

GROW & DIVERSIFY



RICHARD PIERIS EXPORTS PLC
ANNUAL REPORT 2021/2022

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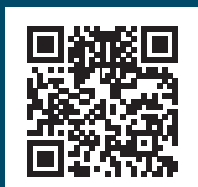
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Corporate Information

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of this annual report



The PDF version is published online on the same date
as the date of issue of this publication at

<https://www.cse.lk/home/company-info/REXP.N0000/financial>



VISION

To become one of the leading Rubber/Polymer related Product Exporters in the global market.

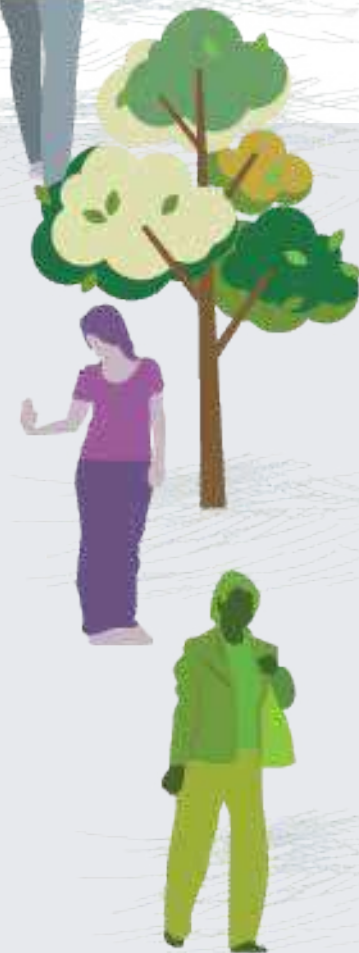
MISSION

Be a preferred supplier of Rubber/Polymer products to the International markets by being close to our customers by assisting them to remain competitive in the global markets by our commitment to innovation, continuous improvement of our products, processes and services along with the development of human resources.



GROW & DIVERSIFY

Fuelled by our hunger to expand, the Group has always leveraged on its strategic assets - its technical know-how, decades of experience and well-respected brand name - to keep diversifying its portfolio to meet customer needs while mitigating risks of relying on any one product range or market. Our global ambition is ensuring we step into new markets and establish a firm footprint through high quality products and professional customer care. We thrive in creating success in uncharted territories while relying on our core strengths. Led by our impeccable values and vision for the Group, our efforts to grow and diversify will always be tempered by doing good.



Our Journey

Richard Pieris Exports PLC commenced operations with a modest share capital of Rs. 75,000 in this year, succeeded in achieving remarkable growth and market stability to become a holding Company with two subsidiaries and one Associate Company. The Company has its roots in humble beginnings, operating from a small factory in a leased building in Ratmalana. The presses were fabricated in Hong Kong by a roadside supplier whose quality matched our costs and requirements. The initial range included entrance mats, mats for work stations, gymnasiums, and food service sector. In time, Company started exporting a few designs of large ring mats to Europe and USA in 1984. Today, it has become the pioneer in manufacturing numerous specialty fire retardant mats, electrical resistive mats and special soft mats for stables and dairy farms.

1983



The Company achieved the pinnacle of excellence this year, adding food jar sealing rings for the European market in another pioneering effort this year. This product, made to food grade quality standards, is very popular in its export markets of Germany and France. In Germany, the most popular home canning system is the Weck brand for which Company is the exclusive supplier of sealing rings for over 25 years, as the Company conforms to the frequent product standard upgrades effected by German regulatory authorities.

1986

1994

The introduction of the Latex foam products to the international markets from Sri Lanka too was carried out by the Company's subsidiary Richard Pieris Natural Foams Ltd, in this watershed year. The Company also reflected corporate stewardship by adopting recycling of waste generated at its factory, so as not to release waste materials into the environment. Company's concern for environment was highlighted when they installed a state-of-the-art, world-renowned Chronos Richardson computerized automated carbon black and other ingredient weighing and feeding system for the Company's black compounding facility in 1995. This was again a first for Sri Lanka and improved the consistency and the quality of the compounds.



1997

The use of crutches to overcome difficulties in mobility dates back to prehistoric times, according to hieroglyphics from ancient Egypt. Company added to its pioneering tally when it started exporting crutch-tips in this year, which is a vital part of the product to provide comfort and anti-skid facility. Company went on to become the exclusive supplier of crutch tips to a world leading manufacturer, Kowsky, from Sweden.



1999

The introduction of resin shoe soling sheets by Arpitalian Compact Soles (Pvt) Ltd, for exclusive shoe-makers in international markets in this year propelled the end user to be at the forefront of the fashion conscious world.

A major milestone for the Group was achieved this year when Richard Pieris Natural Foams Limited commissioned the world's first natural latex continuous sheeting plant at Biyagama FTZ. This was considered a huge breakthrough for the Latex foam industry. During its journey, the Group has remained close to their customers achieving consistent growth, resulting from its ability to create successful strategies to satisfy the needs of discerning customers in international markets.

In the year 2015/2016, the Group won several prestigious awards at the National Chamber of Exporters of Sri Lanka Annual Export Awards.

The Gold Award for Agricultural Value Added Exporter, in the large business category, was bestowed on Richard Pieris Natural Foams Limited for 2015/16.



2015



Production capabilities at Latex segment were upgraded with a capital infusion of Rs. 350 mn to enhance technology and establish a continuous pillow line to cater to rising demand.

Companies in the Group won several prestigious awards at the National Chamber of Exporters of Sri Lanka Annual Export Awards. Richard Pieris Natural Foams Ltd was awarded as "Most Outstanding Exporter of the Year 2016" at the NCE award ceremony. This is the biggest achievement in the history of the Company. It was also bestowed with "Most Outstanding Exporter - Agriculture Value Added Sector" & Gold Award - Rubber Product Sub Sector - Extra Large Category at the Export Award Ceremony.

The Company went on to obtain both "ISO 9001 & ISO 14001" certificates.

2016

2018

Richard Pieris Natural Foams Limited was anointed with the Gold award for 'Most Outstanding Exporter – Runner Up of the year 2018' for the Rubber sector in the Extra-Large Business Category.

Meanwhile, Richard Pieris Exports PLC won the Gold Award for the Rubber sector - Large Business Category.

2021

Sustained billion-Rupee revenue milestone despite pandemic and economic crisis induced challenges. Group Company RPNF enhanced its footprint in key source markets in 3 continents while infusing technical proficiency, adopting aggressive marketing strategies and expanding capacity with its state-of-the-art manufacturing plant which will become operational in 2022/23 – lending the Group a true competitive edge.



Financial Highlights

Performance year ended 31st March		Group			Company		
		2021/22	2020/21	Variance %	2021/22	2020/21	Variance %
Turnover	Rs'000	6,536,932	5,362,310	22%	2,387,002	1,280,199	86%
Foreign exchange earnings	US\$'000	31,086	28,356	10%	11,351	6,770	68%
Profit / (Loss) before taxation	Rs'000	1,895,470	1,252,980	51%	1,163,085	624,405	86%
Tax on Profit	Rs'000	(237,578)	(212,717)	-12%	(135,459)	(85,864)	58%
Profit after taxation	Rs'000	1,657,892	1,040,263	59%	1,027,626	538,541	91%
Profit attributable to the ordinary shareholders	Rs'000	1,298,953	637,139	104%	1,027,626	538,541	91%
Financial Position as at 31.03.2022							
Non Current Assets	Rs'000	2,597,337	1,750,864	48%	568,403	566,562	0%
Current Assets	Rs'000	5,147,906	3,193,717	61%	2,657,915	1,814,991	46%
Total Assets	Rs'000	7,745,243	4,944,581	57%	3,226,318	2,381,553	35%
Non Current Liabilities	Rs'000	488,451	273,784	78%	77,798	69,674	12%
Current Liabilities	Rs'000	2,125,211	1,221,966	74%	600,469	475,182	26%
Shareholders' funds	Rs'000	3,374,807	2,273,281	48%	2,548,051	1,836,697	39%
Key Indicators							
Earnings Per Share	Rs	116.35	57.07	104%	92.05	48.24	0%
Net Assets Per Share	Rs	302.30	203.63	48%	228.24	164.52	39%
Dividend Per Share	Rs	28.00	25.00	12%	28.00	25.00	12%
Market Price Per Share	Rs				609.00	374.00	63%
Return On Capital Employed	%	46.09	39.55	17%	53.33	36.52	46%
Market Capitalization -Rs Mn					6,799	4,175	63%
Value Addition	Rs'000	2,813,102	1,989,081	41%	1,468,289	817,113	80%
Manpower							
	nos.	564	545	3%	220	151	46%

Rs.7,745 Mn

2020/21 - Rs. 4,945 Mn

TOTAL ASSETS

Rs.3,375 Mn

2020/21 - Rs. 2,273 Mn

NET ASSETS

US\$ 31 Mn

2020-21 - US\$ 28 Mn

FOREIGN EXCHANGE EARNINGS

Rs.1,895 Mn

2020/21 - Rs. 1,253 Mn

PROFIT BEFORE TAX

Rs.238 Mn

2020/21 - Rs. 213 Mn

TAX ON PROFIT

Rs.1,658 Mn

2020/21 - Rs. 1,040 Mn

PROFIT AFTER TAX

Group recorded a Revenue of

Rs. 6,537 Mn

and Gross Profit of

Rs. 2,185 Mn

while the Net Profit

(After Tax) was

Rs. 1,658 Mn



PERFORMANCE 2022

Revenue

Rs.6,537 Mn

Rs. 5,362 Mn (2020/21)

Foreign exchange earnings	10%
Turnover	22%
Profit / (Loss) before taxation	51%
Profit after taxation	59%
Profit attributable to the OSH	104%

FINANCIAL POSITION 2022

Shareholder's Funds

Rs.3,375 Mn

Rs. 2,273 Mn (2020/21)

Non Current Liabilities	78%
Non Current Assets	48%
Total Assets	57%
Current Assets	61%
Shareholders' funds	48%

KEY INDICATORS 2022

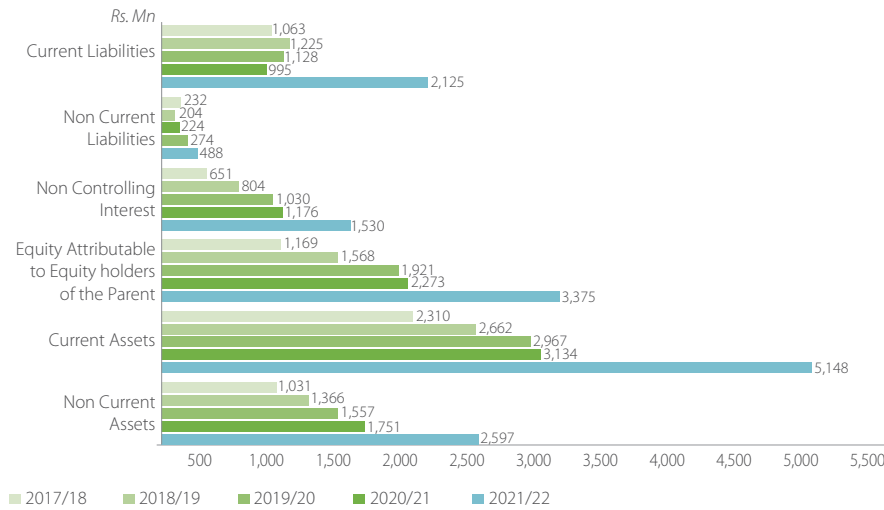
Value Addition

Rs.2,813 Mn

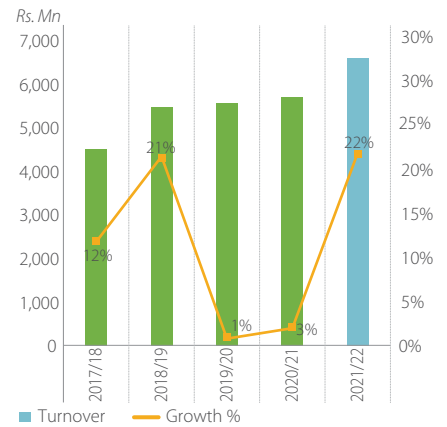
Rs. 1,989 Mn (2020/21)

