



**DIPPED PRODUCTS PLC**

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INTERIM REPORT FOR THE THREE MONTHS ENDED 30TH JUNE 2008



# CORPORATE INFORMATION

## LEGAL FORM

A Public Limited Company  
Incorporated in Sri Lanka in 1976

## COMPANY NUMBER

PQ60

## DIRECTORS

N.G. Wickremeratne - *Chairman*  
J.A.G. Anandarajah - *Managing Director*  
H.A. Pieris (*resigned on 30.04.2008*)  
R.W. Soysa  
Dr. W.S.E. Fernando  
G.K. Seneviratne  
N.Y. Fernando  
N.B. Weerasekera  
R.K. Witanachchi  
A.M. Pandithage  
(*Alternate: R.A. Ebell*)  
R. Seevaratnam  
F. Mohideen (*w.e.f. 10.07.2008*)

## SUBSIDIARIES

### Hand Protection

Palma Limited  
Grossart (Private) Limited  
Venigros (Private) Limited  
Neoprex (Private) Limited  
Texnil (Private) Limited  
Feltex (Private) Limited  
Dipped Products (Thailand) Limited  
ICOGUANTI SpA  
Hanwella Rubber Products Limited

### Plantations

DPL Plantations (Private) Limited  
Kelani Valley Plantations PLC  
Kelani Valley Green Tea (Private) Limited  
Kalupahana Power Company (Private) Limited

## ASSOCIATE

Mabroc Teas (Private) Limited

## SECRETARIES

Hayleys Group Services (Private) Limited  
400, Deans Road, Colombo 10, Sri Lanka

## STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed with the  
Colombo Stock Exchange of Sri Lanka

## REGISTERED OFFICE

Hayley Building  
400, Deans Road, Colombo 10, Sri Lanka  
Telephone: 2683964-7 (4 Lines), 2698354  
Fax: 2699018 & 2699299  
E-mail: [postmast@dplgroup.com](mailto:postmast@dplgroup.com)  
Website: [www.dplgroup.com](http://www.dplgroup.com)

## PRINCIPAL LINES OF BUSINESS

Manufacture and Marketing of industrial, general purpose and medical rubber gloves,  
Management of tea and rubber plantations

## INCOME STATEMENTS

<b>Consolidated Company</b>		<b>Consolidated</b>			<b>Company</b>		
Audited year to 31.03.2008 Rs. '000	Audited year to 31.03.2008 Rs. '000	<b>Unaudited 03 months to 30.06.2008 Rs. '000</b>	Unaudited 03 months to 30.06.2007 Rs. '000	Increase/ (Decrease) %	<b>Unaudited 03 months to 30.06.2008 Rs. '000</b>	Unaudited 03 months to 30.06.2007 Rs. '000	Increase/ (Decrease) %
11,152,895	1,243,201	<b>2,930,172</b>	2,541,472	15	<b>251,299</b>	268,954	(7)
(8,974,331)	(1,003,816)	<b>(2,361,830)</b>	(2,062,681)	15	<b>(207,977)</b>	(216,496)	(4)
2,178,564	239,385	<b>568,342</b>	478,791	19	<b>43,322</b>	52,458	(17)
13,345	4,570	-	996	(100)	<b>616</b>	616	-
(986,172)	(193,529)	<b>(242,561)</b>	(208,418)	16	<b>(39,229)</b>	(38,396)	2
(392,893)	(29,216)	<b>(119,676)</b>	(87,202)	37	<b>(7,061)</b>	(2,055)	244
(10,931)	(537)	<b>(1,914)</b>	(3,338)	(43)	<b>(632)</b>	(2,806)	(77)
-	(100,000)	-	-	-	-	-	-
(223,435)	283,322	<b>(16,252)</b>	(26,423)	(38)	<b>112,898</b>	8,874	1,172
37,491	-	<b>(4,588)</b>	11,308	(141)	-	-	-
615,969	203,995	<b>183,351</b>	165,714	11	<b>109,914</b>	18,691	488
(100,627)	8,599	<b>(29,892)</b>	(29,821)	-	<b>(733)</b>	(1,174)	(38)
515,342	212,594	<b>153,459</b>	135,893	13	<b>109,181</b>	17,517	523
<b>Attributable to:</b>							
371,122		<b>100,122</b>	111,415	(10)			
144,220		<b>53,337</b>	24,478	118			
515,342		<b>153,459</b>	135,893	13			
Basic earnings per ordinary share							
6.20		<b>1.67</b>	1.86				
Diluted earnings per ordinary share							
6.20		<b>1.67</b>	1.86				

