

DIPPED PRODUCTS PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2010

CORPORATE INFORMATION

LEGAL FORM

A Public Limited Company
Incorporated in Sri Lanka in 1976

COMPANY NUMBER

PQ60

DIRECTORS

A.M. Pandithage – *Chairman*
J.A.G. Anandarajah - *Managing Director*
G.K. Seneviratne
N.Y. Fernando
N.B. Weerasekera
R. Seevaratnam
F. Mohideen
K.A.L.S. Fernando
L.G.S.Gunawardena
S.C.Ganegoda
Dr. M. Ranasoma (w.e.f. 02.08.2010)

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

ASSOCIATE

Mabroc Teas (Private) Limited
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 Audited year to 31.03.2010 Rs.'000 | | Consolidated | | | Consolidated | |
|---|---|--|--|------------------------------|--|--|
| | | Unaudited 06 months to 30.09.2010 Rs.'000 | Unaudited 06 months to 30.09.2009 Rs.'000 | Increase/ (Decrease) % | Unaudited 03 months to 30.09.2010 Rs.'000 | Unaudited 03 months to 30.09.2009 Rs.'000 |
| 11,823,707 | Turnover | 7,072,585 | 5,259,755 | 34 | 3,758,904 | 2,999,377 |
| (9,463,069) | Cost of sales | (5,885,530) | (4,363,086) | 35 | (3,191,361) | (2,522,321) |
| 2,360,638 | Gross profit | 1,187,055 | 896,669 | 32 | 567,543 | 477,056 |
| 28,419 | Other income | 38,256 | 10,791 | 255 | 22,689 | 3,939 |
| (1,084,733) | Administrative expenses | (588,388) | (490,075) | 20 | (310,595) | (270,399) |
| (440,331) | Distribution expenses | (205,693) | (201,185) | 2 | (90,992) | (111,350) |
| (13,188) | Other expenses | (4,598) | (6,793) | (32) | (1,656) | (3,615) |
| (115,100) | Net finance cost | (116,166) | (41,714) | 178 | (30,303) | (22,273) |
| 1,904 | Share of profit / (loss) of associate (net of tax) | (35,114) | (1,419) | 2,375 | (2,345) | 1,776 |
| 737,609 | Profit before tax | 275,352 | 166,274 | 66 | 154,341 | 75,134 |
| (173,332) | Income tax expense | (57,409) | (72,945) | (21) | (31,692) | (45,732) |
| 564,277 | Profit for the period | 217,943 | 93,329 | 134 | 122,649 | 29,402 |
| | Attributable to : | | | | | |
| 480,886 | Equity holders of the Company | 152,438 | 112,374 | 36 | 95,280 | 48,839 |
| 83,391 | Minority interest | 65,505 | (19,045) | (444) | 27,369 | (19,437) |
| 564,277 | Profit for the period | 217,943 | 93,329 | 134 | 122,649 | 29,402 |
| 8.03 | Basic earnings per ordinary share for the period (Rs.) * | 2.55 | 1.88 | | | |
| 8.03 | Diluted earnings per ordinary share for the period (Rs.) * | 2.55 | 1.88 | | | |
| 3.75 | Dividend per share (Rs) | - | - | | | |

*Computed based on 59,861,512 ordinary shares on issue as at September 30, 2010.

