

# **DIPPED PRODUCTS PLC**

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INTERIM REPORT FOR THE QUARTER ENDED 30TH JUNE 2011

# CORPORATE INFORMATION

## LEGAL FORM

A Public Limited Company  
Incorporated in Sri Lanka in 1976

## COMPANY NUMBER

PQ60

## DIRECTORS

A.M. Pandithage – *Chairman*  
Dr. K .I. M. Ranasoma - *Managing Director*  
J.A.G. Anandarajah  
G.K. Seneviratne  
N.Y. Fernando  
R. Seevaratnam  
F. Mohideen  
K.A.L.S. Fernando  
L.G.S.Gunawardena  
S.C.Ganegoda  
K.D.D.Perera  
M. Bottino

## 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 S.p.A  
Hanwella Rubber Products Limited

### Plantations

DPL Plantations (Private) Limited  
Kelani Valley Plantations PLC  
Kelani Valley Green Tea (Private) Limited  
Kalupahana Power Company (Private) Limited  
Kelani Valley Instant Tea (Private) Limited  
Mabroc Teas (Private) Limited  
Mabroc Lanka (Private) Limited  
Blue Mountain Tea Exports (Private) Limited  
Meridian Exports (Private) Limited  
Cambron Exports (Private) Limited

## ASSOCIATE

Hayleys Plantation Services (Private) Limited

## SECRETARIES

Hayleys Group Services (Private) Limited  
400, Deans Road, Colombo 10, Sri Lanka  
Telephone: 2627650-3 (4 Lines)  
Fax: 2627645  
E-mail: info.sec@hayleys.com

## 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  
Website: www.dplgroup.com

## PRINCIPAL LINES OF BUSINESS

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

## DIPPED PRODUCTS PLC

## INCOME STATEMENTS

Consolidated	Company		Consolidated			Company		
			Unaudited 03 months to 30.06.2011 Rs.'000	Unaudited 03 months to 30.06.2010 Rs.'000	Increase/ (Decrease) %	Unaudited 03 months to 30.06.2011 Rs.'000	Unaudited 03 months to 30.06.2010 Rs.'000	Increase/ (Decrease) %
Audited year to 31.03.2011 Rs.'000	Audited year to 31.03.2011 Rs.'000							
14,869,245	1,449,344	<b>Turnover</b>	<b>4,743,149</b>	3,313,681	43	<b>460,726</b>	272,169	69
(12,392,742)	(1,168,680)	Cost of sales	<b>(3,718,830)</b>	(2,694,169)	38	<b>(353,214)</b>	(227,287)	55
2,476,503	280,664	Gross profit	<b>1,024,319</b>	619,512	65	<b>107,512</b>	44,882	140
62,716	12,586	Other income	<b>4,818</b>	15,567	(69)	<b>882</b>	616	43
(1,238,315)	(280,463)	Administrative expenses	<b>(369,557)</b>	(277,793)	33	<b>(67,865)</b>	(56,665)	20
(363,011)	43	Distribution expenses	<b>(110,650)</b>	(114,701)	(4)	<b>(2,825)</b>	(6,557)	(57)
(11,121)	(3,295)	Other expenses	<b>(2,169)</b>	(2,942)	(26)	<b>(1,538)</b>	(2,290)	(33)
(169,620)	137,632	Net finance income / (cost)	<b>1,580</b>	(85,863)	(102)	<b>15,130</b>	(16,558)	(191)
		Share of profit / (loss) of equity accounted						
(9,042)	-	investee (net of tax)	<b>19,397</b>	(32,769)	(159)	-	-	-
748,110	147,167	<b>Profit before tax</b>	<b>567,738</b>	121,011	369	<b>51,296</b>	(36,572)	(240)
(162,527)	(16,602)	Income tax expense	<b>(81,255)</b>	(25,717)	216	<b>(3,798)</b>	-	-
<b>585,583</b>	<b>130,565</b>	<b>Profit for the period</b>	<b>486,483</b>	95,294	411	<b>47,498</b>	(36,572)	(230)
		<b>Attributable to :</b>						
446,614	130,565	Equity holders of the Company	<b>390,369</b>	57,158	583	<b>47,498</b>	(36,572)	(230)
138,969	-	Minority interest	<b>96,114</b>	38,136	152	-	-	-
<b>585,583</b>	<b>130,565</b>	<b>Profit for the period</b>	<b>486,483</b>	95,294	411	<b>47,498</b>	(36,572)	(230)
		Basic earnings per ordinary share						
7.46	2.18	for the period (Rs.) *	<b>6.52</b>	0.95		<b>0.79</b>	(0.61)	
		Diluted earnings per ordinary share						
7.46	2.18	for the period (Rs.) *	<b>6.52</b>	0.95		<b>0.79</b>	(0.61)	
		Dividend per share (Rs)						
3.00	3.00		-	-		-	-	

\*Computed based on 59,861,512 ordinary shares on issue as at June 30, 2011.