\*Computed based on 59,861,512 ordinary shares on issue as at June 30, 2008.

The notes to the financial statements on pages 8 & 9 form an integral part of the financial statements.

*The figures in brackets indicate deductions.*

# BALANCE SHEETS

Consolidated		Company		Consolidated		Company	
Audited as at 31.03.2008 Rs. '000	Audited as at 31.03.2008 Rs. '000			Unaudited as at 30.06.2008 Rs. '000	Unaudited as at 30.06.2007 Rs. '000	Unaudited as at 30.06.2008 Rs. '000	Unaudited as at 30.06.2007 Rs. '000
<b>ASSETS</b>							
<b>Non-Current Assets</b>							
4,402,997	311,140	Property, plant & equipment		4,557,967	4,141,884	310,258	225,348
15,684	–	Intangible assets		15,684	15,684	–	–
–	843,688	Investments in subsidiaries		–	–	843,688	943,688
98,609	–	Investments in associate		94,247	88,249	–	–
197,010	194,457	Other long-term investments		197,010	195,410	194,457	194,457
11,933	11,933	Deferred tax asset		11,933	4,528	11,933	4,528
4,726,233	1,361,218			4,876,841	4,445,755	1,360,336	1,368,021
4,871,990	1,704,085	<b>Current assets</b>	2	5,192,910	5,061,059	1,911,645	1,619,385
9,598,223	3,065,303	<b>Total assets</b>		10,069,751	9,506,814	3,271,981	2,987,406
<b>EQUITY AND LIABILITIES</b>							
<b>Equity Attributable to Equity Holders of the Company</b>							
598,615	598,615	Stated capital	3	598,615	598,615	598,615	598,615
172,018	99,882	Capital reserves		174,223	172,018	99,882	99,882
2,039,771	872,256	Revenue reserves		2,143,293	1,854,167	981,437	766,971
2,810,404	1,570,753			2,916,131	2,624,800	1,679,934	1,465,468
710,504	–	<b>Minority interest</b>		776,345	622,600	–	–
3,520,908	1,570,753	<b>Total equity</b>		3,692,476	3,247,400	1,679,934	1,465,468
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
133,120	–	Deferred tax liability		133,392	107,334	–	–
741,653	144,054	Retirement benefit obligations		776,646	633,600	147,491	135,534
33,819	–	Agents' indemnity fund		36,727	27,877	–	–
1,360,252	–	Interest bearing borrowings		1,371,846	1,489,692	–	11,025
246,277	–	Deferred income		277,133	208,500	–	–
2,515,121	144,054			2,595,744	2,467,003	147,491	146,559
3,562,194	1,350,496	<b>Current liabilities</b>	4	3,781,531	3,792,411	1,444,556	1,375,379
9,598,223	3,065,303	<b>Total equity &amp; liabilities</b>		10,069,751	9,506,814	3,271,981	2,987,406

The notes to the financial statements on pages 8 & 9 form an integral part of the financial statements.

The Balance Sheets as at June 30, 2008, and Statements of Income, Changes in Equity and Cash Flow for the three months then ended are drawn up from the unaudited financial statements of the Company, its subsidiaries and associate and provide the information required by the Colombo Stock Exchange.