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 | | | Company | |
|---|---|--|--|------------------------------|--|--|
| | | Unaudited 06 months to 30.09.2010 Rs.'000 | Unaudited 06 months to 30.09.2009 Rs.'000 | Increase/ (Decrease) % | Unaudited 03 months to 30.09.2010 Rs.'000 | Unaudited 03 months to 30.09.2009 Rs.'000 |
| Audited year to 31.03.2010 Rs.'000 | | | | | | |
| 1,104,355 | Turnover | 629,870 | 531,459 | 19 | 357,701 | 304,885 |
| (805,982) | Cost of sales | (556,735) | (397,802) | 40 | (329,448) | (229,231) |
| 298,373 | Gross profit | 73,135 | 133,657 | (45) | 28,253 | 75,654 |
| 3,312 | Other income | 11,233 | 1,923 | 484 | 10,617 | 627 |
| (227,073) | Administrative expenses | (134,638) | (92,378) | 46 | (77,973) | (58,260) |
| (11,227) | Distribution expenses | (1,258) | (69) | 1,723 | 5,299 | 5,032 |
| (3,834) | Other expenses | (3,259) | (5,950) | (45) | (969) | (3,249) |
| 309,884 | Net finance income | 11,363 | 75,040 | (85) | 27,921 | 70,746 |
| 369,435 | Profit before tax | (43,424) | 112,223 | (139) | (6,852) | 90,550 |
| (11,295) | Income tax expense | - | (3,905) | (100) | - | (693) |
| 358,140 | Profit for the period | (43,424) | 108,318 | (140) | (6,852) | 89,857 |
| | Basic earnings per ordinary share for the period (Rs.) * | (0.73) | 1.81 | | | |
| 5.98 | Diluted earnings per ordinary share for the period (Rs.) * | (0.73) | 1.81 | | | |
| 3.75 | Dividend per share (Rs) | - | - | | | |

*Computed based on 59,861,512 ordinary shares on issue as at September 30, 2010.

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

| Consolidated | Company | Notes | Consolidated | | Company | |
|---|------------|-------|--------------|------------|------------|------------|
| | | | Unaudited | Unaudited | Unaudited | Unaudited |
| Audited | Audited | | As at | As at | As at | As at |
| 31.03.2010 | 31.03.2010 | | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 |
| Rs.'000 | Rs.'000 | | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| ASSETS | | | | | | |
| Non-current assets | | | | | | |
| 4,899,811 | 319,952 | | 5,274,017 | 4,849,542 | 348,935 | 290,441 |
| 15,684 | - | | 15,684 | 15,684 | - | - |
| - | 1,594,280 | | - | - | 1,843,280 | 793,688 |
| 92,201 | - | | 343,083 | 88,878 | - | - |
| 197,010 | 194,457 | | 197,010 | 197,010 | 194,457 | 194,457 |
| 24,016 | 24,016 | | 24,016 | 21,592 | 24,016 | 21,592 |
| 5,228,722 | 2,132,705 | | 5,853,810 | 5,172,706 | 2,410,688 | 1,300,178 |
| Current assets | | | | | | |
| 2,079,549 | 348,486 | | 2,740,988 | 1,756,923 | 544,191 | 371,900 |
| 3,057,384 | 341,156 | | 3,543,840 | 3,031,152 | 485,320 | 352,848 |
| - | 263,013 | | - | - | 272,230 | 890,388 |
| - | - | | - | - | - | - |
| 227,037 | - | | 327,549 | 165,000 | - | - |
| 184,591 | 52,684 | | 152,580 | 276,034 | 19,099 | 57,647 |
| 5,548,561 | 1,005,339 | | 6,764,957 | 5,229,109 | 1,320,840 | 1,672,783 |
| 10,777,283 | 3,138,044 | | 12,618,767 | 10,401,815 | 3,731,528 | 2,972,961 |
| EQUITY AND LIABILITIES | | | | | | |
| Equity attributable to equity holders of the company | | | | | | |
| 598,615 | 598,615 | 3 | 598,615 | 598,615 | 598,615 | 598,615 |
| 228,505 | 133,788 | | 233,499 | 178,748 | 133,788 | 99,882 |
| 2,483,243 | 1,175,482 | | 2,458,349 | 2,218,388 | 997,369 | 1,015,452 |
| 3,310,363 | 1,907,885 | | 3,290,463 | 2,995,751 | 1,729,772 | 1,713,949 |
| 758,047 | - | | 778,067 | 676,542 | - | - |
| 4,068,410 | 1,907,885 | | 4,068,530 | 3,672,293 | 1,729,772 | 1,713,949 |
| Liabilities | | | | | | |
| Non-current liabilities | | | | | | |
| 135,956 | - | | 136,951 | 141,148 | - | - |
| 976,967 | 182,257 | | 1,067,236 | 951,774 | 202,083 | 146,908 |
| 41,270 | - | | 36,875 | 37,900 | - | - |
| 1,049,654 | - | | 1,066,566 | 1,263,131 | 55,990 | - |
| 443,074 | - | | 482,332 | 408,069 | - | - |
| 2,646,921 | 182,257 | | 2,789,960 | 2,802,022 | 258,073 | 146,908 |
| Current liabilities | | | | | | |
| 1,573,531 | 169,395 | | 2,176,799 | 1,537,416 | 223,271 | 37,458 |
| 337,519 | - | | 462,688 | 323,591 | 111,979 | - |
| 2,116,490 | 567,433 | | 3,082,730 | 2,041,319 | 940,005 | 509,928 |
| - | 292,739 | | - | - | 463,069 | 560,702 |
| 9,256 | 9,001 | | 7,271 | 4,204 | 3,879 | 3,990 |
| 25,156 | 9,334 | | 30,789 | 20,970 | 1,480 | 26 |
| 4,061,952 | 1,047,902 | | 5,760,277 | 3,927,500 | 1,743,683 | 1,112,104 |
| 10,777,283 | 3,138,044 | | 12,618,767 | 10,401,815 | 3,731,528 | 2,972,961 |

