90 Years

Since 1932

Touching Lives

RICHARD PIERIS & COMPANY PLC | ANNUAL REPORT 2021/2022

Contents

90 Years Since 1932

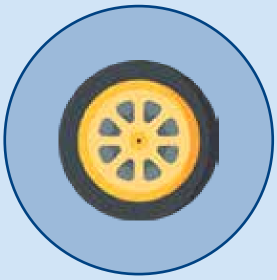
Touching Lives

As a legend in Sri Lankan industry, our story has been filled with hard work, and a commitment to maintaining and elevating our standards. This year, we continue to place importance on the upliftment and empowerment that we provide; through our business and through our growth, which ensures that we continue to touch more lives as we have done over the last 90 years.

Our Core Business

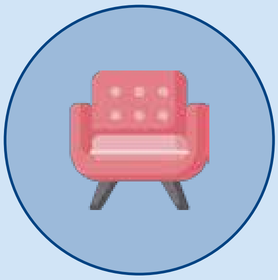
RETAIL SECTOR

Our Retail sector offers a comprehensive range of Household, FMCG, Furniture and Electronics. Arpico retail stores also provide unimaginable convenience with bank service points, ATMs, credit card and mobile bill payment facilities for a truly one-stop shop experience.



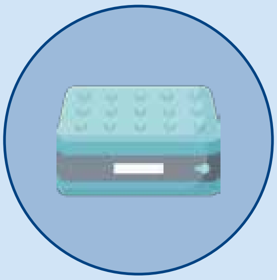
TYRE SECTOR

Our Tyre sector has built up a reputation as the most high quality and reliable Tyre leader in Sri Lanka. As the largest in the business, we are committed to introducing tyre innovations to the market, Solid Tyres being the latest breakthrough innovation.



PLASTICS, FURNITURE & ELECTRONICS SECTOR

Our Plastics segment has established its credentials as a household name in manufacturing and distributing Mattresses, Water tanks, Plastic furniture, Cushions and Sheets, Rigifoam products, PVC Pipes and Fittings, Vinyl mats, day-to-day consumer durables, as well as industrial and domestic Rubber products and Water pumps. The Furniture operation focuses on manufacturing Sofas, Panel furniture and Wooden furniture, and also retails Electronics for an end-to-end portfolio. The sector promotes the eco-friendly ‘Green Gas’ concept, advocating for a cleaner energy system.



RUBBER SECTOR

Our Rubber sector manufactures Mattresses, Pillows, Latex Rings, Crutch tips, Shoe soles and Jar rings along with specialty items such as Fire Retardant mats, Electrical safety mats and Anti-static mats. This sector mainly caters to the export market while some products are sold locally. The Arpico Organic Latex Foam (certified by Global Organic Latex Standards), is an exciting product we launched most recently.

PLANTATION SECTOR

Our Plantation sector, famed in Sri Lanka and overseas, has vast acres of land abundant with Tea, Rubber, Palm Oil, Coconut and Spices. We are also the largest Tea/Rubber producer in the country. Our brand of St. Clair's Tea is popular both internationally and domestically.

FINANCIAL SERVICES AND OTHER SECTOR

Our Financial services sector, which inspires trust and confidence, spans Insurance, Finance, Stock Broking, Margin Trading and a Logistics arm. Clients can avail of a variety of products such as Fixed Deposits, Savings Deposit, Leasing, Hire Purchase, Term Loans and Islamic Finance, while the portfolio of the Insurance arm includes Endowment, Term Assurance, Education, Hospitalisation, Investment, Group Assurance and Loan protection plans.
RPC Logistics Limited, the Logistics arm of the Group, offers integrated logistics solutions both locally and internationally.

VISION

To be a market driven, technologically oriented diverse Group.

We will organise and operate to continually focus on exceeding the expectations of our customers, whilst excelling in profitability and we will attract, develop and retain talented people to ensure the continued growth and viability of all our business ventures.

MISSION

To continually exceed the expectations of our customers.

To optimise the contribution from our employees by providing career and personal development opportunities, thereby creating an atmosphere that would motivate and internalise employee aspirations with corporate objectives.

To provide a satisfactory return to shareholders whilst retaining sufficient funds for reinvestment, thereby enhancing corporate wealth.

To ensure continuous growth by the planned expansion and diversification of business activities.

To continually strive for the upliftment of our community whilst adhering to high ethical standards in business.

Our History at a Glance

1932 - 2022

One of the largest and most diversified conglomerates in the country, Richard Pieris and Company boasts of a footprint extending from manufacturing to retail, to plantation management and financial services, generating value across the national economy.

The long and rich history of the Company gives an insight into its resilience and innovation. The Company originated as a ‘commission agents, general import and export merchants and dealers in estate supplies’, within the British colonial backdrop where all major trade and economic activities were controlled by British principals.

The Company was one of the pioneers of home-grown Sri Lankan businesses in the colonial times. The newly-formed Company’s first business venture was a filling station and within the first seven years of commencing business operations, revenues grew by more than 400%. In 1940, the business was converted into a limited-liability Company with the founding partners as Directors. The issued share capital of Rs. 50,000 was substantial for its day, and the new Company boasted 70 employees. The World Wars presented another growth opportunity for this emerging conglomerate. The Company witnessed a rapid increase in demand for natural rubber, which had become a precious commodity to sustain allied military operations.

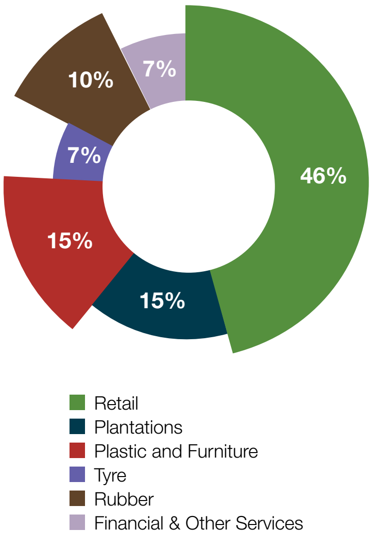
Responding to the demand, Richard Pieris and Company launched a tyre rebuilding business to meet the increasing demand for tyres for military vehicles. This first manufacturing venture was an instant success that continues to remain an exceptionally successful business venture to date, with the Arpico and Arpidag brands continuing to retain leadership status in the domestic tyre sector.

As one of the most enduring, stable and profitable corporate entities in the country for 90 years, Richard Pieris and Company PLC has enhanced people’s lifestyles and given them the ‘Arpico’ brand to love and be proud of.

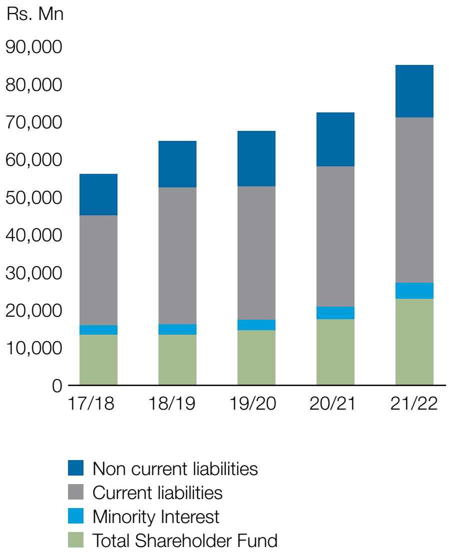
Financial Highlights

	2021/2022 Rs.'000	2020/2021 Rs.'000
Revenue	67,668,113	56,725,189
Profit from operations	10,751,233	7,205,591
Profit before tax from continuing operations	10,036,025	6,500,257
Income tax expense	(2,071,863)	(1,430,780)
Profit for the year from continuing operations	7,964,162	5,069,477
Profit for the year	7,962,199	5,065,962
Profit attributable to equity holders of the parent	6,886,687	4,490,261
Total assets	84,937,975	72,257,382
Shareholder funds	22,836,832	17,390,966
Market capitalisation	27,066,009	34,188,643
Total value addition	24,941,699	21,114,661
Per Ordinary Share		
Earnings (Rs)	3.38	2.21
Net assets (Rs)	11.22	8.55
Market value (Rs)	13.30	16.80
Ratios		
Return on equity (%)	34.24	28.18
Interest cover (No of times)	11.15	8.76
Dividend payout (%)	0.18	0.45
Gearing ratio (%)	31.20	38.15
Price Earnings (No. of times)	3.93	7.60
Dividend per share (Rs)	0.60	1.00
Dividend Cover (No. of times)	5.64	2.21
Current Ratio (No. of times)	1.12	1.09

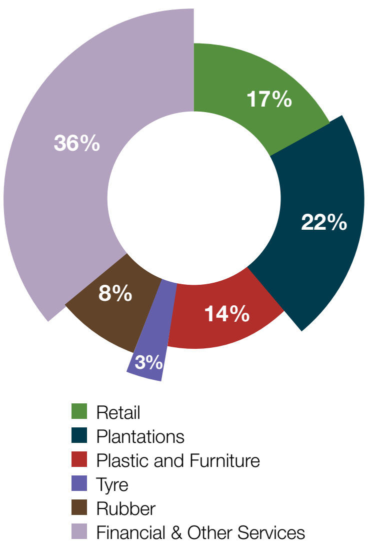
Group Turnover Composition



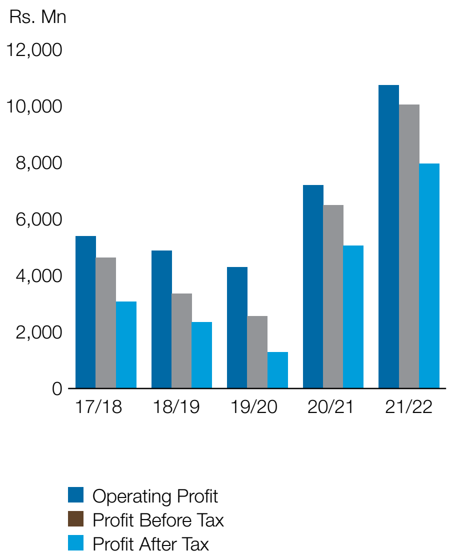
Total Equity and Liabilities



Segmental Assets



Operating Profit vs. PBT vs. PAT



Chairman's Review

"Our prudent actions and measures across the financial year have resulted in Group revenue of Rs. 68 Bn, followed by a profit before tax of Rs. 10 Bn. for the financial year ended 31st March 2022. The substantial revenue and profit outcomes are significant, as they are the highest-ever recorded figures in your Group's operational history."

Dear Valued Shareholders,
Our prudent actions and measures across the financial year have resulted in Group revenue of Rs. 68 Bn, followed by a profit before tax of Rs. 10 Bn. for the financial year ended 31st March 2022. The substantial revenue and profit outcomes are significant, as they are the highest-ever recorded figures in your Group's operational history. Furthermore, most of the business sectors within the Group remained resilient amidst the macroeconomic and monetary challenges.

The exceptional financial performance of the Group is despite the COVID-19 pandemic and the economic crisis in Sri Lanka. The recent economic upheaval is the worst calamity the country has experienced: a result of fast depleting foreign exchange reserves, currency devaluation, severe inflation, and higher interest rates amidst the country's struggles to repay its external debt obligations.

The milestones that your Group has reached today through its remarkable journey of resilient years have come through focused attention on core business and the selective expansion of strategic business ventures. Moreover, the Group's simultaneous attention to effective cost management also strengthened performance. Our resilience is underscored by agility and ability to adapt to a rapidly-changing local and global environment.

As a vibrant conglomerate, we will continue to remain focused to deliver superior financial returns to shareholders by leveraging on our legacy, our capabilities, the unmatched diversity and forward-looking strategies, to strengthen our leadership in many sectors. As an economic powerhouse in the country, the extraordinary circumstances in the country have not stopped the growth momentum of the Group.

"As one of Sri Lanka's leading conglomerates, we have always championed the country's potential in local and overseas markets and will continue to do so by boosting our export sectors to bring valuable foreign currency to the country."

Richard Pieris Group is a key stakeholder in fuelling the economy. We strive towards excellence in producing world-class products for our valued customers in more than 40 countries. As a direct and an indirect exporter, our Group brings in millions of dollars to the country directly and indirectly every month. We continue to penetrate into more export markets while consolidating the existing markets. As one of Sri Lanka's leading conglomerates, we have always championed the country's potential in local and overseas markets and will continue to do so by boosting our export sectors to bring valuable foreign currency to the country.

As a trend setting retailer in the country, Arpico retail chain continues to gain a competitive edge over its rivals through its unique shopping experience and an unmatched range of products under one roof. Undeterred by the external operating environment, we invested in new retail outlets, which were inaugurated during the year. Arpico retail remains committed to expanding into many strategic cities and towns with the objective of 'touching lives' of many customers in different parts of the country.

The plantation sector was the highest contributor to the Group operating profit, while remaining true to its legacy and occupying a market position as a leading tea and rubber producer in Sri Lanka. Product diversification and value-addition were the key drivers of growth despite the various challenges faced during the year, including the ban on inorganic fertilizers and crop care products.

As the nation is facing numerous challenges, we will continue to assess the macro-economic aspect of the country. We believe that the capable and energetic leadership of the Group, as well as the resilient employees across the Group, will help the Richard Pieris Group to navigate the challenges and turbulent economic conditions.

Furthermore, the Group will aggressively pursue interests in retail and plantation sector investments. Overall, under the robust leadership of our management, the Richard Pieris Group is expected to be one of the conglomerates leading the economic recovery in the months ahead.

On behalf of the Board, I wish to record my sincerest appreciation to our customers, shareholders, business partners and suppliers for their continued support.
In closing, I would like to express my appreciation to my fellow Board members and management teams for their tremendous efforts and contributions during this difficult time to deliver exceptional results for the financial year 2021/22. My deepest thanks go out to all Richard Pieris Group employees. Your contributions have been invaluable to the Company.

Dr. Sena Yaddehige
Chairman

29th August 2022
Colombo

Board of Directors

[1] Dr. Sena Yaddehige

Chairman / Managing Director / Chief Executive Officer

The business legacy of Dr. Sena Yaddehige spans not only time, but also the depth of multiple industries and sectors. Renowned as a pioneer in the field of engineering and as a revered global business icon, Dr. Yaddehige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddehige, Richard Pieris Group has evolved into one of the leading diversified business conglomerates in Sri Lanka with the footprint extending from manufacturing, to exports to retail, to plantations to financial services, creating value across the national economy in multiple sectors. Dr. Yaddehige also served as a Director on the Board of the National Development Bank PLC (NDB) from 2007 to 2010.

As a businessman and industrialist with wide global recognition, his companies are established in the USA, UK, Germany, and Singapore. In addition, Dr. Yaddehige is also the founding Managing Director of a European manufacturing firm, which develops and exports automotive components and systems, which are based on his innovations and conceptions.

His repertoire of innovations and developments includes contactless sensor technology and drive-by-wire systems. Furthermore, as a radiation specialist, Dr. Yaddehige is also the creator of several other technologies and components in radiation processing, for which he owns several patents from around the world. Locally, he holds the patent for slow release fertiliser, which provides relatively better results than quick release fertilisers while being a safer alternative for the environment. Dr. Yaddehige also pioneered the development unit for Lithium battery in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded three Doctorates, one of which is a Doctor of Science (D.Sc.), awarded as high commendation for his original findings and research in Radiation, Radiation Processing, Electromechanical Sensor Technology, Non-contact Sensor Technology and Automotive Pedal Systems, and as recognition of his patents in these respective arenas.

[2] Mr. Viville Perera

Director

Mr. Viville Perera is a Science graduate from Kelaniya University with Second Class Honours and is a Fellow Member of the Chartered Institute of Management Accountants and an Associate Member of the Chartered Institute of Marketing in United Kingdom. Mr. Perera has over 33 years' experience in senior managerial capacity in leading business organizations such as Associated Newspapers of Ceylon Limited, Middleway Ltd. (Ceylinco Group), Amico Group of Companies, and Alliance Finance Co. PLC.

He has served as Treasurer from 1992 to 1997 and Vice President from 1999 to 2002 of the Sri Lanka Institute of Packaging. Mr.Perera represented Richard Pieris and Company PLC as an Ex-Co member from 2011 to 2020 and was the Deputy Vice Chairman for 2018/19 and 2019/20 of the Industrial Association of Sri Lanka, an affiliated trade association under the aegis of the Ceylon Chamber of Commerce. He is also the Chairman of Arpico Insurance PLC and is on the Board of Directors of several companies in the Richard Pieris Group.

[3] Mr. E P I Fernando

Director

Mr. E. P. I. Fernando brings over 35 years of management experience, all of which in foreign and local banks specializing in operational management, retail and institutional banking. He began his career at ANZ Grindlays and thereafter at Standard Chartered Bank, where he held various senior positions, including head of retail products and business development. He also worked at Pan Asia Bank PLC as the head of institutional liability sales. His leadership roles over decades in multiple functions of operations, marketing, and strategy led to strengthened business and contributed to significant growth in the organizations he served.

His contribution and expertise has also been extended through many institutional and government bodies. Mr. Fernando served as the Chairman/CEO of the Vocational Training Authority (VTA). He has also served as a board member of the National Apprentice and Industrial Training Authority, the Board of the Tea Research Institute of Sri Lanka, the Export Development Board and the Industrial Development Board. He was also a committee member of the National Sports Council and the Advisory Council of the Sri Lanka Export Development Board. Mr. Fernando also served as a board director of Richard Pieris Securities and Namunukula Plantations PLC.

[4] Mr. Shaminda Yaddehige

Director

Mr. Shaminda Yaddehige is an Executive Director and also the Chief Operating Officer of the Company. Mr. Yaddehige was educated at Charter House-United Kingdom and graduated in Chemical Engineering from University College London. In addition, he also possesses a Masters Degree in Business Administration from IE Business School, which is ranked amongst the top 10 business schools in the world.

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers-UK and also at the world-renowned international ultra high net worth banking giant, Credit Suisse of Switzerland. He has extensive experience in international marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige has been in the Directorate of Richard Pieris Exports PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other companies within the Richard Pieris Group.

[5] Dr.Jayatissa de Costa P.C.
Director

Dr. Jayatissa de Costa LL.B. (Cey), LL.M. (Lond), PH.D (Colombo) is a Presidents' Counsel. He was admitted to the Legal Profession in Sri Lanka in January, 1971 and has an unbroken practice of more than 51 years at Bar specializing in Civil Matters. In addition, he has held numerous positions both in the Public Sector and Private Sector including the Chairmanship of the Public Utilities Commission of Sri Lanka and membership of the Law Commission. He was also the Principal of Sri Lanka Law College. Dr. Jayatissa De Costa had functioned as a Law Lecturer in a number of universities both at home and abroad and has published a large number of books in Law. He had his education at Dharmapala Vidyalaya, Pannipitiya, London School of Economics and Political Science, School of Oriental and African Studies and Kings' College, University of London.

[6] Mr. J Felix Fernandopulle
Director

Mr. Fernandopulle is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of the Institute of Certified Management Accountants of Sri Lanka.

He is the Managing Director of Mahaweli Coconut Plantations PLC, where he had also worked in the capacity of Finance Director and also was the former Chairman of Richard Pieris Finance Ltd.

He served on the Board of Chilaw Finance PLC after the takeover by Richard Pieris Finance Ltd until the merger. He has served as a Director of the Coconut Development Authority and Coconut Research Institute and has also served on the Advisory Committee on Coconut at the Ministries of Plantation Industries and Coconut Industries. He has represented Sri Lanka's Desiccated Coconut Manufacturers Association at the Asian & Pacific Coconut Council.

[7] Mr. Shiron Gooneratne
Director

Mr. Shiron Gooneratne is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds an MBA from the University of Leicester, United Kingdom.

Mr. Gooneratne brings a wealth of experience, both from Sri Lanka and overseas. Having trained at Ernst and Young, he joined GlaxoSmithKline Consumer Health Care as a Financial Accountant and rose to the position of Finance Director, where he completed 11 years, of which 7 years as the Finance Director. Thereafter, he held the positions of Chief Financial Officer at Sri Lanka Telecom PLC, Chief Financial Officer at Dilmah Ceylon Tea Company PLC, and currently he functions as an Executive Director of Richard Pieris and Company PLC.

[8] Mr. Wasantha Abeysirigunawardena
Director

Mr. Wasantha Abeysirigunawardena is a Rubber Technologist holding a Masters in Polymer Science & Technology with over 41 years' experience in the rubber products manufacturing industry. His long associations with Richard Pieris Group count over 33 years and his contributions to product development have been highly acclaimed, winning him a Merit Award from The Plastics and Rubber Institute for the significant contribution he made towards the development and growth of the polymer industry in Sri Lanka.

He is also a Director of Richard Pieris Tyre, Richard Pieris Exports PLC, Richard Pieris Natural Foams Limited and numerous other companies in the Group. In addition to this, he heads the rubber sector at the research and development centre of the Richard Pieris Group. He is an Associate Member of The Institute of Materials in London and also a Member of The Institute of Incorporated Engineers in Sri Lanka. He has also been conferred with a Graduateship in Mechanical Engineering from The City and Guilds Institute, London.

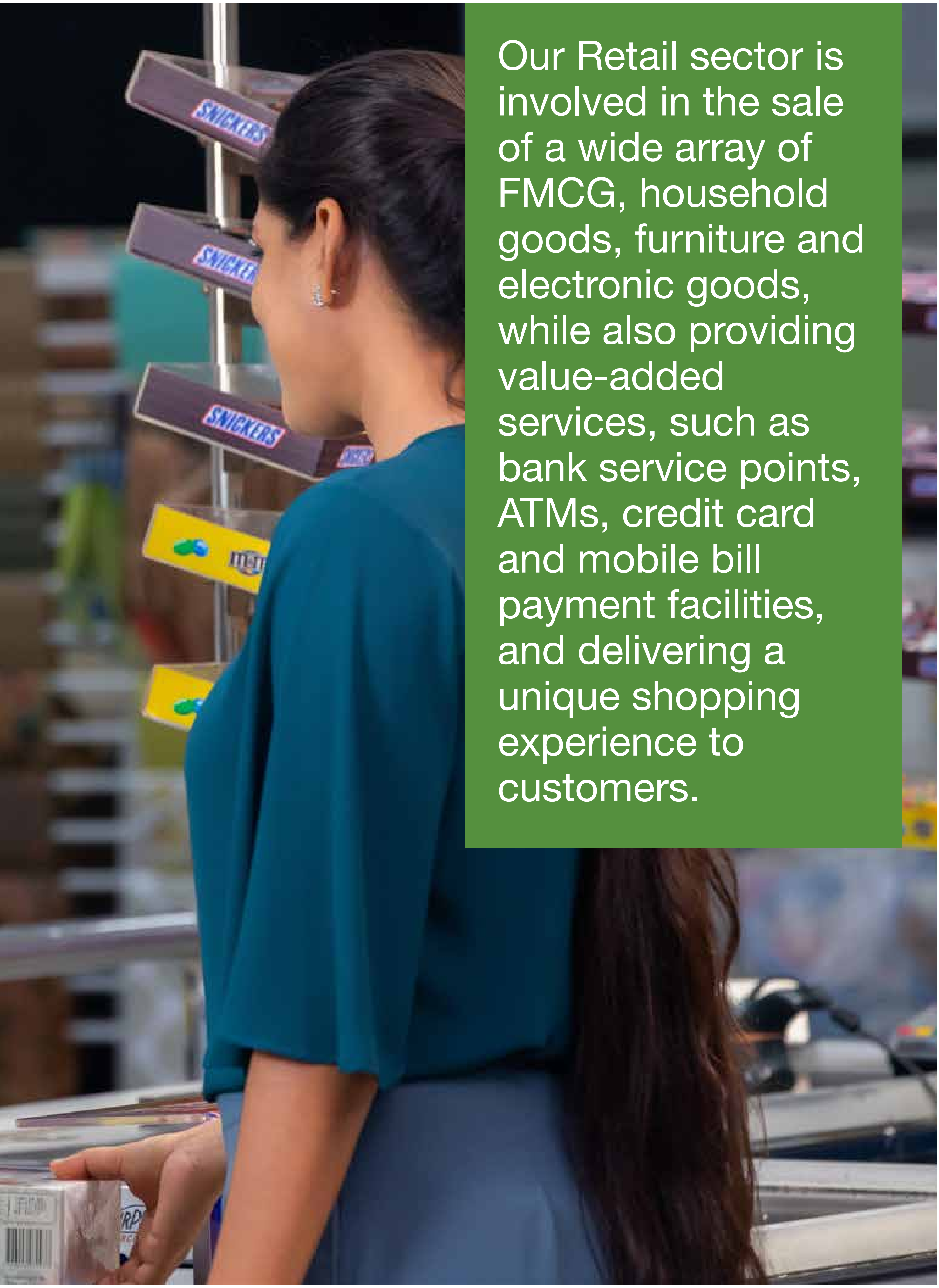
[9] Mr. Sunil Liyanage

Late Mr. Sunil Liyanage was a Fellow of the Plastics and Rubber Institute of Sri Lanka (FPRI) and held a Diploma in Polymer Technology (Singapore), the Diploma of the Plastics Institute (LOND.) and a Licentiate of the Institute of Rubber Industry (LOND.).

He had over 46 years of management experience in the fields of rubber and plastics. He is a past Chairman of the Ceylon National Chamber of Industries (CNCI) and a past President of the Plastics and Rubber Institute of SriLanka (PRISL). Mr. Liyanage was also a visionary business leader, who has been instrumental in launching many innovative products in the polymer category and has the honour of being the first person to commercialize flexible polyurethane foam in this country in the form of mattresses, cushions, and sheets.

It is with a deep sense of gratitude and respect that we place on record the commendable contribution made by late Mr. Sunil Liyanage to achieve the objectives of the company.

Retail Sector



Our Retail sector is involved in the sale of a wide array of FMCG, household goods, furniture and electronic goods, while also providing value-added services, such as bank service points, ATMs, credit card and mobile bill payment facilities, and delivering a unique shopping experience to customers.

Our Business

Retail sector

The retail sector, a strong and pivotal arm of the Richard Pieris' Group, comprises of 5 entities: Richard Pieris Distributors Ltd, Arpimalls Development Company (Pvt) Ltd, RPC Retail Development Company (Pvt) Ltd, RPC Real Estate Development Company (Pvt) Ltd and Arpico Interiors (Pvt) Ltd. The primary aim of the sector is to manage and administrate the renowned chain of supermarkets under the 'Arpico' brand name. Despite the numerous obstacles faced during the year in review, the retail sector continues to be one of the significant contributors to the overall revenue and profits of the Group.

The global pandemic coupled with the challenging macro-economic environment decelerated the expansion plan of the retail sector. However, the Arpico brand of supermarkets is expected to expand into many strategic locations while taking the modern trade retailing to greater heights. During the year under review, 35,800 square feet were added to the total retail area of the supermarket chain through the opening of three new outlets.

Furthermore, the sector has also expanded from products to services as it contributes to the Group by providing interior design solutions to many households and institutions across the country.

Richard Pieris Distributors Ltd.

Richard Pieris Distributors Limited, the trend setter in the modern trade industry of Sri Lanka, manages 20 Supercentres, 9 Superstores, 25 Arpico Daily outlets and 11 showrooms. Being the pioneer hypermarket in Sri Lanka, the retail chain offers a wide assortment of Fast Moving Consumer Goods (FMCG), General Merchandise, Furniture and Electronic products, enabling customers to shop for all their needs under one roof.

Besides the incomparable product offering, abundant retail space and ample parking are the main differentiating factors of Arpico Supercentres and Superstores, offering an unmatched, comfortable shopping experience for the customers. In addition to the core business, the company has been introducing several added facilities such as banking facilities, utility bill payments, restaurants, laundry kiosks etc.

During the year under review, the company opened a new Superstore in Kundasale and two new Arpico Daily outlets in Anuradhapura and Pelmadulla, reaching a new customer base and increasing the presence of the 'Arpico' brand name across the island. Further to the opening of new outlets, the company is continuously improving the interior and exterior of the existing outlets, bringing in more and more innovative trends to the market. As a socially responsible corporate body, the company has been continuously implementing green initiatives into the operation, in line with global sustainability standards.

Despite the adverse economic conditions caused by the global pandemic, the company has been offering attractive promotions to the customers through tactical campaigns including exclusive benefits to its privilege member base.

As a company prioritizing on enhancing customer satisfaction, Richard Pieris Distributors Limited has taken various initiatives to improve the fresh produce category, aiming to provide the products with utmost quality and freshness aligned with international trends. While the inbuilt, state-of-the-art cool room facilities ensure the quality of fresh produce, the company has been continuously offering attractive promotions for the category, especially targeting the locally produced goods.

During the global pandemic, the company introduced many alternative means of purchasing, enabling home delivery services through online ordering, mobile ordering and retail applications. These initiatives allowed the company to serve the customers even during the challenging times, strengthening the brand loyalty of the customers. Moreover, the company has been continuously supporting the small-scale suppliers by providing flexible financing facilities during the pandemic.

Even amidst the critical economic conditions prevailing in the country, the team is well geared up to serve the customers better, focusing on quality and convenience.

Arpimalls Development Company (Pvt) Ltd.

Arpimalls Development Company (Pvt) Ltd. owns the two large Arpico Supercentres in Battaramulla and Dehiwela operated by Richard Pieris Distributors Ltd. The company continued its profit-making record during the year under review.

RPC Retail Developments (Pvt) Ltd.

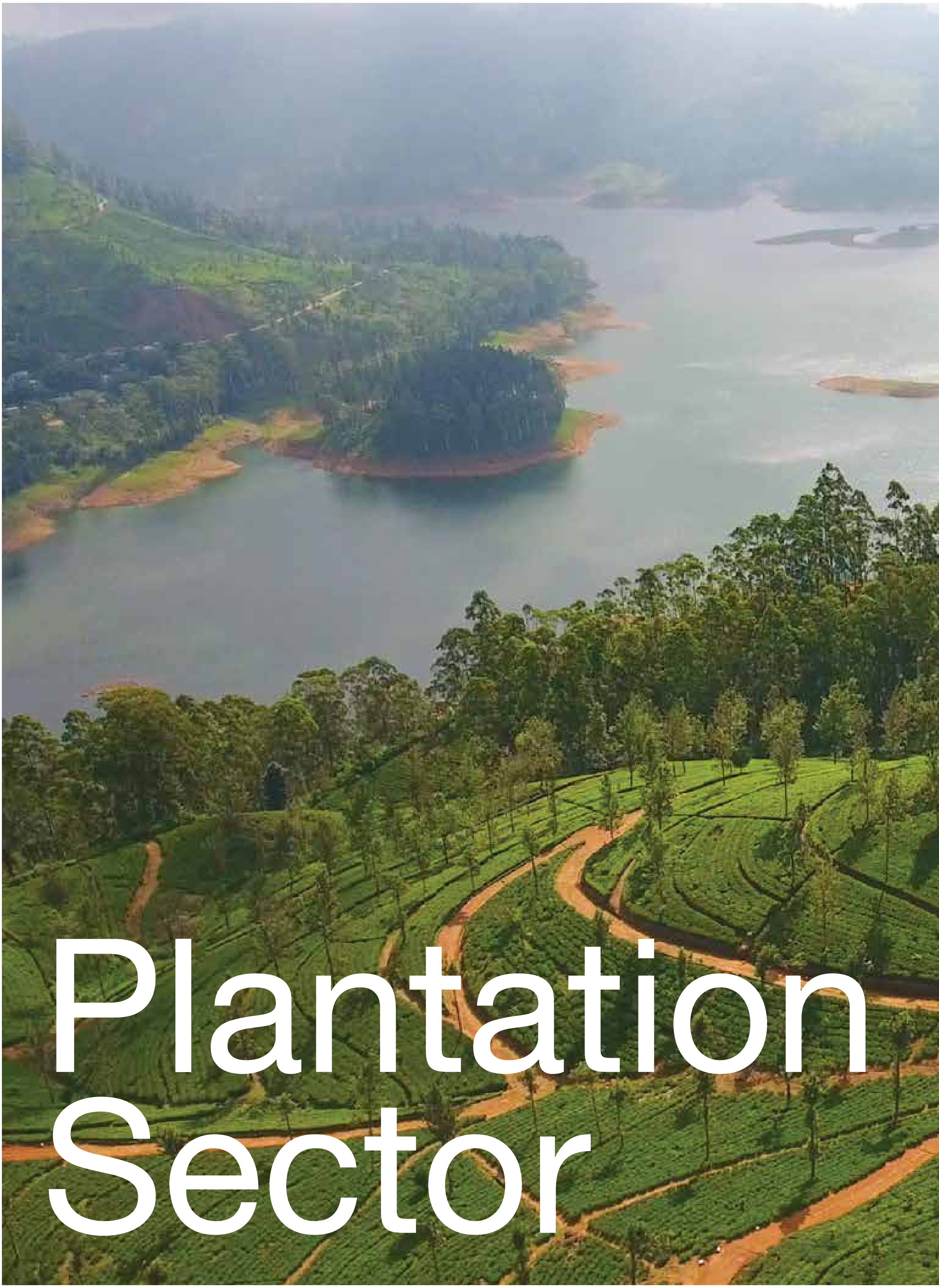
RPC Retail Developments (Pvt) Ltd. owns the two large Arpico Supercentres in Negombo and Kadawatha and has continued recording profits in the year under review.

RPC Real Estate Development Company (Pvt) Ltd.

RPC Real Estate Development Company (Pvt) Ltd. owns the Arpico Supercentre in Kandy. The company also continued its profit-making record in the year under review.

Arpico Interiors (Pvt) Limited

Arpico Interiors (Pvt) Limited (AIPL) is considered a specialist in interior solutions for leading corporate clients with an array of products such as furniture & fittings, carpets, ceilings and partitions. The company has changed its strategic focus over a period of time and has secured larger projects in the market, which has supported to increase the profitability of the company. Continuous efforts are been made to handle more lucrative projects in the near future.



Plantation Sector

Our Plantation sector holds large land banks in Sri Lanka, with Tea, Rubber, Palm Oil, Coconut and Spices. We are also the largest Tea/ Rubber producer in the country. Our brand of St. Clair's Tea is popular both internationally and domestically.

Our Business

Plantation Sector

The Richard Pieris Group takes deep pleasure in its history as Sri Lanka's leading producers of tea and rubber. The Group comprises three regional plantation firms, Kegalle Plantations PLC, Namunukula Plantations PLC, and Maskeliya Plantations PLC, which are experts in growing, processing, and selling high-, mid-, and low-grown tea, rubber, oil palm, coconut, cinnamon, and other crops. The Group also holds the majority stake in each company. With 53 estates totaling 32,097 hectares, these businesses operate throughout the country's most geographic areas.

The year under review was extremely challenging as a result of instability in global markets and the outbreak of the worldwide pandemic in Sri Lanka. According to the policy decision the government unexpectedly prohibited the import of chemical fertilizer and weedicides that are highly vital for all plantation commodities. The entire production fell as a result of this drastic move.

In addition, the Sri Lankan economy persisted with low development throughout the year, with Rupee depreciating considerably in the 4th quarter of the financial year. As a result, the plantation sector had to bear a considerable operational expense during the year under review as the cost of raw materials rose dramatically.

As a result of the Rupee depreciation, the tea prices in the Colombo auctions witnessed an increase during the latter part of the year. However, rubber and Oil palm prices remained reasonably well due to restricted production and reduced volumes imported and in current and potential export markets. Despite the above contributions, the Plantation sector of the Group has made a profit before Tax exceeding Rs 2.7 Bn in the FY under review, which is the highest operating profit ever recorded.

The Plantation sector continued with the enhancing stakeholders' value and uplifting the living standard of the estate communities in the aspects of health, safety training and education and infrastructure development. A significant proportion of the sector's estates have been internationally certified with quality standards such as HACCP, ISO:22000:2005/2018, ISO:9001:2015, Rainforest Alliance, Ethical Tea Partnership, Global Organic Latex Standard (GOLS) Certification Fair Trade and Forest Stewardship Council TM Certification.

Product diversification and value-addition were key drivers of growth despite the various challenges faced during the year. One of the major focus areas was ensuring that all health and safety protocols were complied with across all its operations.

Considering the fact that most of the tea plantations are dependent only on tea, a corporate decision has been made to diversify uneconomical tea land with coffee. Accordingly, an extent of 240 hectares has been identified from the tea plantations in Maskeliya, Badulla and Udapussellawa regions and the process of land selection has already been completed. The field planting will be undertaken next FY.

Namunukula Plantations PLC

As the second-largest oil palm producer in the island, Namunukula Plantations PLC, is one of the most diversified plantations companies in Sri Lanka, producing five main Crops comprising Tea, Rubber, Oil Palm, Coconut and Cinnamon - with a total extent of 11,779 hectares in 18 estates located in Badulla, Kalutara, Galle and Matara districts.

The oil palm plantations of Namunukula Plantations are located in Kalutara, Galle and Matara areas, where the climatic conditions are ideal for growing oil palm.

The decision taken by the government banning the planting of oil palm in Sri Lanka will be detrimental for Plantation Companies. Although many requests have been made directly to the government to reconsider its decision, there is no change in the decision made as at date.

In view of the above, Namunukula Plantations PLC has taken a strategic decision to expand the cultivation of rubber and already established a nursery to meet the requirement of rubber plants for field planting.

Kegalle Plantations PLC

During the year under review, a downward trend in national rubber production was observed, mainly due to rainy weather conditions. The prices realized during the year remained below potential. However, as a result of the rupee depreciation and import restrictions, the prices in the weekly auctions recorded a steady increase in the 4th quarter resulting in a substantial increased revenue generation to the company.

Despite receiving an annual rainfall of over 5100 mm in the FY 2021/22 which is one of the highest rainfalls recorded in the recent past, Kegalle Plantations PLC has recorded a production of 4.598Mn kg rubber which is marginally above that of the previous year. This is a great achievement considering a decreased annual national output in the country. As a well-diversified plantation company with tea, rubber, coconut and also a number of minor crops, it contributes to optimizing and stabilizing the product mix by preventing dependency on one product. Kegalle Plantations PLC continuously seeks to undertake rubber replanting and crop diversification. Being the largest corporate rubber producer, the Company continues its journey towards being a sustainable and responsible rubber producer, accounting for 4.6 Million kilos of average production per annum, where centrifuged latex as well as the production of Sole Crepe contributes significantly.

As a leading plantation company in Sri Lanka, Kegalle Plantations has generated employment for thousands in rural areas, helping in poverty alleviation while enhancing the general infrastructure for communities in and around its plantations.

Maskeliya Plantations PLC

Maskeliya Plantations PLC encountered many challenges during the financial year including a drop in production due to unfavorable weather conditions and lack of chemical fertilizer for ground application of tea fields. However, the slight improvement of selling prices at auctions and stringent cost controls played a pivotal role in improving the profitability of the Company as compared to the previous year. During the year under review, the Company recorded a revenue of Rs. 4 Bn. Increasing cost of raw material due to Rupee depreciation, and declining land productivity made it difficult to achieve budgeted profits.