It is certified that the interim financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



**N.A.R.R.S. Nanayakkara**  
General Manager - Finance

Signed on behalf of the Board



**N.G. Wickremeratne**  
Chairman

July 31, 2008



**J.A.G. Anandarajah**  
Managing Director

## STATEMENTS OF CHANGES IN EQUITY - CONSOLIDATED

For the period ended June 30, 2008

	Attributable to Equity Holders of the Company										
	Stated Capital	Capital Reserves				Revenue Reserves			Total	Minority Interest	Total Equity
	Rs. '000	Capital Redemption Reserve Fund	Reserve on Scrip Issue	Reserve on Revaluation of Assets	Legal Reserve	General Reserve	Retained Earnings	Exchange Fluctuation Reserve	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at April 1, 2008</b>	598,615	180	25,384	139,760	6,694	625,173	1,304,945	109,653	2,810,404	710,504	3,520,908
Exchange difference on translation of overseas entities	-	-	-	-	-	-	-	5,605	5,605	12,504	18,109
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	-	5,605	5,605	12,504	18,109
Profit for the period	-	-	-	-	-	-	100,122	-	100,122	53,337	153,459
Transfer to Legal reserve	-	-	-	-	2,205	-	(2,205)	-	-	-	-
<b>Balance as at June 30, 2008</b>	<b>598,615</b>	<b>180</b>	<b>25,384</b>	<b>139,760</b>	<b>8,899</b>	<b>625,173</b>	<b>1,402,862</b>	<b>115,258</b>	<b>2,916,131</b>	<b>776,345</b>	<b>3,692,476</b>
<b>For the period ended June 30, 2007</b>	<b>598,615</b>	<b>180</b>	<b>25,384</b>	<b>139,760</b>	<b>4,797</b>	<b>504,167</b>	<b>1,296,172</b>	<b>76,654</b>	<b>2,645,729</b>	<b>593,048</b>	<b>3,238,777</b>
Exchange difference on translation of overseas entities	-	-	-	-	-	-	-	17,310	17,310	5,074	22,384
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	-	17,310	17,310	5,074	22,384
Profit for the period	-	-	-	-	-	-	111,415	-	111,415	24,478	135,893
Transfer to Legal reserve	-	-	-	-	1,897	-	(1,897)	-	-	-	-
Dividends	-	-	-	-	-	-	(149,654)	-	(149,654)	-	(149,654)
<b>Balance as at June 30, 2007</b>	<b>598,615</b>	<b>180</b>	<b>25,384</b>	<b>139,760</b>	<b>6,694</b>	<b>504,167</b>	<b>1,256,036</b>	<b>93,964</b>	<b>2,624,800</b>	<b>622,600</b>	<b>3,247,400</b>

The notes to the financial statements on pages 8 & 9 form an integral part of the financial statements.

The figures in brackets indicate deductions.

## STATEMENTS OF CHANGES IN EQUITY - COMPANY

*For the period ended June 30, 2008*

	Stated Capital	Capital Reserves		Revenue Reserves	Total
		Capital Redemption Reserve Fund	Reserve on Revaluation of Assets	Retained Earnings	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at April 1, 2008</b>	598,615	180	99,702	872,256	<b>1,570,753</b>
Profit for the period	-	-	-	109,181	<b>109,181</b>
<b>Balance as at June 30, 2008</b>	<b>598,615</b>	<b>180</b>	<b>99,702</b>	<b>981,437</b>	<b>1,679,934</b>

*For the period ended June 30, 2007*

<b>Balance as at April 1, 2007</b>	598,615	180	99,702	899,108	<b>1,597,605</b>
Profit for the period	-	-	-	17,517	<b>17,517</b>
Dividends	-	-	-	(149,654)	<b>(149,654)</b>
<b>Balance as at June 30, 2007</b>	<b>598,615</b>	<b>180</b>	<b>99,702</b>	<b>766,971</b>	<b>1,465,468</b>

The notes to the financial statements on pages 8 & 9 form an integral part of the financial statements.