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

The Balance Sheets as at September 30, 2010, and Statements of Income, Changes in Equity and Cash Flow for the six 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

October 28,2010

sgd.
J.A.G.Anandarajah
Managing Director

DIPPED PRODUCTS PLC
STATEMENTS OF CHANGES IN EQUITY

Consolidated

For the period ended September 30, 2010

| | -----Attributable to equity holders of the Company----- | | | | | | | | Minority Interest | Total Equity | |
|--|---|--|---------------------------|--|----------------------------|--------------------|----------------------|------------------------------------|----------------------|-----------------|------------------|
| | -----Capital Reserves----- | | | | -----Revenue Reserves----- | | | | | | Total |
| | 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 | | |
| 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 |
| Exchange difference on translation of overseas entities | - | - | - | - | - | - | - | (37,649) | (37,649) | (34,468) | (72,117) |
| Net gains/(losses) not recognised in the Income Statement | - | - | - | - | - | - | - | (37,649) | (37,649) | (34,468) | (72,117) |
| Profit for the period | - | - | - | - | - | - | 152,438 | - | 152,438 | 65,505 | 217,943 |
| Dividends | - | - | - | - | - | - | (134,689) | - | (134,689) | (11,017) | (145,706) |
| Transfer to legal reserve | - | - | - | - | 4,994 | - | (4,994) | - | - | - | - |
| Balance as at September 30, 2010 | 598,615 | 180 | 25,384 | 189,517 | 18,418 | 625,173 | 1,776,749 | 56,427 | 3,290,463 | 778,067 | 4,068,530 |
| For the period ended September 30, 2009 | | | | | | | | | | | |
| Balance as at April 1, 2009 | 598,615 | 180 | 25,384 | 139,760 | 8,899 | 625,173 | 1,575,818 | 105,321 | 3,079,150 | 785,912 | 3,865,062 |
| Adjustment due to acquisition of own shares by ICOGUANTI S.p.A | - | - | - | - | 1,342 | - | (8,724) | 5,738 | (1,644) | (52,077) | (53,721) |
| Exchange difference on translation of overseas entities | - | - | - | - | - | - | - | (14,544) | (14,544) | (3,947) | (18,491) |
| Net gains/(losses) not recognised in the Income Statement | - | - | - | - | 1,342 | - | (8,724) | (8,806) | (16,188) | (56,024) | (72,212) |
| Profit for the period | - | - | - | - | - | - | 112,374 | - | 112,374 | (19,045) | 93,329 |
| Dividends | - | - | - | - | - | - | (179,585) | - | (179,585) | (34,301) | (213,886) |
| Transfer to legal reserve | - | - | - | - | 3,183 | - | (3,183) | - | - | - | - |
| Balance as at September 30, 2009 | 598,615 | 180 | 25,384 | 139,760 | 13,424 | 625,173 | 1,496,700 | 96,515 | 2,995,751 | 676,542 | 3,672,293 |