The notes to the financial statements on pages 6 & 7 form an integral part of the financial statements.

The figures in brackets indicate deductions

**DIPPED PRODUCTS PLC**  
**BALANCE SHEETS**

Consolidated	Company	Notes	Consolidated		Company	
			Unaudited	Unaudited	Unaudited	Unaudited
Audited	Audited		As at	As at	As at	As at
As at	As at		As at	As at	As at	As at
31.03.2011	31.03.2011		30.06.2011	30.06.2010	30.06.2011	30.06.2010
Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>ASSETS</b>						
<b>Non-current assets</b>						
5,713,251	345,313		5,708,444	5,039,168	340,741	321,745
48,993	-		48,993	15,684	-	-
-	1,843,280		-	-	1,843,280	1,843,280
308,879	-		328,276	345,428	-	-
197,010	194,457		197,010	197,010	194,457	194,457
17,922	17,922		20,281	24,016	20,281	24,016
6,286,055	2,400,972		6,303,004	5,621,306	2,398,759	2,383,498
<b>Total non-current assets</b>						
<b>Current assets</b>						
2,733,672	331,527		3,097,553	2,220,411	163,100	454,602
3,707,808	295,510		4,293,410	3,210,078	434,048	353,389
-	438,919		-	-	683,737	343,028
8,893	-		8,893	-	-	-
323,316	-		385,068	250,470	-	-
208,531	25,485		273,137	206,753	33,535	13,756
6,982,220	1,091,441		8,058,061	5,887,712	1,314,420	1,164,775
<b>Total current assets</b>						
13,268,275	3,492,413		14,361,065	11,509,018	3,713,179	3,548,273
<b>Total assets</b>						
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to equity holders of the company</b>						
598,615	598,615	3	598,615	598,615	598,615	598,615
233,499	133,788		236,837	233,499	133,788	133,788
2,715,088	1,081,566		3,113,590	2,532,743	1,129,064	1,138,910
<b>Total equity attributable to equity holders of the company</b>						
3,547,202	1,813,969		3,949,042	3,364,857	1,861,467	1,871,313
831,677	-		940,374	780,573	-	-
4,378,879	1,813,969		4,889,416	4,145,430	1,861,467	1,871,313
<b>Total equity</b>						
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
162,540	-		165,127	136,454	-	-
1,160,230	217,411		1,208,200	1,024,665	228,404	196,593
41,328	-		44,728	39,626	-	-
1,166,211	-		1,186,039	1,038,827	-	84,920
480,877	-		482,004	453,533	-	-
3,011,186	217,411		3,086,098	2,693,105	228,404	281,513
<b>Total non-current liabilities</b>						
<b>Current liabilities</b>						
2,113,310	169,300		2,664,780	1,825,888	205,017	177,602
421,241	110,460		400,537	475,178	82,170	113,810
3,288,557	867,168		3,237,317	2,324,971	908,681	651,558
-	292,795		-	-	410,222	443,181
26,622	11,136		16,652	5,330	4,752	1,018
28,480	10,174		66,265	39,116	12,466	8,278
5,878,210	1,461,033		6,385,551	4,670,483	1,623,308	1,395,447
<b>Total current liabilities</b>						
13,268,275	3,492,413		14,361,065	11,509,018	3,713,179	3,548,273
<b>Total equity and liabilities</b>						

The notes to the financial statements on page 6 & 7 form an integral part of the financial statements.