*The figures in brackets indicate deductions.*

## CASH FLOW STATEMENTS

<b>Consolidated</b>		<b>Company</b>		<b>Consolidated</b>		<b>Company</b>	
Audited	Audited			Unaudited	Unaudited	Unaudited	Unaudited
year to	year to			03 months to	03 months to	03 months to	03 months to
31.03.2008	31.03.2008			30.06.2008	30.06.2007	30.06.2008	30.06.2007
Rs. '000	Rs. '000			Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flows from Operating Activities</b>							
1,140,935	270,390	Cash generated from operations (Note A)		270,114	(24,934)	(115,525)	(57,499)
(307,712)	(61,140)	Interest paid		(63,631)	(74,493)	(9,180)	(12,292)
(169,652)	(4,885)	Income taxes paid		(24,439)	(5,407)	(833)	(852)
(52,690)	(16,058)	Retiring gratuity (paid)/received		(10,426)	(7,032)	863	-
<u>610,881</u>	<u>188,307</u>	<b>Net cash flow from operating activities</b>		<u>171,618</u>	<u>(111,866)</u>	<u>(124,675)</u>	<u>(70,643)</u>
<b>Cash Flows from Investing Activities</b>							
(679,286)	(112,753)	Purchase & construction of property, plant & equipment		(189,377)	(76,549)	(5,521)	(6,847)
49,270	-	Grants received		30,856	4,327	-	-
8,052	2,104	Proceeds from disposal of property, plant & equipment		-	-	-	-
(1,600)	-	Other long-term investment		-	-	-	-
15,030	770	Interest received		1,498	4,682	183	192
12,377	12,377	Dividend received from non-group companies		5,304	12,377	5,304	12,377
8,100	301,223	Dividend received from associate/subsidiary companies		-	-	101,000	-
(44,144)	-	Net cash payments to minority shareholders		-	-	-	-
<u>(632,201)</u>	<u>203,721</u>	<b>Net cash flows from investing activities</b>		<u>(151,719)</u>	<u>(55,163)</u>	<u>100,966</u>	<u>5,722</u>
<b>Cash Flows from Financing Activities</b>							
115,620	-	Long-term loans received		17,973	-	-	-
(323,569)	(122,800)	Repayment of term loans		(57,793)	(79,459)	(21,309)	(33,461)
(6,614)	-	Capital payment on finance lease		(1,256)	(2,083)	-	-
(227,717)	(227,717)	Dividend paid		(11,561)	-	(11,561)	-
<u>(442,280)</u>	<u>(350,517)</u>	<b>Net cash flows from financing activities</b>		<u>(52,637)</u>	<u>(81,542)</u>	<u>(32,870)</u>	<u>(33,461)</u>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>							
(463,600)	41,511			(32,738)	(248,571)	(56,579)	(98,382)
<b>Cash &amp; cash equivalents at beginning of the period</b>							
(1,320,188)	(490,693)			(1,757,272)	(1,281,789)	(449,182)	(490,693)
<b>Cash &amp; cash equivalents at end of the period (Note B)</b>							
<u>(1,783,788)</u>	<u>(449,182)</u>			<u>(1,790,010)</u>	<u>(1,530,360)</u>	<u>(505,761)</u>	<u>(589,075)</u>

