

*Finlays Colombo PLC*



*Finlays Colombo PLC  
Interim Report for the 4th  
Quarter ended 31st  
December 2010*

# Finlays Colombo PLC

## BALANCE SHEET

As at

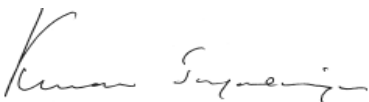
	GROUP		COMPANY	
	31 Dec 2010 Rs. 000	Audited 31 Dec 2009 Rs. 000	31 Dec 2010 Rs. 000	Audited 31 Dec 2009 Rs. 000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipment	4,355,325	3,318,802	2,493,358	1,729,256
Investments in Subsidiaries	-	-	824,585	824,585
Investment in Associate	-	42,340	-	16,000
Investment in Joint Venture	-	-	1,325	1,325
Other Investments	738	712	738	712
Defined Benefits Obligation - Plan Assets	91,765	65,386	91,765	65,386
Amounts due from Related Companies	-	-	708,152	745,456
Employees' Share Trust Loan	6,103	6,103	6,103	6,103
	4,453,930	3,433,343	4,126,025	3,388,823
<b>Current Assets</b>				
Inventories	588,443	390,828	535,699	351,703
Trade and Other Receivables	589,995	627,469	300,121	248,138
Amounts Due from Related Companies	599	1,984	76,935	81,781
Tax Recoverable	52,959	39,102	52,959	37,573
Cash and Bank Balances	1,011,043	672,878	572,472	392,732
	2,243,039	1,732,261	1,538,186	1,111,927
<b>Total Assets</b>	6,696,969	5,165,604	5,664,212	4,500,750
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated Capital	636,194	636,194	636,194	636,194
Reserves	3,085,204	2,011,507	2,297,535	1,519,621
Accumulated Profits	1,424,929	1,217,814	1,026,891	854,654
<b>Total Equity</b>	5,146,327	3,865,515	3,960,620	3,010,469
<b>Non-Current Liabilities</b>				
Amounts Due to Related Companies	-	-	676,609	675,254
Interest Bearing Loans & Borrowings	9,917	14,324	-	-
Deferred Tax Liabilities	64,083	49,006	37,614	34,169
Defined Benefits Obligation	98,931	86,218	98,931	86,218
	172,931	149,548	813,154	795,641
<b>Current Liabilities</b>				
Trade and Other Payables	856,234	810,078	397,563	371,639
Income Tax Liabilities	43,074	42,799	5,161	-
Interest Bearing Loans & Borrowings - Current Portion	4,407	4,407	-	-
Amounts Due to Related Companies	-	1,387	14,128	32,149
Bank Overdrafts	473,996	291,871	473,586	290,853
	1,377,711	1,150,542	890,438	694,641
<b>Total Equity and Liabilities</b>	6,696,969	5,165,604	5,664,212	4,500,750
<b>Net Assets per Share (Rs.)</b>	147.04	110.44	113.16	86.01

**The above figures are provisional and unaudited.**

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Coralie Pietersz  
CHIEF FINANCIAL OFFICER



Kumar Jayasuriya  
CHAIRMAN



E.R. Croos Moraes  
DIRECTOR

# Finlays Colombo PLC

## INCOME STATEMENT

Year Ended 31st December 2010

	GROUP					
	Three months ended 31 December			Year Ended 31st December		
	2010 Rs. 000	2009 Rs. 000	Change %	2010 Rs. 000	2009 Rs. 000	Change %
<b>Revenue</b>	1,070,307	1,070,222	0%	4,557,880	4,548,314	0%
Cost of Sales	(855,338)	(854,256)	0%	(3,697,289)	(3,572,185)	-4%
Gross Profit	214,969	215,966	0%	860,591	976,128	-12%
Other Operating Income	13,179	24,281	-46%	157,992	54,036	192%
Distribution Costs	(20,133)	(23,339)	14%	(68,154)	(101,689)	33%
Administrative Expenses	(90,190)	(118,405)	24%	(455,431)	(476,045)	4%
Finance Cost	(6,145)	(9,393)	35%	(31,903)	(43,051)	26%
Share of Associate Company Profit	-	10,252	-100%	4,000	18,569	-78%
<b>Profit before Tax</b>	111,681	99,363	12%	467,096	427,949	9%
Income Tax Expense	(27,173)	(34,800)	22%	(102,480)	(118,190)	13%
<b>Net Profit attributable to shareholders</b>	84,508	64,563	31%	364,616	309,759	18%
<b>Earnings per Share (Rs.)</b>	2.41	1.84		10.42	8.85	

