

DIPPED PRODUCTS PLC

INTERIM REPORT FOR THE YEAR ENDED 31ST MARCH 2012

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
Hayleys Plantation Services (Private) Limited
Talawakelle Tea Estates PLC
TTEL Hydro Power Company (Pvt) Limited
TTEL Somerset Hydro Power (Pvt) Limited

SECRETARIES

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: 2627650-6 (7 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			Consolidated	
	Year to 31.03.2012 Rs.'000	Year to 31.03.2011 Rs.'000	Increase/ (Decrease) %	03 months to 31.03.2012 Rs.'000	03 months to 31.03.2011 Rs.'000
Turnover	19,786,485	14,869,245	33	5,246,735	3,954,846
Cost of sales	(16,344,798)	(12,392,742)	32	(4,274,775)	(3,309,698)
Gross profit	3,441,687	2,476,503	39	971,960	645,148
Other income	1,216,982	62,716	1,840	38,497	6,001
Administrative expenses	(1,568,996)	(1,238,315)	27	(419,366)	(336,146)
Distribution expenses	(453,411)	(363,011)	25	(130,147)	(99,422)
Other expenses	(12,935)	(11,121)	16	(3,435)	(4,366)
Net finance cost	(212,111)	(169,620)	25	(115,081)	(196)
Share of profit / (loss) of equity accounted investee (net of tax)	(27,067)	(9,042)	199	-	29,152
Profit before tax	2,384,149	748,110	219	342,428	240,171
Income tax expense	(290,168)	(162,527)	79	(105,470)	(58,749)
Profit for the year	2,093,981	585,583	258	236,958	181,422
Attributable to :					
Equity holders of the Company	1,866,627	446,614	318	136,352	122,968
Non-controlling interest	227,354	138,969	64	100,606	58,454
Profit for the year	2,093,981	585,583	258	236,958	181,422
Basic earnings per ordinary share for the year (Rs.) *	31.18	7.46		2.28	2.05
Diluted earnings per ordinary share for the year (Rs.) *	31.18	7.46		2.28	2.05
Dividend per share (Rs)	6.00	3.00			

*Computed based on 59,861,512 ordinary shares on issue as at March 31, 2012.

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

The figures in brackets indicate deductions

DIPPED PRODUCTS PLC**INCOME STATEMENTS**

	Company			Company	
	Year to	Year to	Increase/ (Decrease)	03 months to	03 months to
	31.03.2012	31.03.2011		31.03.2012	31.03.2011
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000
Turnover	1,798,644	1,449,344	24	449,989	453,007
Cost of sales	(1,449,966)	(1,168,680)	24	(363,232)	(350,129)
Gross profit	348,678	280,664	24	86,757	102,878
Other income	1,148,171	12,586	9,023	2,822	737
Administrative expenses	(285,052)	(280,463)	2	(60,449)	(78,395)
Distribution expenses	(15,993)	43	(37,293)	628	7,262
Other expenses	(2,686)	(3,295)	(18)	5,151	1,541
Provision for diminution in value of investments	(150,000)	-	-	(150,000)	-
Net finance income / (cost)	37,159	137,632	(73)	(56,471)	74,360
Profit before tax	1,080,277	147,167	634	(171,562)	108,383
Income tax expense	2,416	(16,602)	(115)	1,190	(16,602)
Profit for the year	1,082,693	130,565	729	(170,372)	91,781
Basic earnings per ordinary share for the year (Rs.) *	18.09	2.18		(2.85)	1.53
Diluted earnings per ordinary share for the year (Rs.) *	18.09	2.18		(2.85)	1.53
Dividend per share (Rs)	6.00	3.00			

*Computed based on 59,861,512 ordinary shares on issue as at March 31, 2012.