One of the pillars of its reputation has been its adoption of Good Agricultural Practices, Good Manufacturing Practices and Good Human Capital Management Practices along with Total Quality Management systems, which have infused modernization, lean management and cost and resource optimization, while adhering to global sustainability and quality standards.

The tea produced in Maskeliya Plantations continues to remain as one of the top quality tea produced in Sri Lanka that attracts buyers from all over the world.

Maskeliya Plantations continued to deliver the best value to stakeholders through 2021/22. Moving up the value chain, the plantation company is adopting Climate Smart Agricultural Practices and exploring a multi crop strategy. Acutely aware of the impact of climate change on the planet, local communities and the sustainability of its business, Maskeliya Plantations is in the process of qualifying for the Rainforest Alliance certification, which will help expand its export markets while demonstrating that the company is combating deforestation and climate change.

Rubber Sector

Our Rubber sector, which mainly caters to the export market, is involved with products such as mattresses, pillows, latex rings, crutch tips, shoe soles and jar rings along with specialty items such as fire retardant mats, electrical safety mats and anti-static mats. We have also introduced new products such as Arpico Organic Latex Foam, certified by Global Organic Latex Standards (GOLS).

Our Business

Rubber Sector

The external sector of Sri Lanka had various difficulties during this time, including a severe widening of the current account deficit, restricted finance account inflows, the depletion of government reserves due to high debt payment costs, and a considerable devaluation of the Sri Lanka Rupee. At such a crucial juncture, export-oriented organizations became critical for the economy. The Richard Pieris Exports-Sector, Richard Pieris Exports PLC (RPE), Richard Pieris Natural Foams Limited (RPNF), were two of the companies to make a significant contribution to building forex reserves by posting a strong performance amidst many challenges including global supply chain disruptions, rise in raw material prices and several lockdowns during the period under review.

The sector accelerated its sales and marketing efforts while strengthening marketing expertise in key markets with recruitment of sales force, importing new machinery and the preparation for the opening of the new manufacturing plant for Richard Pieris Natural Foams Limited (RPNF) which will become operational in late 2022.

This year, the hard rubber section performed well while the natural foams segment was unable to experience the projected increase, demonstrating the benefits of our diversified base. Nevertheless, the easing of movement restrictions and border closures due to an improvement in the pandemic situation allowed for aggressive sales and marketing efforts. Overall, the sector remain optimistic about delivering higher returns to shareholders by continuing investments into its growth and diversification strategy.

Richard Pieris Natural Foams (RPNF) Limited

The company is one of the biggest players when it comes to manufacturing natural latex foam and its world-class line-up of latex foam products includes natural latex foam mattresses, toppers, pillows and other products to well-established export markets in North America, Europe, Canada, Middle East, Australia, South East Asia, China and India.

During the period under review, RPNF sustained the turnover from the previous year, although profitability significantly declined as a result of external factors including high freight cost and increased latex prices. The US market failed to generate anticipated upsurge in demand, albeit Europe and the Asia Pacific markets showed an uptick in demand for RPNF products. The delay at ports and lack of vessels was another key factor for decline in sales, increasing shipping times to 90 says in some cases from 30 previously.

The company had made significant inroads into the Chinese market. However due to a rise in COVID-19 cases in the country and strict lockdowns, the Chinese economy was impacted which in turn impacted sales for RPNF in China during the year. Despite this, the company maintained the presence in the Chinese market. Further, while in the US a new VP for Sales and Marketing has been appointed in Q4 of the year under review with a view to driving further sales in the US and to increase turnover.

Another stiff challenge during the year was a rise in global latex prices and although the company took a price increase it had to be reversed to remain competitive in the market. Nevertheless, the company has managed to retain the same customers from the previous year.

Despite the unfavourable conditions in 2021/22, RPNF is looking ahead to the benefits emanating once its plant becomes fully operational in the second quarter of 2022/23. The company plans to achieve rapid expansion on four pillars: growth, operational excellence, technical competency and product mix. During the year, the focus was on standardization while garnering new knowledge from other markets on all aspects and to uplift skills of the workforce through trainings and developments, bringing new blood into the business where we could have a sustainable operation for the future.

Greater emphasis is being placed on enhancing technical competencies when it comes to machineries, new technology and people development such that the company can manufacture high quality goods at a lesser cost to be competitive in the market. All strategies going ahead will be evaluated through the prism of sustainable growth. With the appointment of permanent sales staff in three continents, the company aims to leverage its marketing presence and expand the customer base in those countries. In order to diversify the product mix, the Company is expanding capabilities in research and development with the objective of infusing its product mix with high performance products through value additions.

While forging ahead with expansion plans, a more stringent focus will be on keeping overheads low which is a challenge due to rising inflation and limited availability of labour and foreign exchange as more and more suppliers are demanding advance payments while importing raw materials.

Richard Pieris Exports PLC (RPE)
The company recorded an impressive growth during the year under review with a major contribution from the US market, while recording promising growth in the European market as well. One of the major positive factors was the acquisition of new customers which helped pushed sales. The company is now focusing on diversification of its product portfolio by gearing up to offer continuous matting for new market segments. Another contributory factor was the reduction achieved in manufacturing costs researching new formulations to sustain quality while reducing cost of manufacturing. As a result, despite raw material price increases seen during the year, substitutes were used successfully to retain the product price, thereby also remaining competitive. The company operates in a price sensitive segment and has to ensure it does not price its products out of the market. The threat of competition from countries such as Thailand, Vietnam, Indonesia, Malaysia, China and India remains omnipresent.

RPE's strength is its consistently high quality, which gives it an edge over competitors. The company manufactures rubber mats for many applications. During the year under review, RPE made an initial foray into the Canadian market and plans are being drawn up for market visits to expand its customer base in the country.

The year under review as well as the previous one was underlined by travel restrictions. However overseas travel is becoming much more accessible as the threat of the pandemic recedes, which will be useful for making customer visits in key markets. Overall, during the period under consideration, the company was able to enhance profitability. Turnover rose by 86% and profitability increased by 91% compared with the previous year from Rs. 538 mn in 2020/21 to Rs. 1.03 bn in 2021/22, a historic milestone for the company.

Arpitalian Compact Soles (Pvt) Ltd.
In comparison to 2020/21, the company was able to eliminate losses to break even while showing profitability. It is a joint venture with Davos SPA, a globally reputed Italian manufacturer of shoe soles and soling sheets supplying customers in India and Italy. Arpitalian Compact Soles (Pvt) Ltd., continues to explore the possibility of entering into a joint venture in the future.

Micro Mineral (Pvt) Ltd.
The company supports Group companies as its minerals are directed into the manufacturing process for RPE. The subsidiary processes mineral products needed for production in the polymer industry. It is a strategic investment for the Group as it supplies essential raw materials and ensure uninterrupted production for Group companies.

Tyre Sector

Our Tyre sector has successfully made its mark across the island as the finest and the largest Tyre Retreder in Sri Lanka. We have also introduced popular tyre brands to the domestic market and added solid tyres to the product portfolio.

Our Business

Tyre Sector

Tyre Sector of Richard Pieris & Company PLC consists of four entities namely, Richard Pieris Tyre Company Limited, Arpidag International (Pvt) Limited, Richard Pieris Rubber Compounds Limited and BGN Industrial Tyre (Pvt) Ltd. The Tyre Sector is mainly engaged in tyre retreading, tyre trading and manufacturing of industrial solid tyres for export. Richard Pieris Rubber Compounds and Arpidag International contribute to the sector by supplying required mixed compounds and tread liners as well as material for retreading.

The year 2021/22 was an exceptional year as the COVID-19 pandemic adversely impacted many industries heavily, including the tyre retreading industry. Import restrictions imposed by the government, price increase of imported material with the global freight and fuel price increases thereby affected the buying behavior of customers and negatively impacted the retreading business. Despite these unprecedented circumstances, the Tyre Sector showed impressive results with a 64% growth in trading revenue along with an 8% growth in retreading revenue compared to FY 20/21. Strong brand equity and engaging customer service, supported by one of the best island-wide distributor networks in the country helped the sector emerge strong despite negative market conditions.

Through its application expertise and leading market share as the biggest supplier of retreaded tyres in Sri Lanka the Tyre Sector has made a significant contribution to the Group for over a decade with minimum capital investment. Apart from the core business of retreading, over the years, the Sector has diversified into tyre trading and manufacturing of high quality industrial tyres for export purposes. This growth strategy focuses on the synergies with existing businesses of the Sector as well as the application expertise developed over the years, and attempts to maximize value to our customers both locally and globally.

Richard Pieris Tyre Company Limited

During the 2021/22 financial year, Richard Pieris Tyre Company was able to maintain its performance level by adopting savvy marketing and sales strategies which boosted profits by 5%. Internal cost control measures such as using low-cost energy fuel sources and obtaining raw materials at a competitive price, kept overheads at a controlled level helping to record this growth despite negative economic factors.

As one of the pioneers in the tyre industry, Richard Pieris Tyre Company is constantly exploring new business avenues in order to captured a greater share of the market. During previous years, 'Arpico Tyres' was introduced to the market by leveraging on the strength of the Arpico brand, resulting in a rapid adoption by customers. Since its introduction, Arpico Tyres has shown an exponential growth in the market and was able to achieve 30% revenue growth. Company is continually strengthening its market share with Arpico tyres through the islandwide network of over 1,000 dealers.

As a proud home-grown tyre manufacturer, the Richard Pieris Tyre Company is reputed for its precise pricing and product strategies that cater to present and future needs of customers in each segment. The

main threat to the business has been the dumping of low priced-low quality radial tyres from China and competing against family-owned small businesses, which the company successfully countered by building the most trusted and reputed brand.

Richard Pieris Tyre Company is the sole agent for the world renowned "Nexen" Tyre brand of South Korea, which has helped the company to expand the trading segment on a larger scale. The company also holds the distribution rights for Maxtreck brand from China, which is widely-accepted in the market due to its high quality and competitive price offering. These are some of the top selling brands accounting for approximately 40% of sales revenue. Company has received an overwhelming response from customers for these brands and it aims to bring more international premium brands into its portfolio in the future.

Arpidag International (Pvt) Limited

Commencing operations in 1991, Arpidag has developed an unparalleled reputation as the pioneer of the cold process technology to Sri Lanka, manufacturing pre-cured tread materials and other related products. Its high-quality standards with strict adherence to ISO 9001 process quality standards have been a key pillar of its success.

Richard Pieris Rubber Compounds Limited

Providing mixing services to Richard Pieris Tyre Company as well as to several other external customers, Richard Pieris Rubber Compounds makes a substantial contribution to the Tyre sector. The Company also supplies rubber-related chemicals to small players in the industry while investing in continuous improvements in its milling and quality testing processes to ensure superior quality. Superior quality of the compound supplied by Richard Pieris Rubber Compound Limited helps its customers manufacture high quality, precision products for mission critical and demanding applications.

BGN Industrial Tyre (Pvt) Ltd

Known for its range of high quality solid tyres, BGN Industrial Tyres (Pvt) Ltd is a reputed Industrial Solid Tyre manufacturing venture acquired in 2017. With its rapidly expanding global footprint, BGN supplies reliable solutions to customers across twenty (20) countries and counting. Growth of market share, supported by favorable exchange rate resulted in BGN yielding a revenue growth of 30% compared to last year. With several key accounts in the pipeline, BGN is intensely focused on entering new geographies and engaging new customers.

Plastics, Furniture and Electronics Sector

Our Plastic segment of the sector is in the business of manufacturing and distribution of mattresses, water tanks, plastic furniture, cushions and sheets, rigifoam products, PVC pipes and fittings, vinyl mats, day-to-day consumer durables, as well as industrial and domestic rubber products, water pumps, whilst the furniture operation focuses on manufacturing sofas, panel furniture and wooden furniture. The sector emphasis on the eco-friendly ‘Green Gas’ concept, seeking to pave the way for a cleaner energy system. The sector also added electronics to its product portfolio.

Our Business

Plastics, Furniture and Electronics Sector

Sector Performance

The Plastics, Furniture and Electronics Sector involves the manufacture and trade of a wide variety of products including Mattresses, Electronics, Furniture, Water Tanks, Rigifoam products, PVC Pipes and Fittings, Rubber products and other consumer durables.

The sector included a revenue growth of 31% over the previous year in 2021/22. The industry maintained its performance despite the difficulties of operating in the middle of a global pandemic by remaining competitive in supplying clients while adhering to the government's health rules and implementing its business contingency plans.

The sector continued with market penetration and geographic expansion to serve a bigger consumer base, unfazed by the broader economic recession in the nation. In order to boost profitability and meet customer expectations, the industry also placed a high priority on ongoing product development and automating processes to reduce costs.

Water Tank Operations

As the most trusted water tank brand in Sri Lanka throughout generations and a pioneer, Arpico water tanks provide outstanding hygiene at an affordable cost. The portfolio includes moulded water tanks, hybrid water tanks, septic tanks, and sump tanks. Additionally, the product line offers traffic accessories, green gas units, waste bins, compost bins, and compost bins, all of which are produced under the company's ISO 9001–2015 accreditation, making it the go-to provider in these markets.

PVC Operations

Arpitech (Pvt) Ltd manufactures Polyvinyl Chloride products such as PVC pipes, PVC fittings, conduit pipes, conduit fittings, garden hoses and rain convey systems, becoming the leading manufacturer of pipes and fittings in the country. The high quality of all its products is the backbone of its operations. All manufacturing is conducted as per SLS 147, SLS 659 & SLS 935 quality standards which led the company to be Sri Lanka's first ISO 9001:2015 certified PVC Pipes and Fittings Manufacturer.

The company's PVC operation grew during the year under review helped by product diversification, maintaining an optimum sales mix, enhancing market competitiveness and growing its dealer network.

Arpico Mattress

Arpico Mattress is a household name, as the leading brand in the mattress market in Sri Lanka for decades. The company offers spring mattresses, foam mattresses, sheets and cushions and range of pillows, including foam-related household, institutional goods known for quality and comfort, backed by local and international certifications such as ISO 9001:2015 and SLS 893.

After penetrating the local market through the Arpico retail chain and its islandwide network, the company has expanded overseas. The company has adopted Swiss technology and machinery by introducing the latest coil technology.

Printing rollers/Industrial Rubber Products and Moulded Rubber Goods Operation

Investment in improving the quality and standards of its products has driven sales in 2021/22. The portfolio consists of manufacturing printing rollers, conveyer belt/industrial rollers, industrial rubber products and moulded rubber goods. The company continues to remain focused on product innovation as future growth strategy.

Arpico Water Pumps

A range of new water pumps were introduced and are steadily establishing their brand presence. The drop in commercial activity and construction activities resulted in this segment recording a marginal revenue over the previous year. However, no sooner that the economy picks up, this segment is poised to perform well along with strategies to increase the market share in the island guided by its aim to become the market leader in the future.

Arpico Rigifoam

Understanding market needs and customer requirements and offering them a variety of high quality products has led the company to maintain a dominant position in the market. Arpico Rigifoam is a highly recognized brand and the preferred choice in rigifoam products. The company continued to collaborate with institutions and direct dealers for use of its products in industrial operations and fisheries transport respectively.

Electronic Operations

Expanding further, Arpico ventured into marketing Electronics a few years ago. The products are labeled under the Arpico brand name and in-house manufacturing has also commenced along with sourcing through reliable suppliers around the world.

The product range consists of Washing Machines, Televisions, Refrigerators, Kitchen Appliances and other home appliances. Various innovative products such as hand tools, air conditioners, local manufactured TV and UV protected soft closed fully automatic washing machines were introduced to increase the product portfolio.

Furniture Operations

Arpico furniture products are easily accessible around the country and further consolidates its legacy as a reliable furniture supplier. Its portfolio consists of elegant sofas and panel furniture for consumers and institutions.

Strategic plans are underway to penetrate the local market with a wider product range at an affordable price range. The company also manufactures customized furniture orders. The décor of the stores are elegant to allow customers to enjoy a pleasant shopping experience, backed by superior levels of customer service.

Financial Services and Other

Our Financial services sector includes various services such as Insurance, Finance, Stock Broking, Margin Trading and a Logistics arm. Our finance company offers a variety of products such as Fixed Deposits, Savings Deposits, Leasing, Hire Purchase, Term Loans and Islamic Finance, while the portfolio of the Insurance arm includes Endowment, Term Assurance, Education, Hospitalisation, Investment, Group Assurance and Loan Protection plans. RPC Logistics Limited, the Logistics arm of the Group, provides fully-fledged integrated logistics solutions both locally and internationally.

Our Business

Financial Services and Other

Richard Pieris and Company PLC

Richard Pieris & Company PLC, as the Group's holding company, retains a substantial amount of shares from subsidiaries and leads each Business Unit's individual strategies to generate wealth for shareholders, as well as deciding upon overall corporate policy and decision-making. The company's various divisions provide vital services such as information and communication, human resources, and procurement to Group companies.

Information Technology (IT) drives innovation, and the Group takes the fullest of its in-house IT expertise to provide its business operations a competitive edge. The in-house IT team, which built and upgraded the software used across the organization, suits the Group's distinctive business demands. While updating the Group's IT systems, the IT team is focused on sustainability. Printers have been centralized, and printing solutions have been streamlined, with the aim of reducing paper consumption and precisely monitoring paper use. The IT unit is building a comprehensive access control and time and attendance system for transparency and convenience of use in order to improve internal processes. Furthermore, a new system is being designed to centrally monitor the production stages in the factory to eliminate wastage and enhance productivity. The IT unit is in the process of developing a new system to digitize the warehouse and distribution operations.

Innovative e-commerce platforms have been developed, and tremendous work has been done on the back end to cope with the significant increase in demand during the pandemic, to serve to our client base, by using in-house IT. Enhancing the Group's technology infrastructure is impacting the culture and operations of RPC with multiple intangible and tangible benefits while giving the Group a competitive edge in all sectors.

Employees are the heart of the company's success. Overall management and the policy are deployed by the Group Human Resource, which has responsibility of meeting the variety of needs and requirements of the diverse businesses around the Group.

The Central Commercial Division plays a pivotal role in successfully operating the subsidiaries by maintaining sound relationships, order timing and managing the economies of scale while handling raw materials, consumables, and other trading commodities from a range of local and foreign sources.

The Group Treasury assists in advising on funding requirements of all businesses, sectors negotiating bank facilities, and managing aspects such as foreign exchange exposure and interest rate risk, in order to keep up with the Group's rapid growth and since financing requirements have become more substantial. The Group Finance is responsible for the Group reporting and entails in project evaluations and feasibilities as and when required.

The Centralized Internal Audit division establishes the internal control system for the Group's companies and also recommends necessary actions when required. The variety of risks faced by each sector is diverse and requires a dynamic risk and mitigation action plan. The Internal

Audit function is critical as it reinforces the stature of the Group with stronger processes and also, strengthens the confidence of stakeholders.

RPC Logistics Limited

RPC Logistics is primarily engaged in international freight forwarding and customs broking. At present, two thirds of the company's revenue is generated from its freight forwarding and customs broking activities. The company's portfolio of services includes air freight, sea freight, sea freight consolidation, customs brokerage and transshipment. The company's services include door-to-door cargo services with the assistance of the company's overseas agents and a variety of other connected services.

Arpico Insurance PLC

Arpico Insurance company has maintained a healthy performance and has developed a reputation as the most innovative insurance company with world-class insurance solutions.

Operating 66 branches across the island, the company enhanced its geographical presence by investing in 9 new branches and 2 branch relocations. New products such as Arpico Healthcare and Covid Care Plan were introduced within the year while encouraging the use of digital portals for convenient access.

The company received a special award from the Indian Chamber of Commerce for The Risk Management Strategy of the year 2019 and The Best Life Insurance Company for Innovation Sri Lanka 2020 by Global Banking Finance Review. Arpico Insurance produced 24 of the company sales team qualifying for membership of the Million Dollar Round Table (MDRT) and 2 Court of the Table members in year 2020.

Richard Pieris Finance Limited

Richard Pieris Finance offers a range of financial products to address clients' needs, as well as assisting SMEs in scaling up their operations to achieve actual economic inclusion. The year under review was crucially challenging for the entire Non-Banking Financial Institutions (NBFI) sector. However, the coherent and innovative strategies of the management enabled the company to remain competitive, while assisting the customers to meet their financial requirements.

The AA- (RWN) credit rating by Fitch Ratings Lanka Ltd reflects the resilience of the company amidst its competitors. Implementation of the pawning and expansion of micro leasing operations were noteworthy strategies undertaken by the company to penetrate market during the year under review. The Group synergy has enabled Richard Pieris Finance Limited to tap into a wider network of stakeholders through consumer financing products enabling the company to gain a competitive edge.

Corporate Social Responsibility

Richard Pieris & Company PLC is one of the most sustainable businesses over 90 years, balancing economic success, environmental protection, and social responsibility while maintaining an integral part of the corporate culture at the company. We aspire to go beyond the boundaries through managing a long-term relationship within the network, embedding sustainability as an important remark of the enterprise.

The Group is one of the largest and oldest diversified conglomerates in Sri Lanka, with pioneering new solutions to enhance sustainability while enhancing quality, value and integrity of business practices. By continuing the concept of "go green", we are significantly progressing in reducing the Group's carbon footprint, enabling the on-going transformation from traditional energy consumption to solar power, with our outlets being converted or built with solar panels.

We also continue to endeavour to augment our activities to engage positively with all stakeholders, responding to them promptly and efficiently while continuing to welcome their views. We are continuously empowered by our team to recognize business opportunities that support the growth of the company while addressing stakeholders positively.

Our Customers

Thousands of customers all over the country, and the company consistently put customers first and lived the Group purpose of 'touching lives' by creating better experiences together every day through a year of unprecedented challenges.

Our business model is focused on evolving the customer offer by striving to search for innovative ideas that add more value to both parties. We prioritise identifying and responding to customer needs as our main business activity, and some of our companies have integrated with their customers and mutually plan production and delivery schedules to enhance the ultimate objective of customer satisfaction.

As a team, we keep in touch with our customer network to provide better service while using fewer resources, such as energy and water, and reducing energy consumption. Connecting with different suppliers, businesses, government, and partners paved the way to becoming more innovative and having a positive influence beyond our operations and products. It is also noteworthy that our retail chain holds the platinum class green retail building certification for one of the outlets in Sri Lanka.

We are pioneers in introducing a loyalty scheme with many promotional activities throughout the previous years. We have added value to the end customer with exciting gifts and rewards. The retail chain introduced its own dedicated taxi service exclusively for shoppers' convenience, which is a value-added service. We were the first to introduce this service to the Sri Lankan market. We have established a number of alliances with financial institutions to allow customers smart buying options, etc.

Good Agricultural Practices (GAPs)

Agricultural practices adopted on estates conform to TRI (Tea Research Institute) guidelines and regulations and internationally certified standards such as Rainforest Alliance, Ethical Tea Partnership, and Fairtrade Labelling Organization (FLO).

Good Manufacturing Practices (GMPs)

Good Manufacturing Practices, which adhere to widely recognized standards like HACCP/ISO 22000 and ISO 22000: 2005 System Certification - Food Safety Management System Certification, are practiced in our factories from the time tea is harvested from the field until it is packaged.

Fair Trading

Our philosophy is to always deliver on our promises, be fair and honest in all of our dealings, and to be reachable and forthright. In order to achieve this, we make sure that all of our relationships are founded on honesty and trust, and we work to present win-win solutions.

Our Employees

We are one of the largest and most broadly diversified private sector employers in the country with large communities of people. The Group is effectively empowering its human capital to utilize their knowledge and skills in an effective and efficient way to get the best contribution for the company and for their professional and personal development.

- We engaged with the open-door policy, and its enhanced relationships with all employees across the Group.
- The Group conducts various types of training and development programs for employees, having identified the value of training and development with the aim of enhancing employees' performance and also helping to improve their professional and career development.
- We engage with various initiatives across the SBUs to assist employees with, such as health and medical guidance and nutritional programmes (mainly in the plantation sector).
- Employees are encouraged to follow health and safety guidelines and standards to maintain their medical facilities.
- Being a prudent employer, we have obtained the necessary insurance coverage to compensate for losses.
- All employees are responsible for respecting the differences, religious opinions, values, and rights of their fellow members of the Group and are accountable for treating them with respect and in an equal manner.

Our Community

The Richard Peris Group carries out a wide range of diverse activities across all provinces in Sri Lanka, with the aim of contributing to the goodwill of the country. Our initiatives reach out across the island, from small villages to urban centres, so that we are touching every Sri Lankan. As a producer of products and services, our products are used daily by many households, and we have a greater responsibility to the community to provide quality and safe products at a fair price to customers while giving back benefits to society as a whole. Furthermore, our team has introduced encouraging responsible production and distribution practices through the whole value chain as part of our business model.

In our sustainable business model, our team is self-motivated and maintains a positive attitude to enhance their contribution to sustainable development, both in their daily business lives and as citizens of society.

Our Suppliers

We enhance long-term effective relationship with our suppliers and partners as part of the company value supply chain. Our dedicated supply chain team has continuously developed innovative solutions and set standard for responsible sourcing together with our suppliers and brought enormous cost benefits to the Group through our vast network of suppliers that is spread across the world.

As a key part of our supplier strategy, we promote sustainable relationships based on innovative and win-win solutions. We purchase raw materials and other materials mainly from smaller to larger local suppliers, and also determining the well-being of local communities.

We have continuously supported local entrepreneurs and we desire to create opportunities and best price for them in the domestic market through our numerous outlets across the island. We encourage them to produce innovative products with good quality to enhance effectiveness of the value chain.

Our Initiatives

Rehabilitation of internal estate roads and bridge with support of the community

Road rehabilitation work was undertaken on Shramadana in Annandale division, making easy access to the community living in the division.

With the assistance of the Ministry, a new bridge has been constructed at Gouravilla Estate leading to Stockholm and Strathspey Estates with the intention of making travel convenient for the population of these two estates as the existing iron bridge is in a dilapidated condition.

Strathspey Estate distribution of water filters to pregnant mothers. Newly constructed water project was opened at Ladbtroke Division

Funds and donations provided by ADRA, an INGO providing the mothers with purified drinking water facility and the European Union.

Home gardening orientation sessions for parents and preschool children

An ongoing programme was launched with the parents' committees for the children at the Child Development Centres under Maskeliya Plantations PLC on home gardening activities for them to get to know the importance of a cleaner working environment.

Establishing an economic center for the youth

An Economic Guidance Centre is under construction at Strathspey Estate MPPLC with the financial assistance of Chrysalis International to facilitate the young boys and girls to provide guidance and opportunities to find ways of developing self-employment.

Enrichment of a model watershed established

A watershed area located in Strathspey Estate, Maskeliya Plantations PLC, feeding the Kelani River is being protected and enriched by planting tree species native to the central highlands of Sri Lanka. This hydro-catchment conservation model was established under the financial assistance of Kirin Beverage Company, Japan, who buys Rainforest Alliance certified tea from Maskeliya Plantations estates. The project is coordinated by the Association for Sustainable Land Management (ASLM) Sri Lanka.

Our commitment towards the environment

As a Group engaged in plantations, we are committed to environmental sustainability development while making efforts to ensure that all activities carried out are in harmony with the environment. We take maximum efforts to protect, conserve and improve the environment in line with our operations and developments.

Resourcefulness in the tropical environment

Tropical environments are capable of preserving a variety of flora and fauna species simultaneously as they abound the plantations. These tropical plantations also support and preserve the multi-crop system.

Forest Conservation and Tree Planting

As an ongoing process we regulate and plan the cutting of trees, control over forest fires, properly utilize forests and forest management etc.

Under this programme, we promote the habit of planting trees especially in our estates. Further, Maskeliya Plantations PLC has secured its biomass energy with giant bamboo, which will provide a steady supply of firewood for the processing centers.

Balsa (Ochroma Pyramidale) is one of the rapid growing species trialed successfully. At present, the only Balsa cultivation in Sri Lanka which is located outside the Botanical Gardens is owned by the Arpico Group.

Carbon neutrality is another concept we are on the path to achieve in the future along with net zero carbon dioxide emissions.. Going ahead, we hope to earn carbon credits.

Nature and Diversity

The company has a number of estates spread over the wet zone, which experience over 2500mm of rain. Most of our rubber estates are spread between the central highlands and the western southern plains, varying in elevation from 500 feet above sea level . The three plantation companies are situated in the wet zone, the intermediate zone and the upcountry zone and are subdivided into low country, mid country and upcountry plantations. Most of the estates are close to natural forests or reservation lands for forestry where many endangered species of butterflies, birds, and animals are provided protection.

During a survey on biodiversity, over a dozen different micro-ecosystem types have been identified in the Maskeliya, Udapussellawa, Haputhale, Nuwara Eliya, and Nawalapitiya regions. They range from pristine virgin forests and grasslands to manmade ecosystems such as hydropower reservoirs, plantations, and distributed scrublands, etc. Tea cover is the dominant vegetation type which conceals the majority of the cultivable land area in Maskeliya.

Hydro power

There are plants at Talawakelle and Brunswick estates that generate electricity, which helps to supply electricity for domestic use and also contributes to the national grid.

Land Management

As a member of the plantation sector, the Group is concerned about the usage of land resources, particularly soil, which is a key component of food security and the livelihood of many people. To safeguard against land and soil erosion, we continuously emphasize improved land management structures and methods such as weeding, mulching, terracing, growing Manaa (grass which prevents soil erosion) and other plants to prevent soil erosion.

In our tea plantations, mainly in the Upcountry and Uva range, these methods are adopted to safeguard the soil and prevent soil erosion in every bank or end of planting areas with a higher slope, and they have paved the way to minimize the conditions that promote soil erosion, such as rain, wind, and physical disturbance.

A pilot project was initiated at Mocha Estate, Maskeliya, aiming to enrich the soil within the generated resources and improve the nutrient retention ability and moisture holding capacity by converting weed biomass removed from the fields through manual weeding into enriched compost and putting it back to the tea fields. By improving the soil in this way, the input use efficiency of the soil could be enhanced while controlling the usage of costly fertilizer inputs, which will save funds at the same time.

Further, different approaches such as crop diversification are being used in plantation companies, which has led to enhanced and efficient land use and other natural resource utilization.

Harvesting of Timber

The National Environmental Act's environmental standards are followed in all operations, including the felling, clearing, extraction, and transportation of timber. In the company, it is required to establish conservation forest extents in vulnerable areas in addition to replanting the harvested extents almost immediately during the following monsoon. It is strictly forbidden to clear cut trees on areas larger than 2 hectares, cut down trees in wind belts, or cut down trees in catchment areas or on terrain with steep gradients in any way.

Water Resources Management

Through improved water retention methods and rainwater harvesting, the company has launched numerous initiatives to protect and develop water resources. The majority of the company's retail locations have water treatment facilities, and no water is released into the environment without being first treated. On marginal land expanses as well as along the water streams present in the tea estates, we are currently establishing ecosystems resembling forests. In order to increase the retention of the water we harvest, we have also begun to build mini/ micro scale cascading reservoir systems, etc.

Many steps have been taken towards water management by Namunukula, Maskeliya, and Kegalle Plantations to:

* It improves its stand of both high and low shade, which not only serves to reduce ground temperatures but also provides valuable raw material for mulching and reduces the velocity of heavy rainfall at the point of impact.
* Contour draining is a process that enables us to maximize the harvesting of rain water, amongst other agronomical benefits.
* Forking and burying of pruning material to improve soil permeability, amongst other agronomical benefits.
* The management of water resources is a field that will continue to change to address present and upcoming problems. As a result, new strategies are being followed and put into practice to deal with the increase in environmental uncertainties in order to prevent future setbacks.

Conservation of Biodiversity

As an environmentally and socially responsible group, we are committed to preserving biodiversity by raising community awareness about conservation. Our plantation companies are the crucible for our sustainable efforts, where we conduct biodiversity surveys, community awareness programmes, plant community forestry blocks rich in native plants, and engage in eco-tourism and nature photography.

An awareness workshop for plantation youth was conducted at Horton Plains with special reference to biodiversity and natural resource conservation with practical sessions in collaboration with the Wildlife Conservation Department and with the financial assistance of Chrysalis, an INGO working in Sri Lanka. Over 30 youth naturalists selected from Maskeliya Plantations, Maskeliya and Upcot regions were trained under this program.

Financial Review

Overall Group Performance

During the financial year 2021/22, the Group was able to demonstrate resilience in the market in terms of revenue amounting to Rs. 67.7bn, with an increase of 19% over the previous financial year. The measures taken to reduce costs and increase efficiencies were powerful tools which increased gross profit from Rs. 14.2bn to Rs. 19.5bn by 37%. Consequently, the Group recorded a Profit before Tax of Rs. 10bn and Profit after Tax of Rs. 7.9bn.

Revenue Analysis

The Group recorded an increase in its revenue by 19% when compared with the previous year and which represents a mixed contribution from sectors where the Group operates.

Retail Sector

The Retail sector emerged as the most significant contributor to the Group's revenue for yet another year, contributing 46.4% to the Group revenue. The sector reported a revenue of Rs. 31.4bn. The growth in the modern retail trade continued to expand with the emphasis by clients on convenience and availability becoming greater in urban areas due to increasingly busy lifestyles. The performance of the sector was assisted by the opening of large format outlets which in turn expanded the total network of large format retail outlets to 29. The sector is also focusing on premeditated geographical expansion in all formats of outlets and expanding its array of products displayed. Throughout the year, the sector continued to be the value driver of the Group, attracting a larger portion of its risk weighted capital.

Rubber Sector

The rubber sector continued its innovation and product diversification during the year with its revenue increasing by 24% to Rs. 6.7bn. Increase in volumes along with the Rupee depreciation induced the sector revenue during the year. The growth reported in this sector is noteworthy given the recessionary pressure in the European, Asia Pacific and the Latin American regions.

Tyre Sector

Revenue of the Tyre sector reached Rs. 4.9 bn, contributing 7% to the Group revenue in the reporting financial year. The re-treading segment continued to dominate the sector's revenue. Numerous product promotions initiated through dealer networks as well as at corporate levels resulted in a considerable contribution from the trading of Nexen and Birla Tyres. The sector is gradually giving prominence towards its trading operations of its branded products of Nexen and Birla. Contribution from the Solid Tyre manufacturing also showed promising results during the year, showcasing a better performance for the next financial year.

Plastics and Furniture Sector

Despite of the challenges imposed from the external environment, the Plastics and Furniture sector was able to report revenue of Rs. 10.2 bn for the financial year 2021/22 contributing 15% to the Group revenue. Plastic and furniture sector comprise key product categories such as mattresses, water tanks, PVC pipes, vinyl mats, electronic and rigiform products and the products are highly-sensitive to market sentiments. The sector was challenged with numerous factors including fluctuation in the global material prices and rupee depreciation which in turn increased the procuring costs. Product developments and strategic initiatives are underway to revive and move forward.

Plantation Sector

The sector ended the year by recording a total revenue of Rs. 9.97bn and to be the third highest contributor to the Group revenue, contributing 14.7% during the year under review.

Revenue from the palm oil segment is known as the most profitable crop in the plantation sector.

Financial Services Sector

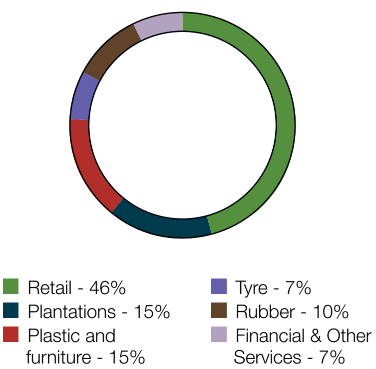
The Financial Services sector comprises of the finance company, life insurance, stock broking and margin trading arm. The sector continued its growth momentum in the reporting and contributed to the Group revenue by reporting Rs. 4.5bn contributing 6.6% of the Group revenue.

Cost of Sales and Operating Expenses

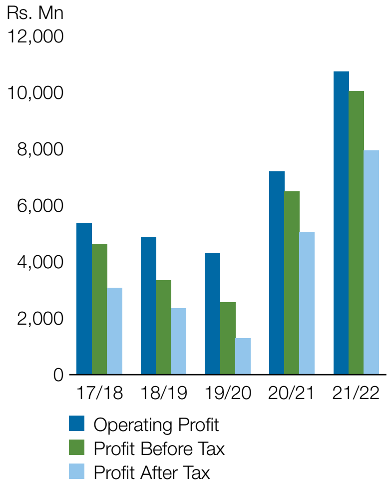
The cost of sales of the Group increased by 13% during the year under review, which absorbed 71% of the Group revenue. The cost of sales reported to be Rs. 48.2bn in the period under review compared to Rs. 42.5bn in the corresponding year.

Administration costs were reported to be Rs. 6.9bn in the reporting year compared to Rs. 5.8bn in the previous year. Meanwhile, the Group's distribution costs, which include advertising and promotional costs as well as sales related expenses, commissions paid on sales volumes, increased by 45% to reach Rs. 3.6bn during the year, accounting for 5% of the total revenue.

Group Turnover Composition



Operating Profit vs. PBT vs. PAT



Profit from Operations

The gross profit was reported to be Rs. 19.5bn for the reporting year 2021/22 compared to Rs. 14.2bn in the financial year 2020/21. Other operating income for the year was recorded at Rs.2.8bn. Consequently, profit from operations of the Group increased by 49% to Rs. 10.8bn, which reflects an operating profit margin of 16% for the reporting financial year.

Retail Sector

Retail sector pivoted to be the second highest contributor to Group's returns generated from operations contributing 26.3% to the Group operating profit compared to 34% in the corresponding year. The operating profit of the Retail sector was Rs. 2.8bn. The focus on producing energy through renewable energy sources in selected large format retail outlets and emphasis on key strategic initiatives in managing the cost structure. Further, margin enhancement programmes are underway which is expected to upsurge the margins of the sector in near future.

Rubber Sector

The Rubber sector emerged to be the third highest contributor for the Group operating profit accounting for 18% during the period under review. The operating profit reached to Rs. 1.9bn for the year under review compared to Rs. 1.2bn reported in the previous financial year.

Tyre Sector

The Tyre sector reported an operational profit of Rs. 758mn for the reporting financial year contributing 7% to the Group operating profit. The tyre sector to an extent was affected from increase in raw material prices in the market which influenced an escalation of the operational cost.

Plastics and Furniture Sector

The Plastic and Furniture sector reported revenue of Rs.10.2bn while recording an operating profit of Rs. 1.5bn. During the year, drastic increase in cost of sales was witnessed mainly been driven by raw material price increase while selling and distribution expenses hindered the profitability of the sector.

Plantation Sector

The Plantation sector, which experienced a healthy performance and recorded the highest contribution for the operating profit of the Group, registered an operating profit of Rs. 3.2bn and contributed by 29.7% of the operating profit of the Group.

Financial Services Sector

The sector reported an operating profit of Rs. 491mn for the reporting year, indicating a significant increment over the previous year. Revision of country's tax policies and the prolonged economic crisis of the country have highly affected the deposit base of the finance company and insurance premium collection of the insurance company.