Company

For the period ended September 30, 2010

| | -----Capital Reserves----- | | | | Total |
|--|----------------------------|--|--|----------------------|------------------|
| | Stated Capital | Capital Redemption Reserve Fund | Reserve on Revaluation of assets | Retained Earnings | |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 | |
| Balance as at April 1, 2009 | 598,615 | 180 | 133,608 | 1,175,482 | 1,907,885 |
| Profit for the period | - | - | - | (43,424) | (43,424) |
| Dividends | - | - | - | (134,689) | (134,689) |
| Balance as at September 30, 2010 | 598,615 | 180 | 133,608 | 997,369 | 1,729,772 |
| For the period ended September 30, 2009 | | | | | |
| Balance as at April 1, 2009 | 598,615 | 180 | 99,702 | 1,086,719 | 1,785,216 |
| Profit for the period | - | - | - | 108,318 | 108,318 |
| Dividends | - | - | - | (179,585) | (179,585) |
| Balance as at September 30, 2009 | 598,615 | 180 | 99,702 | 1,015,452 | 1,713,949 |

The notes to the financial statements on page 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 | 06 months to | 06 months to | 06 months to | 06 months to | 06 months to | 06 months to |
| 31.03.2010 | 31.03.2010 | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 |
| Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| | | Cash flows from operating activities | | | | | |
| 1,657,156 | 65,224 | (11,684) | 1,116,302 | (48,420) | 138,490 | | |
| (239,003) | (50,865) | (116,144) | (129,329) | (24,343) | (28,576) | | |
| (117,300) | (35) | (46,484) | (53,345) | (7,854) | (26) | | |
| (118,829) | (42,197) | (30,306) | (92,744) | (2,943) | (35,213) | | |
| - | - | - | (17) | - | - | | |
| 1,182,024 | (27,873) | (204,618) | 840,867 | (83,560) | 74,675 | | |
| | | Cash flows from investing activities | | | | | |
| (391,857) | (15,844) | (571,117) | (197,680) | (43,528) | (4,754) | | |
| 111,602 | - | 47,360 | 68,614 | - | - | | |
| 10,314 | 2,023 | 4,158 | 4,449 | - | 745 | | |
| - | (114,370) | (280,000) | - | (327,152) | - | | |
| 26,899 | 916 | 10,097 | 5,663 | 595 | 418 | | |
| 17,681 | 17,681 | 7,073 | 10,608 | 7,073 | 10,608 | | |
| - | 310,638 | - | - | 18,166 | 75,750 | | |
| (120,678) | - | (11,017) | (88,022) | - | - | | |
| (346,039) | 201,044 | (793,446) | (196,368) | (344,846) | 82,767 | | |
| | | Cash flows from financing activities | | | | | |
| 263,445 | - | 377,260 | 142,478 | 227,500 | - | | |
| (428,750) | - | (227,154) | (109,750) | (59,531) | - | | |
| (5,319) | - | (2,733) | (2,654) | - | - | | |
| (257,650) | (257,650) | (145,720) | (179,453) | (145,720) | (179,453) | | |
| (428,274) | (257,650) | 1,653 | (149,379) | 22,249 | (179,453) | | |
| 407,711 | (84,479) | (996,411) | 495,120 | (406,157) | (22,011) | | |
| (2,112,573) | (430,270) | (1,606,190) | (2,095,405) | (514,749) | (430,270) | | |
| (1,704,862) | (514,749) | (2,602,601) | (1,600,285) | (920,906) | (452,281) | | |
| | | A Cash generated from operations | | | | | |
| 737,609 | 369,435 | 275,352 | 166,274 | (43,424) | 112,223 | | |
| | | Profit before tax | | | | | |
| | | Adjustments for | | | | | |
| 239,003 | 50,865 | 116,144 | 129,329 | 24,343 | 28,576 | | |
| (1,904) | - | 35,114 | 1,419 | - | - | | |
| 412,350 | 27,810 | 205,328 | 207,365 | 14,545 | 13,447 | | |
| (7,698) | (846) | (4,158) | (4,055) | - | (690) | | |
| (14,719) | - | (8,102) | (6,736) | - | - | | |
| - | - | (5,996) | - | - | - | | |
| 18,219 | 5,772 | (12,261) | 18,963 | (5,123) | - | | |
| 283,501 | 61,761 | 125,565 | 233,266 | 22,769 | 19,428 | | |
| 4,882 | - | 2,076 | 1,838 | - | - | | |
| 33,826 | 5,255 | 4,922 | 10,992 | 2,487 | 2,007 | | |
| (44,580) | (329,235) | (17,170) | (16,271) | (25,834) | (86,776) | | |
| (22,496) | - | (196,516) | (26,473) | - | - | | |
| 1,637,993 | 190,817 | 520,298 | 715,911 | (10,237) | 88,215 | | |
| (80,593) | 88,756 | (477,935) | (15,253) | (148,258) | 64,028 | | |
| (187,458) | (46,340) | (666,361) | 158,002 | (198,192) | (66,506) | | |
| 287,214 | (168,009) | 612,314 | 257,642 | 308,267 | 52,753 | | |
| 1,657,156 | 65,224 | (11,684) | 1,116,302 | (48,420) | 138,490 | | |
| | | B Analysis of cash & cash equivalents at end of the period | | | | | |
| 184,591 | 52,684 | 152,580 | 276,034 | 19,099 | 57,647 | | |
| 227,037 | - | 327,549 | 165,000 | - | - | | |
| (2,116,490) | (567,433) | (3,082,730) | (2,041,319) | (940,005) | (509,928) | | |
| (1,704,862) | (514,749) | (2,602,601) | (1,600,285) | (920,906) | (452,281) | | |
| 98,672 | - | - | - | - | - | | |
| (1,606,190) | (514,749) | (2,602,601) | (1,600,285) | (920,906) | (452,281) | | |