Return on Capital Employed	17%
Value Addition	41%
Earnings Per Share	104%
Net Assets Per Share	48%
Dividend Per Share	12%

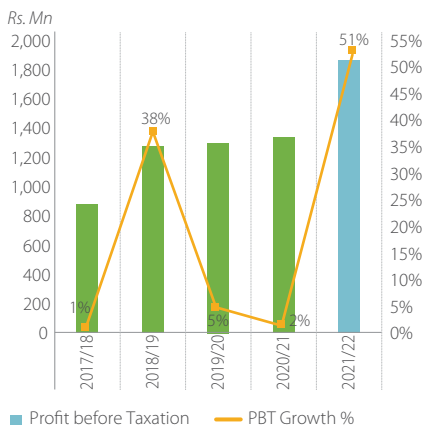
Financial Position Composition



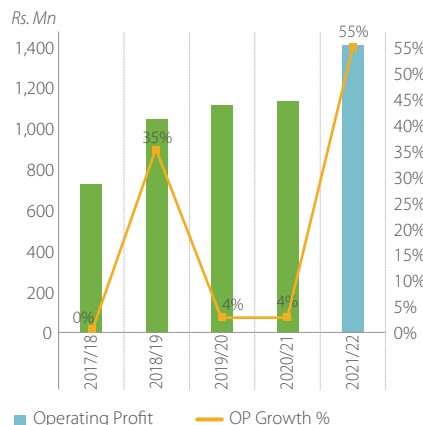
Turnover Vs Turnover Growth - %



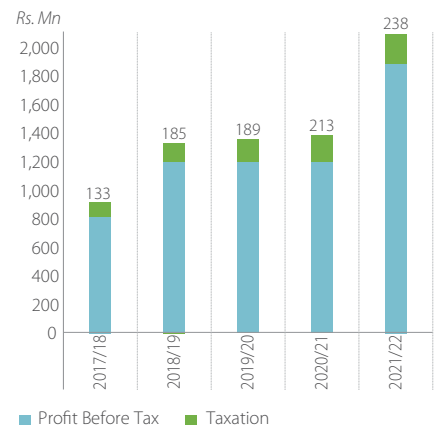
Profit Before Taxation Vs PBT Growth %



Operating Profit Vs OP Growth%



Tax on Profit



Financial Highlights

INVESTMENT OF ECONOMIC VALUE ADDED



DIRECT ECONOMIC VALUE GENERATED

Rs.6,607 Mn

2020/21: Rs. 5,393 Mn

Rs.6,537 Mn

2020/21: Rs. 5,362 Mn

Revenue

Rs.70 Mn

2020/21: Rs. 44 Mn

Finance & Other Income

Rs.0.6 Mn

2020/21: Rs. (14) Mn

Share of Profit/(Loss) of Associate



ECONOMIC VALUE DISTRIBUTED

Rs.5,510 Mn

2020/21: Rs. 4,947 Mn

Rs.3,794 Mn

2020/21: Rs. 3,403 Mn

Operating Cost

Rs.682 Mn

2020/21: Rs. 552 Mn

Employee Remuneration & Welfare

Rs.338 Mn

2020/21: Rs. 298 Mn

Payment to Government

Rs.312 Mn

2020/21: Rs. 279 Mn

Shareholders as Dividend

Rs.384 Mn

2020/21: Rs.415 Mn

Lenders of Capital



ECONOMIC VALUE RETAINED

Rs.1,097 Mn

2020/21: Rs. 466 Mn

Rs.97 Mn

2020/21: Rs. 106 Mn

Depreciation

Rs.20 Mn

2020/21: Rs. (2) Mn

Deferred Tax - Charge/(Reversal)

Rs.(122) Mn

2020/21: Rs. (11) Mn

Foreign Currency Translation - Gain/(Loss)

Rs.1,102 Mn

2020/21: Rs. 352 Mn

Profit Retained

We believe that by surmounting challenges and working towards achieving goals, we inspire others to never give up in the face of adversity. By forging ahead, we believe we widen the horizon for every individual and organization in the country to dream big and work towards achieving it. Our pursuit of excellence and perfection is what inspires us. If our actions inspire others to dream more, so be it.



Non Financial Highlights

HUMAN CAPITAL

97%

Retention Rate

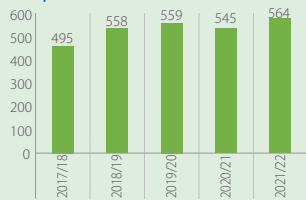
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Female

509

Male

Manpower



MANUFACTURED CAPITAL

Rs. 793 Mn

Investments

Rs. 2,814 Mn

PPE at Close

Rs. 2,021 Mn

PPE at Start

SOCIAL AND RELATIONSHIP CAPITAL

36 Countries

Coverage Countries

09

Number of Social and Cultural Events

Donated

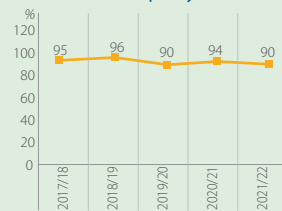
Stationery, Photocopy Machine, etc Am/ Ambagahawatte Maha Vidyalaya with contribution of the employees

NATURAL CAPITAL

Energy Intensity



Biomass Boiler Capacity Utilization



The Group's endeavour to switch from fossil fuel based to bio-mass generated steam has greatly reduced the carbon emission

INTELLECTUAL CAPITAL

Awards



02

QUALITY ACCREDITATIONS

ISO 9001:2015

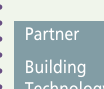
ISO 14001:2015



ABC



IANESCO



STORK®



Chairman's Statement



“ I am proud to report that Richard Pieris Exports PLC improved on the previous year's financial performance by recording an increase in Group Turnover by 22% from Rs. 5.4 Bn in 2020/21 to achieve Rs. 6.5 Bn in 2021/22. The Group's topline demonstrated reasonable growth while the bottom-line grew by 59% to reach Profit after Tax of Rs. 1.7 Bn. ”

GROUP TURNOVER



22%



Rs. 6.5 Bn

Amidst the turbulent environment that prevailed in the country, the Group has yet again demonstrated strident growth, which reflects the resilience of the company and the Group.

Aligned with the Group's positive spirit and forward momentum, even in the most challenging operating environment, the theme of this year's annual report is 'Grow and Diversify' – which reflects that we never lost sight of our goals and instead adopted a futuristic outlook while at the same time making a significant contribution to generating foreign exchange for the national economy.

Performance

I am proud to report that Richard Pieris Exports PLC improved on the previous year's financial performance by recording an increase in Group Turnover by 22% from Rs. 5.4 Bn in 2020/21 to achieve Rs. 6.5 Bn in 2021/22. The Group's topline demonstrated reasonable growth while the bottom-line grew by 59% to reach Profit after Tax of Rs. 1.7 Bn.

As a result, the Group successfully maintained and enhanced its billion-Rupee milestone from the previous year into this financial period as well. In keeping with this notable performance, this achievement by the Group was a result of enormous financial discipline and focus on increasing productivity to overcome obstacles during the year.

Richard Pieris Exports (RPE) PLC performed exceptionally well on the company level, recording highest-ever profitability. The company effectively doubled its profitability by capturing new customers and by remaining competitive in a price sensitive segment.

On the other hand, Richard Pieris Natural Foams Limited (RPNF) saw a marginal decline in profits due to external challenges, such as an upsurge in global raw material prices and higher freight costs, although turnover remained on par with the previous financial year. The envisaged growth could not be realized as a result of a decline in demand due to the global economic slowdown which adversely impacted purchasing power. Nevertheless this is but a minor obstacle, as RPNF is enhancing its footprint in key source markets in 3 continents while expanding capacity with its new manufacturing plant and state-of-the-art machinery, along with infusing technical proficiency and aggressive marketing strategies.

Looking ahead

Richard Pieris Exports PLC continues to be one of the most valuable groups in Sri Lanka, generating employment both directly and indirectly and bringing in precious foreign exchange into the country. In the present hour of need, when the country is going through one of the most trying moments in its history, we as a Group stand shoulder to shoulder with the people of the nation, dedicated to achieving better financial results that will bring about economic resurgence. We remain committed to create wealth for our shareholders and drive value for customers and workforce who have placed their confidence in us.

Appreciation

I welcome to the Board our new Non-Executive Director, Mr. Lalith Chandrasiri Wijeyasinghe, who holds over 36 years as a Polymer Technologist in the Polyurethane Foam Manufacturing Industry. He will prove to be an asset in helping the Group to achieve its ambitious goals.

I also take this opportunity to thank my fellow directors on the Board for their counsel and unstinted support. The entire workforce of the Richard Pieris Exports PLC Group led by the senior management has shown how cooperation and empathy can sustain the company through the most challenging times.

I would also like to thank suppliers, partners, shareholders and customers for inspiring us to reach higher with each year as we boldly Grow and Diversify.



Dr. Sena Yaddehige
Chairman
29th August 2022

Board of Directors

DR. SENA YADDEHIGE

Chairman

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 with 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.

SHAMINDA YADDEHIGE

Non Executive 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.

SUNIL LIYANAGE

Non Executive Director

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

He has over 40 years of management experience in the field of Rubber & 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 Sri Lanka (PRISL). Mr. Liyanage is also a visionary business leader who has been instrumental in launching many innovative products in Polymer category and has the honour of being the first person to commercialise flexible polyurethane foam in this country in the form of mattresses, cushions and sheets.

Currently, Late Mr. Liyanage is a Director of Richard Pieris & Co. PLC and also heads the Local Manufacturing and Distribution Sector of the Richard Pieris Group as its Managing Director. He is also a Director of Richard Pieris Distributors Ltd., Arpico Interiors (Pvt) Ltd and numerous other Companies in the Group.

VIVILLE PERERA

Non Executive 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

WASANTHA ABEYSIRIGUNAWARDENA
Chief Executive Officer

Mr. Wasantha Abeyirigunawardena 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 Ltd. 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.

DR. L.M.K TILLEKERATNE
Independent Non-Executive Director

Dr. L. M. K. Tillekeratne, passed out from the University of Colombo in 1970 as a BSc Chemistry Special graduate, and joined RRI Sri Lanka as a research assistant in 1971. In 1973 he obtained a MSc degree from the Aston University in Birmingham UK, and continued his research for a PhD in Polymer Chemistry and Technology in the same University. The PhD was completed in 1977 and he continued to do research at the RRI Sri Lanka in the capacity of a Research Officer.

In 1990, he became the Executive Director of the RRI until his retirement in 2006. While working as the Director RRI, he was appointed as the Commissioner of the Inventors Commission. He was awarded the Institute of Chemistry Gold Medal in 1985 and the first prize at the Presidential Award for developing a Water-Soluble Bleaching Chemical for making latex crepe rubber. He has several publications in refereed international journals for his credit and six patents including a European patent.

He is a fellow of the Institute of Chemistry (Ceylon) and Plastics and Rubber Institute (London). After retiring from the RRI he joined the University of Sri Jayewardenepura as Professor of Polymer Chemistry. He is currently employed as an Expert in Rubber Processing and Testing to United Nations Industrial Development Organization (UNIDO).