The Balance Sheets as at June 30, 2011, 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 associates 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.

sgd.  
N.A.R.R.S. Nanayakkara  
General Manager Finance

Signed on behalf of the Board

sgd.  
A.M.Pandithage  
Chairman

August 1,2011

sgd.  
Dr. K.I.M. Ranasoma  
Managing Director

**DIPPED PRODUCTS PLC**  
**STATEMENTS OF CHANGES IN EQUITY**

**Consolidated**  
**For the period ended June 30, 2011**

	-----Attributable to equity holders of the Company-----								Minority Interest	Total Equity	
	-----Capital Reserves-----				-----Revenue Reserves-----						
	Stated Capital	Capital Redemptio n 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	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
<b>Balance as at April 1, 2011</b>	598,615	180	25,384	189,517	18,418	817,359	1,786,303	111,426	<b>3,547,202</b>	831,677	<b>4,378,879</b>
Exchange difference on translation of overseas entities	-	-	-	-	-	-	-	11,471	<b>11,471</b>	12,583	<b>24,054</b>
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	-	11,471	<b>11,471</b>	12,583	<b>24,054</b>
Profit for the period	-	-	-	-	-	-	390,369	-	<b>390,369</b>	96,114	<b>486,483</b>
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	3,338	-	(3,338)	-	-	-	-
<b>Balance as at June 30, 2011</b>	<b>598,615</b>	<b>180</b>	<b>25,384</b>	<b>189,517</b>	<b>21,756</b>	<b>817,359</b>	<b>2,173,334</b>	<b>122,897</b>	<b>3,949,042</b>	<b>940,374</b>	<b>4,889,416</b>
<b>For the period ended June 30, 2010</b>											
<b>Balance as at April 1, 2010</b>	598,615	180	25,384	189,517	13,424	625,173	1,763,994	94,076	<b>3,310,363</b>	758,047	<b>4,068,410</b>
Exchange difference on translation of overseas entities	-	-	-	-	-	-	-	(2,664)	<b>(2,664)</b>	(14,392)	<b>(17,056)</b>
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	-	(2,664)	<b>(2,664)</b>	(14,392)	<b>(17,056)</b>
Profit for the period	-	-	-	-	-	-	57,158	-	<b>57,158</b>	38,136	<b>95,294</b>
Dividends	-	-	-	-	-	-	-	-	-	(1,218)	<b>(1,218)</b>
Transfer to legal reserve	-	-	-	-	4,994	-	(4,994)	-	-	-	-
<b>Balance as at June 30, 2010</b>	<b>598,615</b>	<b>180</b>	<b>25,384</b>	<b>189,517</b>	<b>18,418</b>	<b>625,173</b>	<b>1,816,158</b>	<b>91,412</b>	<b>3,364,857</b>	<b>780,573</b>	<b>4,145,430</b>

**Company**

**For the period ended June 30, 2011**

	Stated Capital	-----Capital	Reserves----	--Revenue	Total
			Reserves--	Reserves--	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Balance as at April 1, 2011</b>	598,615	180	133,608	1,081,566	<b>1,813,969</b>
Profit for the period	-	-	-	47,498	<b>47,498</b>
<b>Balance as at June 30, 2011</b>	<b>598,615</b>	<b>180</b>	<b>133,608</b>	<b>1,129,064</b>	<b>1,861,467</b>
<b>For the period ended June 30, 2010</b>					
<b>Balance as at April 1, 2010</b>	598,615	180	133,608	1,175,482	<b>1,907,885</b>
Profit for the period	-	-	-	(36,572)	<b>(36,572)</b>
<b>Balance as at June 30, 2010</b>	<b>598,615</b>	<b>180</b>	<b>133,608</b>	<b>1,138,910</b>	<b>1,871,313</b>

The notes to the financial statements on page 6 & 7 form an integral part of the financial statements.  
The figures in brackets indicate deductions.