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

The figures in brackets indicate deductions

DIPPED PRODUCTS PLC

BALANCE SHEETS

Notes	Consolidated		Company	
	As at	As at	As at	As at
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS				
Non-current assets				
Property, plant & equipment	8,808,301	5,713,251	321,732	345,313
Investment property	228,331	-	228,331	-
Intangible assets	195,843	48,993	-	-
Investments in subsidiaries	-	-	2,013,900	1,843,280
Investment in equity accounted investee	-	308,879	-	-
Other long term investments	2,553	197,010	-	194,457
Deferred tax assets	31,435	17,922	30,823	17,922
Total non-current assets	9,266,463	6,286,055	2,594,786	2,400,972
Current assets				
Inventories	3,374,760	2,733,672	396,590	331,527
Trade and other receivables	4,362,081	3,707,808	437,485	295,510
Amounts due from subsidiaries	-	-	392,302	438,919
Short term investments	8,299	8,893	-	-
Short term deposits	793,837	323,316	425,677	-
Cash and cash equivalents	210,383	208,531	22,455	25,485
Total current assets	8,749,360	6,982,220	1,674,509	1,091,441
Total assets	18,015,823	13,268,275	4,269,295	3,492,413
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the company				
Stated capital	598,615	598,615	598,615	598,615
Capital reserves	236,837	233,499	133,788	133,788
Revenue reserves	4,459,935	2,715,088	2,074,467	1,081,566
Total equity attributable to equity holders of the company	5,295,387	3,547,202	2,806,870	1,813,969
Non-controlling interest	1,676,148	831,677	-	-
Total equity	6,971,535	4,378,879	2,806,870	1,813,969
Liabilities				
Non-current liabilities				
Deferred tax liability	243,259	162,540	-	-
Defined benefit obligations	2,174,357	1,160,230	262,188	217,411
Agents' indemnity fund	42,610	41,328	-	-
Interest bearing borrowings	1,781,894	1,166,211	-	-
Deferred income	703,369	480,877	-	-
Total non-current liabilities	4,945,489	3,011,186	262,188	217,411
Current liabilities				
Trade and other payables	2,231,576	2,113,310	151,856	169,300
Current portion of interest-bearing borrowings	333,269	421,241	-	110,460
Short-term interest-bearing borrowings	3,447,198	3,288,557	372,980	867,168
Amounts due to subsidiaries	-	-	654,220	292,795
Amounts due to Hayleys PLC	18,597	26,622	10,523	11,136
Income tax payable	68,159	28,480	10,658	10,174
Total current liabilities	6,098,799	5,878,210	1,200,237	1,461,033
Total equity and liabilities	18,015,823	13,268,275	4,269,295	3,492,413

The notes to the financial statements on page 7 & 8 form an integral part of the financial statements.

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

May 11, 2012

sgd.

Dr. K.I.M. Ranasoma
Managing Director

DIPPED PRODUCTS PLC
STATEMENTS OF CHANGES IN EQUITY

Consolidated

For the year ended March 31, 2012

	-----Attributable to equity holders of the Company-----									Non-controlling	Total
	-----Capital Reserves-----				-----Revenue Reserves-----				Total	Interest	Equity
Stated Capital											
	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	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at April 1, 2010	598,615	180	25,384	189,517	13,424	625,173	1,763,994	94,076	3,310,363	758,047	4,068,410
Adjustment due to changes in holding in Mabroc Teas (Pvt) Ltd	-	-	-	-	-	-	(2,644)	-	(2,644)	(19,263)	(21,907)
Exchange difference on translation of overseas entities	-	-	-	-	-	-		17,350	17,350	(13,158)	4,192
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	(2,644)	17,350	14,706	(32,421)	(17,715)
Profit for the year	-	-	-	-	-	-	446,614	-	446,614	138,969	585,583
Transfer to general reserve	-	-	-	-	-	192,186	(192,186)	-	-	-	-
Transfer to legal reserve	-	-	-	-	4,994		(4,994)	-	-	-	-
Dividends	-	-	-	-	-	-	(224,481)	-	(224,481)	(32,918)	(257,399)
Balance as at March 31, 2011	598,615	180	25,384	189,517	18,418	817,359	1,786,303	111,426	3,547,202	831,677	4,378,879
Adjustment due to changes in holding in Hayleys Plantation Services (Pvt) Ltd	-	-	-	-	-	-	-	-	-	629,197	629,197
Adjustment due to changes in holding in Hanwella Rubber Products Ltd	-	-	-	-	-	-	4,551	-	4,551	37,829	42,380
Exchange difference on translation of overseas entities	-	-	-	-	-	-		(20,498)	(20,498)	(3,080)	(23,578)
Net gains/(losses) not recognised in the Income Statement	-	-	-	-	-	-	4,551	(20,498)	(15,947)	663,946	647,999
Profit for the year	-	-	-	-	-	-	1,866,627	-	1,866,627	227,354	2,093,981
Transfer to general reserve	-	-	-	-	-	110,329	(110,329)	-	-	-	-
Transfer to legal reserve	-	-	-	-	3,338		(3,338)	-	-	-	-
Dividends	-	-	-	-	-	-	(89,792)	-	(89,792)	(59,532)	(149,324)
Balance as at March 31, 2012	598,615	180	25,384	189,517	21,756	927,688	3,454,022	90,928	5,308,090	1,663,445	6,971,535

Company

For the year ended March 31, 2012

	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
Balance as at April 1, 2010	598,615	180	133,608	1,175,482	1,907,885
Profit for the year	-	-	-	130,565	130,565
Dividends	-	-	-	(224,481)	(224,481)
Balance as at March 31, 2011	598,615	180	133,608	1,081,566	1,813,969
Profit for the year	-	-	-	1,082,693	1,082,693
Dividends	-	-	-	(89,792)	(89,792)
Balance as at March 31, 2012	598,615	180	133,608	2,074,467	2,806,870

The notes to the financial statements on page 7 & 8 form an integral part of the financial statements.