ANGELO M. PATRICK
Independent Non-Executive Director

Mr. Angelo M. Patrick holds an MBA from the University of Colombo and is a Fellow Member of the Chartered Institute of Management Accountants (UK) and a Member of the Institute of Marketing (UK). He has held Directorates and Senior Management positions over the past 43 years in Sri Lanka, Indonesia and Canada.

He was the President of the Chartered Institute of Management Accountants, Sri Lanka Division in 1993-94 and represented Sri Lanka on the Global Council of CIMA in the United Kingdom for 3 years. He is a Lecturer and Examiner for the Postgraduate Diploma in Manufacturing Management at the University of Colombo. He was a Member of the Sri Lanka Accounting Standards Committee and the Corporate Governance Committee of The Institute of Chartered Accountants of Sri Lanka.

He is a Group Director of the Capital Maharaja Organization Ltd.

LALITH CHANDRASIRI WIJYESINGHE
(w.e.f. 20th May 2022) Non-Executive Director

Mr. Lalith C. Wijeyesinghe joined Richard Pieris and Company PLC in 1986 and gained experience over 36 years as a Polymer Technologist in the Polyurethane Foam Manufacturing Industry. He was a pioneer in development of formulations and different types of mattresses manufactured under the ARPICO brand name for local and international markets and contributed his knowledge and experience to obtain the Patent for a Pillow Top Mattress and also the Registration of Industrial Design for a Top Layer of Mattress owned by Richard Pieris and Company PLC. He has also been instrumental in launching many new products to the bedding industry in Sri Lanka.

He is also in the Directorate of Arpitech (Private) Limited, Arpico Plastics Limited and Hameefa Kegalle (Private) Limited, subsidiary companies of Richard Pieris & Company PLC.

Mr. Wijeyesinghe has completed Management Training at Indian Institute of Management and Vendor Management at Singapore Institute of Purchasing and Material Management.

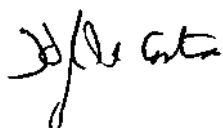
Report of the Remuneration Committee

The Remuneration Committee of the parent company acted as the Remuneration Committee of Richard Pieris Exports PLC.

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

The Committee is proposed to the Board for reviewing the remuneration of the Executive Director/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

29th 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:

- ❖ Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- ❖ Review the system of internal controls and risk management.
- ❖ Monitor and evaluate the effectiveness of the internal audit function.
- ❖ Review the Company's process for monitoring compliance with laws and regulations.
- ❖ Review the independence and performance of the external auditors.
- ❖ To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.
- ❖ The Audit Committee of the parent Company acted as the Audit Committee of Richard Pieris Exports PLC.

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 4 meetings during the year under review.

The Group 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 his department for the period. The responses from the 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 issue. The committee also reviewed the adequacy of disclosures 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 ongoing 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 Kreston MNS & Co be re-appointed as Auditors for the financial year ending 31st March 2023, 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
29th August 2022

Corporate Governance

“The Group is committed towards proper Corporate Governance...”

The Board of Directors of Richard Pieris Exports 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 seven Directors, of which one is an Executive Director whilst six are Non-Executive Directors out of which two are Independent, ensuring an independent outlook to temper the expediency of the experts. Brief profiles of the Directors are set out on pages 12 and 13. The Board has assessed the independence of the Non-Executive Directors.

Board Papers are submitted in advance on Group performance, new investments, capital projects and other issues which require specific Board approval.

The Chairman, 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 Companies 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.

Two 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 Remunerations Committee, the Audit Committee, and the Related Party Transactions Review Committee of Richard Pieris & Company PLC, the parent Company functions as the Remunerations Committee, the Audit Committee, and the Related Party Transactions Review Committee of this Group.

Audit Committee

The Audit Committee is comprised of three Independent Non-Executive Directors namely Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and 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 15 describes the activities carried out by the Committee during the financial year.

Remuneration Committee

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

The Report of the Remuneration Committee on page 14 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 18 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 an 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 19 to 22.

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 Sustainability Report on pages 30 to 35.

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		X	
Mr. Shaminda Yaddehige		X	
Mr. Lalith Wijesinghe		X	
Mr. W. J. V. P. Perera		X	
Mr.W.R.Abeysirigunawardena	X		
Dr. L.M.K. Tillekerathne			X
Mr.A.M.Patrick			X

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

Colombo Stock Exchange	Status of Richard Pieris Exports 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 Review Committee	In Compliance

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the Parent Company acted as the Related Party Transactions Review Committee of Richard Pieris Exports PLC.

The Committee consisted of three Independent Non-Executive Directors namely its Chairman Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and Mr. J.F.Fernandopulle.

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.

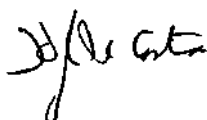
The Committee reviewed the policy framework for adoption on Related Party Transactions for Richard Pieris & Company PLC and all its listed subsidiaries. In such process the committee considered Related Party Transactions which require approval of the Board of Directors, various thresholds set out by 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 four meetings during the period under review. 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 page 95.



Dr. Jayatissa De Costa

Chairman

Related Party Transactions Review Committee

29th August 2022

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 management is the act of identifying and solving potential risks. A risk is defined as anything that has the potential to negatively affect a business or organization. Risk management is used by organizations and businesses to assess problems that either have or will occur. After the risks, the business or organization then takes steps to reduce the risk or eliminate it completely.

A number of standards have been developed worldwide to help organisations implement risk management systematically and effectively. These standards seek to establish a common view on frameworks, processes and practices, and are generally set by recognised international standards bodies or by industry groups. Risk management is a fast-moving discipline and standards are regularly supplemented and updated.

The different standards reflect the different motivations and technical focus of their developers, and are appropriate for different organisations and situations. Standards are normally voluntary, although adherence to a standard may be required by regulators or by contract.

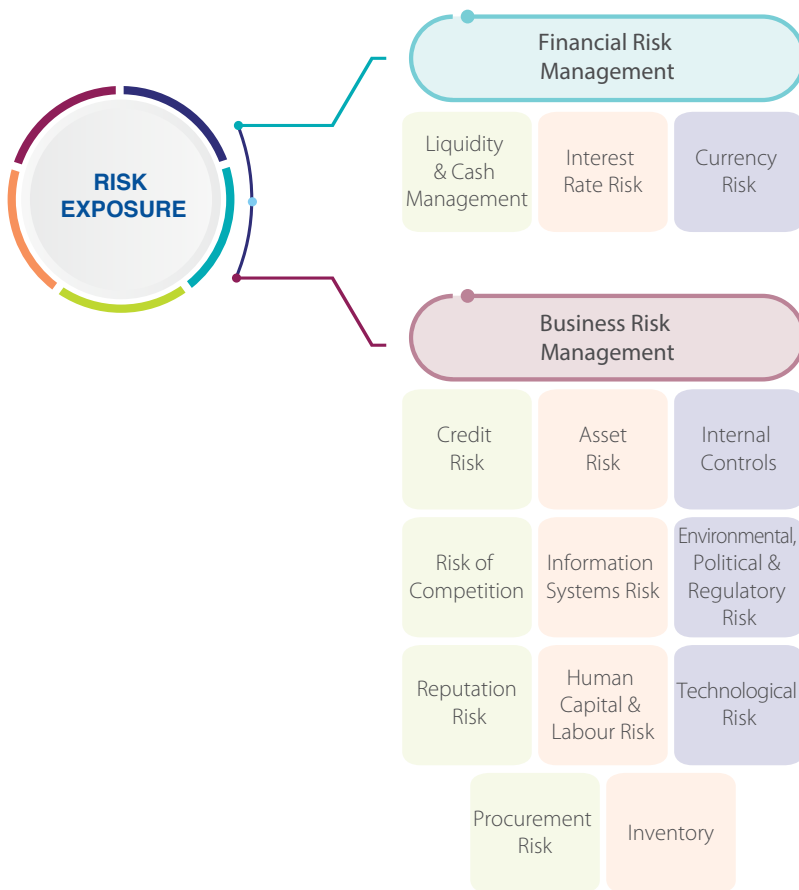
Commonly used standards include:
ISO 31000 2009 – Risk Management Principles and Guidelines

A Risk Management Standard – IRM/Alarm/AIRMIC 2002 – developed in 2002 by the UK's 3 main risk organisations.






ISO/IEC 31010:2009 – Risk Management - Risk Assessment Techniques

COSO 2004 – Enterprise Risk Management - Integrated Framework






OCEG "Red Book" 2.0: 2009 – a Governance, Risk and Compliance Capability Model







Risk Management

Risk Category	Group Objectives	Risk Minimization Strategies
 <p>Liquidity & Cash Management</p>	<ul style="list-style-type: none"> ❖ To ensure faster response to market opportunities by ensuring instant funding ability. ❖ To maintain a “sufficient” liquidity position at all times. 	<ul style="list-style-type: none"> ❖ 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. ❖ Sourcing of funding requirements through many financial institutions.
 <p>Interest Rate Risk</p>	<ul style="list-style-type: none"> ❖ To minimize adverse effects of interest rate volatility. ❖ To ensure cost of borrowing is at the minimum level. 	<ul style="list-style-type: none"> ❖ Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings. ❖ Using of fixed and variable rate borrowings to strike a balance. ❖ Accessing the group treasury of Richard Pieris and Company PLC to shown funding requirement at more competitive rates.
 <p>Currency Risk</p>	<ul style="list-style-type: none"> ❖ To minimize risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions. 	<ul style="list-style-type: none"> ❖ Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge.
 <p>Credit Risk</p>	<ul style="list-style-type: none"> ❖ To minimize risks associated with debtor defaults. 	<ul style="list-style-type: none"> ❖ Obtaining insurance covers for export debtors. ❖ Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit. ❖ Closely monitoring the debtor balances, laying action plans and determining the same are under control.
 <p>Asset Risk</p>	<ul style="list-style-type: none"> ❖ To minimize risk from fire, theft and machinery & equipment breakdown. 	<ul style="list-style-type: none"> ❖ 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 Management Systems are designed to do more than just identify the risk. The system must also be able to quantify the risk and predict the impact of the risk on the project. The outcome is therefore a risk that is either acceptable or unacceptable. The acceptance or non-acceptance of a risk is usually dependent on the project manager’s tolerance level for risk.

Risk Category	Group Objectives	Risk Minimization Strategies
 <p>Internal Controls</p>	<ul style="list-style-type: none"> ❖ To maintain a sound system of internal controls to safeguard shareholders' wealth and Group assets. 	<ul style="list-style-type: none"> ❖ Carrying out of system audits and other control mechanisms such as Inventory counts and cash counts throughout the Group by the Richard Pieris Group internal audit department. ❖ Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Group's performance is continuously in line with its targets.
 <p>Information Systems Risk</p>	<ul style="list-style-type: none"> ❖ To minimize risk associated with Data Security, Hardware & Communication and Software. 	<ul style="list-style-type: none"> ❖ Maintaining of space servers. ❖ Mirroring of hard disk 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.
 <p>Technological Risk</p>	<ul style="list-style-type: none"> ❖ To keep pace with the current technological developments and safe guard against obsolescence. 	<ul style="list-style-type: none"> ❖ The continuous investment in new machines. ❖ Investing in R&D activities throughout the year. ❖ Investing in hardware and developing software in house. educate the staff on the importance of customer service.
 <p>Human Capital & Labour Risk</p>	<ul style="list-style-type: none"> ❖ To ensure a smooth flow of operations without any undue disruptions. ❖ To project ourself as a humane employer being successful in motivating, developing, retaining and attracting the best of human capital. 	<ul style="list-style-type: none"> ❖ Maintaining relationships with trade unions through regular dialogue. ❖ Improving employee benefits by way of financial 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 programmes. ❖ Promoting Performance-driven culture.
 <p>Inventory</p>	<ul style="list-style-type: none"> ❖ To reduce stock obsolescence and manage stock holding costs. ❖ Reducing the risk associated with theft & shrinkage. 	<ul style="list-style-type: none"> ❖ Adopting a monthly declaration policy. ❖ Identifying slow-moving stock and effectively laying out a channel for these to be sold off. ❖ Ensure Raw Material and Finished Good stock are insured.