	COMPANY					
	Three months ended 31 December			Year Ended 31st December		
	2010 Rs. 000	2009 Rs. 000	Change %	2010 Rs. 000	2009 Rs. 000	Change %
<b>Revenue</b>	848,152	841,818	1%	3,650,823	3,727,618	-2%
Cost of Sales	(766,150)	(778,291)	2%	(3,337,535)	(3,272,449)	-2%
Gross Profit	82,002	63,527	29%	313,288	455,169	-31%
Other Operating Income	36,538	59,884	-39%	369,977	228,051	62%
Distribution Costs	(11,228)	(13,441)	16%	(34,476)	(69,093)	50%
Administrative Expenses	(73,435)	(81,854)	10%	(295,403)	(316,802)	7%
Finance Cost	(5,064)	(8,574)	41%	(28,974)	(41,491)	30%
<b>Profit before Tax</b>	28,813	19,543	47%	324,412	255,835	27%
Income Tax Expense	5,325	14,021	-62%	5,325	(229)	-2425%
<b>Net Profit attributable to shareholders</b>	34,138	33,564	2%	329,737	255,606	29%
<b>Earnings per Share (Rs.)</b>	0.98	0.96		9.42	7.30	

**The above figures are provisional and unaudited.**

# Finlays Colombo PLC

## CASH FLOW STATEMENT

Year Ended 31st December 2010

	GROUP		COMPANY	
	31 Dec 2010 Rs. 000	31 Dec 2009 Rs. 000	31 Dec 2010 Rs. 000	31 Dec 2009 Rs.000
<b>Cash Flows From / (Used in) Operating Activities</b>				
Net profit before Income Tax Expense	467,096	427,949	324,412	255,834
Adjustments for				
Depreciation	115,075	112,868	43,410	42,394
Income from Investments	(15,575)	(8,838)	(192,329)	(170,945)
(Profit)/Loss on sale of Property, Plant & Equipment	(1,038)	(1,470)	(44)	(94)
Finance Costs	(80,821)	-	(102,261)	-
Gratuity Provision	31,903	43,051	28,974	41,491
Bad Debts	17,243	22,752	17,243	22,752
Associate Company Profit	5,875	3,799	-	49
Operating Profit/(Loss) before Working Capital Changes	544,658	588,742	119,405	191,480
(Increase)/ Decrease in Inventories	(197,615)	(76,861)	(183,996)	(76,362)
(Increase)/ Decrease in Trade and Other Receivables	32,984	(47,197)	(47,138)	(47,668)
Increase/ (Decrease) in Trade and Other Payables	44,021	108,380	7,153	(7,609)
Cash Generated from Operations	424,047	573,064	(104,576)	59,841
Finance Costs paid	(31,903)	(43,051)	(28,974)	(41,491)
Gratuirt Paid	(4,530)	(5,684)	(4,530)	(5,684)
Income Tax Paid	(115,674)	(94,764)	(8,703)	(6,899)
Net Cash From/(Used in) Operating Activities	271,940	429,565	(146,783)	5,767
<b>Cash Flows from / (Used in) Investing Activities</b>				
Acquisition of Property, Plant & Equipment	(62,463)	(146,000)	(21,598)	(99,954)
Proceeds from Sale of Property, Plant & Equipment	1,038	1,621	44	115
Proceeds from Sale of Non Current Investments	118,261	-	118,261	-
Acquisition of Investments	(26)	(114)	(26)	(114)
Liquidation of Subsidiary	-	-	-	4,236
Investment in Other Long Term Assets-Gratuity	(26,379)	(14,593)	(26,379)	(14,593)
(Increase)/ Decrease in Amounts Due to/from Related Parties	-	-	38,659	55,044
Interest Received	15,575	8,599	8,250	3,161
Dividend Received	-	239	184,079	167,785
Net Cash Flows from/(Used in) Investing Activities	46,007	(150,248)	301,290	115,680
<b>Cash Flows from/(Used in) Financing Activities</b>				
Proceeds from Interest Bearing Loans & Borrowings	-	20,900	-	-
Repayment of Interest Bearing Loans & Borrowings	(4,407)	(2,169)	-	-
Dividends Paid	(157,500)	(157,500)	(157,500)	(157,500)
Net Cash Flows from/(Used in) Financing Activities	(161,907)	(138,769)	(157,500)	(157,500)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	156,040	140,548	(2,993)	(36,053)
<b>Cash and Cash Equivalents at the beginning of the period</b>	381,007	240,459	101,879	137,932
<b>Cash and Cash Equivalents at the end of the period (Note)</b>	537,047	381,007	98,886	101,879
<b>Note</b>				
Cash and Cash Equivalents	1,011,043	672,878	572,472	392,732
Bank Overdraft & Short Term Loans	(473,996)	(291,871)	(473,586)	(290,853)
	537,047	381,007	98,886	101,879