Group Financial Position and Liquidity

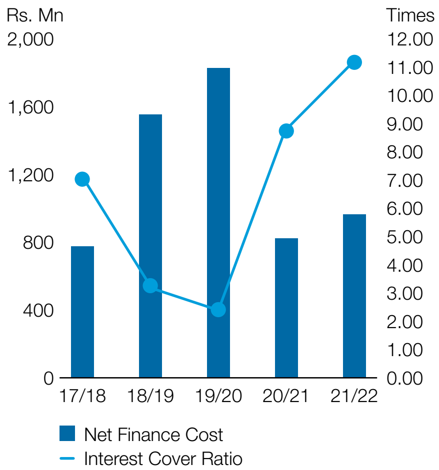
Non-Current Assets

The non-current assets of the Group represent Rs. 35.7bn during the year, and as such represent 42% of total assets. The property, plant and equipment category, which accounts for 28% of the total assets, increased by 17% over the previous financial year.

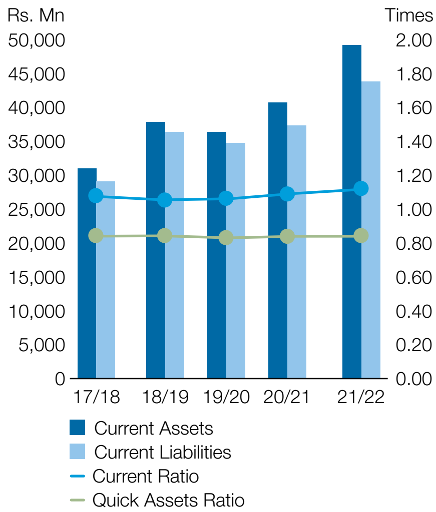
Working Capital

During the year, the current assets of the Group increased to Rs. 49.2bn compared to Rs. 40.7bn reported during the corresponding period, whilst current liabilities also reached Rs. 43.9bn indicating an increase of 21% and 17% respectively. Inventory increased by Rs. 2.9bn to reach stock level to Rs. 12bn. Trade receivables were reported to be Rs. 10.9bn in the reporting year compared to Rs. 8.7bn in the previous financial year. The working capital cycle expanded, which induced trade and other payables also to increase to Rs. 13.8bn. Accordingly working capital days were managed within the controllable limits. The total current assets of the Group accounted for 58% of its total assets while total current liabilities accounted for 76% of the total liabilities. The Group's current ratio was reported to be 1.12 and the quick

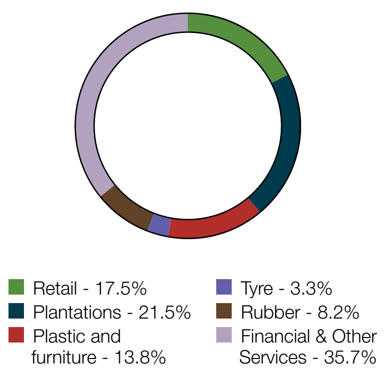
Net Finance Cost vs. Interest Cover Ratio



Working Capital Investment vs. Current Ratio



Segmental Assets



ratio was reported at 0.84 compared to 1.09 and 0.84 times respectively in the corresponding period.

Capital Structure

Equity

The profit attributable to the shareholders for the year was recorded at Rs. 6.9bn, which in turn induced the reserves to reach Rs. 21.2bn.

Borrowing

In terms of borrowings, the net debt including cash balance was stationed at Rs. 12bn compared to Rs. 12.7bn in the previous. A decrease of Rs. 700mn during the year mainly because of Group settled some borrowings during the period.

Market Capitalization

The market capitalization of the Company was Rs. 27.1bn at the closing price of the share, decreased from Rs. 7.1bn recorded in the previous year. During the year under review, the highest traded price of the Group's share was Rs. 29.50, while the lowest price was Rs. 13. During the same period 181,063,809 shares were traded and the share price closed for the year at Rs. 13.30.

Risk Management

Managing business and financial risks are fundamentally important in maintaining sustainable growth and making steady progress towards the achievement of corporate goals and objectives. "Risk" being a factor which is not possible to "eliminate" completely, the Group ensures the "minimisation" of risks by adopting various strategies for continuous reviewing of the Group operations. Various strategies are developed and implemented to achieve this goal.

Risk Exposure	Group Objectives	Risk Minimisation Strategies
Financial Risk Management		
1. Liquidity and Cash Management	* To ensure faster response to market opportunities by ensuring instant funding ability. * To maintain a 'sufficient' liquidity position at all times.	* Funding of long term assets through Equity and Long Term Loans. * Availability of short term borrowing facilities to the Group at all times. * Funding of inventory by short term creditors. * The Group owns land and buildings with market values significantly in excess of its book values that can be offered as collateral for future funding requirements. * Sourcing of funding requirements through many financial institutions.
2. Interest Rate Risk	* To minimise adverse effects of interest rate volatility. * To ensure cost of borrowing is at minimum level. * To optimise the return on the Shareholder's Fund and Life Policy Fund of Insurance Company. * Optimize the interest spread through matching the maturities of assets and liabilities of the Finance Company.	* Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings. Continuous monitoring is being done to match the mix of foreign and local denominated borrowings to the mix of export and local revenue of the Group. * Using fixed and variable rate borrowings to strike a balance. * Centralised Treasury that coordinates Group funding requirements thus ensuring more effective borrowing terms. * Practicing effective hedging techniques whenever deemed necessary. * Centralised Treasury function to get the advantage of the total pooling of funds. * Matching the Assets and Liabilities of maturities. * Duration Management.
3. Currency Risk	* To minimise risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions	* Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge. * Ensuring effective Treasury operations through various hedging techniques such as forward bookings, forward sales, swaps and options contracts etc.
Business Risk Management		
1. Credit Risk	* To minimise risks associated with debtor defaults.	* Obtaining insurance cover for export debtors. * Developing and implementing Credit Policies * Obtaining bank guarantees, deposits and collateral for all major local customers. * Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit. * Demarcating the local areas and appointing new distributors thus increasing the number of customers with the objective of reducing credit exposure due to the reliance of a few customers. * Closely monitoring the debtor balances, laying action plans, and determining the same are under control.
2. Asset Risk	* To minimise risk from fire, theft and machinery and equipment breakdown.	* Obtaining comprehensive insurance covers for all tangible assets. * Adoption of stringent procedures with regards to the moving of assets from one location to another. * Carrying out mandatory preventive maintenance programs. * Carrying out frequent employee training programs in areas such as fire prevention.

Risk Exposure	Group Objectives	Risk Minimisation Strategies
3. **Internal Controls**	* To maintain a sound system of internal control to safeguard shareholders' wealth and Group assets.	* Carrying out of system audits and other control mechanisms such as inventory and cash counts throughout the Group by our central Internal Audit Department. * Having in place a budgetary process and a budgetary control mechanism on a monthly basis to ensure that the Group's performance is in line with its targets.
4. **Reputation Risk**	* To prevent the causes that damage our reputation. * To minimise the impact if, despite our best endeavours, a reputation crisis should occur.	* Adopting stringent quality assurance policies with regard to goods bought out from third parties as well as the inputs, processes and outputs of own brand and in-house manufactured products. * Ensuring effective communication with various stakeholders including employees, bankers, media, regulators, customers, suppliers, shareholders and the community at large. * Providing the front line managers and the sales staff with adequate training in order to improve service standards as well as to educate staff on the importance of customer service. * Ensuring Public Liability Cover to make certain of the safety of the customers and public at all times.
5. **Human Capital and Labour Risk**	* To ensure a smooth flow of operations without any undue disruptions. * To project our selves as a human employer, successful in motivating, developing, retaining and attracting the best of human capital.	* Maintaining healthy relationships with trade unions through regular dialogue * Entering into agreements with trade unions. * Improving employee benefits by way of incentives and welfare activities. * Improving the Human Resource function of the Group with regards to employee recruitment, performance appraisals and in-house as well as external training programs. * Promoting Performance driven culture.
6. **Technological Risk**	* To keep pace with the current technological developments and safeguard against obsolescence.	* Continuous investment in new technologies and automation. * Investing in Research and Development activities throughout the year. * Investing in hardware and developing software in-house.
7. **Procurement Risk**	* To minimise risk associated with price and availability.	* Introduction of total Supply Chain framework including correct procurement process system. * Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over-dependency on a single supplier/brand. * Ensuring effective category management to reduce the risk of non-availability of goods at our retail outlets. * Adoption of backward integration strategies. * Centralised purchasing division which has enabled us to create a reliable network of global suppliers. * Entering into forward contracts for raw material purchases. * Ensure Goods in Transit are insured.
8. **Inventory**	* To reduce stock obsolescence and manage stock holding costs. * Reducing the risk associated with theft and shrinkage.	* Adopting a monthly declaration policy. * Identifying slow-moving stocks and effectively laying out a channel for these to be sold off. * Adopting security systems at the Retail outlets such as security tags with alarm systems, surveillance cameras and deployment of security to manage theft. * Ensure raw material and finished goods stocks are insured.

Risk Exposure	Group Objectives	Risk Minimisation Strategies
9. Risk of Competition	* To maximise our market share and maintain market leadership in the respective industries.	* Ensuring high standards of quality. * Increasing productivity and efficiency in order to ensure our prices remain competitive despite increasing wage, energy and transportation costs. * Carrying out Research and Development activities to identify needs. * Further strengthening our Arpico brand through aggressive advertising campaigns and target marketing. * Introducing pioneering products. * The introduction of a CRM programme in our retail chain. * The provision of various value added services at our key retailing outlets.
10. Intellectual Capital Risk	* To protect ourselves against possible violations, fraudulent usage and infringements on the Group's copyrights.	* Registering our brands and trademarks. * Successfully obtaining patents for manufactured products. * Furthering our Arpico brand image through promotions and advertising whilst ensuring value of the brand image is resolute.
11. Capital Investments Risk	* To minimise risk of not meeting profit expectations.	* Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back. * Carrying out extensive feasibility studies for large scale investments. External expertise is obtained wherever required.
12. Information Systems Risk	* To minimise risk associated with Data Security, Hardware and Communication and Software.	* Maintaining of spare servers. * Mirroring of hard disks with critical data. * Data back-ups stored in off-site locations. * Vendor agreements for support service and maintenance. * Regular upgrading of Virus Scanners, Firewalls etc. * Compliance with statutory requirements for environmental preservations. * Carrying out Application Control Audits. * Having a Disaster Recovery Site.
13. Environmental, Political and Regulatory Risk	* To minimise the negative impact from the changes in the external environment which are beyond our control. * To comply with the regulatory requirements.	* Compliance with statutory requirements for all tax and other payments. * Prioritise the IT requirements for reporting * Set up internal deadlines for each criterion * Meet the deadline for Statutory Returns and review all returns by Group Finance before the submission. * Continuous dialogu e with statutory bodies to get the updated reporting requirements.
14. Underwriting Risk	* To minimise the claims and to ensure proper pricing.	* Assessing the risk exposed by accepting the policy and carrying out proper ratings and loadings before underwriting any policy. * Adhering to the guide lines provided by re-insurer * Referring any complicated matters to the re-insurer before accepting the risk. * Checking validity and accuracy of all the proofs given by the client before accepting the risk.

Statement of Value Added

	2021/2022 Rs.'000	%	2020/2021 Rs.'000	%
Revenue	67,668,113		56,725,189	
Cost of material and services	(45,499,768)		(36,958,657)	
	22,168,346		19,766,532	
Other income	2,773,353		1,348,129	
	24,941,699		21,114,661	
Distribution of value added				
To employees				
- Remuneration	9,266,940	37%	8,914,048	42%
To government				
- Duties and taxes	2,071,863	8%	1,654,213	8%
To providers of capital				
- Interest on loan capital	1,589,284	6%	1,432,021	7%
- Non controlling interest	1,075,512	4%	575,701	3%
- Dividend to shareholders	1,221,023	5%	2,035,038	10%
Retained in the business				
- Depreciation and amortisation	2,830,390	11%	2,013,379	10%
- Profit retained	6,886,687	28%	4,490,261	20%
	24,941,699	100%	21,114,661	100%

Our People

Richard Pieris & Company PLC is one of the largest conglomerates in the island having more than 90 years of history. As the backbone of our success, we have a well-diversified, most committed and capable talent pool of staff members in the system.

As a well-reputed organization, we consider Employee Engagement as an investment we have made as a factor that sustains us in the business leadership. We also strongly believe that the way our employees will feel is the same way our customers will feel. The Group's Human Capital Management is focused on fostering innovative thinking, creativity and team work which deliver unique value proposition to customers and clients. Given its aspiration of being counted as a 'Great Place to Work', the Group is dedicated to building an exclusive work environment for its workforce of different nationalities, races, religions and cultures, working together as an integrated team.

As all others, we are also going through a period of uncertainty due to the external factors that have hit the country's economy, bringing it to its worst crisis in 74 years. However, by using several strategies we have successfully met the challenges without letting the Company or the employees down. Currently, there are 21,750 employees who are engaged with the Richard Pieris Group.

Employee Relations

The Group strives to have best decisions made for the employees in an empathetic way. We are always practicing an open door policy for our employees because the leadership is all out for empathetic approach. It is about having the ability to relate to and connect with people for the purpose of inspiring them and empowering their lives while guiding them towards our business goals. So the employee-centric management strategy has enabled the Group to effectively address the issues concerning the employees at all levels, thus driving the Group towards excellence.

Internal Mobility

With the ongoing situation of the country we are encouraging internal mobility within our organization. It can be a cross functional mobility or cross company mobility. In accordance with the new recruitment policy all open positions are advertised to internal employees first before any external candidates can be sought. Cross company mobility also encourages employees to move within the Group and helps to develop them with broad and deep multi-company handling and functional skills.

Work Life Balance

Maintaining work-life balance helps to reduce stress and prevent burnout in the workplace. Our management strongly believes that having a healthy work-life balance means that employees will be happier when they report to work. To establish work-life balance and to have a harmonious work place, we are practicing effective time management, stress management and burnout prevention concepts. Despite the worst economic conditions of the country, we are offering flex working time for employees without considering punctuality and we encouraged Work from Home Concept as well.

Talent Development

There is a huge necessity for a structured approach to take the talent to the next level in order to develop our employees as a competitive advantage. We, as an employee centered work place, have introduced a new Performance Management System to establish a High Performance work culture within our organization. Through this journey each and every employee is rewarded based on their individual performance as we are trying to groom Low Performers through the Personal Development Plan without letting them leave our family. On the other hand we are planning to retain high performers by offering High Performers Retaining Strategy.

Safety at Work

Safety is not an intellectual exercise to keep us in work. It is a matter of our safety management that determines whether the people we work with Confidence or not.

We are still maintaining precautionary actions against COVID-19 pandemic and it is a way of life in our office now. Not only that, our employees are advised to strictly adhere to health and safety measures outlined as per the legal framework of Sri Lanka in order to ensure a safe & healthy workplace.

Well Being

With our employees being our most important resource, we rely on their strength to compete in the marketplace to grow and prosper. We believe that people should stay healthy along with their family members to give 100% commitment for their work where we provide them facilities such as insurance scheme, medical claim facilities & COVID preventive initiatives and more. This will enable us to focus us on the employees' financial, social, mental and physical well being which includes the above benefit plans.

Knowledge Sharing

In order to build a learning organization we are encouraging our employees to share what they know and what they can do with other co-workers. This is implemented through the journey of Performance Management.

Employee Innovation

We always trust the ability of our people who are very capable of making the most effective innovations to improve the level of efficiency to systems and procedures. The Senior Management is open for suggestions and ideas which will be stored in a concept bank for future reference.

Corporate Structure

1. RUBBER SECTOR

RICHARD PIERIS EXPORTS PLC	
Business Activity	Manufacture and export of rubber mats and sealing rings
Dr. Sena Yaddehige	Chairman/CEO
Mr. ShamindaYaddehige	Director
Mr. W J V P Perera	Director
Mr. W R Abeysirigunawardena	Director
Dr. L M K Tillekeratne	Director
Mr. A M Patrick	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. Lalith Wijayasinghe	Director (Appointed w.e.f. 20.05.2022)
Stated Capital	Rs. 220,262,000 represented by 11,163,745 shares
Group Holding	83.90%
Location	310, High Level Road, Nawinna, Maharagama.

ARPITALIAN COMPACT SOLES (PRIVATE) LIMITED	
Business Activity	Manufacture and export of resin rubber shoe soling sheets
Dr. Sena Yaddehige	Chairman
Mr. Fabio Piccolo	Director
Mr. W R Abeysirigunawardena	Director
Mr. Rohan Nishantha Yaddehige	Director
Stated Capital	Rs. 542,371,660 represented by 60,471,501 ordinary shares and 6,404,500 preferential shares
Group Holding	58.69%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS NATURAL FOAMS LIMITED	
Business Activity	Manufacture and export of foam rubber products
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. W R Abeysirigunawardena	Director
Mr. W J V P Perera	Director
Mr. Shiron Gooneratne	Director (Appointed w.e.f. 01.11.2021)
Stated Capital	Rs. 640,822,600 represented by 64,082,260 shares
Group Holding	85.75%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO NATURAL LATEXFOAMS (PRIVATE) LIMITED (Discontinued Business)	
Business Activity	Manufacture and export of foam rubber products
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. W R Abeysirigunawardena	Director
Mr. Adrian Bogahawatte	Director
Stated Capital	Rs. 90,000,000 represented by 9,000,000 shares
Group Holding	84.93%
Location	310, High Level Road, Nawinna, Maharagama.

MICRO MINERALS (PRIVATE) LIMITED	
Business Activity	Manufacture of rubber fillers
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. B L P Jayawardana	Director
Stated Capital	Rs.9,126,000 represented by 912,600 shares
Group Holding	57.68%
Location	310, High Level Road, Nawinna, Maharagama.

2. TYRE SECTOR

RICHARD PIERIS TYRE COMPANY LIMITED	
Business Activity	Tyre retreading, re-manufacturing & trading
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. W J V P Perera	Director (Appointed w.e.f. 21.10.2021)
Mr. Pradeep Samaratunga	Director (Resigned w.e.f. 30.09.2021)
Stated Capital	Rs. 50,000,000 represented by 4,000,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPIDAG INTERNATIONAL (PRIVATE) LIMITED	
Business Activity	Manufacture of pre-cured tyre retreading material
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. Pradeep Samaratunga	Director (Resigned W.E.F. 30.09.2021)
Stated Capital	Rs. 58,650,000 represented by 459,999 shares
Group Holding	51.00%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS RUBBER COMPOUNDS LIMITED	
Business Activity	Mixing rubber compounds
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Pradeep Samaratunga	Director (Resigned w.e.f. 30.09.2021)
Stated Capital	Rs. 17,000,000 represented by 1,700,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

BGN INDUSTRIAL TYRE (PRIVATE) LIMITED	
Business Activity	Manufacturing of Industrial Tyre
Mr. Shaminda Yaddehige	Director
Mr. W R Abeysirigunawardena	Director
Mr. B G Nandana	Director
Mr. Shiron Gooneratne	Director
Mr. Sunimal Fernando	Director
Mr. Pradeep Samaratunga	Director (Resigned w.e.f. 30.09.2021)
Stated Capital	Rs. 147,364,000 represented by 7,317,680 shares
Group Holding	51.00%
Location	95/1, Industrial Zone, Kindelpitiya, Millawa, Horana.

3. PLASTICS SECTOR

PLASTISHELLS LIMITED	
Business Activity	Manufacture of rotational molded products
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 34,160,030 represented by 3,416,003 shares
Group Holding	98.39%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO PLASTICS LIMITED	
Business Activity	Manufacture of plastic products
Dr. Sena Yaddehige	Chairman
Mr. L C Wijeyesinghe	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 29,000,000 represented by 2,900,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPITECH (PRIVATE) LIMITED	
Business Activity	Manufacture of PVC pipes & fittings and polyurethane foam products
Dr. Sena Yaddehige	Chairman
Mr. L C Wijeyesinghe	Director
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. Duminda Perera	Director (Appointed w.e.f. 02.06.2022)
Stated Capital	Rs. 35,000,020 represented by 3,500,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

R P C POLYMERS (PRIVATE) LIMITED	
Business Activity	Manufacturers, exporters and importers of all plastic products
Dr. Sena Yaddehige	Chairman
Mr. Shiron Gooneratne	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. W J V P Perera	Director (Appointed w.e.f. 01.07.2022)
Stated Capital	Rs. 187,000,020 represented by 18,700,002 shares
Group Holding	98.88%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS RUBBER PRODUCTS LIMITED	
Business Activity	Manufacture of rubber products
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 27,000,000 represented by 2,700,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO FURNITURE DISTRIBUTORS (PRIVATE) LIMITED	
Business Activity	Carrying on buying and selling of furniture items
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. K A S Lasantha	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO DURABLES (PRIVATE) LIMITED	
Business Activity	Business of trading and distributing goods
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. L M D Pradeep Samarathunga	Director (Resigned w.e.f. 30.09.2021)
Mr. Lalith Wijayasinghe	Director (Appointed w.e.f. 02.06.2022)
Mr. Duminda Perera	Director (Appointed w.e.f. 02.06.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

4. RETAIL SECTOR

RICHARD PIERIS DISTRIBUTORS LIMITED	
Business Activity	Managing & operating a chain of retail network
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director/Alternative Director to Dr. Sena Yaddehige
Mr. W J V P Perera	Director
Mr. Kelum Senanayake	Director (Appointed w.e.f. 22.11.2021)
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 1,096,760,960 represented by 106,676,096 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO INTERIORS (PRIVATE) LIMITED	
Business Activity	Interior decorating
Mr. Shaminda Yaddehige	Director
Mr. K A S Lasantha	Director
Mr. Shiron Gooneratne	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 30,000,020 represented by 3,000,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO FURNITURE LIMITED (Discontinued Business)	
Business Activity	Furniture Industry
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs 40,000,000 represented by 4,000,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPIMALLS DEVELOPMENT COMPANY (PRIVATE) LIMITED	
Business Activity	Operates retailing centers
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Athula Herath	Director
Stated Capital	Rs. 430,000,020 represented by 21,000,002 ordinary shares and 22,000,000 preference shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC REAL ESTATE DEVELOPMENT COMPANY (PRIVATE) LIMITED	
Business Activity	Property & Real Estate Development Projects
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. K A S Lasantha	Director
Stated Capital	Rs. 667,000,020 represented by 66,700,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC RETAIL DEVELOPMENTS COMPANY (PRIVATE) LIMITED	
Business Activity	Construction, Property and Real Estate Development
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. K A S Lasantha	Director
Stated Capital	Rs 387,000,020 represented by 38,700,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC PROPERTIES (PRIVATE) LIMITED	
Business Activity	Property Development Projects
Mr. D I U N K Baddewithana	Director
Mr. W J V P Perera	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 1,000 represented by 100 shares
Group Holding	49.00%
Location	310, High Level Road, Nawinna, Maharagama.

5. PLANTATION SECTOR

RICHARD PIERIS PLANTATIONS (PRIVATE) LIMITED	
Business Activity	Managing agents of plantations
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Shaminda Yaddehige	Director
Stated Capital	Rs. 70 represented by 7 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC MANAGEMENT SERVICES (PRIVATE) LIMITED	
Business Activity	Investment & management of the plantation companies
Dr. Sena Yaddehige	Chairman
Dr. C M P P R P Perera	Director
Mr. Shaminda Yaddehige	Director
Mr. Sudheera Epitakumbura	Director
Stated Capital	Rs. 75,000,000/- represented by 7,500,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

MASKELIYA PLANTATIONS PLC	
Business Activity	Tea Plantations
Dr. Sena Yaddehige	Chairman
Dr. L S K Hettiarachchi	Director
Mr. J L A Fernando	Director
Mr. Shaminda Yaddehige	Director
Dr. Sarath Samaraweera	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. K A S Lasantha	Director (Appointed w.e.f. 17.05.2022)
Stated Capital	Rs. 673,720,950 represented by 53,953,490 shares
Group Holding	83.40%
Location	310, High Level Road, Nawinna, Maharagama.

KEGALLE PLANTATIONS PLC	
Business Activity	Rubber, Tea and Coconut Plantations
Dr. Sena Yaddehige	Chairman
Prof. R C W M P A Nugawela	Director
Dr. S S G Jayawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. J L A Fernando	Director
Stated Capital	Rs. 250,000,010 represented by 25,000,001 shares
Group Holding	79.14%
Location	310, High Level Road, Nawinna, Maharagama.

EXOTIC HORTICULTURE (PRIVATE) LIMITED	
Business Activity	Cultivation of fruits
Dr. Sena Yaddehige	Chairman
W J V P Perera	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 10,000,000 represented by 1,000,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

HAMEFA KEGALLE (PRIVATE) LIMITED (Discontinued Business)	
Business Activity	Manufacture & Export of furniture
Dr. Sena Yaddehige	Chairman
Mr. Lalith Wijeyesinghe	Director
Stated Capital	Rs. 28,000,020 represented by 2,800,002 shares
Group Holding	79.14%
Location	310, High Level Road, Nawinna, Maharagama.

NAMUNUKULA PLANTATIONS PLC	
Business Activity	Rubber, Tea, Cinnamon & Coconut Plantations
Dr. Sena Yaddehige	Chairman
Mr. N C Peiris	Director
Mr. B A T Rodrigo	Director (Government nominee)
Mr. Shaminda Yaddehige	Director
Mr. S G D Amerasinghe	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. J L A Fernando	Director (Appointed w.e.f. 17.09.2021)
Stated Capital	Rs. 350,000,010 represented by 23,750,001 shares
Group Holding	66.76%
Location	310, High Level Road, Nawinna, Maharagama.

RPC PLANTATION MANAGEMENT SERVICES (PRIVATE) LIMITED	
Business Activity	Investment & Management of Plantations
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. Sudheera Epitakumbura	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Mr. W J V P Perera	Director (Appointed w.e.f. 23.06.2022)
Stated Capital	Rs. 241,062,500 represented by 24,106,250 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

MASKELIYA TEA GARDENS (CEYLON) LIMITED	
Business Activity	Trading & Marketing of Value Added tea
Dr. Sena Yaddehige	Chairman
Mr. Athula Herath	Director
Mr. J L A Fernando	Director
Stated Capital	Rs. 15,000,070 represented by 1,500,007 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

6. SERVICES

RICHARD PIERIS GROUP SERVICES (PRIVATE) LIMITED	
Business Activity	Provides Company secretarial services
Dr. Sena Yaddehige	Chairman
Mrs. R J Siriweera	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs.20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO INDUSTRIAL DEVELOPMENT COMPANY (PRIVATE) LIMITED	
Business Activity	Operates industrial estates
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Athula Herath	Director
Stated Capital	Rs. 106,400,000 represented by 1,500,000 ordinary shares 9,140,000 preferential shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC LOGISTICS LIMITED	
Business Activity	Freight forwarding and allied services
Dr. Sena Yaddehige	Chairman (Resigned w.e.f. 01.09.2021)
Mr. W J V P Perera	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 20,000,070 represented by 2,000,007 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO EXOTICA ASIANA (PRIVATE) LIMITED	
Business Activity	Leisure
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO CONSTRUCTION (PRIVATE) LIMITED	
Business Activity	Business of construction nationally and internationally
Mr. W J V P Perera	Director
Mr. Rohan Yaddehige	Director
Stated Capital	Rs. 20,000,070 represented by 2,000,007 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO HOMES LIMITED (Discontinued Business)	
Business Activity	Property & Real Estate Development
Dr. Sena Yaddehige	Chairman
Mr. Shiron Gooneratne	Director
Mr. W S Kalugala	Director (Resigned w.e.f. 30.10.2021)
Stated Capital	Rs. 70 represented by 7 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO HOTEL SERVICES (PRIVATE) LIMITED	
Business Activity	Business of national and international airline travel and trade
Dr. Sena Yaddehige	Chairman
Mr. Shiron Gooneratne	Director
Mr. W Abeysirigunawardena	Director (Appointed w.e.f 29.04.2022)
Stated Capital	Rs. 6,000,020 represented by 600,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

MARKRAY SYSTEMS (PRIVATE) LIMITED	
Business Activity	Carrying on IT related activities
Dr. Sena Yaddehige	Chairman
Mr. Shiron Gooneratne	Director
Mr. S Kalugala	Director (Resigned w.e.f. 30.10.2021)
Mr. W J V P Perera	Director (Appointed w.e.f. 02.03.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS SECURITIES (PRIVATE) LIMITED	
Business Activity	Stock Broking
Mr. Shiron Gooneratne	Director
Mr. W J V P Perera	Director
Stated Capital	Rs. 195,500,000 represented by 19,550,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RPC MARGIN SERVICES (PRIVATE) LIMITED formerly RICHARD PIERIS FINANCIAL SERVICES (PRIVATE) LIMITED	
Business Activity	Margin providers
Mr. Shiron Gooneratne	Director
Mr. W J V P Perera	Director
Stated Capital	Rs. 35,000,000 shares represented by 3,500,000 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO HOSPITAL (PRIVATE) LIMITED	
Business Activity	Relating to human health care and allied services
Dr. Sena Yaddehige	Chairman
Stated Capital	Rs. 40 represented by 4 shares
Group Holding	69.79%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO INSURANCE PLC	
Business Activity	Life Insurance
Mr. W J V P Perera	Chairman (Ceased to be a Director w.e.f. 30.06.2022)
Mrs. L S A Seresinhe	Director
Mr. S Sirikananathan	Director (Ceased to be a Director w.e.f. 30.06.2022)
Mr. Shiron Gooneratne	Director
Mrs. Dilukshika N Fernando	Director (Appointed w.e.f. 01.11.2021)
Stated Capital	Rs. 675,564,870 represented by 66,230,407 shares
Group Holding	81.59%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO ATARAXIA ASSET MANAGEMENT (PRIVATE) LIMITED	
Business Activity	Asset management
Mr. W J V P Perera	Director
Mr. Savantha Sebastian	Director
Mr. Sharad Sridharan	Director
Stated Capital	Rs. 40,000,020 represented by 4,000,002 shares
Group Holding	51.00%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS FINANCE LIMITED	
Business Activity	Carrying on leasing, hire purchasing & other financial services
Mr. J F Fernandopulle	Chairman (Resigned w.e.f. 05.09.2021)
Mr. K B Wanigasekara	Director (Appointed w.e.f. 07.06.2021)
Mr. A P U Keppetipola	Director
Mr. K B Wijeratne	Director
Mr. R S Wijeweera	Director (Appointed w.e.f. 16.02.2021)
Mr. Kelum Senanayake	Director (Appointed w.e.f. 01.12.2021)
Stated Capital	Rs. 1,260,830,690 represented by 121,833,069 shares
Group Holding	98.11%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO INFOSYS (PRIVATE) LIMITED	
Business Activity	Relating to information communication technology/ business process outsourcing
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO PHARMACEUTICALS (PRIVATE) LIMITED	
Business Activity	Relating to trading of pharmaceutical product
Dr. P M S S Pathinisekara	Director
Dr. M S Samarakoon	Director
Mr. Shiron Gooneratne	Director
Mr. Athula Herath	Director (Appointed w.e.f. 09.06.2022)
Mr.Dilshan Abeysekra	Director (Appointed w.e.f 09.06.2022)
Stated Capital	Rs. 100,000,020 represented by 10,000,002 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO DEVELOPMENTS (PRIVATE) LIMITED	
Business Activity	Construction of shopping malls and renting it out to retail business
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO PLANTATIONS INTERNATIONAL (PRIVATE) LIMITED	
Business Activity	Business of Plantation Management
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	89.57%
Location	310, High Level Road, Nawinna, Maharagama.

ARPICO HYDEPARK TOWERS (PRIVATE) LIMITED	
Business Activity	Carrying on Property Development Business.
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%
Location	310, High Level Road, Nawinna, Maharagama.

RICHARD PIERIS TRADING CO. PTE LIMITED	
Business Activity	General wholesale trade (Including General Importers and Exporters)
Mr. D P J Hewawitharana	Director
Mr. Chin Hay Min	Director
Stated Capital	Rs. 65,349,374 represented by 618,500 shares
Group Holding	100%
Location	19, Keppel Road, #03-03/04 Jit Poh Building, Singapore.

ARPICO DAILY RETAIL MANAGEMENT (PRIVATE) LIMITED	
Business Activity	Retail/ Sales
Mrs. R S K Rambodagedara	Director
Mr. S S G Liyanage	Director (Demised on 30.04.2022)
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	50%
Location	310, High Level Road, Nawinna, Maharagama.

KADOLANA BEACH RESORTS (PRIVATE) LIMITED	
Business Activity	Operators of resort
Dr. Sena Yaddehige	Chairman
Stated Capital	Rs. 30 represented by 3 shares
Group Holding	59.71%
Location	310, High Level Road, Nawinna, Maharagama.

Financial Information

Annual Report of the Board of Directors

The Directors of Richard Pieris and Company PLC are pleased to present to their members the Annual Report together with the audited Financial Statements of its Group and the Company, for the year ended 31 March 2022.

The Directors approved the Financial Statements on 29 August 2022.

Principal Activities & Operational Review

Richard Pieris and Company PLC is the holding company that owns, directly and indirectly, investments in a number of companies constituting the Richard Pieris Group. The principal activities of the Group are described under the Group Structure on pages 50 - 57 of the report.

A review of the Group's business and its performance during the year, with comments on financial results and future developments, is contained in the Chairman Review, Sector Reviews and the Financial Review of this Annual Report. The measures taken by the Company to manage its risks are detailed in the report titled Risk Management on pages 45 - 47 of this report.

Future Developments

The Group intends to continue to pursue a strategy of focusing on its core business activities. In order to achieve this, the Group will concentrate on enhancing the performance of its retail, plantation, tyre, rubber, plastics and financial services business sectors. Further information on future developments is provided in the Chairman Review and Sector Reviews of this report.

Group Revenue

The revenue of the Group was Rs. 68 bn. A detailed analysis of the Group's turnover identifying the contributions from different sectors is given in Note 3 to the Financial Statements. The Group's exports from Sri Lanka were Rs. 6.8 bn. Trade between Group companies are conducted at fair market prices.

Results & Dividends

Details relating to the Group profits are given in the table on Page 61. The Group reported a profit after tax amounting to Rs.8bn.

Group Investments

The Group invested Rs. 1.4 bn in equity shares of National Development Bank other than investments in subsidiary companies during the year. Details of this are given in Note 16 and Note 17 to Financial Statements.

Property, Plant & Equipment

Capital expenditure on property, plant, equipment and work-in-progress incurred during the year under review amounted to Rs. 4.7 bn. Information relating to this is given in Note 12 to the Financial Statements. Capital expenditure approved and contracted for after the year-end is given in Note 36 to the Financial Statements. The value of property stated in the Financial Statements is not in excess of its current market values.

Freehold Property

A description of the property owned by the Group is shown under the Group Real Estate portfolio on page 150.

Stated Capital

The stated capital of the Company as at 31 March 2022 was Rs. 1.97 bn. The details of the stated capital are given in Note 24 to the Financial Statements.

Reserves

Total Group Reserves as at 31st March 2022 amount to Rs. 21.2 bn. (Rs. 15.4 bn as at 31 March 2021). The details of which, is given in the Statement of Equity on page 78.

Taxation

The general corporate income tax rate in effect during the year was 24% for service organisations and 18% for manufacturing companies. Companies that enjoy tax holiday status and other concessionary rates are listed in Note 8.1 to the Financial Statements.

In computing the Group's tax liability, the maximum relief available to investors under the provisions of the Inland Revenue Act has been claimed.

It is the Group's policy to provide for deferred taxation on all known temporary differences, on the liability method.

Details on the Group's exposure to taxation are disclosed in Note 8 to the Financial Statements.

Share Information

Information relating to earnings, dividend, net assets and market value per share is given in the Ten Year Summary on pages 146 - 147 of this report.

Substantial Shareholdings

The twenty major shareholders and the percentage held by each one of them as at 31st March 2022 are given on page 149 under Shareholder Information.

Directors

The names of Directors who served during the year are given on pages 11 and 13 of this report, under the caption of 'Board of Directors'.

To elect Mr. Wasantha Abeysirigunawardena, who retires in terms of Article 91 at the Annual General Meeting, a Director,

To re-elect Mr. Prasanna Fernando, who retires by rotation in terms of Article 85 at the Annual General Meeting, a Director,

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following three Ordinary Resolutions have been received by the Company.

01. Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya, a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom, who is 76 years of age be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige."

The Company has also received a letter dated 15th August 2022 from Dr. Sena Yaddehige declaring his willingness to be elected to the Directorate of the Company.

02. Mr. Kalinga Perera of 54/4, Ananda Balika Mawatha, Pitakotte, Kotte, a shareholder of the Company.

"That Dr. Henry Jayatissa De Costa of No. 496/3, Havelock Road, Colombo 06, who is 80 years of age be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Henry Jayatissa De Costa."

The Company has also received a letter dated 05th August 2022 from Dr. Jayatissa De Costa declaring his willingness to be elected to the Directorate of the Company.

03. Mr. Adrian Oswald of No. 32, St. Sebastian Road, Galwetiya, Wattala, a shareholder of the Company.

"That Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya who is 74 years of age be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said "Mr. Viville P Perera."

The Company has also received a letter dated 09th August 2022 from Mr. Viville Perera declaring his willingness to be elected to the Directorate of the Company.

The Directors who considered the contents of the letters received by the Company from Mr. Viville Perera, Mr. Kalinga Perera, Mr. Adrian Oswald, Dr. Sena Yaddehige, Dr. Jayatissa De Costa decided to notify the Shareholders of the Company of the special Notices received by the Company and the proposed Resolutions, which are to be moved at the Annual General Meeting of the Company for the purpose of considering and if thought fit passing the said Resolutions as Ordinary Resolutions.

Group Profits	2021/22 Rs.'000	2020/21 Rs.'000
The net profit earned by the Group after providing for all expenses, known liabilities and depreciation on property plant and equipment was	10,036,025	6,500,257
From which the deduction of income tax and transfer to the deferred taxation account was	(2,071,863)	(1,430,780)
Leaving the Group with a profit after tax from continuing operations of	7,964,162	5,069,477
From which the loss after tax from discontinued operations deducted was	(1,963)	(3,515)
Leaving the group with a profit for the year of	7,962,199	5,065,962
From which Non-controlling interest deducted was	(1,075,512)	(575,701)
Leaving a profit attributable to the equity holders of the parent was	6,886,687	4,490,261
To which the retained profits brought forward from the previous year added was	15,418,372	12,642,969
Adjustments and transfers	(19,530)	2,732
Subsidiary dividend to minority shareholders	(15)	64,078
Adjustments due to changes in SLFRSs	-	-
Other comprehensive income/(loss)	136,815	253,370
Leaving a profit available for appreciation of	22,422,329	17,453,410
Appropriations		
The amount available has been appropriated as follows	-	-
Interim Dividend 2020-21	(1,221,023)	(2,035,038)
Leaving a retained profit to be carried forward amounting to	21,201,306	15,418,372

Directors' Interest in Contracts with the Company and the Interest Register

Directors' interests in contracts or proposed contracts with the Company both direct and indirect are disclosed on page 144. These interests have been declared at the meetings of Directors. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company. The Company maintains an interest register as required by the Companies' Act No. 07 of 2007. Information pertaining to Directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

Transactions with Related Undertakings

The list of Directors at each of the subsidiary and associate companies has been disclosed in the Group structure on page 50 to 57.