Risk Management

Risk Category	Group Objectives	Risk Minimization Strategies
 <p>Procurement Risk</p>	<ul style="list-style-type: none"> To minimize risk associated with price and availability. 	<ul style="list-style-type: none"> Developing of new products to improve quality and manage costs. Sourcing all procurements through the central purchasing unit of Richard Pieris Group and gaining access to the large database of global and local suppliers to obtain competitive rates. Adoption of backward integration strategies. Expanding the centralised purchasing division which has enabled us to create a reliable network of global suppliers. Entering into forward contracts for raw material purchases.
 <p>Risk of Competition</p>	<ul style="list-style-type: none"> To maximize our market share and maintain market leadership in the respective industries. 	<ul style="list-style-type: none"> 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 R&D activities to identify needs.
 <p>Reputation Risk</p>	<ul style="list-style-type: none"> To prevent the causes that damage our reputation 	<ul style="list-style-type: none"> Adopting stringent quality assurance policies with regard to goods bought out from third parties as well as the input, processes and output of own brand and in-house manufactured products. Ensuring effective communication with various stakeholders such as 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 the service standards as well as to educate the staff on the importance of customer service.
 <p>Environmental, Political & Regulatory Risk</p>	<ul style="list-style-type: none"> To minimize the negative impact from the changes in the external environment which are beyond our control. 	<ul style="list-style-type: none"> Compliance with statutory requirements for environmental preservations. Compliance with statutory requirements for all Tax payment etc.

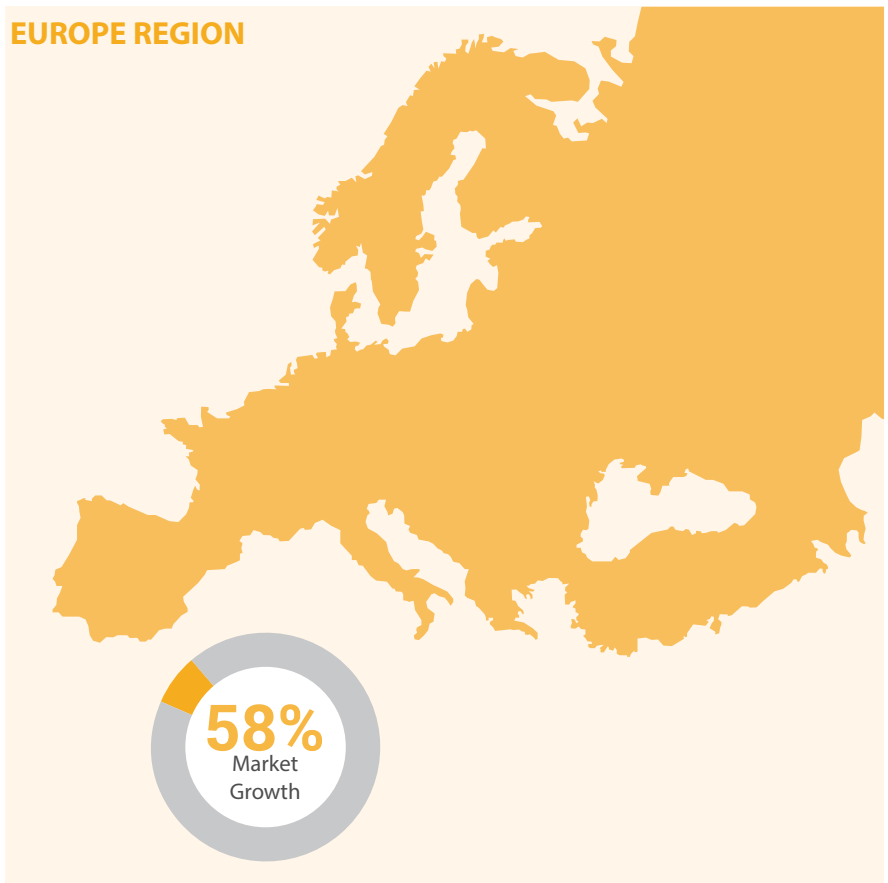
Operational Review



WE ARE CURRENTLY CATERING TO OVER FORTY COUNTRIES WORLDWIDE COVERING NORTH AND SOUTH AMERICAN REGIONS, ASIA PACIFIC REGION AND EUROPE REGION

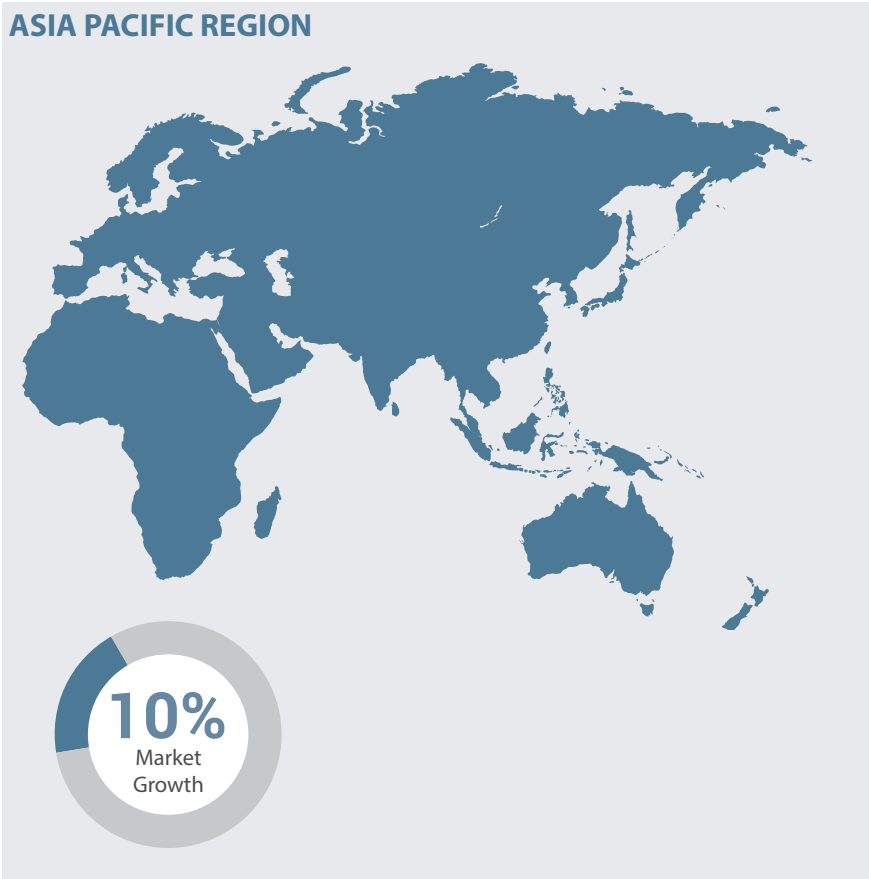
Overview of Group Performance

Although the Sri Lankan economy seemed to be on the path to recovery in 2021 from the pandemic-induced contraction in the previous year, several deeply entrenched structural problems and vulnerabilities came to the forefront, thereby resulting in unprecedented economic upheaval in early 2022. During this period, Sri Lanka's external sector continued to face numerous challenges, including a sharp widening of the current account deficit, limited inflows to the financial account, depletion of official reserves as a result of large debt servicing requirements and significant depreciation of the Sri Lanka Rupee. At such a crucial juncture, export-oriented organizations became critical for the economy. Richard Pieris' Exports arm, consisting of Richard Pieris Exports PLC (RPE) and Richard Pieris Natural Foams Limited (RPNF) were two export Companies making 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 pandemic-induced lockdowns.



Operational Review

ASIA PACIFIC REGION



By adopting the motto, 'Grow & Diversify', which is also the theme for this year's annual report, the Group optimized its resources while continuing diversification into new products, new technology and new markets to sustain its growth momentum. Maintaining the momentum on par with the previous year itself was an achievement as the Group faced many operational challenges in 2021/22. However, the Group accelerated its sales and marketing efforts while strengthening marketing expertise in key markets by augmenting its sales force, importing new machinery and the preparing for the opening of the new manufacturing plant for Richard Pieris Natural Foams Limited (RPNF) which will become operational in late 2022.

The advantages of the Group's diversified base became apparent as the hard rubber segment performed exceptionally well while the Latex segment was unable to achieve anticipated growth. Nevertheless, the easing of movement restrictions and border closures due to an improvement in the pandemic allowed for more aggressive sales and marketing efforts. Overall, the Group remains optimistic about delivering higher returns to shareholders by continuing investments into its growth and diversification strategy.

Expenses Analysis %	2021/22	2020/21	2019/20	2018/19	2017/18
Cost of Sales	73%	81%	83%	79%	80%
Distribution Cost	18%	10%	8%	11%	10%
Administrative Expenses	5%	5%	5%	6%	6%
Finance Cost	0%	0%	1%	1%	0%
Taxation	4%	4%	4%	4%	4%
	100%	100%	100%	100%	100%

22%

2020/21: 3%

GROWTH IN TURNOVER

51%

2020/21: 2%

GROWTH IN PROFIT BEFORE TAX

48%

2020/21: 18%

GROWTH IN NET ASSETS

33%

2020/21: 7%

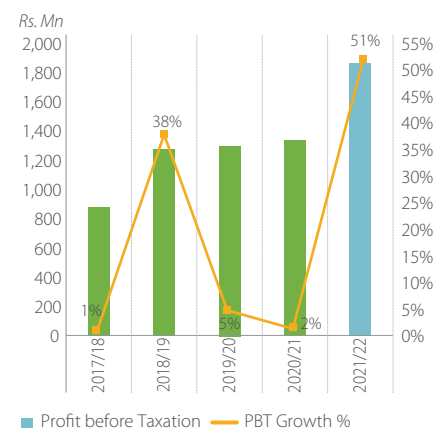
GROWTH IN GROSS PROFIT

12%

2020/21: 1%

GROWTH IN DIVIDEND PER SHARE

Profit Before Taxation Vs PBT Growth %



■ Profit before Taxation — PBT Growth %

LATEX BASE SEGMENT

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 are exported to well-established 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 costs and increased latex prices. The US market failed to generate anticipated upsurge in demand, leading to an almost 50% drop, albeit Europe and Asia Pacific markets showed an uptick in orders for RPNF products. The delay at ports and shortage of shipping vessels was another key factor for the decline in sales.

Significant inroads were made into the Chinese market. However due to a rise in COVID-19 cases in the country and strict lockdowns which impacted its economy, sales for RPNF in China too were weak during the year. Despite this, the Company maintained its presence in the market. A new Vice-President - Sales and Marketing was appointed for the US market in 4Q 2021/22 with a view to driving further sales in the country.

Another challenge that arose was the rise in global latex prices and although the Company took a price increase, the decision had to be reversed to remain competitive in the market. Nevertheless, the same customers were successfully retained from the previous year despite the price increase.

Undeterred by the unfavorable conditions in 2021/22, RPNF is looking ahead to benefits accruing once its plant becomes fully operational in 2Q 2022/23. The Company plans to achieve rapid expansion on four pillars: growth, operational excellence, technical competency and product mix.