## DIPPED PRODUCTS PLC CASH FLOW STATEMENTS

<u>Consolidated</u>		<u>Company</u>		<u>Consolidated</u>		<u>Company</u>	
Audited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
year to	year to	03 months to	03 months to	03 months to	03 months to	03 months to	03 months to
31.03.2011	31.03.2011	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash flows from operating activities</b>							
1,268,795	34,119	425,226	272,506	18,299	18,448		
(250,849)	(48,766)	(55,636)	(50,095)	(7,517)	(9,502)		
(179,455)	(9,668)	(19,567)	(7,258)	(3,865)	(1,056)		
(68,728)	(8,786)	(20,617)	(15,507)	(754)	(1,388)		
(7)	-	-	-	-	-		
769,756	(33,101)	329,406	199,646	6,163	6,502		
<b>Cash flows from investing activities</b>							
(1,027,782)	(57,309)	(116,458)	(208,382)	(4,698)	(8,646)		
55,181	-	5,625	14,510	-	-		
11,888	-	2,630	8,565	513	-		
(280,000)	(249,000)	-	(280,000)	-	(308,719)		
(212,000)	-	-	-	-	-		
(196,806)	-	-	-	-	-		
19,641	1,000	10,043	850	252	259		
7,073	7,073	-	-	-	-		
-	122,021	-	-	-	-		
(32,918)	-	-	(1,218)	-	-		
(1,655,723)	(176,215)	(98,160)	(465,675)	(3,933)	(317,106)		
<b>Cash flows from financing activities</b>							
702,521	227,500	101,911	227,500	-	227,500		
(537,246)	(117,040)	(102,021)	(112,367)	(28,290)	(28,770)		
(5,860)	-	(1,575)	(635)	-	-		
(228,078)	(228,078)	(7,403)	(11,179)	(7,403)	(11,179)		
(68,663)	(117,618)	(9,088)	103,319	(35,693)	187,551		
(954,630)	(326,934)	222,158	(162,710)	(33,463)	(123,053)		
(1,802,080)	(514,749)	(2,801,270)	(1,705,038)	(841,683)	(514,749)		
(2,756,710)	(841,683)	(2,579,112)	(1,867,748)	(875,146)	(637,802)		
<b>Cash &amp; cash equivalents at end of the period (Note B)</b>							
<b>A</b>							
748,110	147,167	567,738	121,011	51,296	(36,572)		
<b>Cash generated from operations</b>							
<b>Profit before tax</b>							
<b>Adjustments for</b>							
250,849	48,766	55,636	50,095	7,517	9,502		
9,042	-	(19,397)	32,769	-	-		
424,339	31,948	117,938	93,199	8,985	6,853		
(9,342)	-	(320)	(5,520)	(228)	-		
(17,378)	-	(4,498)	(4,051)	-	-		
(5,996)	-	-	(5,996)	-	-		
(10,456)	(5,691)	793	(10,262)	-	(4,937)		
242,456	43,940	66,559	65,252	11,747	15,724		
4,113	-	1,039	1,094	-	-		
37,281	8,367	35,249	(11,031)	9,630	1,047		
(26,714)	(130,094)	(10,043)	(850)	(252)	(259)		
(95,479)	-	72,677	(36,513)	-	-		
1,550,825	144,403	883,371	289,197	88,695	(8,642)		
(266,301)	(124,569)	(607,918)	(146,470)	(383,356)	(87,311)		
(479,221)	8,592	(399,130)	(129,831)	158,797	(107,163)		
463,492	5,693	548,903	259,610	154,163	221,564		
1,268,795	34,119	425,226	272,506	18,299	18,448		
<b>B</b>							
208,531	25,485	273,137	250,470	33,535	13,756		
323,316	-	385,068	206,753	-	-		
(3,288,557)	(867,168)	(3,237,317)	(2,324,971)	(908,681)	(651,558)		
(2,756,710)	(841,683)	(2,579,112)	(1,867,748)	(875,146)	(637,802)		
(44,560)	-	-	-	-	-		
(2,801,270)	(841,683)	(2,579,112)	(1,867,748)	(875,146)	(637,802)		

The notes to the financial statements on page 6 & 7 form an integral part of the financial statements.  
The figures in brackets indicate deductions

## DIPPED PRODUCTS PLC

### NOTES TO THE FINANCIAL STATEMENTS

- These interim financial statements which have not been audited, comply with the Sri Lanka Accounting Standard 35 - Interim Financial Reporting and they also provide the information required by the Colombo Stock Exchange.
- The accounting policies adopted in these financial statements are consistent with the accounting policies set out in the Annual Report of the previous year.

#### 3. Stated Capital

<u>Consolidated</u>		<u>Company</u>		<u>Consolidated</u>		<u>Company</u>	
Audited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
As at	As at	As at	As at	As at	As at	As at	As at
31.03.2011	31.03.2011	30.06.2011	30.06.2010	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
598,615	598,615	598,615	598,615	598,615	598,615	598,615	598,615
		59,861,512 Ordinary Shares					

- An agreement increasing plantation wages was signed in June 2011, with retrospective effect from April 1, 2011. The resulting cost increase in respect of Plantations sector for the three months ended June 30, 2011 of Rs. 266 M will be adjusted in the Group's second quarter ended September 30, 2011 Financial Statements. The figure of Rs. 266 M includes wage arrears for the period April 1, 2011 to June 30, 2011 and a provision of Rs.187 M for the estimated increase in the retiring gratuity liability arising from the wage revision.
- 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.
- 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 31.03.2011.