The figures in brackets indicate deductions.

DIPPED PRODUCTS PLC CASH FLOW STATEMENTS

For the year ended	<u>Consolidated</u>		<u>Company</u>	
	31.03.2012 Rs.'000	31.03.2011 Rs.'000	31.03.2012 Rs.'000	31.03.2011 Rs.'000
Cash flows from operating activities				
Cash generated from operations (Note A)	1,097,773	1,268,795	280,301	34,119
Interest paid	(281,473)	(250,849)	(24,366)	(48,766)
Income taxes paid	(147,550)	(179,455)	(10,001)	(9,668)
Retiring gratuity paid	(108,811)	(68,728)	(11,778)	(8,786)
Agents' indemnity paid	(2,999)	(7)	-	-
Net cash flow from operating activities	556,940	769,756	234,156	(33,101)
Cash flows from investing activities				
Purchase & construction of property, plant & equipment	(749,031)	(1,027,782)	(13,902)	(57,309)
Purchase of investment property	(230,999)	-	(230,999)	-
Grants received	17,451	55,181	-	-
Proceeds from disposal of property, plant & equipment	39,345	11,888	994	-
Proceeds from disposal of investment	1,335,510	-	1,335,510	-
Investments in group companies	-	(280,000)	(320,620)	(249,000)
Net cash paid on investment in Mabroc Teas (Pvt) Ltd	-	(408,806)	-	-
Cash paid on investment in Hayleys Plantation Services (Pvt) Ltd	(280,000)	-	-	-
Net of short-term borrowings, cash & cash equivalents on acquisition of Hayleys Plantation Services (Pvt) Ltd	(87,452)	-	-	-
Interest received	70,478	19,641	31,162	1,000
Dividend received from non-group companies	14,145	7,073	14,145	7,073
Dividend received from associate / subsidiary companies	14,296	-	72,887	122,021
Net payments to non-controlling interest	(17,152)	(32,918)	-	-
Net cash flows from investing activities	126,591	(1,655,723)	889,177	(176,215)
Cash flows from financing activities				
Long term loans obtained	126,424	702,521	-	227,500
Repayment of term loans	(406,555)	(537,246)	(110,460)	(117,040)
Capital payment on finance lease	(6,698)	(5,860)	-	-
Dividend paid	(96,038)	(228,078)	(96,038)	(228,078)
Net cash flows from financing activities	(382,867)	(68,663)	(206,498)	(117,618)
Net increase / (decrease) in cash & cash equivalents	300,664	(954,630)	916,835	(326,934)
Cash & cash equivalents at beginning of the year	(2,743,642)	(1,802,080)	(841,683)	(514,749)
Cash & cash equivalents at end of the year (Note B)	(2,442,978)	(2,756,710)	75,152	(841,683)
A Cash generated from operations				
Profit before tax	2,384,149	748,110	1,080,277	147,167
Adjustments for				
Interest cost	281,473	250,849	24,366	48,766
Share of (profit)/loss of equity accounted investees	27,067	9,042	-	-
Depreciation on property, plant & equipment	534,775	424,339	36,726	31,948
Depreciation on investment property	2,668	-	2,668	-
Amortisation of intangible assets	400	-	-	-
(Gain)/loss on disposal of property, plant & equipment	(27,182)	(9,342)	(237)	-
Gain on disposal of investments	(1,141,053)	-	(1,141,053)	-
Amortisation of grants	(44,534)	(17,378)	-	-
Surplus on acquisition	-	(5,996)	-	-
Provision for / (reversal of) bad & doubtful debts	5,563	(10,456)	122	(5,691)
Provision for retiring gratuity	291,481	242,456	56,555	43,940
Provision for agents' indemnity fund	4,434	4,113	-	-
Provision for diminution in value of investments	-	-	150,000	-
Provision for slow-moving / obsolete inventories	56,426	37,281	16,877	8,367
Interest and dividend income	(84,623)	(26,714)	(118,194)	(130,094)
Differences of exchange on translation of foreign entities	(28,287)	(95,479)	-	-
	2,262,757	1,550,825	108,107	144,403
(Increase) / decrease in trade and other receivables	(597,577)	(266,301)	(95,480)	(124,569)
(Increase) / decrease in inventories	(379,117)	(479,221)	(81,940)	8,592
Increase / (decrease) in trade and other payables	(188,290)	463,492	349,614	5,693
	(1,164,984)	(282,030)	172,194	(110,284)
	1,097,773	1,268,795	280,301	34,119
B Analysis of cash & cash equivalents at end of the year				
Cash at bank and in hand	210,383	208,531	22,455	25,485
Short term deposits	793,837	323,316	425,677	-
Short term loans and overdraft	(3,447,198)	(3,288,557)	(372,980)	(867,168)
	(2,442,978)	(2,756,710)	75,152	(841,683)
Effects of exchange rate changes	-	13,068	-	-
	(2,442,978)	(2,743,642)	75,152	(841,683)

The notes to the financial statements on page 7 & 8 form an integral part of the financial statements.