Directors' Shareholding

Directors' Shareholding in Richard Pieris and Company PLC is stated on page 149.

Directors' Interest in Contracts

Directors' interest in contracts in relation to transactions with related entities, transactions with Key Management Personnel and other related disclosures are stated in Note 39 (Related party disclosures) to the Financial Statements. In addition, the Company carried out transactions in the ordinary course of business with entities having one or more Directors in common which is summarised above.

Directors' Remuneration

Directors' fees and emoluments, in respect of the Group and the Company for the financial year ended 31st March 2022 are disclosed in Note 39.6 to the Financial Statements.

Vision & Long Term Goals

The Group's Vision and Long Term Goals are given on page 04 of this report.

Environmental Protection

The Company has not engaged in any activities detrimental to the environment. The Group's efforts in relation to environmental protection are set out in the Corporate Social Responsibility Report in pages 38 to 41.

Employment Policies

Group employment policies are based on recruiting the best people, providing them training to enhance their skills, recognition of innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Group as long as possible. Health and safety of the employees has always received priority in the HR agenda.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to employees have been made up to date.

Events after the Reporting Date

There have not been any material events that occurred subsequent to the Reporting date that require disclosure or adjustments to the Financial Statements, other than those disclosed if any, in Note 38 to the Financial Statements.

Corporate Governance / Internal Control

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The practices carried out by the Company in relation to corporate governance and internal controls are explained in pages 64 to 65 of this report. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company and the Group is set out on page 69 of this report.

Compliance with Other Laws & Regulations

The Directors, to the best of their knowledge and belief, confirm that the Group has not engaged in any activities that contravene the laws and regulations applicable in Sri Lanka. Financial Statements are published quarterly in line with the listing rules of the Colombo Stock Exchange.

The Group has successfully adopted the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 1st January 2020 as issued by the Institute of Chartered Accountants of Sri Lanka.

The Company is in compliance with the CSE rules on related party transactions which was made mandatory with effect from 1st of January 2016.

Annual General Meeting

The Annual General Meeting will be held at the registered office of the company, No. 310, High Level Road, Nawinna, Maharagama on 30th September 2022. The notice of the Annual General Meeting is on page 155 of this report.

Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

In accordance with the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as auditors to the Company and authorizing the Directors to determine their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Mr. W. J. Viville Perera
Director

Mr. Shiron Gooneratne
Director

Richard Pieris Group Services (Private) Limited
Secretaries

No. 310, High Level Road,
Nawinna, Maharagama.

29 August 2022

Corporate Governance

The Board of Directors of Richard Pieris and Company PLC is committed and takes responsibility to maintain the highest standards of Corporate Governance.

Richard Pieris' has designed its' Corporate Governance policies and practices to ensure that the Company is focused on its responsibilities to its stakeholders and on creating long term shareholder value. The Company recognizes the interests of all its stakeholders including shareholders, employees, customers, suppliers, consumers and the other communities in which it operates. The Group complies with the rules on Corporate Governance, included in the Listing Rules of the Colombo Stock Exchange, and is guided by the principles included in the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

The Board and its Operations

The Company is governed by its Board of Directors, who directs and supervises the business and affairs of the Company on behalf of the shareholders.

The Board comprises eight Directors, of which five are Executive Directors whilst three are Non-Executive Independent Directors, ensuring an independent outlook to temper the expediency of the experts. Brief profiles of the Directors are set out on pages 11 to 13. The Board has assessed the independence of the Non-Executive Directors.

Prior to each meeting, the Directors are provided with all relevant management information and background material relevant to the agenda to enable informed decisions. Board Papers are submitted in advance on Group performance, new investments, capital projects and other issues which require specific Board approval. A separate information memorandum is provided on statutory payments at each Board Meeting.

The Chairman, who is also the Chief Executive Officer, is responsible for matters relating to policy, maintaining regular contact with the other Directors, shareholders and external stakeholders of the Company. He is responsible for all aspects of the Group's overall commercial, operational and strategic development and assisted by the Executive Management Committee comprising Executive Directors and Heads of the Strategic Business Units (SBU). The Finance function evolves on the Group Chief Financial Officer, who is present by invitation at Board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

The main functions of the Board are to:

- Direct the business and affairs of the Company.
- Formulate short and long term strategies, as a basis for the operational plans of the Company and monitor implementation.
- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems are in place.
- Ensure internal controls are adequate and effective.
- Approve the annual capital and operating budgets and review performance against budgets.
- Approve the interim and final Financial Statements of the Group.
- Determine and recommend interim and final dividends for the approval of shareholders.
- Ensure compliance with laws and regulations.
- Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

Three Non-Executive Directors are independent with no direct or indirect material relationship with the Company and have duly submitted the annual declaration as per the Colombo Stock Exchange Listing Rules. Their wide range of expertise and significant experience in commercial, corporate and financial activities bring an independent view and judgment to the Board.

Sub Committees of the Board

The Board is responsible for the establishment and functioning of all Board Committees, the appointment of members to these committees and their compensation. The Board has delegated responsibilities to three Board Sub Committees which operate within clearly defined terms of reference.

Audit Committee

The Audit Committee is comprised of three Independent Non-Executive Directors namely Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando and the Chairman of the Committee, Mr. J F Fernandopulle. Audit Committee Chairman is a Senior Chartered Accountant. The Group Chief Financial Officer, Group Internal Audit Manager and functional heads of subsidiaries attend meetings by invitation.

The Audit Committee Report on page 67 describes the activities carried out by the Committee during the financial year.

Remuneration Committee

The Remuneration Committee is comprised of two Independent Non- Executive Directors –its Chairman, Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando.

The Report of the Remuneration Committee on page 66 highlights its main activities.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors namely its' Chairman Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando and Mr. J F Fernandopulle. The Report of the Related Party Transactions Review Committee on page 68 highlights its main activities.

Relationship with Shareholders

The Board maintains healthy relationships with its shareholders. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the corporate website, the annual report, quarterly Financial Statements.

Internal Controls

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 45 to 47.

Apart from the strategic plans covering a three year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all subsidiaries are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a comprehensive monthly management reporting system. Clear criteria and benchmarks have also been set out for the evaluation of capital projects and new investments.

The Group Internal Audit Division regularly evaluates the internal control system across the organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness.

Relationship with Other Stakeholders

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Group as a whole inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

The Board also ensures that the Group policies and practices are in line with the Company's values and its social responsibilities. The Group promotes protection of the environment, health and safety standards of its employees and others within the organization. The relevant measures taken are given in detail in the Corporate Social Responsibility report on pages 38 to 41.

Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Group are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards (LKAS and SLFRS) and other statutory regulations. Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made to date.

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the Financial Statements, after careful review of the financial position and cash flow status of the Group. The Board of Directors believes that the Group has adequate resources to continue its operation for the foreseeable future.

Name of Director	Executive	Non - Executive	Independent
Dr. S. Yaddehige	×		
Mr. W. J. V. P. Perera	×		
Mr. Shaminda Yaddehige	×		
Mr. S. S. G. Liyanage (Demised on 30th April 2022)	×		
Mr. Shiron Gooneratne	×		
Mr. Wasantha Rukmal Abesirigunawardena (Appointed on 4th May 2022)	×		
Dr. Jayatissa De Costa P.C.		×	×
Mr. Prasanna Fernando		×	×
Mr. J. F. Fernandopulle		×	×

Corporate Governance Requirements under Section 7 of the Listing Rules issued by the Colombo Stock Exchange

Colombo Stock Exchange	Status of Richard Pieris and Company PLC
Non Executive Directors	In Compliance
Independent Directors	In Compliance
Disclosures relating to Directors	In Compliance
Remuneration Committee	In Compliance
Audit Committee	In Compliance
Related Party Transactions Committee	In Compliance

Report of the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board of Directors, consist of two Independent Non-Executive Directors of Richard Peiris and Company PLC, Dr. Jayatissa De Costa P.C. and Mr. Prasanna Fernando. The Committee is chaired by Dr. Jayatissa De Costa P.C. The Committee met on several occasions during the financial year.

The Committee is proposed to the Board for reviewing the remuneration of the Executive Directors/Chief Executive Officer and to recommend appropriate remuneration benefits and other payments.

The Remuneration policy of the company is formulated to attract and retain high caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term shareholder value. The Committee took into account, competition, market information and business performance in deciding the overall remuneration policy.

Dr. Jayatissa De Costa P.C.
Chairman

29 August 2022

Report of the Audit Committee

The Audit Committee Charter, approved by the Board of Directors defines the purpose, authority, composition, meeting, and responsibilities of the Committee.

The purpose of the Audit Committee is to:

1. Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.

2. Review the system of internal controls and risk management.

3. Monitor and evaluate the effectiveness of the internal audit function.

4. Review the Company's process for monitoring compliance with laws and regulations.

5. Review the independence and performance of the external auditors.

6. To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.

The Committee consisted of three Independent Non-Executive Directors namely Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and the Chairman of the Committee, Mr. J F Fernandopulle. Audit Committee Chairman is a Senior Chartered Accountant. The Company Secretary functions as Secretary to the Audit Committee.

The principal activities of the Committee are detailed below.

Meetings

The Audit Committee held 04 meeting during the year under review.

TheGroup Chief Financial Officer,Group Internal Audit Manager and functional heads of the Strategic Business Units (SBUs) were invited if deemed necessary for audit committee meetings.

Meetings were held with the external auditors regarding the scope and the conduct of the annual audits.

Internal Audit and Risk Management

The Internal Audit Programme was reviewed by the Committee to ensure that it covered the major business units of the Group.

The Group Internal Audit Manager was invited to be present at all Audit Committee deliberations. She presented a summary of the salient findings of all internal audits and details of the investigations carried out by her department for the period. The responses Heads of the SBUs to the internal audit findings were reviewed and where necessary corrective actions were recommended and implementation monitored.

Internal Controls

During its meetings, the Committee reviewed the adequacy and effectiveness of the internal control systems and the Group's approach to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements.

A comprehensive Management Report and Accounts are produced at every month end highlighting all the key performance criteria pertaining to the Company's SBUs which is reviewed by the Senior Management on a monthly basis.SBU Boards review performance on a quarterly basis.

Financial Statements

The Committee reviewed the Group's Quarterly Financial Statements, the Annual Report and Accounts for reliability, consistency and compliance with the Sri Lanka Accounting Standards and other statutory requirements, including the Companies Act, No 7 of 2007, prior to issuance. The committee also reviewed the adequacy of disclosure in the published Financial Statements.

External Auditors

The Audit Committee has reviewed the other services provided by the External Auditors to the group to ensure their independence as Auditors has not been compromised.

The external auditors kept the Audit Committee informed on an on-going basis of all matters of significance. The Committee met with the Auditors and discussed issues arising from the audit and corrective action taken when necessary.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed as Auditors for the financial year ending 31st March, 2022 subject to the approval of the shareholders at the next Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable assurance regarding the reliability of the financial reporting of the Group, the assets are safeguarded and that the Listing Rules of the Colombo Stock Exchange have been complied with.

J F Fernandopulle
Chairman of the Audit Committee

29 August 2022

Report of Related Party Transactions Review Committee

The Related Party Transactions Review Committee consisted of three Independent Non-Executive Directors namely its' Chairman Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando (Independent Non-Executive Director) and Mr. J F Fernandopulle. (Independent Non-Executive Director)

The Group Chief Financial Officer attended meetings by invitation. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

The Objectives of the Committee,

* To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Richard Pieris & Company PLC and all its listed subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules.
* To advise and update the Board of Directors on the related party transactions of each of the listed companies on a quarterly basis.
* To ensure compliance with the CSE listing rules on the Related Party Transactions.
* To review policies and procedures of Related Party Transactions of the Group.
* To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee reviewed the policy framework for adoption on Related Party Transactions for Richard Pieris & Company and all its listed subsidiaries. In such process the committee considered and reviewed Related Party Transactions which require approval of the Board of Directors, various thresholds set out by the Colombo Stock Exchange listing rules and disclosure requirements, etc.

The monitoring system in place to capture the information pertaining to Related Party Transactions and to determine that the transactions are in comply with statutory and regulatory requirements.

The Committee held 04 meetings on a quarterly basis during the period. The activities and views of the Committee have been communicated to the Board of Directors where appropriate.

Details of the related party transactions entered into by the Group/Company are disclosed on pages 144 to 145.

Dr. Jayatissa De Costa P.C.
Chairman

29 August 2022

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Richard Pieris and Company PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, M/s. Ernst & Young, which are set out in their report, appearing on pages 70 to 73 of this report.

The financial statements of the Company and its subsidiaries for the year ended 31st March 2022 included in this report, have been prepared and presented in accordance with the new Sri Lanka Accounting Standards (LKAS and SLFRS), and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the financial statements exhibited on pages from 74 to 148 inclusive. All material deviations from these standards if any have been disclosed and explained. The judgments and estimates made in the preparation of these financial statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that all companies within the Group maintain accounting records, which are sufficient to prepare financial statements that disclose with reasonable accuracy, the financial position of the Company and its Group. They also confirm their responsibility towards ensuring that the financial statements presented in the Annual Report give a true and fair view of the state of affairs of the Company and its Group as at 31st March 2022, and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors' are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going - concern basis in the preparation of these financial statements.

The Directors' have provided the Auditors M/s. Ernst & Young Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data and express their opinion which appears as reported by them on pages 70 to 73 of this report.

By Order of the Board,

Richard Pieris Group Services (Pvt) Limited
Secretaries

310, High Level Road, Nawinna,
Maharagama

29th August 2022

Independent Auditor's Report

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
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Email: eysl@lk.ey.com
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TO THE SHAREHOLDERS OF RICHARD PIERIS AND COMPANY PLC

Report on the Financial Statements

Opinion

We have audited the Financial Statements of Richard Pieris and Company PLC, ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("The Group"), which comprise the statement of financial position as at 31 March 2022, Income Statement, Statement of Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Assessment of Impairment of Goodwill The Group's Statement of Financial Position includes an amount of Rs. 1.15 Bn relating to goodwill as disclosed in Note 14 to the financial statements. The CGUs with goodwill is tested annually for impairment based on its recoverable amount. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal. A deficit between the recoverable amounts and the carrying values of the CGUs would result in an impairment. VIU calculations were based on discounted cashflows of the CGUs with goodwill. Assessment of impairment of the CGUs with goodwill was a key audit matter due to: * the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering current economic conditions. * As disclosed in Note 14 key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the VIU computations of future cash flows, discount rate, growth rates over forecast period and including the potential impact of the current economic conditions prevailing in the country.	Our audit procedures included the following; * Gained an understanding of how management has forecasted its discounted future cash flows which included consideration of the impacts of the current economic conditions prevailing in the country on its operation. * Checked the calculations of the discounted future cash flows and tested the completeness and accuracy of the underlying data used by management to relevant accounting records. * Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group, including the discount rate and growth rates of the estimated future cashflows. * We assessed the adequacy of the disclosures made in Note 14 in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Impairment allowances for Loan, Lease and Hire Purchase receivables As at 31 March 2022, Loan, Lease and Hire Purchase receivables amount of Rs. 15,022 million net of impairment allowances (Rs.1,633 million) amounted to Rs.13,389 million and is disclosed in Note 21. These collectively contributed to16% of the group's total assets. Impairment allowances for Loan, Lease and Hire Purchase receivables is a key audit matter due to: * materiality of the reported allowance which involved complex calculations; and * significant judgements used in assumptions and estimates made by the management as reflected in note 21, which in the current year was influenced by the need to assess the change in current economic conditions on forward looking information and the continuing impact of COVID-19 debt moratorium relief measures.	Our audit procedures included amongst others the following: * We assessed the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management * We evaluated the design, implementation and operating effectiveness of internal controls over estimation of the impairment allowances, including testing of related system controls * We checked the completeness, accuracy and classification of the underlying data used in the computation of impairment allowances by agreeing details to relevant source documents and accounting records of the Company. For Loan, Lease and Hire Purchase receivables assessed on a collective basis for impairment: * We tested key calculations used in the impairment allowances. * We assessed whether significant judgements used in assumptions and estimate made by the management in the underlying methodology and management overlays were reasonable. We also evaluated the reasonableness of forward looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. Our procedures were based on the best available information up to the date of our report. * For loans and advances assessed on an individual basis for impairment: * We assessed the reasonableness and timeliness of Management's internal assessments of credit quality based on the borrower's particular circumstances * We checked the accuracy of the underlying individual impairment calculations. * We evaluated the reasonableness of key inputs used in the provision for credit impairment made with the particular focus on current economic conditions. Such evaluations were carried out considering value and timing of cash flow forecasts particularly relating to elevated risk industries, status of recovery action and collateral values. We assessed the adequacy of the related financial statement disclosures set out in Note 21.

Key Audit Matter	How our audit addressed the key audit matter
Measurement of Bearer Biological Assets Bearer Biological Assets represent a significant non-current asset of the Group which amounting to 10% of the total assets (consisting of Rs 5,698 Mn as Mature and Rs. 2,743 Mn as Immature plantations) as at 31 March 2022. Assessing the valuation of Bearer Biological Assets in the financial statements is a key audit matter due to following factors: * Magnitude of the balance and its significance to total assets (10%) of the Group. * Identification of costs to be capitalised as immature plantations, Involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any)	Our audit procedures were based on the latest available information up to the date of our report and included the following: * We assessed the processes and controls in place to ensure; proper identification of the expenses incurred relating to immature plantations. * We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences. * Assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations. * Assessed the adequacy of depreciation provided on the matured plantations by performing independent computation. * We inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements. We also assessed the adequacy of the related disclosures given in Note 12 in the financial statements.

Other Information included in the 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and Group’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

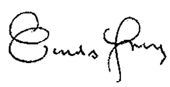
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.



29 August 2022
Colombo

Income Statement

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Continuing operations					
Revenue from contracts with customers	3.1	63,292,968	52,516,917	741,561	605,804
Revenue from insurance contracts	3.1	2,133,861	2,281,639	-	-
Interest Income from Finance company	3.1	2,241,284	1,926,633	-	-
Dividend Income	3.1	-	-	2,512,002	2,139,670
Other revenue	3.1	-	-	237,643	215,732
Total Revenue		67,668,113	56,725,189	3,491,206	2,961,206
Cost of sales		(48,158,708)	(42,522,465)	-	-
Gross profit		19,509,405	14,202,724	3,491,206	2,961,206
Other operating income	4.1	2,771,038	1,347,340	267,520	36,434
Selling and distribution expenses		(3,622,945)	(2,492,740)	-	-
Administrative expenses		(6,904,544)	(5,803,558)	(457,430)	(354,731)
Other operating expenses	4.2	(1,001,721)	(48,175)	-	-
Operating profit	4.3	10,751,233	7,205,591	3,301,296	2,642,909
Finance costs	5	(1,589,284)	(1,432,021)	(605,568)	(481,115)
Finance income	6	625,232	609,794	88,617	82,773
Share of profit of an associate	7	248,844	116,893	-	-
Profit before tax from continuing operations		10,036,025	6,500,257	2,784,345	2,244,567
Tax expense	8	(2,071,863)	(1,430,780)	(326,227)	(280,463)
Profit for the year from continuing operations		7,964,162	5,069,477	2,458,118	1,964,104
Discontinued operations					
Loss after tax for the year from discontinued operations	9	(1,963)	(3,515)	-	-
Profit for the year		7,962,199	5,065,962	2,458,118	1,964,104
Attributable to:					
Equity holders of the parent		6,886,687	4,490,261		
Non-controlling interests		1,075,512	575,701		
		7,962,199	5,065,962		
Earnings per share					
Basic	10	Rs. 3.38	Rs. 2.21		
Earnings per share for continuing operations					
Basic	10	Rs. 3.39	Rs. 2.21		
Dividend per share	11	Rs. 0.60	Rs. 1.00		

Figures in brackets indicate deductions.

The accounting policies and notes from page 81 to 145 form an integral part of these financial statements.

Statement of Other Comprehensive Income

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Profit for the year		7,962,199	5,065,962	2,458,118	1,964,104
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods;					
Net gain/(loss) on financial instruments at fair value through other comprehensive income		(96,387)	45,285	-	-
Fair value movement of AFS reserve transferred to life fund		96,387	(45,284)	-	-
Exchange differences on translation of foreign operations		292,816	32,081	-	-
Net other comprehensive income to be reclassified to profit or loss		292,816	32,082	-	-
Other comprehensive loss not to be reclassified to profit or loss;					
Net gain/(loss) on equity instruments at fair value through other comprehensive income		(553,152)	110,982	(463,143)	127,269
Gain / (loss) on actuarial valuation on defined benefit obligation	32	185,238	348,576	(4,822)	(3,948)
Income tax effect		(23,134)	(38,337)	1,157	948
Net other comprehensive loss not to be reclassified to profit or loss		(391,048)	421,221	(466,808)	124,269
Other comprehensive loss for the year, net of tax		(98,232)	453,303	(466,808)	124,269
Total comprehensive income for the year, net of tax		7,863,967	5,519,265	1,991,309	2,088,373
Attributable to:					
Equity holders of the parent		6,673,487	4,880,241		
Non-controlling interests		1,190,480	639,024		
		7,863,967	5,519,265		

Figures in brackets indicate deductions.

The accounting policies and notes from page 81 to 145 form an integral part of these financial statements.

Statement of Financial Position

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Assets					
Non-current assets					
Property, plant and equipment	12	24,080,131	20,631,673	287,355	203,209
Investment properties	13	322,010	295,121	2,668,247	1,443,062
Right-of-use assets	29	3,744,356	4,974,188	260,654	313,144
Intangible assets	14	1,143,970	1,142,658	-	-
Consumable biological assets	15	1,449,731	1,301,177	-	-
Investments in subsidiaries	16	-	-	4,487,433	4,207,433
Investment in associates	16	351,452	227,534	-	-
Other non-current financial assets	17	4,176,443	2,470,448	1,249,479	717,066
Deferred tax assets	18	458,154	458,976	10,984	6,833
		35,726,247	31,501,775	8,964,152	6,890,747
Current assets					
Inventories	19	12,338,422	9,360,624	7,701	-
Produce on bearer biological assets	15	57,833	39,388	-	-
Trade and other receivables	20	10,967,465	8,690,957	286,918	403,057
Loans and advances	21	13,389,724	13,240,550	-	-
Tax receivables		193,976	225,656	-	-
Amounts due from subsidiaries		-	-	4,582,315	3,567,840
Other current financial assets	17	2,032,650	2,034,638	-	-
Cash and short-term deposits	23	10,231,658	7,163,794	1,011,831	753,585
		49,211,728	40,755,607	5,888,765	4,724,482
Total assets		84,937,975	72,257,382	14,852,917	11,615,229
Equity and liabilities					
Equity					
Stated capital	24	1,972,829	1,972,829	1,972,829	1,972,829
Revenue reserves		21,201,306	15,418,372	2,488,980	1,255,550
Statutory reserve fund	25	89,282	76,761	-	-
Other components of equity	26	(426,584)	(76,996)	(670,434)	(207,291)
Equity attributable to equity holders of the parent		22,836,833	17,390,966	3,791,375	3,021,088
Non-controlling interests		4,358,123	3,315,356	-	-
Total equity		27,194,957	20,706,322	3,791,375	3,021,088
Non-current liabilities					
Interest-bearing loans and borrowings	28	4,291,740	4,061,498	-	-
Lease liabilities on Right-of-use Assets	29	3,483,170	3,851,542	364,611	413,760
Insurance provision	27	1,960,776	2,097,233	-	-
Provisions	30	161,776	140,054	-	-
Government grants	31	502,484	506,962	-	-
Employee benefit liabilities	32	2,494,781	2,700,820	63,871	67,922
Deferred tax liabilities	18	992,828	821,043	-	-
		13,887,555	14,179,152	428,482	481,682

As at 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Current liabilities					
Trade and other payables	34	13,795,438	11,628,128	394,507	1,325,059
Customer deposits	35	9,909,830	8,604,696	-	-
Current portion of interest-bearing loans and borrowings	28	3,477,218	4,323,362	-	-
Current portion Lease liabilities on Right-of-use Assets	29	759,704	495,298	49,149	35,674
Amounts due to subsidiaries		-	-	118,952	15,201
Income tax payable		1,119,283	770,439	512,530	260,304
Short term borrowings	22	14,793,990	11,549,985	9,557,922	6,476,221
		43,855,463	37,371,908	10,633,060	8,112,459
Total liabilities		57,743,018	51,551,060	11,061,542	8,594,141
Total equity and liabilities		84,937,975	72,257,382	14,852,917	11,615,229

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

Sudheera Epitakumbura
Deputy Group Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:

Shiron Gooneratne
Director

W J V P Perera
Director

The accounting policies and notes from pages 81 to 145 form an integral part of these financial statements.

29 August 2022

Statement of Changes in Equity

Group	Stated capital Rs.'000	Revenue reserves Rs.'000	Fair value reserve of financial assets at FVOCI Rs.'000	Foreign currency translation reserve Rs.'000	Statutory reserve fund Rs.'000	Total Rs.'000	Non controlling interest Rs.'000	Total equity Rs.'000
	Attributable to equity holders of the parent							
As at 1st April 2020	1,972,829	12,642,969	(381,234)	167,628	76,761	14,478,953	2,878,055	17,357,008
Profit for the year	-	4,490,261	-	-	-	4,490,261	575,701	5,065,962
Other comprehensive income	-	253,370	113,568	23,042	-	389,980	63,323	453,303
Total comprehensive income	-	4,743,631	113,568	23,042	-	4,880,241	639,024	5,519,265
Dividends	-	(2,035,038)	-	-	-	(2,035,038)	-	(2,035,038)
Amount transferred due to changes in holdings	-	2,732	-	-	-	2,732	(2,732)	-
Subsidiary dividend to minority shareholders	-	64,078	-	-	-	64,078	(198,991)	(134,913)
At 31st March 2021	1,972,829	15,418,372	(267,666)	190,670	76,761	17,390,966	3,315,356	20,706,322
As at 1st April 2021	1,972,829	15,418,372	(267,666)	190,670	76,761	17,390,966	3,315,356	20,706,322
Profit for the year	-	6,886,687	-	-	-	6,886,687	1,075,512	7,962,199
Other comprehensive income	-	136,815	(539,888)	189,873	-	(213,200)	114,968	(98,232)
Total comprehensive income	-	7,023,502	(539,888)	189,873	-	6,673,487	1,190,480	7,863,967
Dividends	-	(1,221,023)	-	-	-	(1,221,023)	-	(1,221,023)
Adjustment due to changes in SLFRSs	-	-	-	-	-	-	-	-
Adjustments	-	(6,582)	-	-	-	(6,582)	6,582	-
Transfers during the year	-	(12,948)	427	-	12,521	-	-	-
Subsidiary dividend to minority shareholders	-	(15)	-	-	-	(15)	(154,294)	(154,309)
At 31st March 2022	1,972,829	21,201,306	(807,127)	380,543	89,282	22,836,833	4,358,123	27,194,957
Company								
As at 1st April 2020	1,972,829	1,329,484	(334,560)	-	-	2,967,753	-	2,967,753
Profit for the year	-	1,964,104	-	-	-	1,964,104	-	1,964,104
Other comprehensive income	-	(3,000)	127,269	-	-	124,269	-	124,269
Total comprehensive income	-	1,961,104	127,269	-	-	2,088,373	-	2,088,373
Dividends	-	(2,035,038)	-	-	-	(2,035,038)	-	(2,035,038)
At 31st March 2021	1,972,829	1,255,550	(207,291)	-	-	3,021,088	-	3,021,088
As at 1st April 2021	1,972,829	1,255,550	(207,291)	-	-	3,021,088	-	3,021,088
Profit for the year	-	2,458,118	-	-	-	2,458,118	-	2,458,118
Other comprehensive income	-	(3,665)	(463,143)	-	-	(466,808)	-	(466,808)
Total comprehensive income	-	2,454,453	(463,143)	-	-	1,991,310	-	1,991,310
Dividends	-	(1,221,023)	-	-	-	(1,221,023)	-	(1,221,023)
As at 31st March 2022	1,972,829	2,488,980	(670,434)	-	-	3,791,375	-	3,791,375

Figures in brackets indicate deductions.

The accounting policies and notes from page 81 to 145 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Operating activities					
Profit before tax from continuing operations		10,036,025	6,500,257	2,784,345	2,244,567
Loss from discontinued operations		(1,963)	(3,515)	-	-
Profit before tax		10,034,063	6,496,742	2,784,345	2,244,567
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property,plant and equipment	12,13	1,282,465	1,227,363	24,133	21,792
Amortization of ROUA	29	1,542,564	782,771	52,490	52,490
Amortisation and impairment of intangible assets	14	5,361	3,245	-	-
Gain on disposal of property, plant and equipment		(4,103)	(9,991)	-	-
(Gain)/loss on biological assets	15.3	18,444	(7,149)	-	-
Net change in the fair value of financial assets at FVTPL		(1,334)	(5,909)	-	-
Fair value adjustment of biological assets	15.1	(128,086)	(147,392)	-	-
Finance income	06	(625,232)	(609,794)	(88,617)	(82,773)
Finance costs	05	1,589,284	1,432,021	605,568	481,115
Share of profit of an associate	07	(248,844)	(116,893)	-	-
Provision for bad debts		78,304	38,629	-	-
Provision for slow moving stocks		164,054	258,019	-	-
Provision for defined benefit plan	32	340,661	488,626	6,541	11,888
Impairment of receivables		-	-	29,220	-
Provision on warranties	30	21,721	2,771	-	-
Grants amortized	31	(33,503)	(31,102)	-	-
Impairement of loans and advances		212,436	130,325	-	-
Exchange differences on translation of foreign currency		540,607	79,713	(267,520)	(36,434)
		14,788,863	10,011,995	3,146,159	2,692,645
Working capital adjustments:					
(Increase) / decrease in trade and other receivables and prepayments		(3,024,423)	(480,192)	(1,207,555)	(750,990)
Increase in inventories		(3,141,852)	(1,537,172)	(7,701)	-
(Increase) / decrease in trade and other payables		2,516,155	3,792,981	(826,806)	1,039,423
Changes in operating assets		(361,611)	159,197	-	-
Changes in operating liabilities		1,305,134	(106,098)	-	-
Increase in insurance provision		(136,457)	429,860	-	-
Cash generated from operations		11,945,809	12,270,571	1,104,097	2,981,078
Interest paid		(1,069,804)	(1,048,284)	(605,568)	(408,900)
Gratuity paid	32	(361,461)	(350,398)	(15,414)	(12,207)
Interest received		625,232	609,794	88,617	82,773
Income tax paid		(1,543,021)	(1,099,086)	(77,002)	(28,853)
Net cash flows from / (used in) operating activities		9,596,754	10,382,597	494,730	2,613,891

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2022 Rs.'000	Group 2021 Rs.'000	Company 2022 Rs.'000	Company 2021 Rs.'000
Investing activities					
Proceeds from sale of property, plant and equipment		9,115	32,385	-	-
Purchase of property, plant and equipment	12	(4,761,449)	(1,660,659)	(100,820)	(11,370)
Purchase of investment properties	13	(31,943)	(2,846)	(1,232,644)	(237,000)
Intangible assets acquired	14	(6,674)	(3,472)	-	-
Net Increase in biological assets due to new planting	15	(20,468)	(15,516)	-	-
Purchase of financial instruments		(1,705,995)	(798,110)	(995,544)	(35,392)
Net of purchase of financial assets		1,988	(330,461)	-	-
Dividend Received from associate		100,660	59,412	-	-
Increase in holding in a subsidiary		-	-	-	(396,760)
Receipt of government grants	31	29,025	29,491	-	-
Net cash flows used in investing activities		(6,385,741)	(2,689,776)	(2,329,008)	(680,522)
Net cash (outflow) / inflow before financing		3,211,013	7,692,821	(1,834,278)	1,933,369
Financing activities					
Proceeds from borrowings	28	3,724,996	4,444,000	-	-
Repayment of borrowings	28	(4,788,706)	(4,196,891)	-	-
Lease Liability - Rentals paid		(990,162)	(1,197,922)	(35,674)	(78,361)
Lease Liability Obtained		271,148	-	-	-
ROUA asset Acquired		(229,112)	-	-	-
Dividends paid to equity holders of the parent	11	(1,221,023)	(2,035,038)	(1,221,023)	(2,035,038)
Dividends paid to non-controlling interests		(154,294)	(134,913)	-	-
Net cash flows used in financing activities		(3,387,154)	(3,120,764)	(1,256,697)	(2,113,399)
Net increase/(decrease) in cash and cash equivalents		(176,141)	4,572,055	(3,090,975)	(180,030)
Net foreign exchange difference		-	-	267,520	36,434
Cash and cash equivalents as at the beginning of the year	23	(4,386,191)	(8,958,246)	(5,722,636)	(5,579,040)
Cash and cash equivalents at the end of the year		(4,562,332)	(4,386,191)	(8,546,091)	(5,722,636)
Analysis of Cash & Cash equivalents at 31st March					
Bank and cash balances	23	10,231,658	7,163,794	1,011,831	753,585
Short term borrowings	23	(14,793,990)	(11,549,985)	(9,557,922)	(6,476,221)
		(4,562,332)	(4,386,191)	(8,546,091)	(5,722,636)

Figures in brackets indicate deductions.

The accounting policies and notes from page 81 to 145 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1. Reporting Entity

Richard Pieris & Company PLC ("Company") is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principle business place of the Company is situated at 310, High Level Road, Nawinna, Maharagama.

In the Annual Report of the Board of Directors and in the Financial Statements, "the company" refers to Richard Pieris and Company PLC as the holding Company and "the Group" refers to the companies whose accounts have been consolidated therein.

1.2. Principle Activities and Nature of Operations

The principal activities of the Group are stated in the Annual Report of the Board of Directors.

1.3. Parent Entity and Ultimate Parent Entity

The Company does not have an identifiable parent on its own. Richard Pieris & Company PLC is the ultimate parent of the group.

1.4. Directors Responsibility

The Board of Directors is responsible for these Consolidated Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

1.5. Approval of Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 29th August 2022.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the Companies Act No. 7 of 2007.

2.2. Basis of measurement

The Consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for:

* Financial instruments reflected as fair value through profit or loss which is measured at fair value.
* Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
* Consumable biological assets and agricultural produce from bearer biological assets which are measured at fair value, less costs to sell.

Where appropriate, the specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3. Presentation and Functional Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the holding Company operates. All values are rounded to the nearest thousand (Rs. '000), except when otherwise indicated.

2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5. Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.6. Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7. Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards

2.8. Basis of Consolidation

The consolidated financial statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates)

Subsidiaries and equity accounted investees are disclosed in Note 16 to the Financial Statements.

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

* Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee)
* Exposure, or rights, to variable returns from its involvement with the investee
* The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

* The contractual arrangement with the other vote holders of the investee
* Rights arising from other contractual arrangements
* The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statement of Profit or Loss. Any investment retained is recognised at fair value.

2.8.1 Consolidation of subsidiaries with different accounting periods

The financial statements of all subsidiaries in the Group other than Arpico Insurance PLC are prepared for a common financial year, which ends on 31 March.

Subsidiary with 31 December financial year ends prepare for consolidation purposes, additional financial information as of the same date as the financial statements of the parent. The difference between the date of the subsidiary's financial statements and that of the consolidated financial statements will not be more than three months.

2.8.1. Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash- generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of th cash- generating unit retained.

2.8.2. Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lanka Rupee are translated into Sri Lanka Rupees as follows:

* Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Sri Lanka Rupees at the exchange rate at the reporting date
* Income and expenses are translated at the average exchange rates for the year

Foreign currency differences are recognised in Statement of Other Comprehensive Income. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to Statement of Profit or Loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is re-attributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to Statement of Profit or Loss.

Arpitalian Compact Soles (Pvt) Limited uses US dollars as its functional currency as it conducts the majority of its business in US dollars and is entitled to the benefits provided to companies approved by the Board of Investment of Sri Lanka. Arpitalian Compact Soles (Pvt) Limited adopted US dollars as its measurement and functional currency in line with LKAS 21 which deals with "effects of Changes in Foreign exchange Rates" and has been translated to the presentation currency of the Group, Sri Lankan Rupees, for consolidation purpose.

Richard Pieris Trading Company PTE Limited uses Singapore dollars as its functional currency as it conducts the majority of its business in Singapore Dollars and the financials has been translated to the presentation currency of the Group, Sri Lankan Rupees, for consolidation purpose.

2.9. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions which may affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty exists at the date of preparation, about these assumptions and estimates and hence, may result in outcomes that require a material adjustment to the recorded carrying amount of the asset or liability as at the reporting date or in future periods.

2.9.1. Judgements

In the process of applying the Group's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Going Concern

When preparing Consolidated Financial Statements, management has made assessment of the ability of the constituents of the Group to continue as a going concern, taking into account all available information about the future, including intentions of curtailment of businesses, as decided by the Board, as disclosed in Note 09 to the Consolidated Financial Statements.

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Tax on Financial Statements

The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws and timing of future taxable income, including but not limited to those that can arise due to treatment of effect of adoption of Sri Lanka Financial Reporting Standards, Interpretations and Transfer Pricing, at the time of the preparation of these Financial Statements.

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in Note 08 to the Consolidated Financial Statements.

Uncertainty on income tax assessments
IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" The interpretation is effective for annual reporting period beginning on or after 1 April 2019. The effect of adoption IFRIC 23 as at 1 April 2019 presented in the Note 40 to the financial statements.

Transfer pricing regulation
The Group is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

Impairment of receivables
The Group reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. The management uses judgment in estimating such amounts in the light of the duration of, outstanding and any other factors management is aware of that indicates uncertainty in recovery.

Impairment of loans and advances
The Company assessed loans and advances collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to expected loss. The collective assessment takes in to account data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates, exchange rates).

Further details are given in in Note 2.11.2 to the consolidated Financial Statements.

Determination of performance obligations
Significant judgments relating to determination of performance obligations in relation to Group's revenue recognition are given in note 2.10.1.

Valuation of Inventories
The Group has applied judgment in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group's impairment assessment in relation to such inventories take into account factors such as the ageing of items of inventories, dates for possible expiry and expectations in relation to how the inventories will be utilised or sold. Judgment has also been applied by management in determining net realisable value of inventories (NRV). The estimates and judgements applied in the determination of NRV are influenced by expectations of sales relating to identified goods and historically realised sales prices.

2.9.2. Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.
The Group based its assumptions and estimates, on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets
a. Non-financial assets other than Goodwill
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from an active market, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

b. Goodwill
The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.10.16. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 14 to the Financial Statements.

