices (WR2015) for the Quarter ended**31.12.2010**

Higest

Rs.30.00

Lowest

Rs.15.00

Last Traded Price

Rs 19.00

Ceylon Leather Products PLC**Additional Notes to the Interim Financial Statements (Contd.)****For Nine Months Ended 31 st December 2010****11 Segment Information - Group (Geographical)**

	31 Dec 2010		
	Local Sales	Export Sales	Total
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	739,267	15,560	754,827
Total Revenue from External Customers	739,267	15,560	754,827
Operating Profit Segment Results (before finance cost)			125,580
Finance Cost			(27,051)
Finance Income			2,277
Finance Cost - Net			(24,774)
Other Income			41,613
Share of Profit / (Loss) of Associate			-
Profit/ (Loss) before Tax			142,419
Income Tax (Expense)/ Reversal			(35,164)
Net Profit/(Loss) For the Period			107,255

Segment Information - Group (Geographical)

	31 Dec 2009		
	Local Sales	Export Sales	Total
	Rs. 000	Rs. 000	Rs. 000
Total Segment Revenue - net of taxes	352,704	14,336	367,040
Total Revenue from External Customers	352,704	14,336	367,040
Operating Profit Segment Results (before finance cost)			52,952
Finance Cost			(31,878)
Finance Income			7
Finance Cost - Net			(31,871)
Other Income			2,550
Share of Profit / (Loss) of Associate			-
Profit/ (Loss) before Tax			23,631
Income Tax (Expense)/ Reversal			(6,700)
Net Profit/(Loss) For the Period			16,931

12 Other Operating Income includes Rs.16.4 Million being the capital gain on sale of 636,148 shares (47.9% stake) in Associate Company, Tan Lanka Limited at a consideration of Rs.22.9 Million and a sum of Rs. 16.7 Million being the preference share dividend from South Asia Textiles Industries Lanka (Private) Limited.

13 Other investments include Rs.54,007,452, being 6,000,828 shares in Dankotuwa Porcelain PLC and Rs.550,000,000.-, being 38,306,066 Shares in South Asia Textiles Industries Lanka (Private) Limited acquired through private placements.

14 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 period under review. Total proceeds of amounting to Rs.912,500,000.- was reflected in the Stated Capital

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.

New Ordinary shares & Warrants were listed on the CSE on 07 & 11 October 2010 respectively.

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.