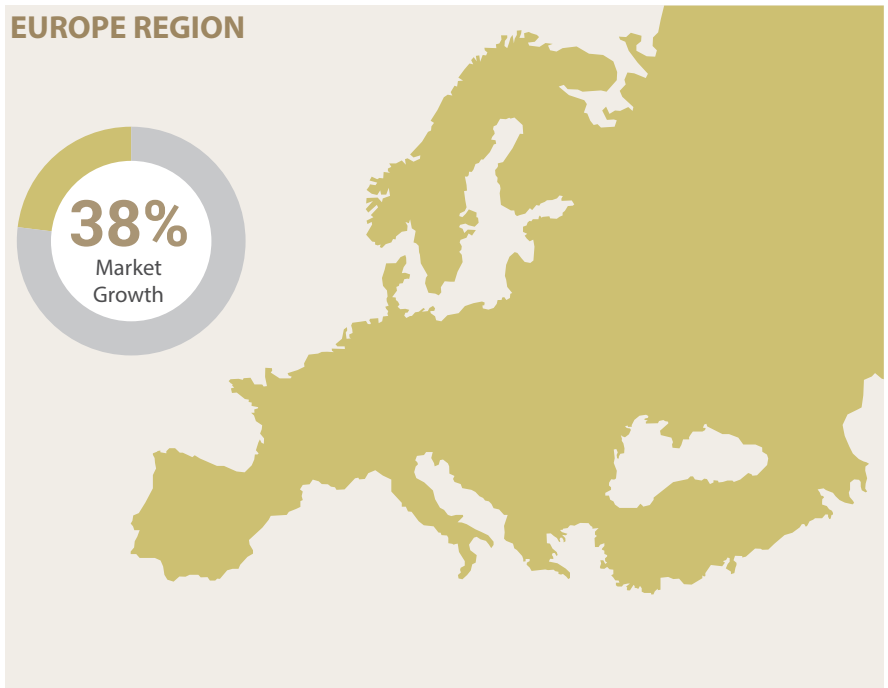
Through the year, the focus was on standardization while infusing technical proficiency, garnering knowledge from other markets, uplifting skills of the workforce

through training and development efforts, and recruiting professionals to ensure a sustainable operation well into 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 so as to remain 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 its 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.

EUROPE REGION

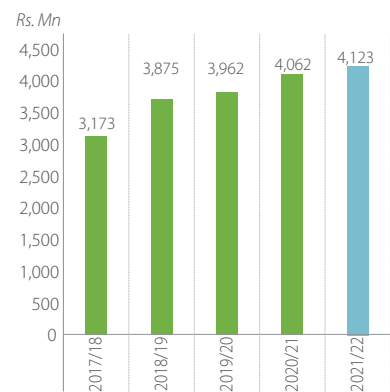


While forging ahead with expansion plans, a more stringent focus will be on keeping overheads low, which is proving to be a challenge due to rising inflation, unavailability of labour and difficulty in accessing foreign exchange as more and more customers are demanding advance payments at the time of importing raw materials.

Profit Before Tax & Growth %



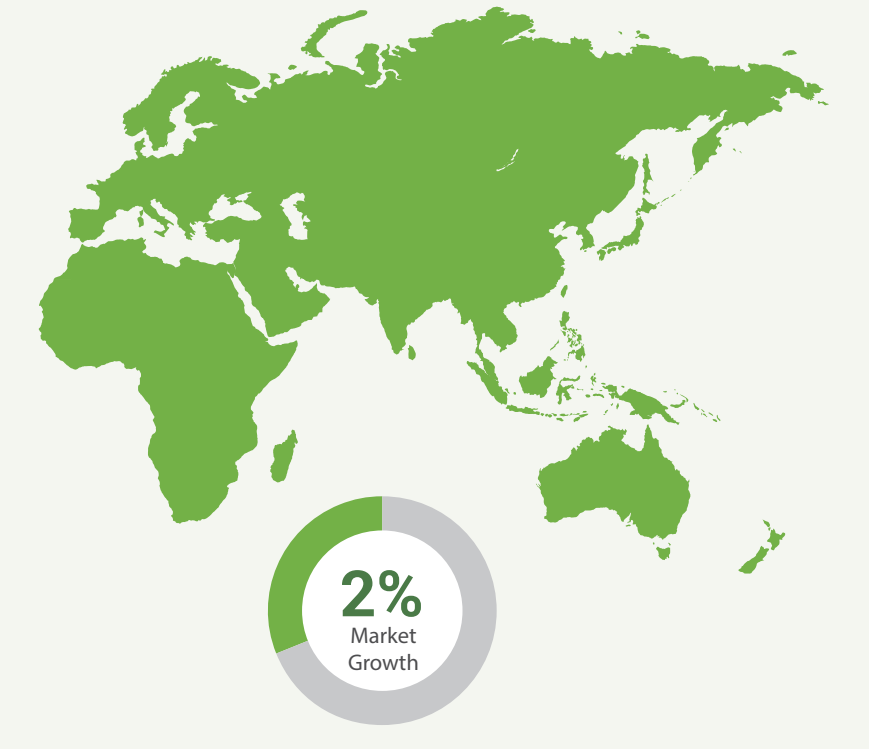
Revenue Rs Mn



■ Profit Before Taxation — Growth %

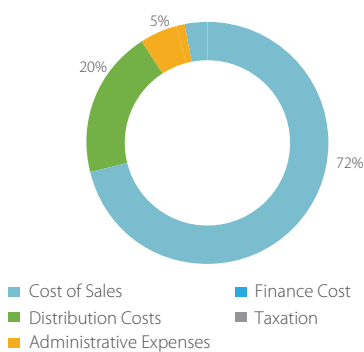
Operational Review

ASIA PACIFIC REGION



Expenses Analysis %	2021/22	2020/21	2019/20	2018/19	2017/18
Cost of Sales	72%	80%	82%	77%	79%
Distribution Cost	20%	12%	10%	13%	12%
Administrative Expenses	5%	4%	4%	6%	6%
Finance Cost	0%	0%	1%	1%	0%
Taxation	3%	4%	3%	3%	3%
	100%	100%	100%	100%	100%

Expenses Analysis 2021/22



Richard Pieris Natural Foams looks ahead strongly to the completion of the new factory which will significantly enhance capacity further and enable the Company to cater to demand which is expected to rise as the global economy shows signs of recovery.

LKR 4,612 Mn

2020/21: LKR 2,969 Mn

TOTAL ASSETS

LKR 2,665 Mn

2020/21: LKR 2,044 Mn

NET ASSETS

US\$ 19.7 Mn

2020/21: US\$ 22 Mn

FOREIGN EXCHANGE EARNINGS

LKR 101 Mn

2020/21: LKR 129 Mn

TAX ON PROFIT

LKR 730 Mn

2020/21: LKR 836 Mn

PROFIT BEFORE TAX

LKR 629 Mn

2020/21: LKR 707 Mn

PROFIT AFTER TAX

Undeterred by the unfavourable conditions in 2021/22, RPNF is looking ahead to benefits accruing once its plant becomes of fully operational in 2Q,2022/23. The Company plans to achieve rapid expansion on four pillars: growth, operational excellence, technical competency and product mix.

HARD RUBBER SEGMENT

Richard Pieris Exports PLC (RPE)

Richard Pieris Exports PLC is a subsidiary of the Richard Pieris & Company PLC, the Group's first fully export-oriented Company. The Company recorded impressive growth during the year under review with a major contribution from the US market, while witnessing promising prospects in the European market as well. Overall, during the period under consideration, the Company was able to enhance profitability and exceed budgets. 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. One of the positive factors was the acquisition of new customers which helped drive sales during the year. 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 by researching new formulations to reduce cost of manufacturing while remaining uncompromising on quality standards. As a result, despite raw material price increases seen during the year, substitutes were used successfully to retain the product price, thus 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.

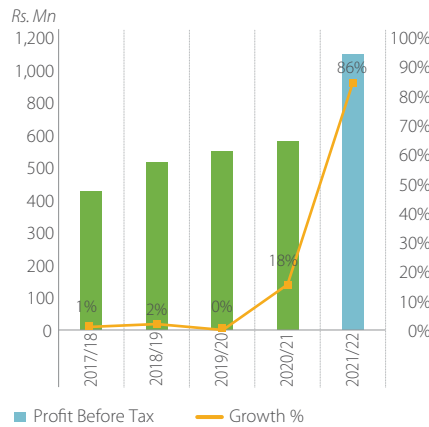
RPE's strength is its consistently high quality, which gives it an edge over competitors. The Company manufactures rubber mats for many applications. During the year under review, RPE made an initial foray into the Canadian market and plans are being drawn up to expand the customer base in the country.

The last two years were characterized by travel restrictions. However overseas travel is much more accessible now, which will be useful for strengthening relationships with customers and participating in international trade fairs. Future plans include expanding RPE's product

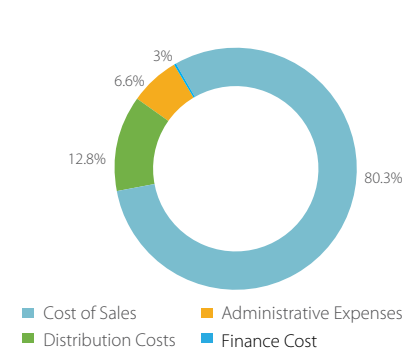
lines with a special focus on continuous sheeting production which is expected to inject a further contribution to the bottom line in the next financial year.

RPE also has two subsidiaries: Richard Pieris Natural Foams Ltd and Micro Minerals (Pvt) Ltd. and one Associate Company - Arpitalian Compact Soles (Pvt) Ltd.