Defined benefit plans - Gratuity
The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. An actuarial

valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff withdrawals, and mortality rates. Due to the complexity of the valuation; the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details are given in Note 32 to the Consolidated Financial Statements.

Fair Value of Financial Instruments
Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Intangible Assets
For the purposes of impairment testing, goodwill is allocated to cash generating units when cash generating units to which goodwill has been allocated are tested for impairment annually, using Value in Use method. The calculation of value in use for the cash generating unit is most sensitive to the assumptions of sales growth, discount rates and cost increases due to inflation. Further details are given in Note 14 to the Financial Statements.

Liability Adequacy Test (LAT)
At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by using an existing liability adequacy test as laid out under SLFRS 4. The liability value is adjusted to the extent that is insufficient to meet future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policy holder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on the managements prudent expectation of current market interest rates.

Any deficiencies shall be recognized in the Statement of Profit or Loss by setting up a provision for liability adequacy. Further details are given in Note 27 to the Financial Statements.

Incremental Borrowing rate (IBR)
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.10. Summary of Significant Accounting Policies Applied

2.10.1. Revenue Recognition

2.10.1.1. Revenue from Contacts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Goods transferred at a point in time
Under SLFRS 15, revenue is recognized upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services transferred over time
Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Disaggregation of revenue
The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and geographical region in the operating segment information section.

Reconciliation of revenue
Reconciliation between Revenue from contracts with customers and revenue information that is disclosed for each reportable segment has been provided in the operating segment information section of Note 03 to the Financial Statements.

2.10.1.1.1. Contract balances
Contract assets
Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time, upon satisfaction of the conditions. The Group has not held contract assets as at the reporting date.

Contract liabilities
Contract liabilities are Group's obligation to transfer goods or services to a customer for which the group has received consideration (or the amount is due) from the customer. Group contract liabilities mainly include loyalty points not yet redeemed. Contract liabilities of the Group have been disclosed under trade and other payables and warranty provisions.

2.10.1.1.2. Performance Obligations and significant judgements

The Group's performance obligations and significant judgements are summarised below:

Retail

The Retail sector focuses on modern organised retailing through a chain of supermarkets. Revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, which is generally upon delivery of the goods. The output method will provide a faithful depiction in recognising revenue.

* Loyalty points programme

The Group has a loyalty point programme – Arpico Privilege Points, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

Sale of Rubber, Tyre, Plastic, Furniture and Electronics

The Group is in the business of selling rubber based articles, tyres, plastic products, furniture items and electronic items. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those good or services.

* Right to return

Certain contracts provide the customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned. Based on the assessment performed, the Group concluded that refund liabilities do not have a material impact on the Group's financial statements that need an adjustment in Financial Statements.

* Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

* Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under LKAS 37 Provisions.

Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the controls of the goods are transferred to the customer. Black tea and Rubber produce are sold at the Colombo tea/ rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Financial Services and others

Financial Services provides a complete range of financial solutions including leasing, insurance, stock broking and fund management. The services under one contract can be identified as one performance obligation. Entity determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the entity recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The output method will provide a faithful depiction in recognising revenue.

2.10.1.2. Insurance Revenue

Gross Premium

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business revenue is recognized on the date on which the policy is effective.

Reinsurance Premium

Gross reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with re-insurers.

Fees and Commission Income

Insurance policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or becoming due.

Investment Income

Interest incomes for all interest-bearing financial assets are recognised within 'investment income' in the Statement of Profit or Loss using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

f) Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

2.10.1.3. Finance Company Revenue
Interest Income and Interest Expense
For all financial instruments measured at amortised cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR. However, for a reclassified financial asset for which the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.10.1.4. Other revenue
Dividends
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

Royalties
Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Gains and losses
Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the Statement of Profit or Loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are presented in aggregate basis (reported and presented on a net basis)

2.10.2. Grants and Subsidies
Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to Statement of Profit or Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2.10.3. Taxes
Current Income Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and for items recognised in other comprehensive income shall be recognised in Statement of Other Comprehensive Income not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:

* When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

* In respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

* When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

* In respect of deductible temporary differences associated with investments in subsidiaries, and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale.

Deferred tax relating to items recognised outside Statement of Profit or Loss is recognised outside Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Statement of Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax, except:

* Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
* Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

VAT on Financial Services
VAT on Financial Services is calculated in accordance with VAT Act No. 14 of 2002 and subsequent amendment thereto.

2.10.4. Non-current Assets Held for Sale and Discontinued Operations
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit or Loss.

2.10.5. Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Permanent land development costs which relate to the Group's Plantation Sector are those costs incurred in major infrastructure development and building new access roads on leased lands. The costs have been capitalised and amortised over the shorter of useful lives or remaining lease periods.

Permanent impairment to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss

Depreciation is calculated on a straight-line basis over the useful life of assets or components as follows.

	2021/22	2020/21
Buildings	**20-60 years**	20-60 years
Plant, machinery tools and electrical installations	**5-30 years**	5-30 years
Furniture, fixtures and fittings	**4-10 years**	4-10 years
Office and other equipment	**5-10 years**	5-10 years
Computers	**3-10 years**	3-10 years
Motor vehicles	**4-10 years**	4-10 years
Land improvements	**20 years**	20 years
Replanting and new planting		
- Tea	**33 years**	33 years
- Rubber	**20 years**	20 years
- Coconut	**50 years**	50 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is de-recognised.

2.10.6. Biological Assets

Immature and Mature Plantations

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Rubber, tea and other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes rubber, tea plants and coconut palms, those that are not intended to be sold or harvested, however used to grow for harvesting agriculture produce. Consumable biological assets includes managed timber those that are to be harvested as agricultural produce from biological assets or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is possible that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 15 to the Financial Statements.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where such cost increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

2.10.7. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.10.11.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use-assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use-assets are depreciated over the useful life which is the shorter of the estimated useful life of the asset as follows.

	2021/22	2020/21
Bare land	53 years	53 years
Mature plantations	30 years	30 years
Leasehold buildings	25 years	25 years
Machinery	15 years	15 years
Land improvements	30 years	30 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described In Note 2.10.12 Impairment of non-financial assets.

Lease liabilities
Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group's lease liabilities are included in Note 29 to the Financial Statements.

Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value assets recognition exemption to leases that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10.11.2 Group as a lessor for operating leases
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10.8. Borrowing Costs
Borrowing costs are recognized as an expense in the period in which they are incurred except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale, is capitalized.

2.10.9. Investment Properties
Investment properties are measured initially at cost, including transaction costs and subsequently measured at cost less accumulated depreciation and impairment.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

2.10.10. Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit or Loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is de-recognised.

2.10.11. Inventories

Inventories are valued at the lower of cost and net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition, are accounted for as follows;

a) Raw Material

At actual cost on first in first out and weighted average cost.

b) Work in Progress

At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

c) Finished Goods

At purchase cost and/or cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

d) Goods in Transit

At actual cost

e) Growing Crop Nurseries

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

f) Consumables and Spares

At actual cost

2.10.12. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

The following criteria are also applied in assessing impairment of no financial assets.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.10.13. Cash and short-term deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts and short term borrowings which are settled within 90 days.

2.10.14. Dividend Distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in the Statement of Comprehensive Income.

2.10.15. Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit or Loss net of any reimbursement.

2.10.16. Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed in Note 33 to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

2.10.17. Post-Employment Benefits

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuary using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 32 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The basis of payment of retiring gratuity as follows:

Length of service (years) of service	No. of months' salary for each completed year
00-04	0
05-10	½
11-20	¾
21-30	1
Over 30	1 ¼

The basis of payment of retiring gratuity was revised for employees recruited on or after 1st August 2011 to be in line with the provisions of the Gratuity Act No.12 of 1983. In accordance with revised LKAS 19 Employee Benefits, the Group has recognized all actuarial gains and losses in the Statement of Other Compressive Income.

The actuarial valuation was carried out by a professionally qualified actuary firm Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2022. Provision made for the year is in compliance with the actuarial valuation report as at 31 March 2022.

Defined Contribution Plans:

Employees are eligible for Arpico Employees' Provident Fund Contributions/ Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Companies contribute 12% and 3% of gross emoluments of employees to the Arpico Employees' Provident Fund /Ceylon Planter's Provident Fund/ Employees' Provident Fund and Employees' Trust Fund respectively.

2.10.18. Financial Instruments

2.10.18.1. Financial assets

Financial assets within the scope of SLFRS 9 are classified as amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow, characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted financial instruments and unquoted financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

* Financial assets at amortised cost
* Financial assets at fair value through OCI with recycling of cumulative gains and losses
* Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
* Financial assets at fair value through profit or loss

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include trade receivables and short term investments.

Financial assets designated at fair value through OCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for thepurpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets-de-recognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Based on the assessment performed, the Group concluded that SLFRS 9 does not have a material impact on the Group's Financial Statements.

Impairment losses were evaluated based on ECL s for debt instruments of the Group which are held to maturity. Impairment losses for Loans & advances of Richard Pieris Finance Ltd were accounted based on the modified retrospective method without restating the comparatives.

2.10.18.2. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.11. Significant Accounting Policies that are Specific to Other Businesses

2.11.1. Insurance Company

2.11.1.1. Actuarial Valuations of the Insurance Provisions
The valuation of long term Insurance Provision was carried out by Messrs'. Actuarial Partners Consulting Sdn Bhd and the Directors agree to the long term nature of insurance business provisions on the recommendation of the said actuary.

The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the independent external actuary. The liability for life insurance contracts is based on current assumptions or on assumptions established at inception of the contract, incorporating regulator recommended minimum requirements.

The main assumptions used relate to mortality, morbidity, investment returns and discount rates. Industry and Company experience on mortality and morbidity is considered, adjusted when appropriate to reflect the product characteristics, target markets and own claims severity and frequency experiences. Discount rates are based on current and historical rates, adjusted for regulator recommended basis.

2.11.1.2. Reinsurance Contracts
The Company cedes insurance risk in the normal course of business to recognised re-insurers through formal reinsurance arrangements.

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from re-insurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the re-insurer's policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists. Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the re-insurer. The impairment loss, if any is recorded in the Statement of Profit or Loss. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.11.1.3. Premium Receivable
Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the Statement of Profit or Loss.

Life Insurance premiums (only the premiums due in the 30 day grace period) are recognized at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will be lapsed as per the Company policy.

2.11.1.4. Life Insurance Contract Liabilities
Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method as specified by the Insurance Board of Sri Lanka (IBSL) based on the recommendation of the Independent Consultant Actuary. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is computed based on IBSL specified guidelines and current assumptions which vary based on the contract type.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

2.11.1.5. Liability Adequacy Test
As required by the SLFRS 4- Insurance Contracts, the Company performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of a qualified actuary. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. If that assessment that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the Statement of Profit or Loss by creating an additional provision in the Statement of Financial Position.

2.11.2. Finance Company

2.11.2.1. Impairment of Financial Assets
The Company applies a three-stage approach to measuring Expected Credit Losses (ECLs) for the following categories

of financial assets that are not measured at fair value through profit or loss:

Debt Instruments

* Instruments measured at amortised cost and fair value through other Comprehensive Income;
* Financing and Receivables commitments; and
* Financial Guarantee Contracts

ECL is not recognised on equity instruments.

Financial Assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Company determines 12 months ECL from customers who are not significantly credit deteriorated (i.e. less than 30 days past due)

Stage 2: Lifetime ECL – not Credit Impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the Financial Asset) is recognised. In being consistent with the policies of the Company, significant deterioration is measured through the rebuttable presumption of 30 days past due in line with the requirements of the standard.

Stage 3: Lifetime ECL – Credit Impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and Financing Income is calculated by applying the Effective Rate to the amortised cost (net of provision) rather than the gross carrying amount.

Credit impaired stage is measured through the rebuttable presumption of more than 90 days past due in line with the requirements of the standard. The Company rebutted the 90 days presumption and considered 150 days past due as the point of default.

Determining the stage for Impairment

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment loss reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Company's investment grade criteria, or which are less than 30 days past due, are considered to have a low credit risk. The provision for impairment loss for these Financial Assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the Statement of Profit or Loss.

The Company assesses whether the credit risk on an exposure has increased significantly on a collective basis. For the purposes of a collective evaluation of impairment, Financial Instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

* Financial Assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the Financial Asset discounted by the Effective rate. The cash shortfall is the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

* Financial Assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the Effective rate.

* Undrawn commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

* Financial Guarantee Contracts: as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

For further details on how the Company calculates ECLs including the use of forward looking information, refer to the Credit quality of Financial Assets section in Note 23. For details on the effect of modifications of Financing and Receivables on the measurement of ECL refer to note on Provision for expected credit loss.

ECLs are recognised using a provision for impairment loss account in Statement of Profit and Loss. The Company recognises the provision charge in Statement of Profit or Loss, with the corresponding amount recognised in other Comprehensive

Income, with no reduction in the carrying amount of the asset in the Statement of Financial Position.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD : The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of capital and financing income, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued financing income from missed payments.

LGD : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including the realisation of any collateral.

2.12. Segment Information

2.12.1. Reporting Segments

The activities of the segments are described in the segmental Review of operations. Segmentation has been determined based on primary format and secondary format. Primary format represents the business segments, identified based on the differences in the products and services produced which has a similar nature of process, risk and return while the secondary format is on the basis of geographical areas in which the products or services are sold. The operating results of the segments are described in Note 03 to the Financial Statements. The geographical analysis is by the location of the customer. Since the manufacturing and marketing service as well as the assets and liabilities are located in Sri Lanka, only the revenue has been analysed into the geographical location.

2.12.2. Segment information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group.

2.13 Changes in Accounting Policies and Disclosures

2.13.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.13.1.1 Amendment to SLFRS 16- COVID-19 Related Rent Concession

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification

2.13.1.2 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments support companies in applying SLFRS when changes are made to contractual cash flows or hedging relationships because of the reform. The amendment applies to annual reporting periods beginning on or after 1st January 2021.

The amendment did not have an impact on the financial statements of the Company

2.13.2 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.13.2.1 SLFRS 17 - Insurance Contracts

SLFRS 17 Insurance Contracts, is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosures. Once effective, SLFRS 17 replaces existing SLFRS 4 Insurance contracts. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

SLFRS 17 is effective for annual reporting periods beginning on or after 1st January 2023.

2.13.2.2 Amendments to LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

The amendment specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. This apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1st January 2022. Earlier application is permitted.

2.13.2.2 Amendments to LKAS 16 - Property, Plant & Equipment: Proceeds before Intended Use

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.13.2.3 Amendments to SLFRS 3 - Business Combinations: Updating a reference to conceptual framework

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting without significantly changing its requirements. An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1st January 2022 and apply prospectively.

2.13.2.3 SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2.13.2.4 SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2.13.2.5 LKAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of LKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 01 January 2022 with earlier adoption permitted. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future.

03. Group Segmental Reporting

Year ended 31st March22 Business Segment	Rubber Rs.'000	Tyre Rs.'000	Plastic and furniture Rs.'000	Retail Rs.'000	Financial Services Rs.'000	Other Services Rs.'000	Plantations Rs.'000	Total segments Rs.'000	Adjustments Rs.'000	Consolidated Rs.'000
Revenue										
External customers	6,676,300	4,879,130	10,226,071	31,390,266	4,454,031	69,019	9,973,296	67,668,113	-	67,668,113
Inter- segment	142,801	1,147,822	1,227,099	17,508	-	4,143,311	1,907,788	8,586,329	(8,586,329)	-
Intra - segment	6,399	1,162,832	964,970	253,536	-	-	561,560	2,949,297	(2,949,297)	-
Total revenue	6,825,500	7,189,784	12,418,140	31,661,310	4,454,031	4,212,330	12,442,644	79,203,738	(11,535,625)	67,668,113
Results										
Segment results	1,926,784	757,804	1,504,946	2,828,383	491,471	2,566,337	3,187,502	13,263,224	(2,511,993)	10,751,233
Finance costs										(1,589,284)
Finance income										625,232
Share of profit of an associate										248,844
Profit before tax from continuing operations										10,036,025
Income tax expense										(2,071,863)
Profit for the year from continuing operations										7,964,162
Loss after tax for the year from discontinued operations										(1,963)
Profit for the year										7,962,199
Non-controlling interests										(1,075,512)
Attributable to Equity holders of the parent										6,886,687
Operating assets	8,760,139	3,478,676	14,740,225	18,698,721	22,873,618	15,205,138	22,993,807	106,750,323	(22,169,803)	84,580,520
Operating liabilities	3,049,054	1,808,622	13,234,631	12,576,217	17,818,284	10,468,510	11,367,263	70,322,580	(12,557,033)	57,765,547
Other disclosures										
Investment in an associate	227,906	-	-	-	-	-	12,568	240,474	110,968	351,442
Capital expenditure	793,318	34,930	718,373	659,603	35,224	1,297,246	1,114,659	4,653,352	-	4,653,352
Depreciation and amortisation	125,145	44,174	159,097	846,119	85,931	28,250	440,084	1,728,799	-	1,728,799

Geographic information	Sri Lanka Rs.'000	USA Rs.'000	Europe Rs.'000	Other Rs.'000	Total segments Rs.'000	Adjustments Rs.'000	Consolidated Rs.'000
Revenue	63,770,051	1,657,678	3,003,530	2,186,150	70,617,409	(2,949,297)	67,668,113

Segment Information

Year ended 31st March21 Business Segment	Rubber Rs.'000	Tyre Rs.'000	Plastic and furniture Rs.'000	Retail Rs.'000	Financial Services Rs.'000	Other Services Rs.'000	Plantations Rs.'000	Total segments Rs.'000	Adjustments Rs.'000	Consolidated Rs.'000
Revenue										
External customers	5,378,087	3,714,736	7,853,271	26,776,027	4,260,978	30,070	8,712,020	56,725,189	-	56,725,189
Inter- segment	137,220	15,796	698,749	12,129	-	3,257,682	1,696,511	5,818,087	(5,818,087)	-
Intra - segment	9,453	1,671,792	566,305	252,417	-	-	108,653	2,608,620	(2,608,620)	-
Total revenue	5,524,760	5,402,324	9,118,325	27,040,572	4,260,978	3,287,752	10,517,184	65,151,896	(8,426,707)	56,725,189
Results										
Segment results	1,248,796	738,293	1,418,498	2,444,924	(184,148)	2,108,501	1,556,802	9,331,666	(2,126,075)	7,205,591
Finance costs										(1,432,021)
Finance income										609,794
Share of profit of an associate										116,893
Profit before tax from continuing operations										6,500,257
Income tax expense										(1,430,780)
Profit for the year from continuing operations										5,069,477
Loss after tax for the year from discontinued operations										(3,515)
Profit for the year										5,065,962
Non-controlling interests										(575,701)
Attributable to Equity holders of the parent										4,490,262
Operating assets	5,953,104	2,902,096	11,365,529	17,120,073	22,212,877	12,081,004	20,500,229	92,134,914	(20,105,068)	72,029,848
Operating liabilities	1,825,465	1,296,202	10,315,999	11,472,532	17,887,229	8,251,096	11,448,192	62,496,715	(10,945,659)	51,551,056
Other disclosures										
Investment in an associate	227,906	-	-	-	-	-	12,567	240,473	(12,939)	227,534
Capital expenditure	269,301	21,490	267,192	285,437	36,393	208,308	576,384	1,664,505	-	1,664,505
Depreciation and amortisation	121,384	35,587	239,599	951,430	105,751	78,551	477,833	2,010,134	-	2,010,134

Geographic information	Sri Lanka Rs.'000	USA Rs.'000	Europe Rs.'000	Other Rs.'000	Total segments Rs.'000	Adjustments Rs.'000	Consolidated Rs.'000
Revenue	53,809,427	978,782	1,772,815	2,772,785	59,333,809	(2,608,620)	56,725,189

3.1 Revenue form contracts with customers

	Group		Company	
Timing of Revenue recognition	**2022 Rs.'000**	**2021 Rs.'000**	**2022 Rs.'000**	**2021 Rs.'000**
Goods transferred at a point in time	63,145,063	52,434,141	-	-
Services transferred over time	147,905	82,776	741,561	605,804
Total revenue from contracts with customers	63,292,968	52,516,917	741,561	605,804
Revenue from insurance contracts	2,133,861	2,281,639	-	-
Interest income from finance company	2,241,284	1,926,633	-	-
Dividend income	-	-	2,512,002	2,139,670
Rent income	-	-	237,643	215,732
Total revenue	67,668,113	56,725,189	3,491,206	2,961,206

4. Other Income/Expenses and Adjustments

4.1 Other Operating Income

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government grants	32,130	31,102	-	-
Net gain on disposal of property, plant and equipment	4,103	9,991	-	-
Space rental income	518,032	440,527	-	-
Gain on change in fair value of biological assets	146,531	154,541	-	-
Income from partnership promotions from retail business	143,473	79,720	-	-
Foreign exchange gain	1,447,287	146,668	267,520	36,434
Scrap sales/sales commission/mixing income	105,123	75,332	-	-
Sale of timber/rubber trees	86,838	121,407	-	-
Documentation and other service charges from financial services	61,899	61,540	-	-
Sundry income	225,622	226,512	-	-
Total other operating income	2,771,038	1,347,340	267,520	36,434

4.2 Other Operating Expenses

	Group	
	2022	2021
	Rs.'000	Rs.'000
Foreign exchange loss	1,034,480	11,888
Irrecoverable VAT on management fees of plantation companies	-	-
Amortisation and impairment of intangible assets	5,071	2,983
Others	(37,831)	33,304
Total other operating expenses	1,001,721	48,175

4.3 Profit from operations is stated after charging following expenses

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors' remuneration & fees	242,546	76,503	215,782	55,023
Auditors' remuneration & fees	21,369	26,503	1,649	1,179
Depreciation	1,282,465	1,227,363	24,133	21,792
Amortisation of leasehold properties	1,542,564	782,771	52,490	52,490
Amortisation and impairment of intangible assets	5,361	3,245	-	-
Provision made for defined benefit plan cost	340,661	488,626	6,541	11,887
Staff costs including defined contribution plan cost	8,683,733	8,348,919	8,470	18,768
Legal fees	15,207	22,717	486	1,847
Donations	279	1,097	-	-
Allowances for impairment of receivables and debts written off	46,990	168,954	-	-

5. Finance Costs

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on long term borrowings	369,793	325,930	-	-
Interest on short term borrowings	697,228	704,090	555,045	427,163
Finance charge on lease liabilities	522,263	402,001	50,523	53,952
Total finance costs	1,589,284	1,432,021	605,568	481,115

6. Finance Income

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest income from related companies	83,890	-	61,270	72,740
Interest income from third parties	541,341	609,794	27,348	10,033
Total finance income	625,232	609,794	88,617	82,773

7. Share of Results of Associates

The Group can influence up to 33.33% of the voting rights (effective interest of 22.25%) of AEN Palm Oil Processing (Pvt) Limited, an entity involved in the processing of palm oil.

The Group's interest in AEN Palm Oil Processing (Pvt) Limited is accounted for using the equity method in the Consolidated Financial Statements. The Group share of assets and liabilities as at 31st March 2022 and 2021, and income and expenses of the entity for the years ended 31st March 2022 and 2021, which is accounted under the equity method are as follows.

	2022 Rs.'000	2021 Rs.'000
Revenue	7,132,238	3,740,213
Profit before tax	746,607	350,714
Group's share of profit before tax	248,844	116,893
(-) Tax expense	(24,279)	(19,354)
Group share of profit after tax	224,565	97,539
Associate's Statement of Financial Position		
Current assets	582,190	283,527
Non-current assets	869,426	740,210
Total assets	1,451,616	1,023,737
Current liabilities	(257,427)	(178,590)
Non-current liabilities	(184,739)	(207,486)
Total liabilities	(442,166)	(386,076)
Net assets	1,009,450	637,661
Group share of net assets	336,452	212,533
Goodwill	15,000	15,000
	351,452	227,533

Investments in Associates	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	227,534	189,407
Share of profits	248,844	116,893
Taxation	(24,279)	(19,354)
Dividend received	(100,650)	(59,411)
At the end of the year	351,452	227,534

8. Income Tax Expense

The major components of income tax expense for the years ended 31 st March 2022 and 2021 are:

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current income tax:				
Current income tax charge	1,985,982	1,424,672	359,236	227,900
Adjustments in respect of current income tax of previous years	(103,670)	59,896	(30,014)	62,207
Deferred tax:				
Relating to origination and reversal of temporary differences	132,278	(127,270)	(2,994)	(9,644)
ESC Unrecoverable	32,994	73,554	-	-
Tax on associate results	24,279	19,354	-	-
Dividend tax	-	(19,426)	-	-
Income tax expense reported in the Statement of Profit or Loss	2,071,863	1,430,780	326,227	280,463
Other Comprehensive Income				
Deffered Tax :				
Relating to Origination and reversal of temporary differences	23,134	38,337	1,157	948
Income Tax Expense reported in the Other comprehensive Income	23,134	38,337	1,157	948
A. Taxation on current year profit				
Profit before tax from continuing operations	13,205,325	6,500,257	2,813,566	2,244,567
Loss before tax from discontinued operations	(1,963)	(3,515)	-	-
Profit from associate companies	248,844	(116,893)	-	-
	13,452,207	6,379,849	2,813,566	2,244,567
Disallowed items	4,198,031	3,527,163	246,161	218,093
Allowable expenses	(3,649,723)	(3,350,180)	(115,426)	(105,552)
Tax exempt income	(1,042,094)	-	(649,049)	-
Resident dividend	-	-	-	-
	12,958,421	6,556,832	2,295,252	2,357,108
Utilization of Tax Losses	(282,139)	(1,571,294)	-	(223,358)
Taxable Income	12,958,421	4,985,538	2,295,252	2,133,750
Income tax 28%	2,949	-	-	-
Income tax 24%	1,123,992	780,162	84,359	96,617
Income tax 20%	61,958	67,667	-	
Income tax 18%	290,324	223,604	-	-
Income tax 14%	493,073	353,239	274,877	131,283
Income tax at other rates	13,686	-	-	-
	1,985,982	1,424,672	359,236	227,900
(Over) / under provision in the previous years	(103,670)	59,896	(30,014)	62,207
	1,882,312	1,484,568	329,221	290,107
Deferred tax	132,278	(127,270)	(2,994)	(9,644)
ESC unrecoverable	32,994	73,554	-	-
Tax on associate results	24,279	19,354	-	-
Dividend tax	-	(19,426)	-	-
	2,071,863	1,430,780	326,227	280,463

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
B. Deferred tax expenses / (reversals)				
Accelerated depreciation for tax purpose - PPE	(57,183)	(429,742)	(1,088)	(8,936)
Tax on right of use asset	2,192	21,344	(4,036)	(2,411)
Accelerated depreciation for tax purpose - Biological assets and others	20,539	(124,533)	-	-
Retirement benefits obligation	25,187	74,095	2,129	1,703
Benefit arising from tax losses	232,856	209,731	-	-
Impairment provision for loans and advances	-	-	-	-
Other provisions	(91,312)	121,835	-	-
Total deferred tax expense	132,278	(127,270)	(2,994)	(9,644)
Other Comprehensive Income				
Retirement benefits obligation	23,134	38,337	1,157	948
Deffered Tax Charged Directly to OCI	23,134	38,337	1,157	948

8.1 Tax Losses

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Tax Losses Carried Forward for the year ended 31st March				
Tax Losses Brought Forward	1,753,432	3,324,726	-	223,358
Tax Losses Arising/Utilizing during the year	(282,139)	(1,571,294)	-	(223,358)
At the end of the period	1,471,293	1,753,432	-	-

8.2 Income tax rates and details of tax holidays enjoyed by the Group

The tax liabilities of resident companies (quoted and unquoted) are computed at the standard rate of 24%.

The taxable income of Richard Pieris Exports PLC, Richard Pieris Natural Foams Ltd and Arpitalian Compact Soles (Pvt) Ltd exports profits at the rate of 14% , local profit at the rate of 18%, rent income and interest income at the rate of 24% under the Inland Revenue Act No. 24 of 2017 from Year of Assessments 2021/22

RPC Polymers (Pvt) Limited has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the BOI Act No. 04 of 1978 and accordingly its profit and income was exempt from income tax for a period of three years commencing from the year of assessment 2008/09 after this tax exempted period the Company was be liable to tax at 10% for a period of 2 years immediately succeeding the last day of said exemption period and currently is liable to the reduced income tax rate of 20%.

In terms of an agreement entered in to with the Board of Investment of Sri Lanka under the BOI Act No. 04 of 1978, RPC Retail Development (Pvt) Limited was exempted from tax for a period of three years commencing from the year of assessment 2009/2010 .After the expiry of the tax holiday the Company was liable for income tax at 10% for two years and at 20% thereafter.

According to the New Inland Revenue Act No. 24 of 2017 (i.e. effective from 1 April 2018), the Company was liable to pay income tax at the rate of 14% on its agricultural business for the year of assessment 2019/20 and as per the Inland Revenue (Amendment) Act was passed in Parliament on 4 May 2021, The sale of produce from agro farming is exempt for a period of 5 years from 1 April 2019. Agro processing is taxed at a concessionary rate of 14% and all the other sources taxed at the standard rate of 24% from 1 January 2020 onwards.

9. Discontinued Operations

The Group continued to focus on its core business operations and restructured or exit from marginal businesses with limited potential. Accordingly operations of four businesses which were incurring heavy losses were discontinued in previous years namely, Arpico Homes Limited, Hamefa Kegalle (Pvt) Limited, Arpico Hotel Services (Pvt) Limited, Arpico Natural Latexfoams (Pvt) Limited.

The results of discontinued operations are given below.	2022 Rs.'000	2021 Rs.'000
Revenue/Other Income	2,315	788
Expenses	(4,278)	(4,303)
Loss for the year from discontinued operations	(1,963)	(3,515)
Income tax Reversal	-	-
Loss for the year from discontinued operations	(1,963)	(3,515)
Total Assets and Liabilities		
Total Assets	48,218	52,204
Total Liabilities	95,064	95,018
Summary of Statement of Cash Flows		
Net Cash Flows from/(Used) Operating Activities	(7)	(106)
Net Cash Flows used in Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-
	(7)	(106)

The Financial Statements of the companies stated above have been prepared on a basis other than on a going concern reflecting the closure of operations.

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, that have changed the number of ordinary shares outstanding.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of diluted potential ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 Rs.'000	2021 Rs.'000
Net profit attributable to ordinary equity holders of the parent from continuing operations	6,888,650	4,493,776
Loss attributable to ordinary equity holders of the parent from discontinued operations	(1,963)	(3,515)
Net profit attributable to ordinary equity holders of the parent for basic and diluted earnings	6,886,687	4,490,261
Weighted average number of ordinary shares for basic earnings per share	2,035,038,275	2,035,038,275
Effect of dilution:		
Effect of potential ordinary shares from share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	2,035,038,275	2,035,038,275

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Financial Statements.

	2022 Rs.	2021 Rs.
Basic earnings per share	3.38	2.21
Earnings per share from continuing operations - Basic	3.39	2.21

11. Dividend per Share

	2022 Per Share	2022 Rs.000	2021 Per Share	2021 Rs.000
Interim Dividend	**0.60**	**1,221,023**	0.50	1,017,519
Second Interim Dividend	-	-	0.50	1,017,519
	0.60	**1,221,023**	1.00	2,035,038

1.a An interim dividend of Rs 0.60 per share for the financial period ended 30th September 2021 was declared on 26th October 2021 and paid on 15th November 2021.

12. Property Plant & Equipment

12.1 Group

	As at 01.04.2021 Rs.'000	Additions Rs.'000	Disposals Rs.'000	Transfers Rs.'000	Effect of foreign currency translation Rs.'000	As at 31.03.2022 Rs.'000
Cost / valuation						
Land / land improvements	4,273,970	1,228,152	-	-	-	**5,502,122**
Buildings	6,091,240	68,645	-	-	49,128	**6,209,013**
Immature / mature plantations	10,650,093	613,398	(28,250)	-	-	**11,235,241**
Plant, machinery, tools & electrical installations	7,072,007	263,159	(16,278)	-	271,424	**7,590,312**
Office & other equipment	2,182,536	293,927	-	-	-	**2,476,463**
Furniture, fixtures & fittings	905,456	24,559	(83)	-	9,482	**939,414**
Motor vehicles	1,110,795	88,369	(3,569)	-	940	**1,196,535**
Computers	763,553	47,235	(626)	-	-	**810,162**
	33,049,650	2,627,444	(48,807)	-	330,974	**35,959,262**
Capital work in progress	839,586	2,134,005	(140,228)	-	-	**2,833,364**
Total gross carrying amount	33,889,236	4,761,449	(189,034)	-	330,974	**38,792,625**

	As at 01.04.2021 Rs.'000	Charge for the year Rs.'000	Disposals Rs.'000	Transfers Rs.'000	Effect of foreign currency translation Rs.'000	As at 31.03.2022 Rs.'000
Depreciation / amortization						
Land improvements	127,984	-	-	-	-	**127,984**
Buildings	2,098,398	236,288	1,686	-	11,950	**2,348,321**
Immature / mature plantations	2,479,443	321,184	(6,174)	-	-	**2,794,453**
Plant, machinery, tools & electrical installations	4,816,684	375,099	(4,778)	-	162,775	**5,349,780**
Office & other equipment	1,434,719	188,920	-	-	-	**1,623,639**
Furniture, fixtures & fittings	658,792	60,072	(32)	-	9,302	**728,134**
Motor vehicles	985,659	51,770	(2,162)	-	940	**1,036,207**
Computers	655,884	48,178	(87)	-	-	**703,976**
	13,257,563	1,281,511	(11,548)	-	184,967	**14,712,494**

Net Book Values	2022 Rs.'000	2021 Rs.'000
Land / land improvements	5,374,138	4,145,986
Buildings	3,860,691	3,992,842
Immature / mature plantations	8,440,788	8,170,650
Plant, machinery, tools & electrical installations	2,240,532	2,255,323
Office & other equipment	852,824	747,817
Furniture, fixtures & fittings	211,280	246,664
Motor vehicles	160,328	125,136
Computers	106,186	107,669
	21,246,768	19,792,087
Capital work in progress	2,833,364	839,586
Total carrying amount of property, plant & equipment	24,080,131	20,631,673

Property plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 5,022 mn (2021 - Rs. 4,367 mn).

During the financial year, the Group acquired property plant and equipment to the aggregate value of Rs. 4,761 mn (2021 - Rs. 1,661 mn) for cash considerations.

Above net book value of Plantations Includes Rs.5,698mn (2021- Rs. 5,574) Matured Plantations and Rs. 2,743 (2021 - Rs. 2,597) of Immatured plantations. Further during the period Rs. 583 mn has capitalized from immatured plantation to matured plantation.

The title restriction Property, Plant and Equipment
There are no restrictions that existed on the title of the property, plant and equipment of the company as at the reporting date.

12.3 Company

	As at 01.04.2021 Rs.'000	Additions Rs.'000	Disposals Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Cost / valuation					
Land	6,481	-	-	-	6,481
Buildings	52,208	-	-	-	52,208
Plant, machinery, tools & electrical installations	99,488	-	-	-	99,488
Office & other equipment	35,224	456	-	-	35,680
Furniture, fixtures & fittings	24,468	260	-	-	24,728
Motor vehicles	65,988	47,632	-	-	113,620
Computers	52,945	4,300	-	-	57,245
	336,802	52,648	-	-	389,450
Capital work in progress	157,625	48,171	-	-	205,796
Total gross carrying amount	494,427	100,819	-	-	595,247

	As at 01.04.2021 Rs.'000	Charge for the year Rs.'000	Disposals Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Depreciation / amortization					
Buildings	36,985	5,221	-	-	42,206
Plant, machinery, tools & electrical installations	84,582	4,279	-	-	88,861
Office & other equipment	32,316	1,079	-	-	33,395
Furniture, fixtures & fittings	22,392	872	-	-	23,264
Motor vehicles	65,600	2,984	-	-	68,584
Computers	49,343	2,239	-	-	51,582
	291,218	16,674	-	-	307,892

Net Book Values	2022 Rs.'000	2021 Rs.'000
Land	6,481	6,481
Buildings	10,002	15,223
Plant, machinery, tools & electrical installations	10,627	14,906
Office & other equipment	2,285	2,908
Furniture, fixtures & fittings	1,464	2,076
Motor vehicles	45,036	388
Computers	5,663	3,602
	81,558	45,584
Capital work in progress	205,796	157,625
Total carrying amount	287,355	203,209

Property plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 211 mn (2021 - Rs. 211 mn).

During the financial year, the Company acquired property plant and equipment to the aggregate value of Rs. 101 mn (2021 - Rs. 11.3 mn) for cash considerations.

13. Investment properties

13.1 Group

	As at 01.04.2021 Rs.'000	Additions Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Gross carrying amounts				
Freehold land	251,526	31,943	(4,100)	279,369
Buildings	48,852	-	-	48,852
	300,378	31,943	(4,100)	328,221

	As at 01.04.2021 Rs.'000	Charge for the Year Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Depreciation				
Buildings	5,257	954	-	6,211
	5,257	954	-	6,211

Net Book Values	2022 Rs.'000	2021 Rs.'000
Freehold land	279,369	251,526
Buildings	42,641	43,595
Total carrying amount of investment properties	322,010	295,121

13.2 Company

	As at 01.04.2021 Rs.'000	Additions Rs.'000	Disposals Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Gross carrying amounts					
Freehold land	1,278,651	1,225,103	-	-	2,503,754
Buildings and building integrals	306,504	7,541	-	-	314,045
	1,585,155	1,232,644	-	-	2,817,799

	As at 01.04.2021 Rs.'000	Charge for the Year Rs.'000	Disposals Rs.'000	Transfers Rs.'000	As at 31.03.2022 Rs.'000
Depreciation					
Buildings and building integrals	142,093	7,459	-	-	149,552
	142,093	7,459	-	-	149,552

Net Book Values	2022 Rs.'000	2021 Rs.'000
Freehold land	2,503,754	1,278,651
Buildings on freehold land	164,493	164,411
Total carrying amount of investment properties	2,668,247	1,443,062

	2022 Rs. Mn	2021 Rs. Mn
Rental income derived from investment properties	238	215
Direct operating expenses incurred	3.2	8.9

The Group measures Its Investment properties at cost method and Depreciation calculated based on straight-line basis over the Usefull life for 50 Years of the asset.

As at 31st March 2022, investment properties were valued by qualified valuer Mr. W.M. Chandrasena.

During the financial year, the Group acquired investment properties to the aggregate value of Rs. 31 mn (2021 - Rs. 2.8 mn) for cash considerations.

Fair value of investment properties are given in Group Real Estate Portfolio in page 152.