The above figures are provisional and unaudited.

Colombo

22 February 2011

## Finlays Colombo PLC

### STATEMENT OF CHANGES IN EQUITY

Year Ended 31st December 2010

GROUP	Stated	Revaluation	General	Accumulated	Total
	Capital	Reserve	Reserve	Profit	
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
<b>Balance as at 31 December 2008</b>	636,194	1,752,930	258,577	1,068,805	3,716,506
Net Profit For The Year 2009	-	-	-	309,759	309,759
Dividends - Final 2008	-	-	-	(52,500)	(52,500)
- Interim 2009	-	-	-	(105,000)	(105,000)
Adjustment For Associate Company Net Assets	-	-	-	(3,250)	(3,250)
<b>Balance as at 31 December 2009</b>	<b>636,194</b>	<b>1,752,930</b>	<b>258,577</b>	<b>1,217,814</b>	<b>3,865,515</b>
Net Profit For The Year 2010	-	-	-	364,616	364,616
Revaluation of Land & Buildings	-	1,073,697	-	-	1,073,697
Dividends - Final 2009	-	-	-	(52,500)	(52,500)
- Interim 2010	-	-	-	(105,000)	(105,000)
<b>Balance as at 31 December 2010</b>	<b>636,194</b>	<b>2,826,627</b>	<b>258,577</b>	<b>1,424,929</b>	<b>5,146,327</b>
<b>COMPANY</b>					
<b>Balance as at 31 December 2008</b>	636,194	1,261,348	258,273	752,512	2,908,327
Net Profit For The Year 2010	-	-	-	255,606	255,606
Adjustment For Liquidation of Subsidiary	-	-	-	4,036	4,036
Dividends - Final 2008	-	-	-	(52,500)	(52,500)
- Interim 2009	-	-	-	(105,000)	(105,000)
<b>Balance as at 31 December 2009</b>	<b>636,194</b>	<b>1,261,348</b>	<b>258,273</b>	<b>854,654</b>	<b>3,010,469</b>
Net Profit For The Year 2010	-	-	-	329,737	329,737
Revaluation of Land & Buildings	-	777,914	-	-	777,914
Dividends - Final 2009	-	-	-	(52,500)	(52,500)
- Interim 2010	-	-	-	(105,000)	(105,000)
<b>Balance as at 31 December 2010</b>	<b>636,194</b>	<b>2,039,262</b>	<b>258,273</b>	<b>1,026,891</b>	<b>3,960,620</b>

### SEGMENT INFORMATION

Year Ended 31st December 2010

Industry Segment Revenue and Results	Segment Revenue		Segment Result	
	2010	2009	2010	2009
	Rs.000	Rs.000	Rs.000	Rs.000
Tea Exports	3,601,508	3,649,950	175,566	243,549
Logistics	355,196	320,893	110,216	91,483
Services	573,280	545,594	208,682	214,980
Others/Unallocated	63,241	66,098	(95,861)	(106,181)
	<b>4,593,225</b>	<b>4,582,535</b>	<b>398,603</b>	<b>443,831</b>
Inter Segment Sales	(35,345)	(34,221)		
<b>External Sales</b>	<b>4,557,880</b>	<b>4,548,314</b>		
Interest Income			15,575	8,599
Profit on Disposal of non current Investments			(31,903)	(43,051)
Finance Cost			80,821	-
Share of Associate Company Profit			4,000	18,569
<b>Group profit from operating activities</b>			<b>467,096</b>	<b>427,948</b>

### NOTES TO THE FINANCIAL STATEMENTS

1). Share prices recorded during the fourth quarter

	2010	2009
Highest	230.00	225.00
Lowest	150.00	182.00
Last Traded	190.00	210.00

2). The Financial Statements of the Group and the Company have been prepared on the same accounting policies and methods as applied for the year ended 31 December 2009 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

3). In March 2010, the group divested its stake in BASF Finlay (Pvt) Ltd for a total consideration of Rs. 118.2 million. The profit for the group is approximately Rs. 80.8 million, which has been shown in the Income Statement under 'Other Operating Income'. There have been no other changes in the composition of the Group during the interim period.