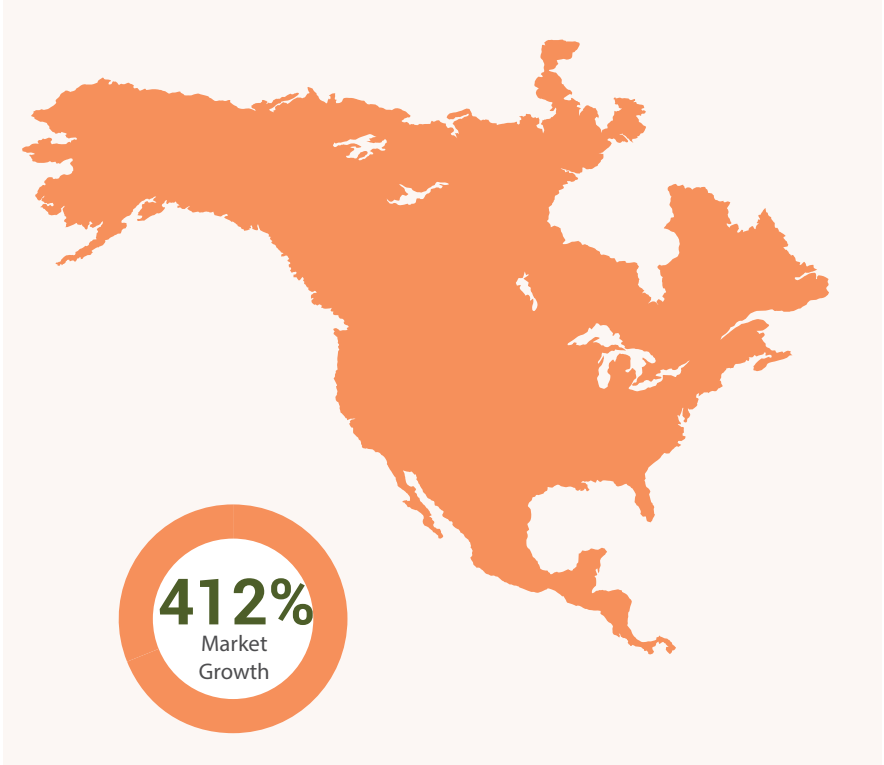
Profit Before Tax & Growth %



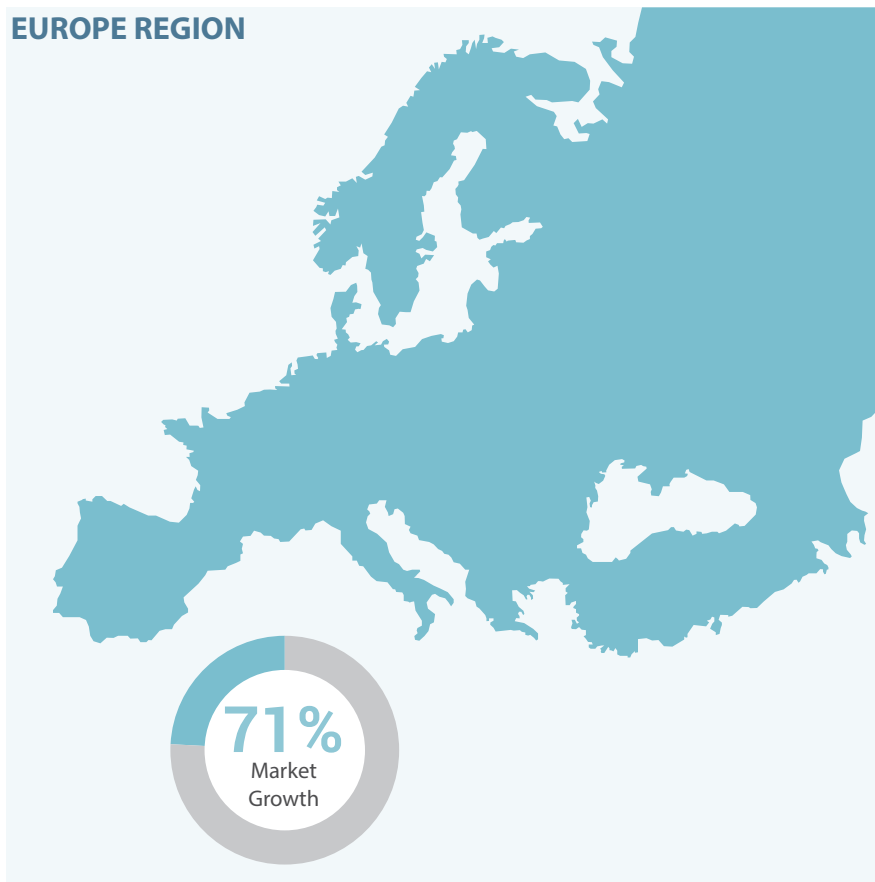
Expenses Analysis 2021/22



USA REGION



Operational Review



LKR 3,226 Mn

2020/21: LKR 2,382 Mn

TOTAL ASSETS

LKR 2,548 Mn

2020/21: LKR 1,837 Mn

NET ASSETS

US\$ 11.4 Mn

2020/21: US\$ 6.7 Mn

FOREIGN EXCHANGE EARNINGS

LKR 135 Mn

2020/21: LKR 86 Mn

TAX ON PROFIT

LKR 1,163 Mn

2020/21: LKR 624 Mn

PROFIT BEFORE TAX

LKR 1,028 Mn

2020/21: LKR 539 Mn

PROFIT AFTER TAX

ARPITALIAN COMPACT SOLES (PVT) LTD

In comparison to 2020/21, the Company was able to eliminate losses to break even in 2021/22 while demonstrating profitability. Arpitalian Compact Soles continues to seek additional joint venture partners to fuel future growth prospects. The Company is currently in a joint venture with Davos SPA, a globally reputed Italian manufacturer of shoe soles and soling sheets supplying customers in India and Italy.

Expenses Analysis %	2021/22	2020/21	2019/20	2018/19	2017/18
Cost of Sales	80%	86%	85%	85%	85%
Distribution Cost	13%	2%	4%	4%	4%
Administrative Expenses	7%	6%	6%	6%	6%
Finance Cost	0%	0%	0%	1%	1%
Taxation	0%	6%	5%	4%	4%
	100%	100%	100%	100%	100%

MINERALS SEGMENT

MICRO MINERAL (PVT) LTD

This entity supports the Group as its minerals are directed into the manufacturing process for RPE on cost basis since it processes mineral products needed for the polymer industry. This entity was a strategic investment for the Group to have access to essential raw materials for uninterrupted production.

Our Products

Brand is just a perception, and perception will match reality over time. Sometimes it will be ahead, other times it will be behind. But brand is simply a collective impression some have about a product.

-Elon Musk-

Richard Pieris Exports PLC was established as the first fully export - oriented subsidiary of the diversified blue-chip corporate Richard Pieris & Company PLC in 1983 and is considered the pioneer Sri Lankan exporter of industrial rubber mats, jar sealing rings and crutch tips to the international markets in natural and synthetic rubber. Richard Pieris Exports PLC's major markets are in Europe, US and Asia Pacific Regions and the Company conforms to ISO standards.



A Subsidiary Company, **Richard Pieris Natural Foams Ltd** is a fully - owned subsidiary of Richard Pieris Group and produces latex foam products like mattresses, sheets, cushions which are extensively used in the high end international bedding and furnishing industry, using state-of-the-art manufacturing facilities. The high quality raw material-natural rubber latex is obtained from Richard Pieris Group's own plantations. Their products are certified by globally recognized certifying bodies for ISO 9001:2015, ISO 14001:2015, ECO LGA, Oeko Tex, GOLS, STROKE, ABC and SATRA. RPNF product line also complies with GOLS (Global Organic Latex Standards) by the Control Union.



The Associate Company **Arpitalian Compact Soles (Pvt) Limited**, is a joint venture between the Richard Pieris Group, pioneers in rubber industry in Sri Lanka and DAVOS Spa, a reputed shoe sole manufacturer from Italy. DAVOS has provided the technical expertise to set up Arpitalian's manufacturing facility, which is one of the most modern soling sheet manufacturing and varnishing plants in South Asia.



A Subsidiary Company, **Micro Minerals (Pvt) Ltd** was established as a backward integration arm of the Group to produce powdered mineral fillers which are considered as essential raw materials in the Rubber industry. The processing plant is located at Bandaragama.



Sustainability Philosophy

Our operations at the Richard Pieris Export Group reflect the connected nature of People, Planet and Profits. All our decisions are underscored keeping long-term sustainability in mind.

The external operating environment continues to present risks as we are currently experiencing the global pandemic, but we remain focused on generating value for our shareholders by leveraging opportunities while maintaining a sustainability mindset that will see our business thrive into the future.



Management Approach

Our management approach has helped us to respond nimbly to developing challenges while paying close attention to developing and nurturing close relationships with all our stakeholder groups including customers, employees, suppliers, community and the environment. Our approach to engaging with all these stakeholders is based on inclusivity and this strategy enables us to create long-term value for shareholders while fulfilling wider social and environmental responsibilities.

Talent Management

Our dedicated employees underpin our success and in turn the Company invests in upgrading their skills and in ensuring they are well looked after when it comes to their welfare, work-life balance and health and safety. The COVID-19 pandemic required the organisation to focus on ensuring the health and safety of employees by adhering to the highest safety and hygiene protocols on our premises. Testing was accelerated in the office and on the factory floor to pre-empt any spread of infections and any employees who tested positive were looked after by the Company as costs for accommodation and treatment were borne by the Company. Better ventilation and social distancing were implemented at all factories and offices. Our employees play a critical role in our overall performance and the manner in which we develop, engage, lead and manage our people contributes significantly to our success.

Valuing diversity

The Group celebrates the diversity of its human capital and strives to create a workplace free from discrimination and harassment as an equal opportunity employer, ensuring no discrimination on gender, race, colour or ethnicity is practiced in any form. This workplace culture where every employee feels valued then becomes a key driver that enhances our competitiveness and sustainability. The Group companies comply with all applicable labour laws and regulations.

Enhancing skills

Training and development and talent management is central to the professional growth of employees. As we have many employees on the factory floor, it is important that they have the necessary skills to operate machinery and are familiar with all the safety precautions to ensure zero injury. The HR department conducts an extensive needs analysis to determine the training programmes required for each employee. Employees are expected to avail of professional development training opportunities both in-house and at the Rubber Research Institute or the Institute of Technology to strengthen their knowledge of the business, so that they can enhance their contribution in their job roles. Certificate courses in technical skills and on-the-job training add value and enhance career progression. The organization has put in place a smooth onboarding process for new hires to make them feel a part of the team.

Recognising contributions

Rewarding employees for outstanding contributions boosts morale and triggers higher productivity. A performance-linked reward and recognition scheme has been put in place after comprehensive evaluation to enhance performance, productivity, quality and innovation. Employees have to achieve a predetermined set of goals, objectives and targets agreed between the team leaders and the members at the beginning of each financial year. This is followed up by subsequent periodical evaluations, resulting in industry best rewards and benefits at the end of the financial year, which helps to retain talent within the Group. The Group is committed to cultivating an inclusive leadership culture and supports employees to grow to their full potential in the belief that strong leadership helps build teams that drive value and innovation.

Prioritizing employee health and safety

The safety of our people and those who work with us is paramount. The Group abides by all standards and certifications when it comes to the occupational health and safety of employees. Employees at the



Sustainability Philosophy

manufacturing operation or in the head office are equipped with safety training and necessary training. Apart from preventing, and protecting workers from occupational risks, it disseminates knowledge of occupational hazards and a commitment to ensure that management processes promote safety and health at work. All employees undergo first aid and fire-fighting courses to ensure appropriate response in case of emergency. A Medical Officer visits the factories regularly to provide consultations and treatment as needed.