## CASH FLOW STATEMENTS

Consolidated		Company		Consolidated		Company	
Audited year to 31.03.2008 Rs. '000	Audited year to 31.03.2008 Rs. '000	Unaudited 03 months to 30.06.2008 Rs. '000	Unaudited 03 months to 30.06.2007 Rs. '000	Unaudited 03 months to 30.06.2008 Rs. '000	Unaudited 03 months to 30.06.2007 Rs. '000	Unaudited 03 months to 30.06.2008 Rs. '000	Unaudited 03 months to 30.06.2007 Rs. '000
<b>A. Cash Generated from Operations</b>							
615,969	203,995	<b>183,351</b>	165,714	<b>109,914</b>	18,691		
		<b>Profit before Tax</b>					
		<b>Adjustments for</b>					
223,435	(283,322)	<b>16,252</b>	26,423	<b>(112,898)</b>	(8,874)		
(37,491)	–	<b>4,588</b>	(11,308)	–	–		
		Depreciation on property, plant & equipment					
363,089	26,208	<b>92,067</b>	86,242	<b>6,403</b>	6,094		
		(Gain)/loss on disposal of property, plant & equipment					
(5,183)	(2,104)	–	–	–	–		
(8,162)	–	–	(996)	–	–		
		Amortisation of Government grants					
		Provision for diminution in value of investments					
–	100,000	–	–	–	–		
16,310	–	<b>6,440</b>	–	–	–		
		Provision for bad & doubtful debts					
180,728	27,111	<b>42,735</b>	30,493	<b>2,574</b>	5,183		
		Provision for retiring gratuity					
3,947	–	<b>771</b>	873	–	–		
		Provision for agents' indemnity fund					
		Provision for slow-moving/obsolete inventories					
22,272	5,543	<b>9,448</b>	1,651	<b>1,161</b>	–		
		Gain/(loss) on translation of foreign currency					
56,870	30,092	<b>40,577</b>	31,011	<b>15,591</b>	8,597		
		Differences of exchange on translation of foreign entities					
91,598	–	<b>(21,103)</b>	(14,034)	–	–		
<u>1,523,382</u>	<u>107,523</u>	<u><b>375,126</b></u>	<u>316,069</u>	<u><b>22,745</b></u>	<u>29,691</u>		
		(Increase)/decrease in trade and other receivables					
(283,546)	(234,313)	<b>(266,243)</b>	(523,290)	<b>(16,494)</b>	(124,325)		
(327,542)	(54,069)	<b>34,680</b>	(7,754)	<b>(153,248)</b>	(78,124)		
		(Increase)/decrease in inventories					
		Increase/(decrease) in trade and other payables					
228,641	451,249	<b>126,551</b>	190,041	<b>31,472</b>	115,259		
<u>1,140,935</u>	<u>270,390</u>	<u><b>270,114</b></u>	<u>(24,934)</u>	<u><b>(115,525)</b></u>	<u>(57,499)</u>		
<b>B. Analysis of Cash &amp; Cash Equivalents at end of the period</b>							
93,172	33,845	<b>110,088</b>	240,865	<b>70,945</b>	37,510		
		Cash at bank and in hand					
20,000	–	<b>108,600</b>	139,000	–	–		
		Short-term deposits					
(1,896,960)	(483,027)	<b>(2,008,698)</b>	(1,910,225)	<b>(576,706)</b>	(626,585)		
		Short-term loans and overdraft					
(1,783,788)	(449,182)	<b>(1,790,010)</b>	(1,530,360)	<b>(505,761)</b>	(589,075)		
		Effects of exchange rate changes					
26,516	–	–	–	–	–		
<u>(1,757,272)</u>	<u>(449,182)</u>	<u><b>(1,790,010)</b></u>	<u>(1,530,360)</u>	<u><b>(505,761)</b></u>	<u>(589,075)</u>		

## NOTES TO THE FINANCIAL STATEMENTS

1. The Group has adopted the SLAS 16 (Revised 2006) - Employee Benefits, which is effective for the financial periods beginning on or after 01.07. 2007 (i.e. applicable for financial year 2008/09). SLAS 16 (Revised 2006) requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost.

Subject to the implications flowing from above, these interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31.03.2008, and are also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

Consolidated	Company	Consolidated	Company
Audited as at	Audited as at	Unaudited as at	Unaudited as at
31.03.2008	31.03.2008	30.06.2007	30.06.2007
Rs. '000	Rs. '000	Rs. '000	Rs. '000

### 2. Current Assets

1,900,460	371,663	Inventories	<b>1,856,332</b>	1,601,293	<b>523,750</b>	401,261
2,858,358	344,657	Trade and other receivables	<b>3,117,890</b>	3,079,901	<b>298,662</b>	472,736
-	953,920	Amounts due from subsidiaries	-	-	<b>1,018,288</b>	707,878
20,000	-	Short-term deposits	<b>108,600</b>	139,000	-	-
93,172	33,845	Cash & cash equivalents	<b>110,088</b>	240,865	<b>70,945</b>	37,510
4,871,990	1,704,085		<b>5,192,910</b>	5,061,059	<b>1,911,645</b>	1,619,385