14. Intangible Assets

	Goodwill Rs.'000	Licenses Rs.'000	Other Intangibles Rs.'000	Total Rs.'000
As at 1st April 2021	1,219,937	58,735	25,600	1,304,272
Acquisition through business combinations	-	-	-	-
Acquired / incurred during the period	-	-	6,674	6,674
As at 31st March 2022	1,219,937	58,735	32,274	1,310,946
Amortisation and Impairment				
As at 1st April 2021	104,903	44,579	12,132	161,615
Amortisation/impairment for the year	-	1,451	3,910	5,361
As at 31st March 2022	104,903	46,031	16,042	166,976
Net Book Value				
As at 31st March 2021	1,115,034	14,156	13,468	1,142,657
As at 31st March 2022	1,115,034	12,704	16,232	1,143,970

(a) Goodwill

Goodwill represents the excess of an acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition, and is carried at cost less accumulated impairment losses. The Group goodwill has been allocated to seven cash-generating units, for impairment testing as follows;

	Carrying value
1. Kegalle Plantations PLC	327,736
2. Namunukula Plantations PLC	
3. Maskeliya Plantations PLC	
4. Arpico Super Centre - Kandy	153,142
5. Six estates of Uva range Namunukula Plantations PLC	305,915
6. BGN Industrial Tyre (Private) Limited	22,228
7. Richard Pieris Finance Limited	306,013

Goodwill is not amortised, but is reviewed for impairment annually and whether there is an indication that goodwill may be impaired. For the purpose of testing goodwill for impairment, goodwill is allocated to the operating entity level, which is the lowest level at which the goodwill is monitored for internal management purpose.

The recoverable amount of the goodwill is determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management for one year, and forecast for the four years thereafter, covering a five year period.

(b) Licenses

Licenses include separately acquired five operating licenses stated at cost less accumulated amortizations and impairment losses. Licenses acquired have been amortized evenly over the validity period of the license.

(c) Other intangible assets

Other intangibles represent an IT platform developed by Ataraxia (Pvt) Limited to manage its funds which is amortised over a period of ten years commencing from financial year 2012/13 and also IT systems used by Richard Pieris Finance Limited to manage operations.

Key assumptions used in value in use calculations

Volume growth - Volume growth is based on past performance, the approved budget and expected performance of such CGU based on the actual performance and to evaluate future investment proposals.

Discount rates - Discount rates reflect management's estimate of the risk specific to the unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Cost increase due to inflation - Expected inflationary levels over the next five years based on management judgment were used to estimate the increase in costs over similar periods.

The value range of the key rates that are used in the assumptions are as follows.

* Revenue Growth based on past performance, the approved budgets and that all other factors will remain the same

	2022	
	Discount Rate	Growth Rate
1. Kegalle Plantations PLC	15.1%	1%
2. Namunukula Plantations PLC	18.9%	1%
3. Maskeliya Plantations PLC	14.1%	1%
4. Arpico Super Centre - Kandy	15.0%	1%
5. Six estates of Uva range Namunukula Plantations PLC	20.5%	2%
6. BGN Industrial Tyre (Private) Limited	20.0%	5%
7. Richard Pieris Finance Limited	11.8%	1%

Sensitivity analysis of value in use calculation by changing discount rate given that all other factors will remain the same.

Plantation Sector	Arpico Supercentre Kandy	Richard Pieris Fianance Limited
1% Increase ➡ VIU Changed (6%)	1% Increase ➡ VIU Changed (7%)	1% Increase ➡ VIU Changed (6%)
1% Decrease ➡ VIU Changed 6%	1% Decrease ➡ VIU Changed 6%	1% Decrease ➡ VIU Changed 6%

15. Biological Assets

15.1 Consumable Biological Assets

	2022 Rs.'000	2021 Rs'000
At the beginning of the year	1,301,177	1,138,269
Increase due to new planting	24,604	15,516
Decrease due to harvesting	(4,136)	-
Gain in fair value	128,086	147,392
At the end of the year	**1,449,731**	1,301,177

Biological assets include commercial timber plantations cultivated in estates of Kegalle Plantations PLC, Maskeliya Plantations PLC and Namunukula Plantations PLC. The valuation was carried out by Mr. W.M Chandrasena, FIV(SL) MRICS (Chartered Valuation surveyor), using discounted cash flow method.

Key assumptions used in valuation are as followers:

1. Timber price was based on the price list of the State Timber Corporation of sawn timber logs.
2. The prices adopted are net of expenditure
3. Time period of maturity estimated at 30 years (2021 - 30 years).
4. Discount rate used was 19% (2021 - 13%)

15.2 Sensitivity Analysis

Sensitivity variation sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

As at 31st March 2022	-10% Rs.'000	Rs.'000	+10% Rs.'000
Managed timber	1,306,838	1,449,731	1,592,624
Total	1,306,838	1,449,731	1,592,624

Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1.5% of the discount rate has the following effect on the net present value of biological assets:

As at 31st March 2022	20.50% Rs.'000	19% Rs.'000	17.50% Rs.'0000
Managed timber	1,485,265	1,449,731	1,525,081
Total	1,485,265	1,449,731	1,525,081

15.3 Produce on Bearer Biological Assets

	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	39,388	32,239
Gain arising from changes in fair value of biological assets	18,444	7,149
At the end of the year	57,833	39,388

15.4 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 : Quoted market prices in active markets for identical assets or liabilities.
Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	31st March 2022 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Assets measured at fair value				
Consumable biological assets - timber	1,449,731	-	-	1,449,731
Produce on bearer biological assets	57,833	-	57,833	-
	1,507,564	-	57,833	1,449,731

	31st March 2021 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Assets measured at fair value				
Consumable biological assets - timber	1,301,177	-	-	1,301,177
Produce on bearer biological assets	39,389	-	39,389	-
	1,340,566	-	39,389	1,301,177

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

16 Investments

A Company investments in subsidiaries

	% Holding		No. of shares			Value Rs.'000		
	31.03.2022	31.03.2021	31.03.2022	Movement	31.03.2021	31.03.2022	Movement	31.03.2021
Quoted investments								
Richard Pieris Exports PLC (Rs. 1,787 mn) *	84	84	9,366,027	-	9,366,027	296,955	-	296,955
Kegalle Plantations PLC (Rs. 807 mn) * +	-	-	9,500	-	9,500	1,441	-	1,441
Arpico Insurance PLC (Rs. 995 mn) *	82	82	15,125,001	-	15,125,001	151,250	-	151,250
Unquoted investments								
Richard Pieris Distributors Limited	100	100	106,673,960	-	106,673,960	812,130	-	812,130
Arpidag International (Pvt) Limited	51	51	234,598	-	234,598	27,110	-	27,110
Richard Pieris Tyre Company Limited	100	100	4,000,000	-	4,000,000	50,000	-	50,000
Richard Pieris Rubber Products Limited	100	100	2,700,000	-	2,700,000	27,000	-	27,000
Richard Pieris Rubber Compounds Limited	100	100	1,700,000	-	1,700,000	17,000	-	17,000
Arpico Furniture Limited	100	100	4,000,000	-	4,000,000	40,000	-	40,000
Arpico Plastics Limited	100	100	2,900,000	-	2,900,000	29,000	-	29,000
Arpico Industrial Development Company Limited								
Ordinary Shares	100	100	1,500,000	-	1,500,000	15,000	-	15,000
12% Redeemable Cumulative Preference Shares	-	-	9,140,000	-	9,140,000	91,400	-	91,400
Plastishells Limited	98	98	3,361,000	-	3,361,000	35,615	-	35,615
Richard Pieris Natural Foams Limited	86	86	14,022,254	-	14,022,254	143,479	-	143,479
Arpitalian Compact Soles (Pvt) Limited								
Ordinary Shares	59	59	10,666,667	-	10,666,667	80,000	-	80,000
10% Redeemable Cumulative Preference Shares	-	-	6,404,500	-	6,404,500	64,045	-	64,045
RPC Management Services (Pvt) Limited	100	100	7,499,999	-	7,499,999	550,250	-	550,250
Richard Pieris Group Services (Pvt) Limited	100	100	2	-	2	-	-	-
Arp-Eco (Pvt) Limited	100	100	2	-	2	-	-	-
RPC Logistics (Pvt) Limited	100	100	2,000,001	-	2,000,001	20,000	-	20,000
Richard Pieris Plantations (Pvt) Limited	100	100	1	-	1	-	-	-
R P C Real Estate Development Company (Pvt) Limited	100	100	1	-	1	-	-	-
Arpico Homes (Pvt) Limited	100	100	7	-	7	-	-	-
Arpico Exotica Asiana (Pvt) Limited	100	100	2	-	2	-	-	-
Arpico Hotel Services (Pvt) Limited	100	100	600,000	-	600,000	6,000	-	6,000
RPC Construction (Pvt) Limited	100	100	2,000,000	-	2,000,000	20,000	-	20,000
Arpitech (Pvt) Limited	100	100	3,500,002	-	3,500,002	285,000	-	285,000
Arpimalls Development Company (Pvt) Limited	100	100	5,000,000	-	5,000,000	50,000	-	50,000
Arpico Interiors (Pvt) Limited	100	100	2,500,000	-	2,500,000	25,000	-	25,000
Richard Pieris Securities (Pvt) Limited	100	100	19,449,999	-	19,449,999	194,500	-	194,500
Richard Pieris Financial Services (Pvt) Limited	100	100	3,499,999	-	3,499,999	35,000	-	35,000
Arpico Ataraxia Asset Management (Pvt) Limited	51	51	2,040,002	-	2,040,002	20,400	-	20,400
Richard Pieris Finance Limited	98	98	127,421,071	33,838,008	93,583,063	1,612,591	280,000	1,332,591
Arpico Durables (Pvt) Limited	100	100	1	-	1	-	-	-
Arpico Furniture Distributors (Pvt) Limited	100	100	1	-	1	-	-	-
Arpico Developments (Pvt) Limited	100	100	1	-	1	-	-	-
RPC Retails Developments Company (Pvt) Limited	100	100	1	-	1	-	-	-
Arpico Pharmaceuticals (Pvt) Limited	100	100	10,000,001	-	10,000,001	100,000	-	100,000
Richard Pieris Trading Company (Pte) Limited	100	100	618,500	-	618,500	65,349	-	65,349
						4,865,516	280,000	4,585,516

A Company investments in subsidiaries Contd.

	% Holding		No. of shares			Value Rs.'000		
	31.03.2022	31.03.2021	31.03.2022	Movement	31.03.2021	31.03.2022	Movement	31.03.2021
Provision for fall in value of the investments in;								
Arpico Furniture Limited						(40,000)	-	(40,000)
Arpico Hotel Services (Pvt) Limited						(6,000)	-	(6,000)
RPC Construction (Pvt) Limited						(20,000)	-	(20,000)
Arpitech (Pvt) Limited						(35,000)	-	(35,000)
Arpitalian Compact Soles (Pvt) Limited						(72,082)	-	(72,082)
Arpico Pharmaceuticals (Pvt) Limited						(100,000)	-	(100,000)
Richard Pieris Securities (Pvt) limited						(80,000)	-	(80,000)
Arpico Plastics Limited						(20,000)	-	(20,000)
Arpico Atarxia (Pvt) Limited						(5,000)	-	(5,000)
Company investments in subsidiaries Δ						4,487,434	280,000	4,207,434

B Group investments in subsidiaries

	% Holding		No. of shares			Value Rs.'000		
	31.03.2022	31.03.2021	31.03.2022	Movement	31.03.2021	31.03.2022	Movement	31.03.2021
Investor								
Richard Pieris Distributors Limited								
Investee								
Arpimalls Development Co (Pvt) Limited								
Ordinary shares	76	76	16,000,000	-	16,000,000	160,000	-	160,000
6% redeemable cumulative preference shares	-	-	22,000,000	-	22,000,000	220,000	-	220,000
Arpico Interiors (Pvt) Limited	17	17	500,000	-	500,000	5,000	-	5,000
RPC Real Estate Development (Pvt) Limited								
Ordinary shares	50	50	1	-	1	-	-	-
6% redeemable cumulative preference shares	-	-	66,700,000	-	66,700,000	667,000	-	667,000
RPC Retail Development (Pvt) Limited								
Ordinary shares	50	50	1	-	1	-	-	-
6% redeemable cumulative preference shares	-	-	38,700,000	-	38,700,000	387,000	-	387,000
Arpico Insurance PLC (Rs. 995 mn) *	27	27	17,790,001	-	17,790,001	177,900	-	177,900
Richard Pieris Finance Limited	9	9	13,911,993	-	13,911,993	158,240	-	158,240
Arpico Durables (Pvt) Limited	50	50	1	-	1	-	-	-
Arpico Furniture Distributors (Pvt) Limited	50	50	1	-	1	-	-	-
Arpico Developments (Pvt) Limited	50	50	1	-	1	-	-	-
Investor								
Arpico Industrial Development Company (Pvt) Limited								
Investee								
R P C Polymers (Pvt) Limited	31	31	5,700,000	-	5,700,000	57,000	-	57,000
Investor								
Richard Pieris Exports PLC								
Investee								
Richard Pieris Natural Foams Limited	43	43	27,560,001	-	27,560,001	284,820	-	284,820
Micro Minerals (Pvt) Limited	69	69	627,400	-	627,400	6,274	-	6,274
Arpitalian Compact Soles (Pvt) Limited	49	49	29,587,667	-	29,587,667	227,905	-	227,905
Arpico Natural Latex Foams (Pvt) Limited	44	44	3,999,999	-	3,999,999	40,000	-	40,000

B Group investments in subsidiaries Contd.

	% Holding		No. of shares			Value Rs.'000		
	31.03.2022	31.03.2021	31.03.2022	Movement	31.03.2021	31.03.2022	Movement	31.03.2021
Investor								
Richard Pieris Natural Foams Limited								
Investee								
Arpico Natural Latex Foams (Pvt) Limited	56	56	5,000,000	-	5,000,000	50,000	-	50,000
Investor								
Plastishells Limited								
Investee								
R P C Polymers (Pvt) Limited	70	70	13,000,001	-	13,000,001	130,000	-	130,000
Investor								
Richard Pieris Plantations (Pvt) Limited								
Investee								
Exotic Horticulture (Pvt) Limited	100	100	1,000,000	-	1,000,000	10,000	-	10,000
Maskeliya Tea Garden Limited	100	100	1,500,000	-	1,500,000	15,000	-	15,000
RPC Plantation Management Services (Pvt) Limited	100	100	24,106,249	-	24,106,249	330,000	-	330,000
Investor								
RPC Management Services (Pvt) Limited								
Investee								
Maskeliya Plantations PLC (Rs. 279 mn) *	83	83	44,998,397	-	44,998,397	778,329	-	778,329
Kegalle Plantations PLC (Rs. 807 mn) * +	3,900	-	3,900	591	-	591		
Investor								
RPC Plantation Management Services (Pvt) Limited								
Investee								
Namunukula Plantations PLC (Rs. 1,250 mn) *	67	67	16,026,561	-	16,026,561	744,313	-	744,313
Kegalle Plantations PLC (Rs. 807 mn) *	79	79	19,770,477	-	19,770,477	336,040	-	336,040
Investor								
Kegalle Plantations PLC								
Investee								
Richard Pieris Natural Foams Limited	35	35	2,250,000	-	2,250,000	225,000	-	225,000
Hamefa Kegalle (Pvt) Limited	100	100	2,800,000	-	2,800,000	14,000	-	14,000
Arpico Insurance PLC (Rs. 995 mn) *	40	40	26,685,001	-	26,685,001	266,850	-	266,850
Richard Pieris Finance Limited	10	10	12,000,001	-	12,000,001	120,000	-	120,000
Investor								
Arpitech (Pvt) Limited								
Investee								
RPC Properties (Pvt) Limited	49	49	49	-	49	-	-	-
Investor								
Richard Pieris Tyre Company Limited								
Investee								
BGN Industrial Tyre (Pvt) Limited	51	51	7,319	-	7,319	84,150	-	84,150
						5,457,172	-	5,457,172
Provision for fall in value of investment in;								
Kegalle Plantations PLC						(120)		(120)
Arpico Natural Latex Foams (Pvt) Limited						(90,000)	-	(90,000)
						5,367,052	-	5,367,052

C Company / Group investment in associate

	% Holding		No. of shares			Value Rs.'000		
	31.03.2022	31.03.2021	31.03.2022	Movement	31.03.2021	31.03.2022	Movement	31.03.2021
Group investments in associate;								
Unquoted Investments								
Investor								
Namunukula Plantations PLC								
Investee								
AEN Palm Oil Processing (Pvt) Limited	33	33	699,027	-	699,027	12,568	-	12,568
Group investment in associate (at cost)						12,568	-	12,568
Share of reserves						338,884	123,915	214,966
Group investment in associates (equity basis)						351,432	123,915	227,534

* Amounts stated within brackets correspond to market value as at 31st March 2022. In the opinion of the Directors, any reduction in market value below cost is considered to be of temporary nature.

\+ The holding stake of these investments are less than 1%.

Δ Investment in Subsidiaries are stated at Cost.

16.1 Principal Subsidiaries with Material Non- Controlling Interest

Financial information of subsidiaries that have material non controlling interests (NCI) are provided below;

For the year ended 31st March 2022	Plantations Rs.'000	Rubber Rs.'000	Financial Services Rs.'000
Summarised Statement of Profit or Loss			
Revenue	11,522,161	2,387,002	2,133,861
Operating cost	(8,667,991)	(1,253,536)	(2,031,619)
Finance cost	(330,223)	(6,045)	(24,435)
Finance income	128,720	35,663	269,283
Profit before tax	2,652,666	1,163,084	347,089
Income tax expense	(201,902)	(135,459)	(100,681)
Profit for the year	2,450,763	1,027,625	246,408
Other comprehensive income	150,808	(3,688)	
Total comprehensive income	2,601,571	1,023,937	246,408
Profit attributable to NCI	742,335	164,854	45,364
Dividend paid to NCI	(103,310)	(50,326)	

As at 31st March 2022			
Summarised Statement of Financial Position			
Current assets	5,720,178	2,657,916	1,636,328
Non current assets	13,305,545	664,380	2,875,839
Total assets	19,025,723	3,322,296	4,512,166
Current liabilities	4,110,216	600,469	449,209
Non current liabilities	5,462,879	77,799	2,027,884
Total liabilities	9,573,095	678,268	2,477,093
Accumulated balance of material NCI	2,629,730	476,014	387,608

As at 31st March 2022	Plantations Rs.'000	Rubber Rs.'000	Financial Services Rs.'000
Summarised cash flow information for the year ending 31st March			
Cash flows from operating activities	2,695,321	647,090	297,751
Cash flows from / (used in) investing activities	(978,454)	(10,200)	(611,850)
Cash flows used in financing activities	(535,286)	-	-
Net increase / (decrease) in cash and cash equivalents	1,181,581	636,890	(314,099)

The above information is based on amounts before inter company eliminations.

Names of material partly owned subsidiaries and effective holding percentage owned by non controlling interest

Plantation Sector	Rubber Sector	Financial Services Sector
Maskeliya Plantations PLC 16.60%	Richard Pieris Exports PLC 16.10%	Arpico Insurance PLC 18.41%
Kegalle Plantations PLC 20.86%		
Namunukula Plantations PLC 33.24%		

17. Other Financial Assets

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fair Value Through Profit or Loss				
Unquoted equity shares				
Credit Information Bureau	593	593	-	-
Finance Houses Consortium	200	200	-	-
	793	793	-	-
Quoted equity shares				
Piramal Glass Ceylon PLC	4,830	4,703	-	-
Sampath Bank PLC	8,462	9,940	-	-
Hatton National Bank PLC (Non voting)	225	208	-	-
	13,517	14,851	-	-
Total Fair Value Through Profit or Loss Investments	14,310	15,644	-	-
Fair Value Through Other Comprehensive Income				
Unquoted equity shares				
Asset Trust Management (Pvt) Limited	5,625	5,625	5,625	5,625
Asia Auto Parts LLP	57,363	-	-	-
	62,988	5,625	5,625	5,625
Quoted equity shares				
Commercial Bank of Ceylon PLC	6	8	6	8
John Keells Holdings PLC	18	18	18	18
Asian Hotel Properties PLC	23,393	23,646	23,393	23,646
Dialog Axiata PLC	110	143	110	143
National Development Bank PLC	1,220,306	687,627	1,220,306	687,627
The Lighthouse Hotel PLC	22	-	22	-
	1,243,854	711,441	1,243,854	711,441
Total Fair Value Through Other Comprehensive Income	1,306,841	717,066	1,249,479	717,066

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amortized Cost				
Treasury bill investments	671,614	455,000	-	-
Fixed deposits	577,092	169,009	-	-
Other loans and receivables	212,671	236,110	-	-
Total Financial Assets at Amortized Cost	1,461,378	860,119	-	-
Available for sale investments at fair value				
Quoted equity shares				
National Development Bank PLC	190,120	-	-	-
Treasury bond investments	950,646	363,090	-	-
Total Available for sale investments at fair value	1,140,766	363,090	-	-
Loans and receivables				
Investments in corporate debts	1,018,044	796,790	-	-
Investment in repurchase agreement	770,426	1,407,210	-	-
Fixed deposits	419,978	345,167	-	-
Other loans and receivables	77,350	-	-	-
Total Loans and receivables	2,285,798	2,549,166	-	-
Total other financial assets	6,209,094	4,505,086	1,249,479	717,066
Total current	2,032,650	2,034,638	-	-
Total non-current	4,176,443	2,470,448	1,249,479	717,066

17.1 Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the financial statements.

The following methods and assumptions were used to estimate the fair value;

- Cash and short term deposits, trade receivables, trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Interest bearing borrowings, loans and other receivables are evaluated by the Group Treasury based on parameters such as interest rates, credit risk and other relevant risk factors. Based on the evaluation, allowances are taken to account for the expected losses of these receivables where the carrying amounts of which are not materially different from their calculated fair values.
- Fair Value Through Other Comprehensive Income financial assets is derived from quoted market prices in active markets where unrealized gains/losses recognized in Other Comprehensive Income.
- Fair value of unquoted Fair Value Through Other Comprehensive Income financial assets is estimated using appropriate valuation techniques.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted prices in active markets for identical assets or liabilities.
Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value - Group	31st March 2022 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair Value Through Other Comprehensive Income				
Equity Shares - Quoted	1,243,854	1,243,854	-	-
Unquoted	62,988	-	-	62,988
	1,306,841	1,243,854	-	62,988
Fair value through profit or loss				
Equity Shares - Quoted	13,517	13,517	-	-
Unquoted	793	-	-	793
	14,310	13,517	-	793

Assets measured at fair value - Group	31st March 2022 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Amortized Cost				
Treasury bill investments	671,614	671,614	-	-
Fixed deposits	577,092	-	577,092	-
Other loans and receivables	212,671	-	212,671	-
	1,461,378	671,614	789,764	-
Available for sale investments at fair value				
Equity Shares - Quoted	190,120	190,120	-	-
Treasury bond investments	950,646	-	950,646	-
	1,140,766	190,120	950,646	-
Loans and receivables				
Investments in corporate debts	1,018,044	-	1,018,044	-
Investment in repurchase agreement	770,426	-	770,426	-
Fixed deposits	419,978	-	419,978	-
Other loans and receivables	77,350	-	77,350	-
	2,285,798	-	2,285,798	-
	6,209,094	2,119,105	4,026,208	63,781

	31st March 2021 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair Value Through Other Comprehensive Income				
Equity Shares - Quoted	711,441	711,441	-	-
Unquoted	5,625	-	-	5,625
	717,066	711,441	-	5,625
Fair value through profit or loss				
Equity Shares - Quoted	14,851	14,851	-	-
Unquoted	793	-	-	793
	15,644	14,851	-	793

	31st March 2021 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Amortized Cost				
Treasury bill investments	455,000	455,000	-	-
Treasury bond investments	363,090	-	363,090	-
Fixed deposits	169,009	-	169,009	-
Other loans and receivables	236,110	-	236,110	-
	1,223,209	455,000	768,209	-
Loans and receivables				
Investments in corporate debts	796,790	-	796,790	-
Investment in repurchase agreement	1,407,210	-	1,407,210	-
Fixed deposits	345,167	-	345,167	-
	2,549,167	-	2,549,167	-
	4,505,086	1,181,292	3,317,376	6,418

Set out below is a comparision by class of the carrying amounts and the fair values of the Group that are carried in the financial statements.

	Carrying amount		Fair Value	
Group	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Other Financial Assets				
Fair Value Through Other Comprehensive Income	1,306,841	717,066	1,306,841	717,066
Fair value through profit or loss	14,310	15,644	14,310	15,644
Available for sale investments at fair value	1,140,766	363,090	1,140,766	363,090
Loans and receivables	2,285,798	2,549,167	2,285,798	2,549,167
Total	4,747,716	3,644,967	4,747,716	3,644,967
Financial liabilities				
Interest-bearing loans and borrowings	7,768,958	8,384,860	7,768,958	8,384,860
Total	7,768,958	8,384,860	7,768,958	8,384,860

The fair values of cash and short term deposits,trade payables,customer deposits,short term borrowings and lease liabilities approximate their carrying amounts largely due to the short term maturities.

18. Deferred Tax (Assets) / Liability

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax assets	(458,154)	(458,976)	10,984	6,833
Deferred tax liabilities	992,828	821,043	-	-
Net deferred tax liability / (asset)	534,674	362,067	10,984	6,833
Net deferred tax liability / (asset)				
At the beginning of the period	362,067	449,271	(6,834)	3,759
Transfer From/ (to) Statement of Profit and Loss	132,278	(127,271)	(2,994)	(9,644)
Transfer from/(to) the Statement of Other Comprehensive Income	23,134	38,337	(1,157)	(948)
Effect of changes in exchange rates	19,133	1,730	-	-
At the end of the period	534,674	362,067	(10,985)	(6,833)

18. Deferred Tax (Assets) / Liability Contd.

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes -PPE	1,750,066	1,010,947	41,090	42,178
Accelerated depreciation for tax purposes -Biological assets	-	856,535	-	-
Other deferred liabilities	239,962	469,461	-	-
	1,990,028	2,336,944	41,090	42,178
Deferred tax assets				
Retirement benefit obligations	(422,152)	(502,804)	(15,329)	(16,301)
Un-utilised tax losses	(532,275)	(738,687)	-	-
Tax on right of use asset	(53,884)	(237,094)	(36,746)	(32,710)
Other provisions	(447,044)	(496,292)	-	-
Deferred Tax Liabilities	(1,455,354)	(1,974,878)	(52,075)	(49,011)
Net deferred tax liability / (asset)	534,674	362,066	(10,984)	(6,833)

Deferred tax assets amounting to Rs. 343 mn (2021 - Rs.161 mn) for the Group has not recognized since the companies do not expect these assets to reverse in the foreseeable future.

19. Inventories

	Group	
	2022 Rs.'000	2021 Rs.'000
Raw materials	3,934,209	2,294,090
Growing crop-nurseries	72,315	50,163
Work in progress	243,352	167,940
Finished goods	6,124,002	4,933,245
Produce inventories	888,617	775,482
Land Stock	1,171,617	1,431,002
Goods in transit	46,606	48,562
Other inventories	546,470	165,000
	13,027,188	9,865,484
Provision for slow moving inventories	(647,914)	(483,860)
Provision for unrealized profits	(40,852)	(21,000)
Net inventory	12,338,422	9,360,624

The amount of write-down of inventories recognised as an expense is Rs. 337 mn (2021 - Rs. 225 mn) which is recognised under administrative expenses.

Provision for slow moving inventories as an expense is Rs. 501 mn (2021 - Rs. 286 mn)

Inventories carried at net realisable value as at 31st March 2022 amounted Rs. 2,942 mn (2021 Rs. 2,886 mn)

Inventories with a carrying amount of Rs. 920 mn (2021 Rs.880 mn) are pledged as security for loans obtained, details of which are disclosed in Note 28.2 to the Consolidated Financial Statements.

20. Trade and Other Receivables

As at 31 March, the aging analysis of trade receivables is as follows:

20.1 The aging analysis of Trade Receivables is as follows;

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net trade receivables	6,566,212	5,187,314	-	-
Advances and deposits	1,600,491	1,330,608	-	-
Loans to employees	25,984	25,234	18,810	15,825
Premium Receivable	662,770	92,391	-	
Reinsurance Receivable	28,723	19,592	-	
Other receivables	225,034	801,695	14,299	28,067
Repossessed Stock	235,288	700,780	-	-
Less - Provision for repossessed stock	(163,152)	(600,915)	-	-
	9,181,351	7,556,699	33,108	43,892
Other non financial receivables	1,786,114	1,134,258	253,810	359,165
	10,967,465	8,690,957	286,918	403,057

20.2 Movement in Provision for impairment

	Group			
	Total	Individual	Collective	
		Fully Impaired	Fully Impaired	Partially Impaired
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1st April 2021	615,307	337,149	23,615	254,543
Charge for the year	69,218	3,245	2,622	63,352
Unused amounts reversed	(5,372)	(3,279)	(2,093)	-
Provisions written off	14,458	14,458	-	-
As at 31st March 2022	693,611	351,573	24,144	317,895

20.3 The aging analysis of Trade Receivables is as follows;

	Total	Current	30-60 Days	61-90 Days	91-120 Days	> 120 Days
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2022	7,259,824	3,944,183	1,461,530	276,439	103,966	1,473,706
2021	5,802,620	2,920,352	1,338,951	169,597	72,716	1,301,004

21. Loans and Advances

	2022	2021
	Rs.'000	Rs'000
Finance lease/ Ijarah rental receivables	6,359,976	7,418,242
Hire purchase/ Muraba rental receivables	14,236	41,503
Term Loans/ Mortgage loans/ Wakala rental receivables	5,501,875	5,236,667
Short term loans/ Trading Muraba rental receivables	284,256	385,181
Other loans and advances	2,862,478	1,579,618
	15,022,821	14,661,211
Less: Impairment losses - Collective	(1,633,097)	(1,420,661)
- Individual	-	-
Net loans and advances receivables (Note 21.1)	13,389,724	13,240,550

21.1 Analysis of rental receivables on loans and advances

	2022				2021			
	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000
Finance Lease/ Ijarah rental receivables								
Gross rental receivables	1,838,703	6,206,091	18,461	8,063,255	436,110	9,091,385	57,383	9,584,877
(-) Unearned income	(149,566)	(1,546,011)	(7,702)	(1,703,279)	(17,790)	(2,130,066)	(18,779)	(2,166,635)
Net rental receivables	1,689,137	4,660,080	10,759	6,359,976	418,320	6,961,319	38,604	7,418,242
(-) Allowance for impairment loss - Collective	(594,474)	-	-	(594,474)	(620,026)	-	-	(620,026)
Total net rental receivables	1,094,663	4,660,080	10,759	5,765,502	(201,706)	6,961,319	38,604	6,798,216
Hire purchase/ Muraba rental receivables								
Gross rental receivables	2,856	14,348	-	17,204	4,037	46,051	-	50,089
(-) Unearned income	-	(2,968)	-	(2,968)	(60)	(8,525)	-	(8,585)
Net rental receivables	2,856	11,380	-	14,236	3,977	37,526	-	41,503
(-) Allowance for impairment loss - Collective	(2,856)	(1,076)	-	(3,932)	(7,942)	-	-	(7,942)
Total net rental receivables	-	10,304	-	10,304	(3,965)	37,526	-	33,561
Loans and Advances								
Term loans/ Mortgage loans/ Wakala								
Gross rental receivables	2,528,050	3,974,577	275,909	6,778,536	598,108	5,783,052	430,252	6,811,412
(-) Unearned income	(140,741)	(1,030,858)	(105,062)	(1,276,661)	(11,275)	(1,412,300)	(151,170)	(1,574,745)
Net rental receivables	2,387,309	2,943,720	170,847	5,501,875	586,834	4,370,752	279,081	5,236,667
(-) Allowance for impairment loss - Collective	(816,510)	-	-	(816,510)	(682,495)	-	-	(682,495)
Total net rental receivables	1,570,799	2,943,720	170,847	4,685,365	(95,662)	4,370,752	279,081	4,554,171
Short term loans/ Trading Muraba								
Gross rental receivables	263,584	29,135	-	292,718	279,756	134,552	-	414,308
(-) Unearned income	(2,848)	(5,614)	-	(8,462)	(2,079)	(27,049)	-	(29,128)
Net rental receivables	260,736	23,520	-	284,256	277,677	107,503	-	385,181
(-) Allowance for impairment loss - Collective	(120,618)	-	-	(120,618)	(66,259)	-	-	(66,259)
Total net rental receivables	140,117	23,520	-	163,638	211,418	107,503	-	318,921
Other loans and advances								
Gross rental receivables	2,009,095	1,033,384	26,290	3,068,769	333,627	1,439,104	115,577	1,888,308
(-) Unearned income	(8,109)	(187,683)	(10,499)	(206,291)	(392)	(262,426)	(45,872)	(308,690)
Net rental receivables	2,000,986	845,701	15,792	2,862,478	333,235	1,176,678	69,705	1,579,618
(-) Allowance for impairment loss - Collective	(97,563)	-	-	(97,563)	(43,938)	-	-	(43,938)
Total net rental receivables	1,903,423	845,701	15,792	2,764,916	289,297	1,176,678	69,705	1,535,680
Total net loans and advances	4,709,002	8,483,325	197,397	13,389,724	199,382	12,653,778	387,390	13,240,550

21.2 Collective Assessment of Impairment

If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped considering credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from year-to-year such as changes in;

- Changes in unemployment rate
- Property prices
- Commodity prices
- Payment status
- Inflation rates
- Changes in laws and regulations
- Interest rates
- Recent lending portfolio growth and product mix

The methodology and assumptions used for estimating provision for impairment including assumptions for projecting future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

21.3 Analysis of Maximum Exposure to Credit Risk and Movement in Allowance for ECL

As at 31 March 2022	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Finance Lease/ Ijarah rental receivables				
Maximum exposure to credit risk				
Gross lease receivables- subject to collective impairment	4,176,341	1,328,004	855,632	6,359,977
Allowance for expected credit losses (ECL)	(25,205)	(192,542)	(376,727)	(594,474)
	4,151,135	1,135,462	478,905	5,765,502
Movement in allowance for expected credit losses				
Balance as at 31st March 2021	14,550	118,047	487,429	620,026
Charge/ (Reversal) to income statement	10,655	74,495	(110,702)	(25,552)
Balance as at 31st March 2022	25,205	192,542	376,727	594,474
Hire purchase/ Muraba rental receivables				
Maximum exposure to credit risk				
Gross hire purchase receivables- subject to collective impairment	8,730	2,649	2,856	14,235
Allowance for expected credit losses (ECL)	(209)	(867)	(2,856)	(3,932)
	8,521	1,782	-	10,304
Movement in allowance for expected credit losses				
Balance as at 31st March 2021	107	146	7,689	7,942
Charge/ (Reversal) to income statement	102	721	(4,833)	(4,010)
Balance as at 31st March 2022	209	867	2,856	3,932
Loans and Advances				
Maximum exposure to credit risk				
Gross lease receivables- subject to collective impairment	4,195,555	1,723,285	2,729,768	8,648,609
Allowance for expected credit losses (ECL)	(61,224)	(299,574)	(673,893)	(1,034,691)
	4,134,331	1,423,711	2,055,876	7,613,918
Movement in allowance for expected credit losses				
Balance as at 31st March 2021	15,798	122,658	654,235	792,691
Charge/ (Reversal) to income statement	45,426	176,916	19,658	242,000
Balance as at 31st March 2021	61,224	299,574	673,893	1,034,691

22. Short Term Borrowings

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Import loans (a)	21,250	21,252	-	-
Bank overdrafts (b)	9,303,718	6,660,818	3,207,922	859,721
Other short term borrowings (c)	5,469,022	4,867,915	6,350,000	5,616,500
	14,793,990	11,549,985	9,557,922	6,476,221

(a) Import loans have been obtained for the purpose of business operations and is repayable within 30-90 days.

(b) Bank overdrafts are repayable on demand and bank balances which are coming under a common overdraft facility has been pooled together.

(c) Loans obtained to fulfill working capital requirements.

23. Cash and Cash Equivalents

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash at banks and in hand	**10,231,658**	7,163,794	**1,011,831**	753,585
Short term borrowings (Note 22)	**(14,793,990)**	(11,549,985)	**(9,557,922)**	(6,476,221)
Cash and cash equivalents for the purpose of the statement of cash flows	**(4,562,332)**	(4,386,191)	**(8,546,091)**	(5,722,636)

24. Stated Capital

	No. of Shares in '000	Value of Shares Rs.'000
As at 1st April 2021	2,035,038	1,972,829
As at 31st March 2022	2,035,038	1,972,829

25. Statutory Reserve Fund

	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	**76,761**	76,761
Transfers during the year	**12,521**	-
At the end of the year	**89,282**	76,761

Statutory reserve fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction.

Accordingly, Arpico Finance Limited transferred required amount from its net profit after taxation to the Statutory Reserve Fund.

26. Other Components of Equity

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fair value reserve on Financial Assets at FVOCI	(807,127)	(267,666)	(670,434)	(207,291)
Foreign currency translation reserve	380,543	190,670	-	-
	(426,584)	(76,996)	(670,434)	(207,291)

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

Fair value reserve of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI.

27. Insurance Provision

	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	2,097,233	1,638,126
Net increase in life insurance fund	(40,070)	413,823
Movement in fair value reserve on financial assets at FVOCI transferred to life fund	(96,387)	45,284
At the end of the year	1,960,776	2,097,233

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional non participating Life Insurance products.

The actuarial reserves have been established based upon the following;

* Interest rates which vary by product and as required by regulations issued by the Insurance Regulatory Commission of Sri Lanka.
* Mortality rates based on published mortality tables adjusted for actual experience as required by regulations issued by the Insurance Regulatory Commission of Sri Lanka.

According to Solvency margin rules (Risk Based Capital) effective from 1st January 2016, Life Insurance Policy Liabilities are valued as per the Gross Premium Valuation (GPV) method. The change in the valuation method from Net Premium Valuation (NPV), whichwas applicable under the previous solvency margin rules and GPV as per the new rules resulted in a one off release in Liabilities.The external actuary, Actuarial Partners Consulting Sdn Bhd has reworked the one off surplus which is amounting to Rs. 320 Mn on the RBC basis. The one off surplus is applicable only for the non participating businesses.The company does not engage in participating business. As company has adopted a distribution basis for the insurance contract liability valuation, the one off surplus will not be transferred to the shareholder fund as a restricted reserve.

As per the valuation, the life insurance fund included in the financial statements exceed the required actuarial reserves by Rs. 267 Mn.as at 31st December 2021 before any transfers to shareholders. Accordingly based on the recommendations made by the actuary a sum of Rs. 267 Mn. has been transferred to shareholders fund from the life insurance fund in 2021.

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for Life Insurance contract Liability was carried out by Actuarial Partners, as at 31st December 2021 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the company discounted all contractual cash flows and compared this amount with the carrying value of the liability. According to the consultant actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2021. No additional provision was required against the LAT as at 31st December 2021.