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

DIPPED PRODUCTS PLC

INVESTOR INFORMATION

First twenty shareholders as at September 30, 2010

| | Shareholder | No.of Shares as at September 30, 2010 | % |
|----|--|---------------------------------------|--------------|
| 1 | Hayleys PLC | 24,776,080 | 41.39 |
| 2 | Employees Provident Fund | 5,508,500 | 9.20 |
| 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 | Delta Plus Group | 2,516,080 | 4.20 |
| 7 | National Savings Bank | 1,000,000 | 1.67 |
| 8 | Mr. V. S. Vijayaratnam | 1,000,000 | 1.67 |
| 9 | Bank Of Ceylon No.1 Account | 822,400 | 1.37 |
| 10 | Fast Gain International Limited | 770,300 | 1.29 |
| 11 | Asian Alliance Insurance PLC-A/C 02 (Life Fund) | 756,800 | 1.26 |
| 12 | Ravi Industries Limited | 567,000 | 0.95 |
| 13 | H A P Investments (Private) Limited | 404,162 | 0.68 |
| 14 | Mr.H.A.Pieris | 401,264 | 0.67 |
| 15 | Mr.N.G.Wickremeratne | 393,204 | 0.66 |
| 16 | Dr.D.Jayantha | 375,000 | 0.63 |
| 17 | Mr.R.W.Soyasa | 278,020 | 0.46 |
| 18 | Mr.J.A.G.Anandarajah | 219,474 | 0.37 |
| 19 | HSBC International Nominees Ltd-SSBT Deutsche Bank | 200,044 | 0.33 |
| 20 | Asian Alliance Insurance PLC-General Fund Account | 180,000 | 0.30 |
| | TOTAL | 52,484,210 | 87.68 |

There were no non-voting shares as at September 30, 2010.

The percentage of shares held by public as per Colombo Stock Exchange Rules as at September 30, 2010 was 42.25%.

Directors' shareholding as at September 30, 2010

| Name of Director | No.of Shares as at September 30, 2010 |
|----------------------|---------------------------------------|
| Mr.J.A.G.Anandarajah | 219,474 |
| Mr.N.Y.Fernando | 10,288 |
| Mr.K.A.L.S.Fernando | 56,264 |
| TOTAL | 286,026 |