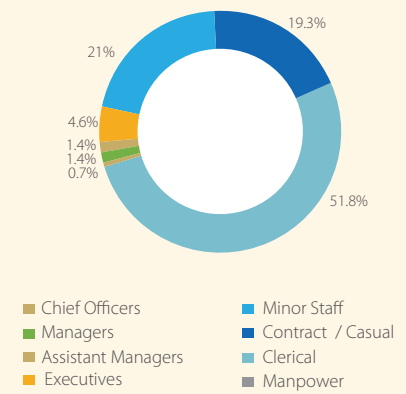
Encouraging fellowship

The RPE Group has infused a highly collaborative and cooperative work culture where employees engage with each other in meaningful ways that advance organizational goals while also engendering a happy workforce. Cognizant of the growing expectations of its workforce, targeted measures to promote a work-life balance were initiated. Not only does an optimum work-life balance render employees more productive, but also happier and more balanced. The organization provides ample opportunities for fellowship and recreation amongst staff. The Group organizes a host of social, sporting and recreational events that facilitate employee bonding and break down hierarchical barriers, but in the 2021/22 year, due to COVID-19, these activities could not be held.

a) Grade-wise Analysis of Employees

	Company		Group	
	Female	Male	Female	Male
Chief Officers	1	1	1	3
Managers	-	4	1	7
Assistant Managers	-	2	-	8
Executives	5	1	14	13
Clerical	8	21	20	261
Minor Staff	8	84	8	115
Contract / Casual	-	85	11	102
Total	22	198	55	509

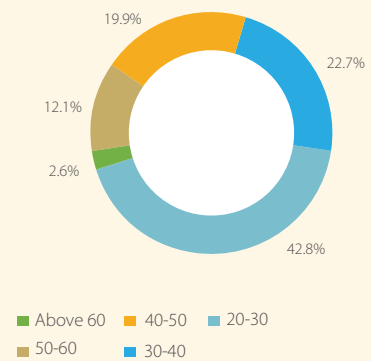
Grade-wise Analysis of Employees



b) Age-wise Analysis of Employees

Age	Company		Group	
	Female	Male	Female	Male
Above 60 years	-	3	1	14
50-60 years	4	33	7	64
40-50 years	5	42	9	108
30-40 years	5	48	13	120
20-30 years	8	72	25	203
Total	22	198	55	509

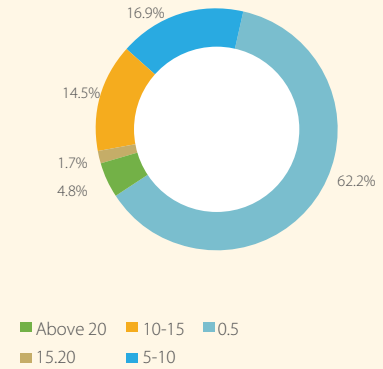
Age-wise Analysis of Employees



c) Year of service of Employees

Age	Company		Group	
	Female	Male	Female	Male
Above 20 years	4	12	4	24
15-20 years	-	1	1	9
10-15 years	4	49	5	80
5-10 years	3	14	10	89
0-5 years	11	122	35	307
Total	22	198	55	509

Year of service of Employees



CUSTOMERS

The Group adopts a partnership approach with customers, a key stakeholder group, developing long-term relationships with global local customers. Customer preferences are constantly changing and the RPE Group has remained a step ahead of the curve by responding to market trends and insights by buyers in its overseas markets. The Group ensures it solicits feedback from customers at every customer touch point and even at the after-sales stage, so that our factories manufacture products that meet customer requirements.

Achieving greater efficiency at every stage of our supply chain is an ongoing endeavor and appreciated by customers. Process improvements were undertaken by the Group during the year. The organization respects and provides customers with unique quality products and a quick service, placing strong emphasis on customer relationship management through specifically designated teams to handle key export markets.

During the year under review, customer response was strengthened by engaging closely with customers. Furthermore, the Group's internationally quality certified products offer customers a sense of security and trust. The Group exercises a high standard of product responsibility and will continue to engage with customers through both online and offline channels.

SUPPLIERS

Suppliers' trust with honest communication, listening to their concerns and involving them in our processes, makes them a vested partner in our business.

COMMUNITY

Every organisation exists within a social milieu and as a responsible corporate citizen we engage closely with local communities to mutually benefit. By leveraging on the strong network of support and mutual respect within the communities we are able to support them in times of need. Besides recruiting locally from amongst the immediate community and creating many jobs, the organization supports deserving projects through cash donations and employee volunteerism.

NURTURING THE ENVIRONMENT

The Group is highly-conscious of resource scarcity and the need for optimizing natural resources, which is why none of its locations are near any high bio-diversity zones. The Group's sustainability approach



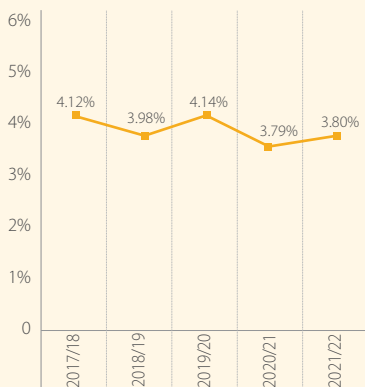
Sustainability Philosophy

provides for mitigation of any impact of our manufacturing operations on the environment. Sustainable manufacturing is at the core of our manufacturing expertise to ensure that we are resource efficient and that we reduce costs and trim waste. Using Earth's resources in a sustainable and responsible way is important to us.

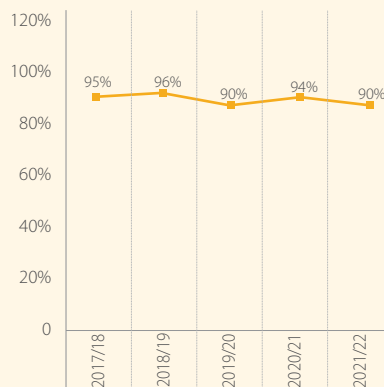
Through the year under review, we sustained our focus on reducing our carbon footprint and toxic emissions, in addition to saving energy, increasing transport efficiency and reduction of waste in any form and recycling of waste.

The Group's endeavour to switch from fossil fuel based to bio-mass generated steam has greatly reduced the carbon emissions as well as saved valuable foreign exchange expenditure on imports of petroleum-based products. Operations from the boiler powered by biomass had made a significant contribution to reducing energy usage. We aim to manage energy better to lead to a reduction in carbon emissions and enhanced cost efficiencies. Environmental impact is reduced by the amount of energy, and also by the type of energy consumed. Going ahead, we will fuel greater efforts to ensure we reduce our carbon footprint through sustainable manufacturing practices.

Energy Intensity



Biomass Boiler Capacity Utilization



Sustainability is a societal goal that broadly aims for humans to safely co-exist on planet Earth over a long time. Specific definitions of sustainability are difficult to agree on and therefore vary in the literature and over time. Sustainability is commonly described along the lines of three dimensions (also called pillars): environmental, economic and social. This concept can be used to guide decisions at the global, national and at the individual level (e.g. sustainable living). In everyday usage of the term, sustainability is often focused mainly on the environmental aspects.

-Wikipedia-



Corporate Social Responsibility (CSR) projects in 2021/22

Donate Rubber Mats for School Classes in Ambagahawella Maha Vidyalaya

Date : 05.04.2021
Venue: Ambagahawella Maha Vidyalaya, Ampara
Participant/Users : Teachers & students
Objective : CSR Project

School Book Distribution

Date : 01.01.2022
Venue : RPE
Participant/Users : Employees and employees' children
Objective : Helping children for learning

New Year Gift Distribution

Date : 01.01.2022
Venue : RPE
Participant/Users : All employees
Objective : Employee motivation

Rubber Mats & Pillows Distribution

Date : 01.01.2022
Venue : RPE
Participant/Users : All employees
Objective : Employee motivation

School Book Distribution

Date : 01.01.2022
Venue: RPNF
Participant/Users : Employees and employees' children
Objective : Helping Children for Learning

New Year Gift Distribution

Date : 01.01.2022
Venue : RPNF
Participant/Users : All employees
Objective : Employee motivation

Rubber Mats & Distribution

Date : 01.01.2022
Venue : RPNF
Participant/Users : All employees
Objective : Employee motivation

New Year Gift Distribution

Date : 03.01.2022
Venue : ACSL
Participant/Users : All employees
Objective : Employee motivation

School Book & School Bags Distribution

Date : 01.01.2022
Venue : ACSL
Participant/Users : All employees' children
Objective : Helping employee's children in learning & employee motivation

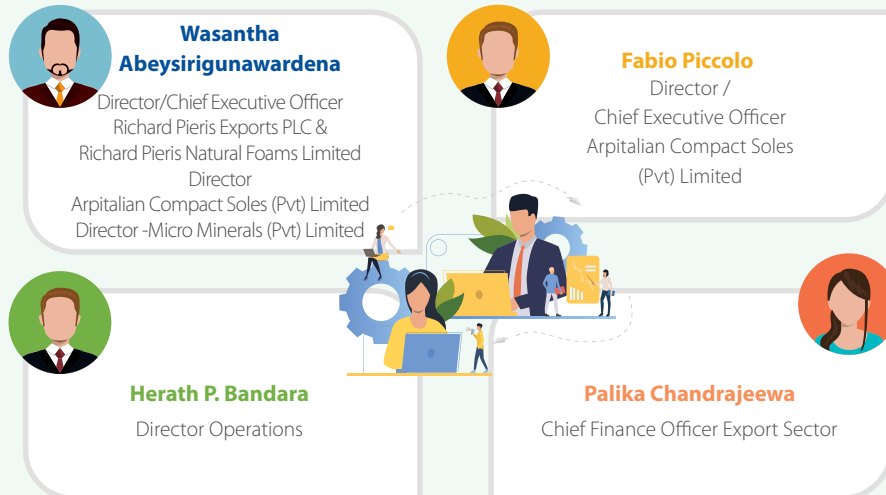


Sustainability is the capacity to endure in a relatively ongoing way across various domains of life. In the 21st century, it refers generally to the capacity for Earth's biosphere and human civilization to co-exist.

-Wikipedia-



Our Management Team



RICHARD PIERIS EXPORTS PLC

Alaka Ubayasena

Factory Manager

Prabath Priyankara

Exports Manager

Thushan Jayasekera

Production Manager

Sandaruwan Pushpakumara

Accountant

Punya Ranaweera

Quality Assurance Executive

Palika Dias

Production Executive

Asela Jayaratne

Exports Executive

Nimali Kaushalya

Accounts Executive

Hashini Rajapaksha

Accounts Executive

Indira Dissanayake

Administrative Executive

RICHARD PIERIS NATURAL FOAMS LIMITED

Adrian Bogahawatte

General Manager- Sales & Marketing

M.A.U.G Meewalarachchi

Factory Manager

Tissa Seram

Senior Manager Engineering

Dilantha Kumara

Quality Assurance Manager

Nawarathna Bandara

Manager Shipping

Shanika Karunadasa

Senior Accountant

Aruna Galhena

Process Engineer

Binesh Ellangakoon

Assistant Manager IT

Isuru Yaddhegige

Assistant Manager Marketing

Bhasura Katugampola

Assistant Manager Marketing

Sandharu Wickramasinghe

Assistant Manager Marketing

A.M.R.K Jayatissa

Assistant Manager Production

Shantha Balasooriya

Assistant Manager Production

Samitha Darshana

Senior Accounts Executive

Prabath Ratnayake

Senior Purchasing Executive

Manoj Priyankara

Senior Marketing Executive

Anuradha Kumara

Senior Production Executive

Chathurika Sanjeevani

Senior Marketing Executive

Parami Udugama

Administrative Executive /
Personal Assistant - CEO

Chinthaka Danthanarayana

Accounts Executive

Nuwan Chathuranga

Accounts Executive

Anusha Eranda

Accounts Executive

Dharshana Malraj

Production Executive

Gayathri Kosala

HR Executive

Piyadasa Ranaweera

Fire & Safety Executive

Nimmi Wijesinghe

R&D Executive

U.P. Bulathsinghala

R & D Executive

Subath Perera

Shipping Executive

R.M.C.R. Rathnayake

Marketing Executive

S.A.R.N Weerasinghe

Trainee Marketing Executive

Shemira Perera

Engineering Executive

Vidura Kumara

Engineering Executive

ARPITALIAN COMPACT SOLES (PVT) LIMITED

Ranjith Wittachchi

Factory Manager

Duminda Sandaruwan

Accounts Executive

Kavindu Triyantha

Accounts Executive

Ruwan Nanayakkara

Engineering Executive

Ramesh Rupasinghe

Marketing & Shipping Executive

MICRO MINERALS (PVT) LIMITED

Nilantha Jayathilaka

Marketing Executive

Financial Review

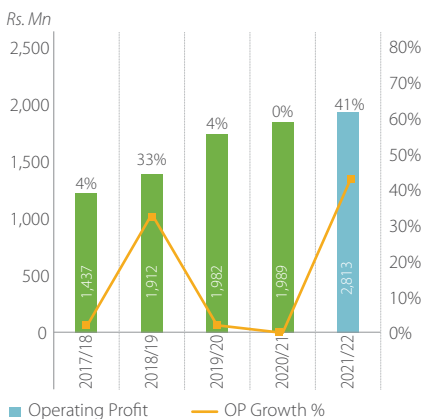


The Group successfully maintained and enhanced its billion-Rupee milestone from the previous year into this financial period as well.