### 3. Stated Capital

#### Issued and Fully Paid

598,615	598,615	59,861,512 ordinary shares	<b>598,615</b>	598,615	<b>598,615</b>	598,615
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## NOTES TO THE FINANCIAL STATEMENTS

Consolidated		Company		Consolidated		Company	
Audited as at 31.03.2008 Rs. '000	Audited as at 31.03.2008 Rs. '000	Unaudited as at 30.06.2007 Rs. '000	Unaudited as at 30.06.2007 Rs. '000	Unaudited as at 30.06.2008 Rs. '000	Unaudited as at 30.06.2007 Rs. '000	Unaudited as at 30.06.2008 Rs. '000	Unaudited as at 30.06.2007 Rs. '000
<b>4. Current Liabilities</b>							
1,381,729	122,140			<b>1,511,899</b>	1,350,428	<b>141,495</b>	190,081
256,454	30,253			<b>244,098</b>	293,069	<b>8,944</b>	108,567
1,896,960	483,027			<b>2,008,698</b>	1,910,225	<b>576,706</b>	626,585
-	692,723			-	-	<b>706,219</b>	294,694
11,641	8,630			<b>8,022</b>	4,342	<b>7,251</b>	2,728
1,695	8			<b>6,660</b>	82,707	<b>1,787</b>	1,084
13,715	13,715			<b>2,154</b>	151,640	<b>2,154</b>	151,640
<b>3,562,194</b>	<b>1,350,496</b>			<b>3,781,531</b>	3,792,411	<b>1,444,556</b>	1,375,379

5. No other circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements other than those disclosed.

6. There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31.03.2008.

## SEGMENT INFORMATION

<b>Consolidated</b>		<b>Consolidated</b>	
Audited		<b>Unaudited</b>	Unaudited
year to		<b>03 months to</b>	03 months to
31.03.2008		<b>30.06.2008</b>	30.06.2007
Rs. '000		<b>Rs. '000</b>	Rs. '000
<b>Industry Segment Turnover</b>			
8,845,503	Hand protection	<b>2,264,550</b>	2,035,731
2,827,974	Plantations	<b>852,470</b>	604,475
11,673,477		<b>3,117,020</b>	2,640,206
(520,582)	Inter-segment sales/services	<b>(186,848)</b>	(98,734)
<b>11,152,895</b>		<b>2,930,172</b>	2,541,472
<b>Industry Segment Results</b>			
362,092	Hand protection	<b>62,178</b>	109,617
439,821	Plantations	<b>142,013</b>	71,212
801,913	Segment results	<b>204,191</b>	180,829
(223,435)	Finance costs	<b>(16,252)</b>	(26,423)
37,491	Share of profit/(loss) of associate	<b>(4,588)</b>	11,308
<b>615,969</b>	Profit before tax	<b>183,351</b>	165,714

## INVESTOR INFORMATION

Year to 31.03.2008 Rs.		<b>03 months to 30.06.2008 Rs.</b>	03 months to 30.06.2007 Rs.
<b>Share Valuation</b>			
<b>Market Price per Share</b>			
116.00	(16.04.2007) - Highest	<b>87.00 (16.04.2008)</b>	116.00 (16.04.2007)
75.00	(23.01.2008) - Lowest	<b>75.50 (17.06.2008)</b>	90.00 (29.05.2007)
79.50	- Period end	<b>80.00</b>	100.00
4,759	Market capitalization (Rs. Mn.)	<b>4,789</b>	5,986
<b>Ratios</b>			
46.95	Net assets per share at period end*	<b>48.71</b>	43.85
12.8	Price earnings ratio annualised (times)	<b>12.0</b>	13.4
<b>Share Trading</b>			
613	Number of transactions	<b>203</b>	186
1,208,400	Number of shares traded	<b>144,200</b>	165,900
117,462,325	Value of shares traded (Rs.)	<b>11,389,975</b>	16,478,175

\* Computed based on 59,861,512 shares on issue as at June 30, 2008.