28. Interest Bearing Loans and Borrowings

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current portion of interest bearing loans and borrowings				
Interest bearing loans	**4,291,740**	4,061,498	-	-
Total Non current interest bearing loans and borrowings	**4,291,740**	4,061,498	-	-
Current portion of interest bearing loans and borrowings				
Interest bearing loans	**3,477,218**	4,323,362	-	-
Total Current interest bearing loans and borrowings	**3,477,218**	4,323,362	-	-

28.1 Interest Bearings Loans & Borrowings

	Group		Company	
	2021	2020	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	8,384,860	8,088,179	-	-
Cash movement				
New loans obtained	3,724,996	4,444,000	-	-
Repayments	(4,788,706)	(4,196,891)	-	-
Non cash movement				
Amortisation of debenture issue cost	-	-	-	-
Effect of foreign currency translation	447,808	49,572	-	-
	7,768,958	8,384,860	-	-
Repayable within one year	3,477,218	4,323,362	-	-
Repayable after one year	4,291,740	4,061,498	-	-
	7,768,958	8,384,860	-	-

28.2 Interest bearing loans and borrowings repayable after one year

Company	Lender /Instrument	31.03.2022 Rs.'000	31.03.2021 Rs.'000	Repayment	Security
Richard Pieris Distributors Limited	IFC Loan	1,352,509.20	1,365,533	US $1.131 mn semi annual w.e.f. February 2019	Mortgage over land and buildings at Dehiwala, Negombo, Kadawatha, Matara, Panadura and Solar Panels at all Super Centres.
Arpico Interiors (Pvt) Ltd.	National Development Bank PLC - Saubagya Loan	3,333.33	10,000	Rs. 0.555555 mn monthly From 01st April 2021 to 01st Sep 2022	Clean basis.
Richard Pieris Natural Foams Ltd	National Development Bank PLC - Saubagya Loan	4,167.00	19,445	Rs. 1.388888 mn monthly From 25th Dec 2020 to 08th June 2022	Clean basis.
	Peoples Bank	250,000.00	-	Rs. 8.333333 mn monthly From 16th October 2021 to October 2024	Clean basis.
BGN Industrial Tyre (Pvt) Ltd	Sampath Bank	-	2,510	Rs. 0.947 mn per month	Primary mortgage over land & machinery at Horana.
	National Development Bank PLC - Saubagya Loan	3,333.33	10,000	Rs. 5.55555 mn monthly From Apr 2021 to Sep 2022	Clean basis.
	Seylan Bank PLC	25,000.00	-	Full Settlement on 21st April 2022	
Arpidag International (Pvt) Ltd	National Development Bank PLC - Saubagya Loan	6,667.00	20,000	Rs. 1.111111 monthly From Apr 2021 to Sep 2022	Clean basis.
Richard Pieris Rubber Compounds Limited	National Development Bank PLC - Saubagya Loan	8,333.33	25,000	Rs. 1.388888 mn monthly From Apr 2021 to Sep 2022	Clean basis.
Richard Pieris Finance Limited	Sampath Bank PLC	333,835.39	533,929	Rs. 16.6 mn per month	Assignment over Lease & hire purchase receivables.
	Sampath Bank PLC	-	32,436	Rs. 8.35 mn per month	Assignment over Lease & hire purchase receivables.
	Trust Certificates	198,426.48	640,588	Monthly payments in varied installments	Assignment over Lease & hire purchase receivables.
	Trust Certificates	-	413,588	Monthly payments in varied installments	Securitization of Lease & hire purchase receivables.
	Trust Certificates	-	412,091	Monthly payments in varied installments	Assignment over Lease receivables.
	Trust Certificates	294,239.75	967,792	Monthly payments in varied installments	Assignment over Lease receivables.
	Trust Certificates	383,570.42	-	Monthly payments in varied installments	Assignment over Lease receivables.
	Trust Certificates	1,025,472.33	-	Monthly payments in varied installments	Assignment over Lease receivables.
	Seylan Bank PLC	125,417.95	313,861	Rs. 15.625 mn per month	Assignment over Lease & hire purchase receivables.
	Seylan Bank PLC	-	299,933	Rs. 5.21 mn per month w.e.f. December 2016	Assignment over Lease & hire purchase receivables.
	Seylan Bank PLC	500,675.00	300	Bullet payment	Assignment over Lease receivables.
	Indian Bank	-	12,292	Rs. 4.167 mn per month	Assignment over Lease & hire purchase receivables.
	Indian Bank	-	-	Rs. 4.44 mn per month w.e.f. March 2017	Assignment over Lease & hire purchase receivables.
	Commercial Bank of Ceylon PLC	281,665.39	375,554	Rs. 10.41 mn per month w.e.f. March 2020	Assignment over Lease & hire purchase receivables.
	Cargills Bank	83,486.35	133,519	Rs. 4.6 mn per month w.e.f. November 2019	Assignment over Lease & hire purchase receivables.
	Peoples Bank	-	22,649	Rs. 20.8 mn per month w.e.f. November 2016	Assignment over Lease , hire purchase & Loan receivables.
	Nations Trust Bank PLC	-	83,468	Rs. 13.9 mn per month w.e.f. March 2017	Assignment over Lease , hire purchase & Loan receivables.
	Nations Trust Bank PLC	165,132.27	333,617	Rs.14.0mn	Assignment over Lease & loan receivables.
	Muslim Commercial Bank	6,543.72	24,890	Rs. 1.67 mn per month	Assignment over lease, hire purchase and loan receivables.
	HDFC Bank	-	39,728	Monthly payments in varied installments	Assignment over Lease, hire purchase & Loan receivables.
	Bank of Ceylon	28,185.08	194,793	Monthly payments in varied installments	Securitization of Lease & hire purchase receivables.
	Bank of Ceylon	450,574.30	-	Rs. 15 mn per month	Assignment over Lease receivables.
	Peoples Bank	343,535.39	-	Monthly payments in varied installments	Assignment over Lease & loan receivables.
Maskeliya Plantations PLC	Hatton National Bank PLC	-	41,810	Rs. 8.3 mn per month	Primary mortgage over leasehold rights of Ampittiakande, Craig, St. Clair and Glenugei estates
	Hatton National Bank PLC	71,120	121,040	Rs. 4.1 mn per month	Primary mortgage over leasehold rights of Ampittiakande, Craig, St. Clair and Glenugei estates
	Union Bank of Ceylon PLC	19,956	43,333	Rs. 3.33 mn per month	Primary mortgage over leasehold rights of Moray estate.
	Nations Trust Bank PLC	15,794	25,000	Rs. 1.388904 mn per month w.e.f 30.04.2021	Clean Basis.
	Commercial Bank PLC	597,917	700,000	Rs. 14.583333 mn per month from Sep 2021	Clean Basis.
Kegalle Plantations PLC	Commercial Bank of Ceylon PLC	2,778	19,444	Rs. 1.666667 mn per month from March 2021	Clean Basis.
	Commercial Bank of Ceylon PLC	80,431	311,717	US $ 104,167 per month	Secondary mortgage over leasehold rights of Etana and Kirklees estates and Negative Pledge over leasehold rights of Allagolla, Eadella and Doteloya estates.
	Commercial Bank of Ceylon PLC	612,500	700,000	Rs. 1.041666 mn monthly from 25.10.2021	
	Seylan Bank	450,000	-	Month Installment @ Rs. 8.334000 mn commencing from 19.12.2021	
Namunukula Plantations PLC	Nations Trust Bank PLC	6,667	25,000	Monthly Installments Rs 1.66 w.e.f. 03.05.2021	Clean Basis.
Arpitech (PVT) LTD	National Development Bank PLC - Saubagya Loan	8,333	25,000	Rs. 1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Richard Pieris Rubber Products Ltd	National Development Bank PLC - Saubagya Loan	8,333	25,000	Rs. 1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Plastishells LTD.	National Development Bank PLC - Saubagya Loan	8,333	25,000	Rs. 1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
RPC Polymers (PVT) LTD	National Development Bank PLC - Saubagya Loan	8,333	25,000	Rs. 1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Maskeliya Tea Gardens Ceylon Limited	National Development Bank PLC - Saubagya Loan	4,361	10,000	Rs. 0.555555 mn monthly From 01st April 2021 to 01st Sep 2022	Clean basis.
	Total Term Loans	7,768,958	8,384,860		
	Transferred to Current Liabilities	(3,477,218)	(4,323,362)		
		4,291,740	4,061,498		

29 Right of use assets and lease liabilities

29.1 Amounts recognised in the statement of financial position and income statement Set out below, are the carrying amounts of the Group's right of use assets and the movements for the year ended 31 March 2022.

29.1.1 Right of use assets

	Group				Company	
	Lease hold properties	Immovable Biological Assets	Total 2022	Total 2021	Leasehold Properties 2022	Leasehold Properties 2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,865,453	108,735	4,974,188	5,559,343	313,144	365,634
Additions	270,922	-	270,922	197,616	-	-
Transfers (SLFRS 16 initial recognition)	41,810	-	41,810	-	-	-
Amortisation expense	(1,514,679)	(27,885)	(1,542,564)	(782,771)	(52,490)	(52,490)
At the end of the year	3,663,507	80,850	3,744,356	4,974,188	260,654	313,144

29.1.2 Lease liability

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,346,835	4,936,205	449,434	473,844
Additions	271,148	46,663	-	-
Transfers	-	-	-	-
Interest expense	522,255	402,001	50,523	53,952
Payments	(990,162)	(1,046,969)	(86,197)	(78,362)
Exchange difference	92,799	8,940	-	-
At the end of the year	4,242,874	4,346,840	413,760	449,434

29.1.3 Maturity Analysis

	Group		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Within one year	759,704	495,298	49,149	35,674
After one year but not more than three years	1,238,340	1,322,244	138,381	112,301
After three years but not more than five years	577,045	711,879	215,518	170,932
More than five years	1,667,785	1,817,419	10,712	130,527
	4,242,874	4,346,840	413,760	449,434

	Group		Company	
Following are the amounts recognized in profit or loss for the year ended 31 March 2022				
Amortisation of right-of-use asset	(1,542,564)	(782,771)	(52,490)	(52,490)
Interest expense on lease liability	522,255	402,001	50,523	53,952
Total amount recognised in profit or loss	(1,020,308)	(380,770)	(1,967)	1,462

30. Provisions

	Maintenance Warranties	
	2022 Rs.'000	2021 Rs.'000
At the beginning of the year	140,054	137,283
Arising during the year	21,721	2,771
(-) Reversal during the year	-	-
At the end of the year	161,776	140,054

Maintenance Warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the respective warranty period of products sold.

31. Government Grants

	2022 Rs.'000	2021 Rs.'000
At the beginning of the period	506,962	508,573
Received during the year	29,025	29,491
Released in the statement of profit or loss	(33,503)	(31,102)
At the end of the period	502,484	506,962

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

32. Post Employee Benefit Liabilities

	Group		Company	
	2022 Rs.'000	2021 Rs.000	2022 Rs.000	2021 Rs.000
At the beginning of the year	2,700,820	2,911,082	67,922	64,293
Current service cost	171,158	177,086	4,915	5,459
Past service cost	(56,515)	-	(3,468)	-
Interest cost on benefit obligation	226,017	311,540	5,094	6,429
Payments	(361,461)	(350,398)	(15,414)	(12,207)
(Gain)/losses arising from changes in assumptions	(185,238)	(348,490)	4,822	3,948
At the end of the year	2,494,781	2,700,820	63,871	67,922

Actuarial valuation of the defined benefit plan / gratuity was carried out on 31st March 2022 by Messrs'. Actuarial and Management Consultants (Pvt) Limited.

Appropriate and compatible assumptions were used in determining the cost of retirement benefits and the key assumptions used are as follows:

Assumptions	2021/22	2020/21
Demographic assumptions		
In respect of non plantation companies,		
Retiring age:		
Executives	60 years	55-60 years
Non Executives	60 years	55-60 years
Average future working life time:		
Executives	5.5	4.6
Non Executives	3.0	2.4
Staff turnover rates:		
Executives	0.10-0.27	0.00-0.31
Non Executives	0.17-0.45	0.00-0.69
In respect of plantation companies,		
Retiring age:		
Workers (male and female)	60 years	60 years
Other categories of staff (male and femele)	60 years	55-58 years
Staff turnover rates	0.02-0.07	0.02-0.07
Average future working life time:		
Workers	8.58 years	7.95 years
Staff	7.60 years	6.94 years
In respect of the Insurance company,		
Retiring age:	60 years	55 years
Financial assumptions		
In respect of non plantation companies,		
Rate of discount	14.00%	7.50%
Rate of salary increment (average)	8.00%	4.00%
In respect of plantation companies,		
Rate of discount	14.50%	8.81%
Rate of salary increment:		
Workers	5.68% per annum	5.68% per annum
Staff employees	7% per year	7% per year
In respect of the Insurance company,		
Rate of discount	9.30%	6.00%
Rate of salary increment:	5%	5%

32.1 Sensitivity Analysis

Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used. The sensitivity was carried for both the salary escalation rate and discount rate. Simulation made for retirement benefit obligation show that an increase or decrease by 1% of salary escalation rate and discount rate has the following effect of the retirement benefit obligation.

	Present value of Defined Benefit Obligation			
	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Discount Rate				
1% increase	**(126,622)**	(152,772)	**71,537**	(3,144)
1% decrease	**173,509**	205,849	**83,141**	3,449
Salary Increment Rate				
1% increase	**181,076**	197,026	**83,908**	3,030
1% decrease	**(135,349)**	(147,551)	**70,750**	(2,819)

32.2 Maturity Profile

Maturity profile of the defined benefit obligation as at 31st March 2022 is as follows.

	Defined Benefit Obligation	
	Group	Company
Future Working Life Time	Rs.'000	Rs.'000
Within the next 12 months	430,192	18,262
Between 2-5 years	964,859	30,816
Beyond 5 years	1,099,730	14,793
Total	2,494,781	63,871

33. Contingent Liabilities

There are no corporate guaranties issued by the Company on loans obtained by subsidiary companies as at 31st March 2022. Guarantees given by subsidiaries on loans obtained amounted to Rs. 80 Mn.

Namunukula Plantation PLC

High Court of Badulla Case No's: HCRA 59/2015 to HCRA 88/2015

There were 30 cases outstanding filed at Magitrates court Passara and Bandarawela by the Commissioner of Labour (Badulla) against Tusker Bottling Co. (Pvt) Ltd, the Company and the Superintendents of these Estates regarding the payment of employees' statutory dues for the amounts which the Sub Lessee has failed to pay in respect of the sub leased 6 estates. The Company has filed objections that the Company is not liable to pay such dues. However Magistrate has ordered company to pay.

The company filed revision to that in High court and further company was deposited 14.75 Mn as refundable security deposit in the court. The Company has won the case No: 59/2015 at HC Badulla and then the Commissioner of Labour has made an appeal against the judgment given by the High Court Judge in favor of Company and the case is yet to be listed at Court of Appeal. The dates of the balance 29 cases (Case No: 60/2015 to 88/2015) are being moved forward pending a decision from a higher court. Next day of hearing is 11 July 2022.

Court of Appeal Case No CA WRIT 143/2021

In the past wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently The Wages Board without considering objections of the RPC's decided the daily wage rate of Tea / Rubber workers as Rs 1,000/- per day and gazetted its decision on 05th March 2021.

Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal.

Richard Pieris Exports PLC

There are no contingent liabilities as at 31st March 2022 except for the following :

* The company has two individual matters following the termination of services of 160 employees in 2007.
* One matter which had been filed by a single employee against the Company was before the Court of Appeal whilst the other matter filed by 159 employees was in the Arbitration upto June 2020 and February 2020 respectively.
* The Order of the Application which had been heard by the Court of Appeal was delivered on 23rd June 2020 and the Award of Arbitration was published in the Government Gazette on 10th August 2020 and both were against the Company. The initial amount demanded by the Union on behalf of the workers is Rs. 136 Million, which is still being denied by the Company because the Company is of the view that the strike is unjustifiable.
* The Company has already taken steps to make an Appeal against the Order given by the Court of Appeal to the Supreme Court and also to make an appeal against the Award of Arbitration before the Court of Appeal. The Company is rigorously contesting both matters.

Therefore, no provision has been made in the accounts.

Richard Pieris & Company PLC

The contingent liability of Richard Pieris & Company PLC as at 31st March 2022, relates to the following:

Richard Pieris and Company PLC and Richard Pieris Distributors Limited, a subsidiary of the Group, is contesting certain claims made by a former employee in a case filed before the Commercial High Court, Colombo.

34. Trade and Other Payables

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade payables	9,614,683	6,898,005	-	-
Accrued expenses	1,938,321	1,741,751	-	-
Other financial liabilities	841,569	1,797,208	274,018	1,247,574
Reinsurance Payables	96,235	106,002	-	
Contract Liabilities	451,657	445,293	-	-
	12,942,465	10,988,259	274,018	1,247,574
Other non financial liabilities	852,973	639,869	120,488	77,485
Total trade and other payables	13,795,438	11,628,128	394,507	1,325,059

35. Customer Deposits

	2022 Rs.'000	2021 Rs.'000
Fixed deposits	9,830,670	8,519,736
Savings deposits	79,159	84,960
	9,909,830	8,604,696

36. Capital and Lease Commitments

36.1 Capital Commitments

The capital commitments for property, plant and equipment incidental to the ordinary course of business as at 31st March , approved by the Board are as follows:

	Group	
	2022	2021
	Rs.'000	Rs.'000
Contracted but not provided for	423,430	145,902
Approved but not contracted for	1,724,564	840,375
	2,147,994	986,277

36.2 Lease Commitments

Future minimum rentals payable under non cancellable operating leases as at 1st April, are as follows:

	Group	
	2022	2021
	Rs.'000	Rs.'000
Undiscounted future minum lease rentas payable as at 1st April 2022	1,598,661	646,711
Discounted future minum lease rentas payable as at 1st April 2022	649,706	623,475

37. Financial Risk Management Objectives and Policies

The Group has loans and other receivables, trade receivables and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, public deposits and financial guarantees. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors guide the Group Treasury which is centralized to provide assistance to the Group's senior management that the Group's financial risk taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and stipulates policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk:

- Interest rate risk
- Currency risk
- Commodity price risk
- Equity price risk

Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters in order to optimize the return.

Interest rate risk

Interest rate risk is the risk that the company is exposed to due to the changes in the absolute level of market interest rates. Country's yield curve reflecting public borrowings in the domestic market, the policy rates, market liquidity, reforms in fiscal policies, credit ceilings on lending, average deposit rates, etc. are considered to be the main determining factors on the quoted interest rates for short term and long term lending facilities. These external factors stresses the market lending rates inserting pressure on the finance cost of the Group in turn having a down beating effect on the profit attributable to shareholders.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings as follows:

Group	Increase/decrease in interest rate by basis points	Effect on profit before tax Rs. Millions
2020/21	+100 bps	(199.35)
	-100 bps	199.35
2021/22	+100 bps	(225.63)
	-100 bps	225.63

Company	Increase/decrease in interest rate by basis points	Effect on profit before tax Rs. Millions
2020/21	+100 bps	(64.76)
	-100 bps	64.76
2021/22	+100 bps	(95.58)
	-100 bps	95.58

Following measures and actions are usually undertaken in order to manage interest rate risk of the Group.

* Based on the studies and research on interest rate risk, the treasury division advises and takes appropriate measures to capitalize on the interest rate movements to be beneficial to the Group profitability where the facilities will be fixed for longer tenors when the market lending rates are in lower bound and take short term positioning when the market lending rates are in the higher bound.
* Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings to the mix of export and local revenue of the Group.
* Using fixed and variable rate borrowings to strike a balance.
* Centralized Treasury that coordinates Group funding requirements thus ensuring more effective borrowing terms.
* Practicing effective hedging techniques as and when required.
* Centralized cash management system to get the advantage of the total pooling of funds.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings of the Group, primarily in US Dollars (USD), and also in EURO, Singapore Dollars (SGD) and Pound Sterling (GBP) especially with regards to trade related transactions. The imported materials are mainly billed in USD, EURO and SGD. The group treasury division continuously monitors the exchange rate movement of the above currencies.

Effects of Currency Translation

For the consolidated financial statements of the Group, income and expenses and the assets and liabilities of the subsidiaries outside Sri Lanka are converted into Sri Lankan Rupees, Therefore period-to-period changes in average exchange rates may cause currency translation effects for the Group. However, exchange rate translation risk doesn't affect future cash flows. The group equity position reflects changes in book value caused by exchange rates.

Commodity price risk

The Group is affected by the volatility of certain commodities. The volatility in prices of tea, rubber etc. in the auctions would trigger greater uncertainty in the contribution towards Group turnover from the plantation sector.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, resulting in a negative effect towards the Group profitability. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all credit clients are subject to credit verification procedures who wish to trade on credit. Furthermore, the Group continuously monitors the receivables through the segregation of the duties of controlling the receivables through SBU credit controllers. It is the responsibility of the credit controller to continuously monitor the receivables and the receipts and recoveries are done promptly according to the credit period. Furthermore age analysis is carried out along with monthly provisioning to smooth out the unrecoverable debtor balances across the periods.

With respect to credit risk arising from other financial assets such as short term deposits, cash and cash equivalents, investments, derivative instruments etc., the credit risk exposure arises due to counterparty risk. The Group manages its operations to avoid any excessive concentration of counterparty risk and takes every possible step to ensure counterparties fulfill their obligations.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always maintains sufficient leeway's in the short term facilities and structuring new credit lines for short and long term tenors to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Capital Management

Capital includes only the equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and re-structures the capital base time to time in light of changes in economic conditions as per the directives given by the Board of Directors. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital through share buy backs or infuse capital through new share issuance.

The Group monitors capital using indicative leverage ratios preferably through gearing ratio, which is net debt as a percentage of total equity and net debt. The Group includes within net debt, interest bearing loans & borrowings, short term borrowings less Cash & Cash Equivalents, excluding discontinued operations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group Year ended 31st March 2022	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Interest bearing borrowings	28	-	869,305	2,607,914	4,291,740	-	7,768,959
Net liability to the lessor	29	-	189,926	569,778	1,815,384	1,667,785	4,242,874
Trade and other payables	34	14,307	13,779,666	1,465	-	-	13,795,438
Customer Deposits	35	79,159	5,493,919	3,200,004	1,136,745	-	9,909,827
Import loans	22	-	21,250	-	-	-	21,250
Bank overdrafts	22	9,303,718	-	-	-	-	9,303,718
Other short term borrowings	22	-	5,469,022	-	-	-	5,469,022
		9,397,184	25,823,088	6,379,161	7,243,869	1,667,785	50,511,088

Year ended 31st March 2021	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Interest bearing borrowings	28	-	936,925	3,371,996	4,075,939	-	8,384,860
Net liability to the lessor	29	-	123,825	371,474	2,034,123	1,817,419	4,346,840
Trade and other payables	34	12,059	11,614,838	1,231	-	-	11,628,128
Customer Deposits	35	84,952	3,045,242	4,592,614	881,888	-	8,604,696
Import loans	22	-	21,252	-	-	-	21,252
Bank overdrafts	22	6,660,818	-	-	-	-	6,660,818
Other short term borrowings	22	-	4,867,915	-	-	-	4,867,915
		6,757,829	20,609,996	8,337,315	6,991,950	1,817,419	44,514,514

Company Year ended 31st March 2022	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Trade and other payables	34	394,506	-	-	-	-	394,507
Bank overdrafts	22	3,207,922	-	-	-	-	3,207,922
Other short term borrowings	22	-	-	6,350,000	-	-	6,350,000
		3,602,428	-	6,350,000	-	-	9,952,429

Year ended 31st March 2021	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Trade and other payables	34	1,325,059	-	-	-	-	1,325,059
Bank overdrafts	22	859,721	-	-	-	-	859,721
Other short term borrowings	22	-	-	5,616,500	-	-	5,616,500
		2,184,780	-	5,616,500	-	-	7,801,280

Risk Exposure of Arpico Insurance PLC

The Insurance industry revolves around risk acceptance. Hence, prudent risk management policies that evolve with changing dynamics play a central role in our short, medium and long term success and effectiveness. The current macro-economic environment poses multiple, interlinked challenges, which require consistent evaluation, innovative strategies and revisiting of risk mitigating approaches. As such, risk management strategy of Arpico Insurance revolves around the core approaches of timely risk identification, in depth evaluation and adaptation to market realities and mitigation of future risks.

Board of Directors and Senior Management of the Company play a proactive role in shaping and implementing the risk management framework of Arpico Insurance.

We have carefully laid out precautionary measures to effectively navigate external risks beyond our control. Meanwhile, the Company consistently aligns our growth and expansion strategies with an evolving risk management framework.

Moreover, Arpico Insurance PLC promotes a risk sensitive and prudent culture at all levels of the Company. We have created a transparent culture that is conducive to all employees to comprehend potential risk and act in a timely and effective manner to mitigate such risks. All employees receive opportunities to engage in risk identification training and acquire knowledge about the industry and external environment. The Board of Directors oversees the risk culture in the organisation to steer the risk management process in the right direction.

Risk Management Framework

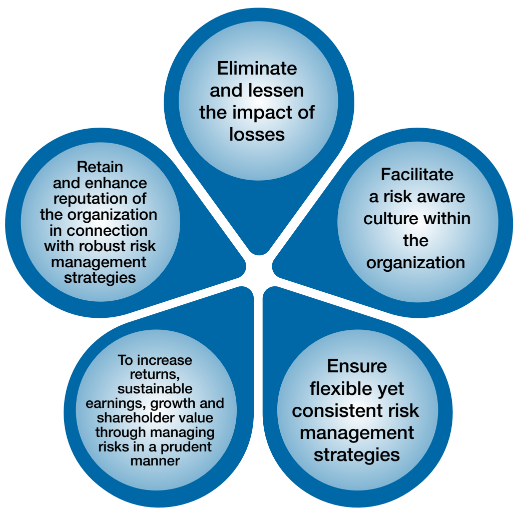
The Risk Management Framework is based on the Risk Management Policy (RMP) and is set in motion by the Risk Management Department together with risk owners, while oversight is distributed in a top-down approach from the Board of Directors to the Management, as they monitor and evaluate as well as provide guidance in improving risk management procedures.

RISK MANAGEMENT PROCESS

Our risk management process makes allowances to the constant flux of the external environment and rising external uncertainties. We strive consistently to manage risk impact within acceptable levels. The risk management process comprise of interrelated steps that work in unanimity to ensure a sound risk framework. The Board of Directors remains responsible for the robustness and effectiveness of the risk management process.

RISK MANAGEMENT OBJECTIVES

We are well aware of the fact that well-defined and clear risk management objectives play a pivotal role in facilitating the implementation of risk strategies. As such, we have identified and laid out a set of clear objectives, which we constantly revisit during our risk management process.



RISKS

The insurance industry has to contend with various industry-specific and generic risks. With the objective of better comprehending risks to manage each risk effectively, we have categorised risks.

Economic risk

* Price-competitiveness from a saturated industry
* Macro-economic conditions that negatively impact customer interests in insurance
* Volatile rates, which could carry a negative impact on Life Insurance, due to the increase in the liability of insurance fund.
* Rising unemployment rates due to COVID-19 pandemic.

Social risk

* An aging national population
* Health risks from the pandemic such as new COVID-19 variants
* Political tensions

Technological risks

* New cyber security threats to AIP's database
* Roadblocks in digital transformations

Legal risks

* Changing regulatory landscape
* Complexities in compliance requirements

Environmental risks

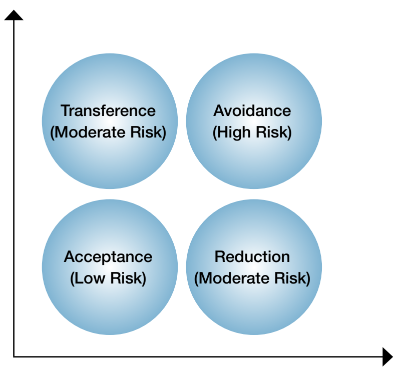
* Increasing climate volatilities
* Vulnerabilities as an island nation from weather extremities

Arpico Insurance further breaks down the above categories to broader categories in order to prioritise risks and effectively address each risk accordingly. These broader risk categories go hand in hand with our risk prioritization process.

RISK CATEGORIES AND PRIORITISATION

Broader Risk Categories

* Underwriting risk
* Reinsurance risk
* Claim risk
* Liquidity risk
* Insurance market risk
* Credit risk
* Investment risk
* Regulatory risk
* Operational risk



RISK PRIORITISATION PROCESS

Risks	Description	Risk Rating	Mitigation
Insurance Risks			
Underwriting risk	Risks due to inaccurate assessment of risk when accepting insurance policies.	High	* Ensuring a sufficient level of segregation between duties of sales and underwriting functions while centralizing function at head office. * Maintaining a robust manual of financial to offer guidance to underwriting staff. * Frequent audits and verification to ensure the smooth function of the process. * Timely consultation and feedback from Consultant Actuary and Reinsurer to adequately price products. * The medical reports are only generated from the registered and well-respected laboratories monitor by the management to ensure quality service. * Carrying underwriting as per the set guideline given by the reinsurer.

Risks	Description	Risk Rating	Mitigation
Reinsurance Risk	Inability of the ceding company to obtain insurance from a reinsurer at the right time and at an appropriate cost	High	* The Company only works with reinsurers with 'A' or above ratings and monitors their ratings consistently. * Conducting frequent reviews of outstanding reinsurance receivables. * Maintain close relationship with all reinsurers.
Claims risk	Claims experience that exceeds the expected level	High	* Monitoring actual claims experience with respect to expected claims. * An Independent Actuary carries out valuation of the Life Fund twice a year. * Claims are reserved immediately at the intimation or on the availability of information of the death or injury of an insured. * The Claims Panel (comprising Specified Officer, Principal Officer and Manager Actuarial) is involved in taking decisions on significant / problematic claims and appeals made in respect of claims.
Insurance Market Risk	Failure to adopt to changing insurance market dynamics	Moderate	* Regularly monitor and discuss local and global industry developments.
Financial Risks			
Liquidity risk	Lack of readily available funds to meet expenses	Moderate	* Maintaining a diversified mix of term investments * Regularly review reviewing cash flow projections. * Guidelines to ensure availability of sufficient funding to meet insurance and investment contract obligations. * Clauses in reinsurance contracts to meet claim payments in the event claims exceed values.
Credit Risk	The risk of financial losses in case of the counter party failing to meet contractual payment obligations.	Moderate	* Credit risk exposure monitoring with respect to investment counterparties, credit risk evaluation when making new investments. * Periodical reviews into the creditworthiness and financial stability of all entities. * The Company only places corporate debt investment exposure with counter parties that retain a credit rating of or above BBB+, given by well-known rating companies. * Imposing strict credit limitations on all such entities, upon reviewing their stability. * Maintaining a structured and standardized credit approval process, based on the size and nature of the organisation. * Employing only senior and experienced staff to carry our credit approval.
Interest Rate Risk	Risk of changes in the interest rates, which might affect the Company's investment portfolio	Moderate	* Making investments to mitigate the asset and liability mismatch thereby reducing exposure to interest rate changes.
Investment Risk	Unfavorable economic conditions leading to below par investment returns.	Moderate	* Prudent long-term and short-term investment mix. * Monitoring financial and banking market.
Operational Risk			
Fraud Risk	Risks that occur due to misappropriation of financial or non-financial resources of the Company, as well as claims.	Moderate	* Proper management of financials and observation of misappropriation. * Take immediate action in remediating the fraud.

Risks	Description	Risk Rating	Mitigation
Information Risk / Cyber Security Risk	Risk of unauthorised access to IT systems and possible threats to data and network security, as well as the loss of confidential data	Moderate	* Comprehensive cyber security policy * Secured network connections across branch network and work from home (WFH) arrangements. * Assessment of firewall strength and protection environment through trusted third-party service provider. * ICT and data security awareness and prevention through proactive training to staff. * Data backups.
Health and Safety Risks	Risks to the health and safety of individuals working for the Company.	Moderate	* Protocols in place against COVID-19 * Basic awareness of occupational safety risks
Premises risk	Damage to physical assets because of natural and man-made disasters such as flooding, fire, and riots	Low	* Prudent insurance of buildings and property * Training and awareness on workplace safety
Legal risk	Risk of facing litigation in court of law.	Low	* Seeking advice from group legal department when entering into contracts.
Strategic Risk			
Reputation Risk	The damage to reputation and brand image of the Company, when it fails to meet stakeholder expectations.	Low	* Management and staff are recommended to maintain ethical and professional conduct both in and out of premises. * Professional decorum maintained on social media accounts * Compliant management system in place for handling complaints swiftly
Regulatory Risk / Compliance Risk	Any adverse impacts that could occur from failure to meet existing and new regulatory requirements. Capital Adequacy Ratio (CAR) By calculating the capital adequacy ratio (CAR), the Company can ascertain the adequacy of its total available capital. The minimum regulatory cap for CAR is 120%, considered as sufficient to be solvent, when it is crucial to meet liquidity levels. Complying with the requirements mandated by IRCSL, Arpico Insurance PLC maintained a CAR at 435% as at 31st December 2021, well above the statutory minimum.	Moderate	* Strict adherence to relevant rules and regulations. * Periodical reviews on major regulatory developments and employing a mechanism to anticipate potential impact on the Company. * Consistent participation in industry forums such as events organized by the Insurance Association of Sri Lanka. * The Company's business process invariably goes through timely analyses and updates of policies and procedures.

RISK MANAGEMENT OUTLOOK FOR 2022

In 2021, the foundation for a stronger risk management framework was laid down with the approval of the new risk management policy (RMP). Nevertheless, the uncertainties in the external environment are expected to remain heightened in 2022, while the implementation of the risk management policy will enhance the resilience of the company to both internal and external risks and facilitate the achievement of its strategic objectives. In addition, the initiation of a compliance department and recruitment of a dedicated staff member to handle compliance operations was pursued in 2021 and will be firmly established in 2022.

Goals for 2022

- Introducing specialised risk management training sessions pertaining to Anti-Money Laundering (AML) and cyber security.
- Extending training to staff at branches, ensuring literacy in risk management for all employees across the network.
- Carrying out risk assessment programme to cover the entire organisation including all functional departments and branches.
- Appointing a risk management representative for each department to lead risk management activities – developing a culture of risk-consciousness across each department.
- Recognising staff members who have contributed to improving risk management as “Risk Management Champions” at the annual awards ceremony.

Risk Exposure of Richard Pieris Finance Limited

Credit risk

Credit risk arises principally from the Company’s loans and advances to customers/other Companies and investments in debt securities. Credit risk constitutes the Company’s largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

Default risk

Default risk is the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the company’s loans and advances to customers.

Concentration risk

Concentration risk is the credit exposure being concentrated as a result of excessive buildup of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Settlement risk

Settlement risk is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis.

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Exposure to credit risk of finance companies of the Group

As at 31 March 2022	Maximum exposure to credit risk Rs.’000	Net Exposure Rs.’000
Cash and bank balances	1,259,555	1,259,555
Investments in fixed deposits	577,092	577,092
Lease Receivable at Amortized Cost	5,764,768	-
HP Receivable at Amortized Cost	10,304	-
Loans and Receivables at Amortized Cost	7,615,397	1,927,668
Financial investments - at Fair Value through OCI	672,407	672,407
Total financial assets	15,899,523	4,436,723

Credit quality by class of financial assets of finance companies of the Group

As at 31 March 2022	Neither past due nor impaired Rs.'000	Past due but not impaired Rs.'000	Individually impaired Rs.'000	Total Rs.'000
Assets				
Cash and bank balances	1,259,555	-	-	1,259,555
Investments in fixed deposits	577,092	-	-	577,092
Lease Receivable at Amortized Cost	2,694,564	3,664,678	-	6,359,243
HP Receivable at Amortized Cost	-	14,235	-	14,235
Loans and Receivables at Amortized Cost	2,254,395	6,395,693	-	8,650,088
Financial investments - at Fair Value through OCI	672,407	-	-	672,407
Collective impairment provision	(1,633,097)	-	-	(1,633,097)
Total financial assets	7,458,014	10,074,606	-	15,899,523

Aging Analysis of past due (i.e. facilities in arrears of 1 day and above) but not impaired loans, by class of financial assets.

	Past due but not impaired				
	Less than 31 days Rs.'000	31 to 60 days Rs.'000	61 to 90 days Rs.'000	More than 90 days Rs.'000	Total Rs.'000
Lease Receivable at Amortized Cost	910,573	630,738	421,601	1,701,767	3,664,678
HP Receivable at Amortized Cost	-	8,730	-	5,505	14,235
Loans and Receivables at Amortized Cost	1,460,385	559,630	504,003	3,871,675	6,395,693
	2,370,958	1,199,098	925,604	5,578,946	10,074,606

Liquidity risk and funding management

In the context of a financial institution liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; transactions liquidity, a property of assets or markets, and funding liquidity, which is more closely related to creditworthiness.

Transaction liquidity risk is the risk of moving the price of an asset adversely in the act of buying or selling it. Company's transaction liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Company's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Company's credit quality is perceived to be deteriorating and the financial conditions as a whole is deteriorating.

The company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the company regularly analyses and monitors liquidity positions and, maintain an adequate margin of safety in liquid assets.

Interest rate risk

Interest rate risk is a key constitute of the market risk exposure of the finance companies due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the companies, the impact of interest rate risk is mainly on the earnings of the company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arising due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to companies' net interest income and net interest margin. Companies' exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the companies conducts periodic reviews and re-prices its assets accordingly.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the companies' net interest income.

Net Interest Income (NII) sensitivity by interest rate change

	2022	
Parallel Increase / Decrease of Basis Points (bps)	**+/ - 100 bps**	**+/ - 200 bps**
Impact on NII (Rs.'000)	149	299
	(149)	(299)

Interest rate risk exposure on financial assets and liabilities

The table below analyses the companies' interest rate risk exposure on financial assets & liabilities. The companies' assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Company As at 31st March 2022	Up to 03 Months Rs.	03-12 Months Rs.	01-03 Years Rs.	03-05 Years Rs.	Over 05 Years Rs.	Non Interest Bearing Rs.	Total as at 31/03/2022 Rs.
Assets							
Cash and bank balances	-	-	-	-	-	1,259,555	1,259,555
Investments in fixed deposits	413,070	164,454	-	-	-	-	577,524
Lease Receivable at Amortized Cost	1,548,025	1,414,346	2,479,424	914,364	3,083	-	6,359,243
HP Receivable at Amortized Cost	5,710	3,047	5,478	-	-	-	14,235
Loans and Receivables at Amortized Cost	2,800,872	2,468,594	2,436,117	842,951	101,553	-	8,650,088
Financial investments - at Fair Value through OCI	622,220	50,187	-	-	-	-	672,407
Other debtors & prepayments	-	-	-	-	-	287,746	287,746
Total Financial Assets	5,389,898	4,100,627	4,921,020	1,757,315	104,636	1,547,301	17,820,798
Financial Liabilities							
Bank Overdraft	194,431	-	-	-	-	-	194,431
Due to Customers	5,687,816	3,103,361	1,083,990	34,662	-	-	9,909,830
Interest bearing borrowings	771,607	1,240,713	763,390	1,445,050	-	-	4,220,760
Trade and other payables	-	-	-	-	-	508,897	508,897
Total Financial Liabilities	6,653,854	4,344,075	1,847,380	1,479,712	-	508,897	14,833,918
Interest Sensitivity Gap	(1,263,956)	(243,447)	3,073,640	277,603	104,636	1,038,404	2,986,880

38. Events After the Reporting Date

There have been no material events occurring after the reporting date that require adjustments or disclosures in the Financial Statements. Other than the following.