The figures in brackets indicate deductions

DIPPED PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

1. 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.

2. 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

	Consolidated		Company	
	Unaudited As at 31.03.2012 Rs.'000	Unaudited As at 31.03.2011 Rs.'000	Unaudited As at 31.03.2012 Rs.'000	Unaudited As at 31.03.2011 Rs.'000
Issued and Fully paid				
59,861,512 Ordinary Shares	598,615	598,615	598,615	598,615

4. 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.

5. 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.

6. Industry Segment Turnover

	Consolidated	
	year to 31.03.2012 Rs'000	year to 31.03.2011 Rs.'000
Hand Protection	13,499,025	11,700,036
Plantations	7,051,988	3,880,381
	20,551,013	15,580,417
Inter - segment sales / services	(764,528)	(711,172)
	19,786,485	14,869,245

7. Industry Segment Results

	Consolidated	
	year to 31.03.2012 Rs. '000	year to 31.03.2011 Rs.'000
Hand Protection	1,990,288	454,676
Plantations	633,039	472,096
Segment results	2,623,327	926,772
Net finance cost	(212,111)	(169,620)
Share of loss of equity accounted investee	(27,067)	(9,042)
Profit before tax	2,384,149	748,110

INVESTOR INFORMATION

	31.03.2012 Rs.	31.03.2011 Rs.
Market Value of Shares		
The market value of an ordinary share of Dipped Products PLC was as follows.		
Closing price on	100.10	116.10
Highest price recorded for the year ending	127.00	140.00
Lowest price recorded for the year ending	80.00	102.50
Highest price recorded for the three months ending	109.80	126.00
Lowest price recorded for the three months ending	80.00	111.00
Market Capitalisation (Rs. M)	5,992	6,950
Ratios		
Net assets per share at the period end*	88.46	59.26
Price earnings ratio annualised (times)	3.21	15.56

Share Trading information from April 1, 2011 to March 31, 2012

Number of transactions	1,964	3,199
Number of shares traded	5,553,492	17,114,744
Value of shares traded (Rs.)	598,854,317	2,095,530,265

Dividend Payments

Final dividend 2010/11	Rs.1.50 per share paid on 06.07.2011
Final dividend 2011/12 (Proposed)	Rs.6.00 per share payable on 09.07.2012

*Computed based on 59,861,512 shares on issue as at March 31, 2012

DIPPED PRODUCTS PLC

INVESTOR INFORMATION

First twenty shareholders as at March 31, 2012

	Shareholder	No.of Shares as at March 31, 2012	%
1	Hayleys PLC	24,776,080	41.39
2	Employees Provident Fund	7,524,352	12.57
3	Volanka (Private) Ltd	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	1,292,400	2.16
7	National Savings Bank	1,000,000	1.67
8	Ravi Industries Ltd	567,000	0.95
9	Seylan Bank PLC / Symphony Capital Ltd	474,890	0.79
10	E. W. Balasuriya & Co. (Pvt) Ltd	425,100	0.71
11	H A P Investments (Pvt) Ltd	404,162	0.68
12	Mr.H.A.Pieris	401,264	0.67
13	Mr.N.G.Wickremeratne	393,204	0.66
14	Dr.D.Jayantha	360,000	0.60
15	Renuka Properties Ltd	300,034	0.50
16	Mr.J.A.G.Anandarajah	219,474	0.37
17	HSBC International Nominees Ltd-SSBT Deutsche Bank	200,044	0.33
18	Commercial Bank of Ceylon PLC A/C No.04	200,000	0.33
19	Hallsville Trading Group Inc.	200,000	0.33
20	Mr. D.F.G. Dalpethado	184,300	0.31
	TOTAL	51,238,186	85.59

There were no non-voting shares as at March 31, 2012.

The percentage of shares held by public as per Colombo Stock Exchange Rules as at March 31, 2012 was 45.55%.

Directors' shareholding as at March 31, 2012

Name of Director	No.of Shares as at March 31, 2012
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
TOTAL	292,326