#### 7. Industry Segment Turnover

<u>Consolidated</u>		<u>Consolidated</u>	
Audited	Unaudited	Unaudited	Unaudited
year to	3 months to	3 months to	3 months to
31.03.2011	30.06.2011	30.06.2011	30.06.2010
Rs'000	Rs'000	Rs'000	Rs'000
11,700,036	3,399,588	2,550,526	
Hand Protection			
3,880,381	1,536,630	947,251	
Plantations			
15,580,417	4,936,218	3,497,777	
Inter - segment sales / services			
(711,172)	(193,069)	(184,096)	
14,869,245	4,743,149	3,313,681	

#### 8. Industry Segment Results

<u>Consolidated</u>		<u>Consolidated</u>	
Audited	Unaudited	Unaudited	Unaudited
year to	3 months to	3 months to	3 months to
31.03.2011	30.06.2011	30.06.2011	30.06.2010
Rs. '000	Rs. '000	Rs. '000	Rs. '000
454,676	268,669	106,768	
Hand Protection			
472,096	278,092	132,875	
Plantations			
926,772	546,761	239,643	
Segment results			
(169,620)	1,580	(85,863)	
Finance income/(cost)			
(9,042)	19,397	(32,769)	
Share of (profit) / loss of equity accounted investee			
748,110	567,738	121,011	
Profit before tax			

### INVESTOR INFORMATION

	30.06.2011	30.06.2010
	Rs.	Rs.
<b>Market Value of Shares</b>		
The market value of an ordinary share of Dipped Products PLC was as follows.		
Closing price on	96.40	125.00
Highest price recorded for the three months ending	124.90	126.00
Lowest price recorded for the three months ending	96.00	102.50
Market Capitalisation (Rs. M)	5,771	7,483
<b>Ratios</b>		
Net assets per share at the period end*	65.97	56.21
Price earnings ratio annualised (times)	3.7	32.7
<b>Share Trading information from April 1, 2011 to June 30, 2011</b>		
Number of transactions	304	817
Number of shares traded	326,800	1,725,344
Value of shares traded (Rs.)	37,297,890	197,986,435

#### Dividend Payments

Final dividend 2010/11

Rs.1.50 per share paid on 06.07.2011

\*Computed based on 59,861,512 shares on issue as at June 30, 2011.

## DIPPED PRODUCTS PLC

## INVESTOR INFORMATION

## First twenty shareholders as at June 30, 2011

	Shareholder	No.of Shares as at June 30, 2011	%
1	Hayleys PLC	24,776,080	41.39
2	Employees Provident Fund	6,297,700	10.52
3	Volanka (Private) Limited	4,873,640	8.14
4	Haycarb PLC	4,068,746	6.80
5	Promar Overseas SA	3,373,496	5.64
6	Bank Of Ceylon No.1 Account	1,545,400	2.58
7	National Savings Bank	1,000,000	1.67
8	Fast Gain International Limited	789,100	1.32
9	Asian Alliance Insurance PLC-A/C 02 (Life Fund)	756,800	1.26
10	Ravi Industries Limited	567,000	0.95
11	Mr. V. S. Vijayaratnam	524,400	0.88
12	H A P Investments (Private) Limited	404,162	0.68
13	Mr.H.A.Pieris	401,264	0.67
14	Mr.N.G.Wickremeratne	393,204	0.66
15	Dr.D.Jayantha	384,000	0.64
16	E.W.Balasuriya & Co. (Private) Limited	378,900	0.63
17	Mr. A.W. Edwards	225,000	0.38
18	Mr.J.A.G.Anandarajah	219,474	0.37
19	HSBC International Nominees Ltd-SSBT Deutsche Bank	200,044	0.33
20	Commercial Bank of Ceylon PLC A/C No.04	200,000	0.33

There were no non-voting shares as at June 30, 2011.

The percentage of shares held by public as per Colombo Stock Exchange Rules as at June 30, 2011 was 31.72%.

## Directors' shareholding as at June 30, 2011

Name of Director	No.of Shares as at June 30, 2011
Mr.J.A.G.Anandarajah	219,474
Mr.G.K.Seneviratne	5,000
Mr.N.Y.Fernando	10,288
Mr.K.A.L.S.Fernando	56,264
Dr. K. I. M. Ranasoma	300
Mr. K. D. D. Perera	1,000
<b>TOTAL</b>	<b>292,326</b>