4). The land and buildings of Finlays Colombo PLC, Finlay Properties (Pvt) Ltd, Finlay Rentokil Ceylon (Pvt) Ltd and Finlay Cold Storage (Pvt) Ltd were revalued during the financial year ended 31st December 2010 by Mr.P.W. De S. Senaratne, an independent valuer. The results of such valuation were incorporated in these financial statements with effect from 31st December 2010. Such assets were valued on an open market value for existing use basis. The surplus arising from the valuation of Rs. 1,074 million was transferred to a revaluation reserve.

5). There was no significant capital commitments as at 31st December 2010.

6). There were no material changes in the contingent liabilities from that disclosed for the year ended 31 December 2009.

7). No circumstance have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements other than;

a). The Board of Directors has recommended a final dividend of Rs. 1.50/- per share amounting to Rs. 52.5 million for the year ended 31st December 2010. This is to be approved at the Annual General Meeting to be held on 30th March 2011.

b). Subsequent to the balance sheet date a complaint has been received that some products stored by Finlay Cold Storage (Private) Limited, a wholly owned subsidiary of Finlays Colombo PLC, engaged in the provision of temperature controlled logistics services, have been subject to an odour taint. Finlay Cold Storage (Private) Limited is carrying out a full investigation to determine the facts and implications, if any, to the financial statements

8). The presentation and classification of the figures for the corresponding period of the previous year have been amended to be comparable with those for the current period.

# Finlays Colombo PLC

## NOTES TO THE FINANCIAL STATEMENTS

### Names and Number of Shares held by the 20 largest holders of voting shares and the percentage of such shares held 31st December 2010

Name of Shareholder	No. of shares	% of shares held
1 James Finlay Limited	33,839,410	96.68
2 Bank of Ceylon A/C Ceybank Unit Trust	332,600	0.95
3 Mr. Alghanim & Mrs A. T. T.T. Alnaquib	272,700	0.78
4 Jaycey Trust Services (Pvt) Ltd.,	137,357	0.39
5 Mr C P de Silva	75,000	0.21
6 Mr. R. L. Juriansz	42,000	0.12
7 Anverally and Sons (Pvt) Ltd A/c No 01	34,300	0.1
8 Mr. S.T. Nagendra	33,660	0.1
9 Mr M S Mylvnethen	12,500	0.04
10 Mr. A. M. S. Fernando	10,500	0.03
11 Mrs M. T. Nagendra	6,100	0.02
12 Mr. C.L.K.P. Jayasuriya	6,000	0.02
13 Seylan Bank PLC/W D N H Perera	5,000	0.01
14 Mrs J. Aloysius	5,000	0.01
15 Crescent Launderers & Dry Cleaners (Pvt) Ltd.,	4,700	0.01
16 Mr E.R. Croos Moraes	4,335	0.01
17 Mr K S D Senaweera	4,000	0.01
18 Mr N A L Keerthi	3,300	0.01
19 Mr L E Bernard	3,218	0.01
20 Mr J A C Kurukulasuriya	3,100	0.01

The Public Holding percentage as at 31st December 2010 was 3.45% of the issued share capital of the Company

Directors of the Company	Shareholding as at 31st December 2010
Mr. C.L.K.P. Jayasuriya (Chairman)	6,000
Mr. E. R. Croos Moraes (Executive Director)	4,335
Mr. Sanjoy Ray - resigned w.e.f. 30th November 2010	0
Mr. C. Jayaratne (Independent Non-Executive Director)	2,333
Mr. N.K.H. Ratwatte (Non-executive Director)	600
Mr. J.D. Bandaranayake (Independent Non-Executive Director)	0
Mr. N. G. Wickremeratne (Independent Non-Executive Director)	0
Mr. R. J. Mathison (Non-Executive Director)	0
Mr. P.R. Henson (Non-Executive Director)	0

The number of shares representing the Company's stated capital amounts to 35,000,000