Impact From Recent Economic Conditions

The country is facing an unprecedented economic crisis which is having a bearing on corporates and individuals representing all walks of life. Most of the sectors in the group have been impacted by this, both negatively and positively.

The Monetary Board of the Central Bank of Sri Lanka decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from April 8, 2022. The interest rate fluctuations mainly affected the deposit base of the finance sector in the group. Due to the low disposable income among the customers, the attraction to the savings has reduced.

In the period between April 2022 to July 2022, year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2013=100) increased to 60.8% (29.8% in April 2022). Further, food inflation increased to 90.9% in July 2022 (46.6% in April 2022). As a result of high inflation in Sri Lanka, demand for both food and non-food items has reduced gradually and this has impacted the Group.

The recent changes in exchange rates have both favourable and unfavourable impacts on the group. Due to the recent rupee depreciation, the cost of raw materials has increased substantially. As a result of that, the cost of sales has gone up. However, the export sector in the benefited greatly from the rupee depreciation.

Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8 April 2022, each company of a group of companies, of which the aggregate of the taxable income of all subsidiaries and the holding company in that Group of companies that have earned a taxable income in excess of LK Rs. 2,000 million for the year of assessment 2020/2021 is liable for a surcharge tax at the rate of 25% on the taxable income of each entity within that group. However, the surcharge tax was enacted after the end of the reporting period and therefore the financial statements do not reflect any surcharge tax liability for the year ended 31 March 2022. This is recommended by the statement of Alternative Treatments (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

39 Related Party Disclosures

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
39.1 Amount due from/to related parties - Subsidiaries				
Amounts receivable as at 31 March	-	-	4,582,315	3,567,841
Amounts payable as at 31 March	-	-	118,952	15,201

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
39.2 Transaction with related parties - Subsidiaries				
Allocation of common personnel and administration expenses	-	-	329,187	163,690
Rendering of services	-	-	79,000	68,421
Rent income	-	-	237,643	215,774
Royalty income	-	-	556,836	455,384
Corporate expenses	-	-	60,000	60,000
Interest income	-	-	34,191	26,315
Post employment benefit plan				
Contribution to the provident fund	105,375	105,375	89,630	89,630
39.3 Associates				
Amounts receivable as at 31 March	49,030	12,227	-	-
Sale of goods/services	2,391,140	1,230,214	-	-

39.4 Terms and conditions

Outstanding balances at the year end are unsecured, and not interest bearing. Interest is charged based on the purpose for which funds are used.

Transactions with related parties are carried out at arms length in the ordinary course of the business. Outstanding balances at the year end are unsecured, and not interest bearing. Interest is charged based on the purpose for which funds are used.

Non recurrent related party transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2021 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the Security Exchange Commission directive issued under section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2021 audited financial statements, which required additional disclosures in 2021/22 Annual Report Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the Security Exchange Commission directive issued under section 13(c) of the Security Exchange Commission Act.

39.5 Off Balance Sheet Items

Guarantees given by the Company to Banks on behalf of related parties are disclosed in Note 28.1 (Interest bearing borrowings) to the Financial Statements

39.6 Transactions with key management personnel of the company or its parent

The Key Management Personnel include members of the Board of Directors of Richard Pieris and Company PLC.

	Group		Company	
	2022	2021	2022	2021
a) Key management personnel compensation	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short-term employee benefits	279,756	74,203	279,756	55,023

b) Other transactions with key management personnel

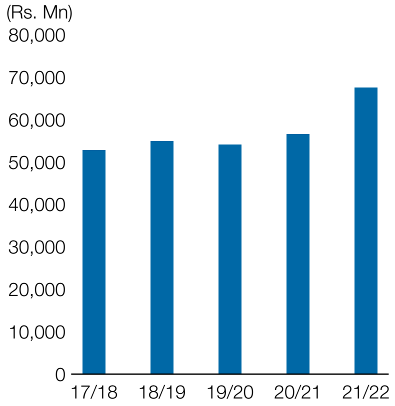
Richard Pieris and Company carries out transactions with Key Management Personnel (KMPs) and their close family members on an arm's length basis except any concessions which have been availed under concessionary schemes uniformly applicable to all staff. This is mainly evident in the Arpico sales outlets island wide.

39.7 Other related party disclosures

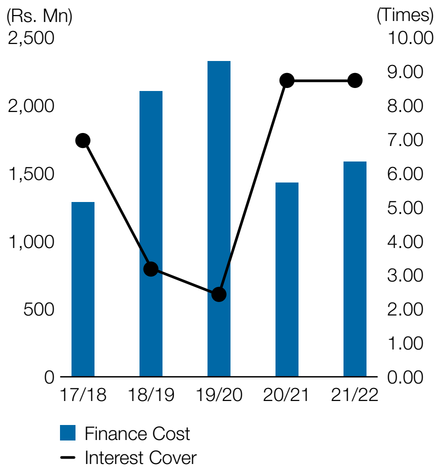
(a) Rentals amounting to Rs. 62.8 mn were paid by the Group to related parties of a key management personnel.
(b) Fees amounting to Rs. 27.1 mn were paid by the Group to entities in which a key management personnel is a Director.
(c) Rentals amounting to Rs. 5 mn were paid by the Group to an entity in which a key management personnel is a Director.
(d) Fees amounting to Rs. 34.1 mn were paid by the Group to a related party of a key management personnel.

Ten Year Summary

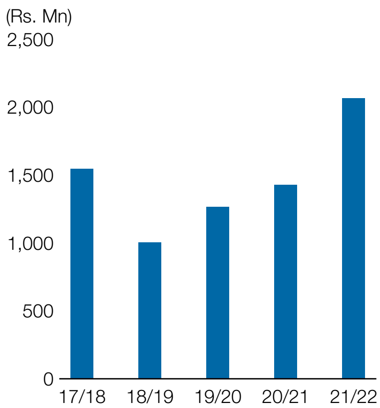
Turnover Composition



Interest Cover



Tax Paid

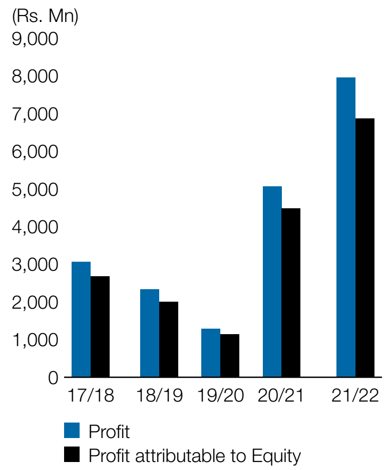


	2021/22 Rs. '000	2020/21 Rs. '000	2019/20 Rs. '000
TRADING RESULTS			
Revenue	67,668,113	56,725,189	54,239,710
Profit from operations	10,751,233	7,205,591	4,306,099
Finance cost	(1,589,284)	(1,432,021)	(2,329,271)
Finance income	625,232	609,794	501,850
Profit from operations after finance cost and finance income	9,787,180	6,383,364	2,478,678
Income from associates before tax	248,844	116,893	89,409
Profit before tax from continuing operations	10,036,025	6,500,257	2,568,087
Income tax expense	(2,071,863)	(1,430,780)	(1,270,135)
Profit for the year from continuing operations	7,964,162	5,069,477	1,297,952
Loss after tax from discontinued operations	(1,963)	(3,515)	(7,366)
Profit for the year	7,962,199	5,065,962	1,290,586
Non controlling interest	1,075,512	575,701	147,385
Profit attributable to equity holders of parent	6,886,687	4,490,261	1,143,201
Gross dividend	1,221,023	2,035,038	-
BALANCE SHEET			
Assets			
Property, plant and equipment/Leasehold properties	24,080,131	20,631,673	20,207,370
Investment properties	322,010	295,121	295,246
Intangible assets	1,143,970	1,142,658	1,142,431
Right-of-use assets	3,744,356	4,974,188	5,559,343
Biological assets	1,449,731	1,301,177	1,138,269
Investments in associates and other investments	351,452	227,534	189,407
Other non current financial assets	4,176,443	2,470,448	1,983,494
Deferred tax assets	458,154	458,976	500,010
Current assets	49,211,728	40,755,607	36,402,312
	84,937,975	72,257,382	67,417,882
Equity and liabilities			
Stated Capital	1,972,829	1,972,829	1,972,829
Capital and revenue reserves	21,201,306	15,418,372	12,642,969
Statutory reserve fund/Investment fund reserve	89,282	76,761	76,761
Foreign currency translation	-	-	-
Other components of equity	(426,584)	(76,996)	(213,606)
Non controlling interest	4,358,124	3,315,356	2,878,055
Term loans payable after one year	4,291,740	4,061,498	4,244,760
Lease liabilities on right-of-use assets	3,483,170	3,851,542	4,335,774
Insurance provision	1,960,776	2,097,233	1,622,089
Deferred income and deferred tax	992,828	1,328,005	1,457,854
Provisions and other liabilities	3,159,041	2,840,874	3,048,365
Net liability to the lessor payable after one year	-	-	-
Current liabilities	43,855,463	37,371,904	35,352,032
	84,937,975	72,257,382	67,417,882
RATIOS & OTHER INFORMATION			
Earnings per share (Rs.)	3.38	2.21	0.56
Market value per share (Rs.)	13.30	16.80	7.80
Price earnings ratio (No. of Times)	3.93	7.60	13.92
Net assets per share (Rs.)	11.22	28.18	7.11
Return on equity (%)	34.24	8.55	8.24
Dividend per share (Rs.)	0.60	1.00	-
Dividend cover (No. of Times)	5.64	2.21	-
Interest cover (No. of Times)	11.15	8.76	2.36
Current ratio (No. of Times)	1.12	1.09	1.03
Gearing ratio (%)	31.20	38.15	49.55

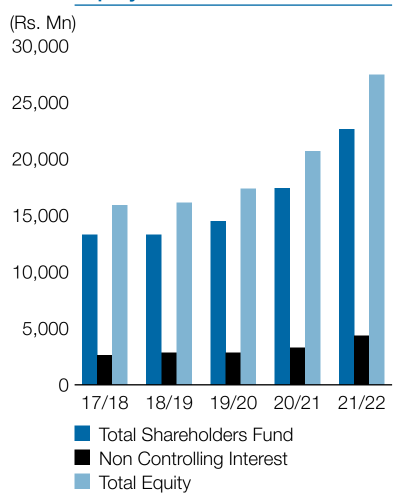
* All figures are based on Sri Lanka Accounting Standards.

2018/19 Rs. '000	2017/18 Rs. '000	2016/17 Rs. '000	2015/16 Rs. '000	2014/15 Rs. '000	2013/14 Rs. '000	2012/13 Rs. '000
55,045,358	52,972,873	49,149,395	43,018,502	37,802,243	34,699,111	34,690,340
4,879,021	5,396,771	5,290,459	3,955,303	3,103,509	2,807,127	3,599,997
(2,109,249)	(1,291,017)	(955,768)	(826,092)	(811,166)	(922,062)	(1,031,521)
556,240	515,641	383,695	233,759	244,304	389,584	302,054
3,326,012	4,621,395	4,718,386	3,362,970	2,536,647	2,274,649	2,870,530
27,580	10,157	83,028	35,944	42,299	27,902	63,765
3,353,592	4,631,552	4,801,414	3,398,914	2,578,946	2,302,551	2,934,295
(1,006,764)	(1,549,776)	(1,237,426)	(1,137,461)	(747,009)	(643,970)	(737,082)
2,346,828	3,081,776	3,563,988	2,261,453	1,831,937	1,658,581	2,197,213
(4,561)	(4,380)	(5,018)	(3,536)	(3,457)	(2,396)	(581)
2,342,267	3,077,396	3,558,970	2,257,917	1,828,480	1,656,185	2,196,632
332,699	390,416	388,875	110,232	176,388	238,970	360,297
2,009,568	2,686,980	3,170,095	2,147,685	1,652,092	1,417,215	1,836,335
1,729,783	2,238,542	1,221,023	1,017,519	508,760	886,270	387,848
20,209,899	20,673,193	17,635,423	16,491,231	15,819,465	14,247,201	12,330,580
236,253	216,623	166,709	165,209	165,152	140,698	140,404
1,155,155	1,166,434	1,140,835	1,147,321	1,158,307	507,192	508,893
1,293,525	-	-	-	-	-	-
1,026,885	951,252	865,762	824,557	794,128	619,519	568,037
149,087	125,562	117,278	241,302	88,962	39,708	24,990
2,316,579	1,741,475	1,683,037	1,112,049	606,839	559,332	590,002
433,396	91,901	75,918	109,937	-	-	-
37,999,390	31,020,053	28,244,173	23,593,348	19,450,377	16,462,737	13,110,630
64,820,169	55,986,493	49,929,135	43,684,954	38,083,230	32,576,387	27,273,536
1,972,829	1,972,829	1,972,829	1,972,829	1,972,829	1,814,824	1,637,236
11,245,314	11,136,984	10,807,381	8,786,806	7,861,271	6,712,869	6,234,927
76,606	60,204	46,024	23,190	2,478	6,852	2,222
-	-	-	-	-	-	-
(10,142)	109,388	104,969	89,903	75,826	73,390	75,057
2,837,869	2,612,630	2,614,195	2,412,573	2,431,421	2,150,514	2,217,100
5,876,070	5,070,978	6,924,988	6,272,108	6,224,424	4,166,767	3,368,878
562,035	-	-	-	-	-	-
1,391,506	1,154,177	814,633	501,933	307,092	193,371	67,575
1,501,810	1,393,635	1,027,096	938,493	800,429	774,843	792,831
2,966,656	2,816,141	2,543,376	2,545,350	2,725,406	2,196,023	1,912,450
-	571,393	583,654	595,444	606,780	617,679	628,159
36,399,616	29,088,134	22,489,990	19,546,325	15,075,274	13,869,255	10,337,101
64,820,169	55,986,493	49,929,135	43,684,954	38,083,230	32,576,387	27,273,536
0.99	1.32	1.56	1.05	0.82	0.72	0.95
9.20	12.80	8.30	7.20	7.40	6.60	6.60
9.29	9.69	5.32	6.86	9.00	9.17	6.95
6.53	6.53	6.35	5.34	4.87	4.34	4.10
15.13	20.50	26.64	20.67	17.84	17.12	25.76
0.85	1.10	0.60	0.50	0.25	0.45	0.20
1.16	1.20	2.60	2.11	3.29	1.60	4.75
3.14	6.96	9.25	6.68	5.47	5.27	4.94
1.04	1.07	1.26	1.21	1.29	1.19	1.27
55.15	49.05	45.03	41.55	40.49	37.69	29.50

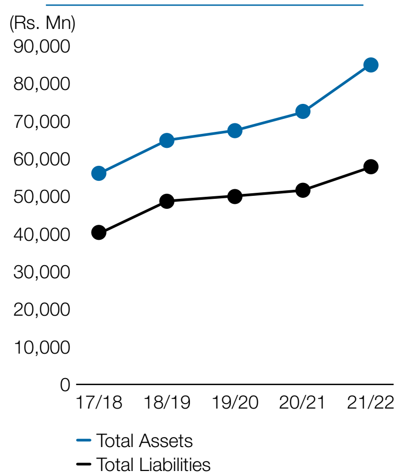
Profit After Tax



Equity



Assets & Liabilities



Share Information

Share Information

The Ordinay Shares of the Company are listed in the Colombo Stock Exchange.

As at the financial year ended 31st March 2022

Distribution of Shareholders

Range of shareholding		No. of share holders as at 31.03.2022	No. of shares	% of Shareholding	No. of share holders as at 31.03.2021	No. of shares	% of Shareholding
1	1,000	4,889	1,665,278	0.08%	4,641	1,507,776	0.07%
1,001	10,000	2,910	11,700,822	0.58%	2,659	10,693,776	0.53%
10,001	100,000	1,075	33,866,734	1.66%	926	31,831,632	1.56%
100,001	1,000,000	249	79,114,128	3.89%	217	74,570,617	3.66%
1,000,001	& above	58	1,908,691,313	93.79%	59	1,916,434,474	94.17%
		9,181	2,035,038,275	100.00%	8,502	2,035,038,275	100.00%

Composition of Shareholders

Category	No. of share holders as at 31.03.2022	No. of shares	% of Shareholding	No. of share holders as at 31.03.2021	No. of shares	% of Shareholding
Institutional Investors	425	1,745,255,632	85.76%	305	1,747,597,122	85.88%
Individual Investors	8,756	289,782,643	14.24%	8,063	287,441,153	14.12%
Total	9,181	2,035,038,275	100.00%	8,368	2,035,038,275	100.00%
Resident shareholders	9,088	841,933,146	41.37%	8,271	844,667,870	41.51%
Non-resident shareholders	93	1,193,105,129	58.63%	97	1,190,370,405	58.49%
Total	9,181	2,035,038,275	100.00%	8,368	2,035,038,275	100.00%

The percentage of shares held by the public as at 31st March 2022 was 42.31% represented by 9,174 public shareholders. (Public shareholding as at 31st March 2021 was 42.15% represented by 8,495 public shareholders)

The Company complies with option 1 of the Listing rules 7.13.1 (a) - Rs 10Bn - Float Adjusted Market capitalization which requires 500 minimum public shareholders and no minimum Public shareholding percentage.

Market Activity

	31.03.2022	Date	31.03.2021	Date
Highest Price (Rs.)	29.5	12-Jan-22	18.7	19-Feb-21
Lowest Price (Rs.)	13.0	31-Mar-22	7.0	12-May-20
Year End Price (Rs.)	13.3	31-Mar-22	16.8	31-Mar-21
No of Transactions	32,688		34,427	
No of shares traded	181,063,809		201,623,891	
Share turnover (Rs.)	3,654,072,563		3,040,122,553	

Major Shareholders

	Name of the Shareholder	As at 31.03.2022	%	As at 31.03.2021	%
1	Skyworld Overseas Holdings Limited	516,388,590	25.37%	516,388,590	25.37%
2	Camille Consulting Corp.	328,011,115	16.12%	327,805,656	16.11%
3	Deutche Bank AG Singapore A/C 2 (DCS CLT ACC)	224,553,207	11.03%	224,653,787	11.04%
4	Sezeka Limited	203,196,647	9.98%	201,626,981	9.91%
5	Employees Provident Fund	169,899,520	8.35%	169,899,520	8.35%
6	Rockport Limited	113,471,856	5.58%	112,306,713	5.52%
7	Dr. Sena Yaddehige	104,375,732	5.13%	104,375,732	5.13%
8	Dhanasiri Recreation Pvt Ltd	34,009,920	1.67%	34,009,920	1.67%
9	J.B. Cocoshell (Pvt) Ltd	31,104,955	1.53%	34,785,449	1.71%
10	The Executor of the Estate of Late Mrs L.B. S. Pieris	22,782,045	1.12%	22,782,045	1.12%
11	Investment Resource Company (Private) Limited	20,000,000	0.98%	20,000,000	0.98%
12	Kalday (Pvt) Ltd.	12,126,030	0.60%	12,126,030	0.60%
13	Employees Trust Fund Board	9,460,675	0.46%	1,244,425	0.06%
14	Est.of. LATM. D. R. Rutnam	8,586,500	0.42%	8,586,500	0.42%
15	Ms. J.F. Rutnam	7,904,500	0.39%	7,971,500	0.39%
16	Mr. D.W.R. Rutnam	7,689,000	0.38%	7,784,000	0.38%
17	Dr. C.M. Fernando	6,660,570	0.33%	6,660,570	0.33%
18	The Incorporated Trustees of the Church of	4,868,795	0.24%	4,868,795	0.24%
19	SSBT- SUNSUER PTY LTD AS TRUSTEE FOR SUNSUPER	4,354,953	0.21%	4,302,005	0.21%
20	Northern Trust Company S/A Hosking Global Fund	3,775,534	0.19%	5,414,807	0.27%
		1,833,220,144	90.08%	1,827,593,025	89.81%

Directors Shareholding

	Name of the Director	Number of shares as at 31st March 2022	Number of shares as at 31st March 2021
1	Dr. Sena Yaddehige	104,375,732	104,375,732
2	Mr. W J V P Perera	4,500	4,500
3	Mr. S S G Liyanage	529,740	3,942,825
4	Mr. Shaminda Yaddehige	-	-
5	Dr. Jayatissa De Costa P.C.	-	-
6	Mr. Prasanna Fernando	-	-
7	Mr. Joseph Felix Fernandopulle	107,623	107,623
8	Mr. Shiron Gooneratne	-	-

Ratios

	31.03.2022	31.03.2021
Debt/Equity Ratio	2.63	2.29
Quick Asset Ratio	0.55	0.58
Interest Cover	6.39	6.63

Group Real Estate Portfolio

Freehold Land & Buildings

Owning Company	Location	Land in Perches	Building in (Sq. Ft)	No. of Buildings	Total Amount (Rs. Mn)	Value Per Perch (Rs)	Value Per Sq. Ft (Rs)
Richard Pieris & Company PLC	Hyde Park Corner	783	85,000	2	15,454	19,264,368	4,353
	Maharagama	1,773	289,509	10	3,412	1,714,044	1,288
	Mulleriyawa	192	-	-	75	390,625	-
	Kundasale	208	-	-	63.8	306,731	-
	Pelwatte	99	-	-	160	1,619,433	-
	Arachchikattuwa	1,600	-	-	17	10,625	-
	Dampe	12,782	-	-	755	59,065	-
	Ratnapura	20	-	-	84	4,125,737	-
	Kollupitiya	6	-	-	64	10,283,732	-
	Thalangama	24	-	-	87	3,639,958	-
	Ja Ela	124	-	-	15	121,690	-
	Biyagama	215	-	-	104	484,315	-
RPC Real Estate Development Company (Pvt) Limited	Kandy	162	52,500	1	1,051	5,784,562	2,190
Arpico Industrial Development Company (Pvt) Limited	Mattegoda	1,112	149,700	1	654	417,716	1,263
	Siyambalagoda	467	57,130	1	269	389,663	1,523
Richard Pieris Distributors Limited	Maharagama	183	28,726	1	549	2,435,827	3,586
	Moratuwa	85	-	-	90	1,058,824	
	Matara	362	38,000	1	537	867,403	5,868
	Panadura	-	18,800	1	92	4,894	
RPC Retail Development (Pvt) Limited	Negambo	226	47,542	1	554	1,500,000	4,522
	Kadawatha	99	21,850	1	406	3,131,313	4,394
	Wattala	101	-	-	173	1,712,871	
	Kelaniya	102	-	-	70	686,275	
Arpimalls Development (Pvt) Limited	Dehiwala	166	44,616	1	698	3,281,156	3,429
	Battaramulla	124	67,134	1	784	4,630,225	3,098
Plastishells Limited	Mattegoda	340	45,825	2	54	113,235	338
	Dambulla	284	12,494	1	31	66,901	920
Arpitech (Pvt) Limited	Horethuduwa	488	-	-	35	71,721	-
	Kudamaduwa	104	-	-	11	108,654	-
	Mattegoda	514	-	-	57	110,895	-
Richard Pieris Exports PLC	Ja-Ela	640	73,190	5	294	343,750	1,011
Micro Minerals (Pvt) Limited	Bandaragama	320	16,800	1	44	66,875	1,369
Richard Pieris Tyre Company Limited	Kurunagala	413	22,566	1	80	116,223	1,418
Arpidag International (Pvt) Limited	Maharagama	80	10,040	1	111	1,146,250	1,892
RPC Plantation Management Services (Pvt) Limited	Panadura	333	-	-	478	1,435,435	
Richard Pieris Finance Ltd	Nattandiya	160	1,021	1	3	17,188	588
	Chilaw	76	17,487	1	148	1,719,572	1,011
	Chilaw	30	-	-	17	550,000	
	Chilaw - Bazzar Street	10	2,335	1	45	4,094,517	1,370
	Elpitiya	40	-	-	3	80,000	
RPC Properties (Pvt) Limited	Polgasovita	1,047	-	-	619	591,137	-
	Maskeliya	7,629	-	-	55	7,183	-
	Mattegoda	529	-	-	293	554,399	-
	Kiribathgoda	292	-	-	179	612,227	-
	Boraluwewa	1,623	-	-	18	11,275	-
	Kiribathgoda 2	28	-	-	60	2,144,750	-
	Ahungalla	145	-	-	90	620,690	-
	Matara	75	-	-	122	1,622,733	-

	Land in Hec	Building in (Sq.Ft)
(A) Leasehold Land of Plantations		
Maskeliya Plantations PLC	10,561	7,112,890
Kegalle Plantations PLC	9,757	3,507,810
Namunukula Plantations PLC	11,779	4,585,874

	Location	Land in Per	Building in (Sq.Ft)
(B) Leasehold Land of other subsidiaries			
Plastishells Limited	Koggala	160	4,027
	Pallekale	160	4,211
Arpitech (Pvt) Limited	Pallekale	37.80	3,000
	Matara	342	92,979
	Polgahawela	-	88,983
	Orient Premises	480	40,900
RPC Polymers (Pvt) Limited	Horana	1,312	77,436
Arpitalian Compact Soles (Pvt) Limited	Biyagama	246	30955
Richard Pieris Natural Foams (Pvt) Limited	Biyagama	1,502	126,508
Richard Pieris Tyre Company Limited	Pallekale	252	34,936
	Weligama	432	9,030
	Polonnaruwa	540	27,185
BGN Industrial Tyre (Pvt) Limited	Horana	320	21,668
Richard Pieris Distributors Limited	Kegalle	215	60,900
	Minuwangoda	140	43,102
	Katugastota	265.5	57,800
	Kochchikade	90	25,764
	Kurunegala	138.85	99,680
	Kundasale	140.17	-
	Thalawathugoda	100	25,364

Fair Value Hierarchy - Freehold Land and Building

Owning Company	Location	Land Value Rs.'000	Building Value Rs.'000	Total Value Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Richard Pieris & Company PLC	Hyde Park Corner	15,084,000	370,000	15,454,000	-	-	15,454,000
	Maharagama	3,039,000	373,000	3,412,000	-	-	3,412,000
	Mulleriyawa	75,000	-	75,000	-	-	75,000
	Kundasale	63,800	-	63,800	-	-	63,800
	Pelwatte	160,000	-	160,000	-	-	160,000
	Arachchikattuwa	17,000	-	17,000	-	-	17,000
	Dampe	754,957	-	754,957	-	-	754,957
	Ratnapura	84,000	-	84,000	-	-	84,000
	Kollupitiya	64,479	-	64,479	-	-	64,479
	Thalangama	87,359	-	87,359	-	-	87,359
	Ja Ela	15,053	-	15,053	-	-	15,053
	Biyagama	103,963	-	103,963	-	-	103,963
RPC Real Estate Development Company (Pvt) Limited	Kandy	936,000	115,000	1,051,000	-	-	1,051,000
Arpico Industrial Development Company (Pvt) Limited	Mattegoda	464,500	189,000	653,500	-	-	653,500
	Siyambalagoda	182,000	87,000	269,000	-	-	269,000
Richard Pieris Distributors Limited	Maharagama	446,000	103,000	549,000	-	-	549,000
	Moratuwa	90,000	-	90,000	-	-	90,000
	Matara	314,000	223,000	537,000	-	-	537,000
	Panadura	-	92,000	92,000	-	-	92,000
RPC Retail Development (Pvt) Limited	Negambo	339,000	215,000	554,000	-	-	554,000
	Kadawatha	310,000	96,000	406,000	-	-	406,000
	Wattala	173,000	-	173,000	-	-	173,000
	Kelaniya	70,000	-	70,000	-	-	70,000
Arpimalls Development (Pvt) Limited	Dehiwala	545,000	153,000	698,000	-	-	698,000
	Battaramulla	576,000	208,000	784,000	-	-	784,000
Plastishells Limited	Mattegoda	38,500	15,500	54,000	-	-	54,000
	Dambulla	19,000	11,500	30,500	-	-	30,500
Arpitech (Pvt) Limited	Horethuduwa	35,000	-	35,000	-	-	35,000
	Kudamaduwa	11,300	-	11,300	-	-	11,300
	Mattegoda	57,000	-	57,000	-	-	57,000
Richard Pieris Exports PLC	Ja-Ela	220,000	74,000	294,000	-	-	294,000
Micro Minerals (Pvt) Limited	Bandaragama	21,400	23,000	44,400	-	-	44,400
Richard Pieris Tyre Company Limited	Kurunagala	48,000	32,000	80,000	-	-	80,000
Arpidag International (Pvt) Limited	Maharagama	91,700	19,000	110,700	-	-	110,700
RPC Plantation Management Services (Pvt) Limited	Panadura	478,000	-	478,000	-	-	478,000
Richard Pieris Finance Ltd	Nattandiya	2,750	600	3,350	-	-	3,350
	Chilaw	130,688	17,675	148,363	-	-	148,363
	Chilaw	16,500	-	16,500	-	-	16,500
	Chilaw - Bazzar Street	41,969	3,200	45,169	-	-	45,169
	Elpitiya	3,200	-	3,200	-	-	3,200
RPC Properties (Pvt) Limited	Polgasovita	619,000	-	619,000	-	-	619,000
	Maskeliya	54,800	-	54,800	-	-	54,800
	Mattegoda	293,000	-	293,000	-	-	293,000
	Kiribathgoda	179,000	-	179,000	-	-	179,000
	Boraluwewa	18,300	-	18,300	-	-	18,300
	Kiribathgoda 2	60,053	-	60,053	-	-	60,053
	Ahungalla	90,000	-	90,000	-	-	90,000
	Matara	121,705	-	121,705	-	-	121,705

Glossary of Financial Terms

A

Associate Company:
An entity over which the investor has significant influence.

AWPLR
Average Prime Lending Rate published periodically by the Central Bank of Sri Lanka.

C

Current Ratio:
Current assets divided by current liabilities. A measure of short term liquidity.

D

Debt to Equity Ratio:
Total interest bearing borrowings as a percentage of shareholder's funds and non-controlling interest.

Deferred Taxation:
Sum set aside for tax in the financial statements that will become payable in a financial year other than the current financial year.

Diluted Earnings Per Share (DPS):
Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period adjusted for the effects of all dilutive potential ordinary shares.

Dividend Cover:
Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend per Share:
Gross dividend divided by the number of ordinary shares in issue as at the balance sheet date.

Dividend Payout:
Dividends paid or declared during the period as a proportion of company earnings for the period.

Dividend Yield:
Gross dividend per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

E

Earnings Per Share (EPS)
Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

Earnings Yield:
Earnings per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

EBITDA
Earnings before interest, tax, depreciation & amortisation.

Effective Tax Rate:
Tax expenses divided by profit before tax.

G

Gearing Ratio:
Proportion of net interest bearing liabilities to total capital employed.

Gross Dividend:
Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

I

Interest Cover:
Profit before finance cost & tax (PBIT) divided by net finance cost. Measure of entity's debt service ability.

Investment Property:
Property held to earn rentals or for capital appreciation or both, rather than for;

a) Use in the production, supply of goods or services or for administrative purposes.
b) Sale in the ordinary course of business.

M

Market Capitalization:
Number of shares in issue at the end of the period multiplied by the market price at the end of the period.

N

Net Assets
Total assets after deducting current liabilities, long term liabilities & non-controlling interests

Net Assets per Share:
Total Equity less the Minority interest divided by total number of ordinary shares outstanding as at the balance sheet date. A basis of relative share valuation

NSA
Net Sales Average
Average sale price obtained (over a period of time, for a kilo of produce) after deductions such as brokerage, etc.

Non-Controlling Interest:
The equity in a subsidiary not attributable directly or indirectly, to a parent.

P

PBIT
Profit before interest & tax inclusive of other operating income

Price Earnings Ratio:
Market price of a share divided by earnings per share as reported at that date. A key multiple for relative share valuation.

Price to Book Value:
Market price of a share divided by net assets per share. A key multiple for relative share valuation.

Public Shareholding:
Shares of a listed entity held by any person other than those directly or indirectly held by;

a) Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; and
b) Its directors who are holding office as directors of the entity, their spouses and children under 18 years of age; and
c) Chief Executive Officer, his/her spouse and children under 18 years of age; and
d) Any single shareholder who holds 10% or more of the shares.

R

Related Parties:
Parties or Entities that is related to the entity that is preparing its financial statements.

Return on Total Capital Employed:
Profit before finance cost & tax (PBIT) divided by average total capital employed for the period.

Return on Equity:
Profit attributable to equity holders of the parent expressed as a percentage of average ordinary shareholders' fund for the period.

Revenue Reserves:
Reserves considered as being available for distributions.

S

Segmental Analysis:
Analysis of financial information to segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

Shareholders' Fund:
Stated capital plus revenue reserves and other components of equity.

Stated Capital:
The total of all amounts received by the entity or due and payable to the entity by shareholders in respect of the issue of shares and calls on shares.

Subsidiary Company:
An entity that is controlled by another entity.

T

Total Capital Employed:
Total equity plus net interest bearing borrowings.

V

Value Addition:
The quantum of wealth generated by the activities of the Group measured as the differences between net revenue (including other income) and the cost of materials and services bought in.

W

Working Capital Investment:
Capital required for financing the day-to-day operations computed as current assets exclusive of liquid funds and interest earning financial receivables less operating liabilities.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Eighty – Third Annual General Meeting of Richard Pieris & Company PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Friday, 30th September, 2022 at 3.00 p.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Viville Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya, a shareholder of the Company.
   "That Dr. Sena Yaddehige of Le Neuf , Chemin, St. Saviours, Guernsey, United Kingdom who is 76 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige "

3. To approve the appointment of Dr. Henry Jayatissa De Costa as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Kalinga Perera of 54/4, Ananda Balika Mawatha, Pitakotte, Kotte, a shareholder of the Company.

   "That Dr. Henry Jayatissa De Costa of No. 496/3, Havelock Road, Colombo 06, who is 80 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Henry Jayatissa De Costa "

4. To approve the appointment of Mr. Viville P Perera as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Adrian Oswald of No. 32, St. Sebastian Road, Galwetiya, Wattala, a shareholder of the Company.
   "That Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya who is 74 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Mr. Viville P Perera"

5. To elect Mr. Wasantha Abeysirigunawardena, who retires in terms of Article 91 at the Annual General Meeting, a Director

6. To re-elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 85 at the Annual General Meeting, a Director

7. To re -appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

8. To authorize the Directors to determine contributions to charities

9. To consider any other business of which due notice has been given.

By Order of the Board

Richard Pieris Group Services (Private) Limited
Secretaries

No. 310, High Level Road, Nawinna, Maharagama

29th August 2022

Note:

a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report
c) The completed form of proxy should be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama., not less than 48 hours before the time appointed for the holding of the meeting.

Notes

Notes

Form of Proxy

I/We* (in block letters) ....

of .... being a

member / members of the RICHARD PIERIS & COMPANY PLC, hereby appoint ....

.... of

....
whom failing DR. SENA YADDEHIGE whom failing VIVILLE PRAXIDUS PERERA whom failing SHAMNINDA YADDEHIGE whom failing DR. JAYATISSA DE COSTA whom failing PRASANNA INNOCENT FERNANDO whom failing FELIX FERNANDOPULLE whom failing SHIRON GOONERATNE whom failing WASANTHA ABEYSIRIGUNAWARDENA* as my/our proxy to represent me/us and to vote on my/our behalf at the 83RD ANNUAL GENERAL MEETING of the Company to be held on 30th September 2022 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

		In favour	Against
1.	To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.		
2.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddehige at this Annual General Meeting, a Director.		
3.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Jayatissa De Costa at this Annual General Meeting, a Director		
4.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Viville Perera at this Annual General Meeting, a Director.		
5.	To elect Mr. Wasantha Abeysirigunawardena who retires in terms of Article 91 at the Annual General Meeting, a Director.		
6.	To re-elect Mr. Prasanna Fernando who retires by rotation in terms of Article 85 at the Annual General Meeting, a Director.		
7.	To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	To authorize the Directors to determine contributions to charities.		
9.	To consider any other business of which due notice has been given.		

Dated this .... day of 2022

....
Signature of shareholder

Notes:
(i) Please delete the inappropriate words
(ii) A proxy need not be a member of the Company.
(iii) Instructions as to completion appear on the reverse of this form.

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

To be valid, this Form of Proxy must be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama., not later than 3.00 p. m. on Wednesday, 28th September 2022

In perfecting the Form of Proxy, please ensure that all details are legible.

In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.

This Form of Proxy shall in the case of an individual be signed by the appointer or his/her Attorney. Where the Form of Proxy is signed under a Power of Attorney, which has not been registered with the Company, the original Power of Attorney together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company, along with the Form of Proxy.

Corporate Information

Name of the Company
Richard Pieris and Company PLC

Legal Form
A quoted public Company with limited liability, incorporated in Sri Lanka under the Companies ordinance No. 51 of 1938 on 11th May 1940. The Company registration number is PQ 138.

Stock Exchange Listing
The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka.

Board of Directors
Dr. Sena Yaddehige - Chairman/ Managing Director/ CEO
Mr. W. J. Viville P. Perera - Director
Mr. S.S.G. Liyanage - Director (Demised on 30th April 2022)
Mr. Shaminda Yaddehige - Director/COO
Dr. Jayatissa De Costa P.C. - Director
Mr. Prasanna Fernando - Director
Mr. Joseph Felix Fernandopulle - Director
Mr. Shiron Gooneratne - Director
Mr. Wasantha Rukmal Abesirigunawardena - Director (Appointed on 4th May 2022)

Head/Registered Office
No. 310, High Level Road, Nawinna,
Maharagama,
Sri Lanka.
Telephone : + (94) 114310500
Fax : + (94) 114310777
Website : www.arpico.com
E-mail : cpu@arpico.com

Secretaries
Richard Pieris Group Services (Private) Limited
No. 310, High Level Road, Nawinna,
Maharagama,
Sri Lanka.

Auditors
Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10,
Sri Lanka.

Bankers
Bank of Ceylon
Cargills Bank
Commercial Bank of Ceylon
Deutsche Bank of Ceylon
DFCC Bank
Hatton National Bank
Hongkong and Shanghai Banking Corporation
Indian Bank
Indian Overseas Bank
Nations Trust Bank
National Development Bank
Pan Asia Banking Corporation
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank
State Bank of India
Union Bank of Colombo
Muslim Commercial Bank
HDFC Bank
Habib Bank

Legal Advisors
Nithya Partners
Attorneys-at-Law,
No. 97A, Galle Road, Colombo 3, Sri Lanka.

Heritage Partners
No. 04, Malalasekara Place, Colombo 07.

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