GROUP PERFORMANCE

The external operating conditions remained highly unfavourable for the business community as a whole in Sri Lanka since the ongoing pandemic induced challenges since the year 2020 were replaced with a severe economic crisis. Dwindling foreign reserves, limited inflows to the financial account and sharp depreciation of the Sri Lanka Rupee created a turbulent backdrop against which to conduct business. Notwithstanding these challenges, the Group continued to Grow and Diversify its business with determination and grit as export-oriented organizations became critical for the economy in this time of dire need to earn foreign exchange.

Group Value Addition



	In Rs Mn		
	2021/22	2020/21	%
Turnover Rs	6,537	5,362	22%
Gross Profit	2,185	1,773	33%
Profit Before Tax	1,895	1,253	51%

	2021/22	2020/19	Increase
Gross Profit Margin	33%	33%	0%

Richard Pieris Exports PLC improved on the previous year's financial performance by recording an increase in Group Turnover by 22% from Rs. 5.4 Bn in 2020/21 to achieve Rs. 6.5 Bn in 2021/22. The Group's topline demonstrated reasonable growth while the bottom-line grew by 59% to reach Profit after Tax of Rs. 1.657 Bn. As a result, the Group successfully maintained and enhanced its billion-Rupee milestone from the previous year into this financial period as well. In keeping with this notable performance, this achievement by the Group was a result of stringent financial discipline and initiatives to increase productivity to overcome obstacles during the year.

Income Tax	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Income tax on current year profits	214,696	215,075	135,489	86,846
(Over) / Under Provision in respect of previous year	(346)	(27)	6	(345)
Deferred Taxation charge / (Reversal)	22,695	(2,240)	(36)	(584)
Dividend Tax paid by subsidiaries			-	-
Charge of Income Tax and Deferred Tax of the Associate Company	533	(1,896)	-	-
	237,578	212,717	135,459	85,864

Finance Income	Group		Company	
	2021/22	2020/21	2021/22	2020/21
	45,300	20,815	35,663	18,421

Group
Rs. 2.9 Bn
2020/21: Rs. 1.99 Bn

Company
Rs. 1.45 Bn
2020/21: Rs. 817 Mn

Group
By 22%

Company
By 86%

Value Addition

33%

Group

Gross Profit Margin

38%

Company

Turnover Increase

Rs. 238 Mn

Group

Income Tax

Rs. 135 Mn

Company

Rs. 45 Mn

Group

Finance Income

Rs. 35 Mn

Company

Rs.293.87

(31st March 2022)

Exchange Rate US\$

Financial Review



OPERATING PROFIT

An important contributor to Group revenue, its Hard Rubber segment, 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.

TURNOVER

The Group recorded an upsurge in turnover for the year under review by as much as 22%, thereby growing its turnover from Rs. 5,362 Mn in 2020/21 to Rs. 6,537 Mn in the year under review.

An important contributor to Group revenue, its Hard Rubber segment, 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 push sales recording 86% growth in turnover from Rs. 1,280 Mn to Rs. 2,387 Mn.

The Group's Latex arm accounted for 63% of the Group's total turnover while sustaining the turnover from previous year from Rs. 4,062 Mn to Rs. 4,123 Mn in the year under review. Expected sales from the Chinese and US markets did not materialize due to challenges in global supply chains which prompted key customers to source from nearby markets.

COST OF SALES AND OPERATING EXPENSES

The period under consideration marked the third successive financial year in which operating conditions remained dire in Sri Lanka. However, after decades of experience practicing resilience, the Group once again recorded a 22% increase in turnover from the previous year, although operational profitability significantly declined as a result of continued factors including high freight costs and increased raw material prices.

The Group was able to derive profitability amidst challenges by increasing productivity, enhancing efficiencies and benefitting from

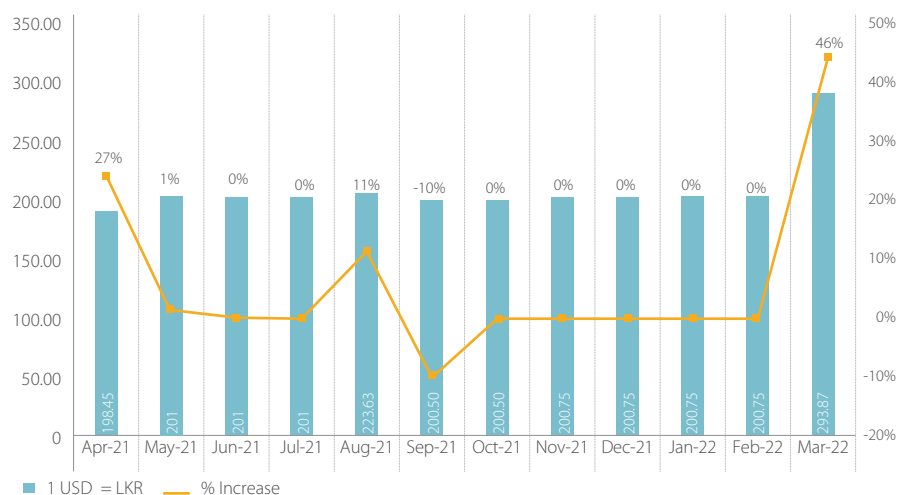
a favourable impact from appreciation in exchange rates in later part of the financial year which resulted in maintaining Gross Profit at 33%. A decrease in cost of sales margin of 66.5% was witnessed in the year under review as compared to 66.9% achieved in 2020/21. Cost of sales too rose to Rs. 4,352 Mn, marking an increase of 21% compared to the previous financial year.

Distribution costs rose due to unavoidable factors such as a hike in freight charges by as much as over 3 times and additional premium on freight charges due to lack of availability of vessels and containers. The increase in distribution cost for the year was recorded as 139%. Cost of Administration and Distribution along with the Cost of Sales constituted 87% of Group turnover during the current financial year which increased by 8% compared to 79% in the previous year.

OPERATING PROFIT

The Group's Operating profit reduced to Rs. 865 Mn, marking a decrease of 25% from Rs. 1,156 Mn as a result of the increase freight cost significantly during the year. The Latex segment recorded a decrease in Operating Profit from Rs. 809 Mn in the previous year to Rs. 306 Mn in the year under review. The Hard Rubber segment recorded 3% increase in Operating Profit of Rs. 558 Mn against last year's profit of Rs. 544 Mn.

1 USD = LKR



63%

Latex

Contribution for Turnover

36%

Hard Rubber

39%

Latex

Contribution for PBT

61%

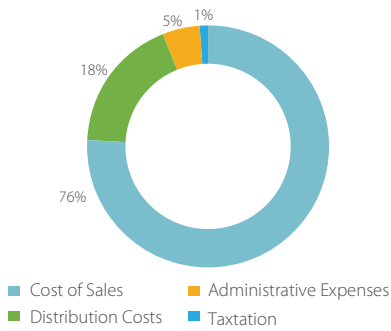
Hard Rubber

67% of Group Turnover

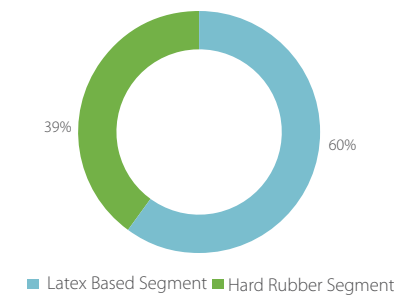
Contribution for Cost of Sales



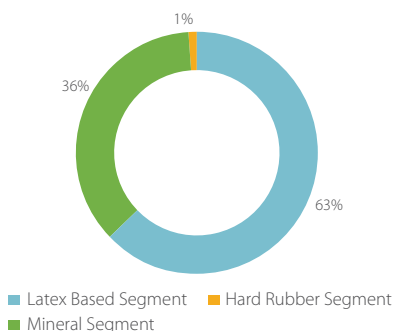
Expenses Analysis 2021/22



Segmental Contribution to the PBT 2021/22



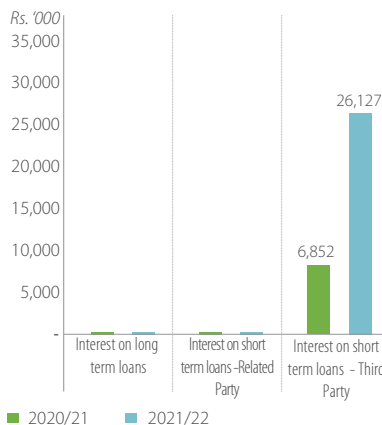
Segmental Contribution to the turnover for the year 2021/22



FINANCE COST AND INCOME

Finance cost increased by 124% during the year under review from Rs. 13 Mn to Rs. 30 Mn while Finance Income increased by 118% to record Rs. 45 Mn for the year. Interest cover ratio of the Group is 64.76 times compared to 95.40 times last year. Net positive bank and cash balances, including fixed deposits balances increased to Rs. 1,145 Mn in the year under review compared to Rs. 1,029 Mn in the preceding year.

Interest Cost on Term Loan



Segmental Turnover Composition



	In Times			
	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Interest Cover	64.76	95.41	193.41	333.48

	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Current Assets Ratio (times)	2.42	3.21	4.43	3.82
Quick Assets Ratio (times)	1.90	2.58	3.28	3.41
Working Capital (Rs Mn)	7,046	1548	3,258	577
Assets turnover (times)	0.84	1.08	0.74	0.54
Capital Employed (Rs Mn)	3,375	2273	2,548	1837
Total Debt (Rs Mn)	1,066	20	0	0
Net debt/(cash) (Rs Mn)	(1,761)	(1,029)	(993)	(875)
Debt/equity ratio (%)	22%	1%	0%	0%
Net debt/(cash) to equity ratio (%)	22%	0%	0%	0%
Long-term debt to total debt (%)	86%	14%	0%	0%
Debt/Total Assets (%)	14%	0%	0%	0%
Current Assets / Total Assets (%)	66%	65%	82%	76%
Current Liabilities /Total Assets	27%	20%	19%	20%

Financial Review



CAPITAL STRUCTURE

Creating tremendous value for shareholders during the year, the total dividend announcement made for the year 2021/22 is Rs. 313 Mn. In line with this upsurge in shareholder profits, earnings per share was Rs. 116.35 compared to Rs. 57.07 in 2020/21.

SHARE OF ASSOCIATE

The share of profit of associate for the Group stood at Rs. 0.6 Mn during the year under review, compared to Rs. 14 Mn loss in previous year.

WORKING CAPITAL

The Group witnessed remarkable Asset growth during the period under consideration. Current Assets of the Group increased by 61% from Rs. 3,194 Mn to Rs. 5,148 Mn, and current liabilities witnessed an increase by 114% from Rs. 995 Mn to Rs. 2,125 Mn. Accordingly, the total current assets of the Group accounted for 66% of its total assets, while total current liabilities accounted for 27% of total assets based on year-end financials.

CASH FLOWS

Operational Cash Profit during the year under review was recorded at Rs.1,449 Mn, with cash and cash equivalents decrease by Rs. 92 Mn. Cash outflows in investing activities stood at Rs. 1,191 Mn.

CAPITAL STRUCTURE

Equity

The Company's Stated Capital is Rs. 220 Mn consisting of 11,163,745 ordinary shares. Total shareholders' funds amounted to Rs. 3,375 Mn compared to the preceding year's figure of Rs. 2,273 Mn.

Borrowings

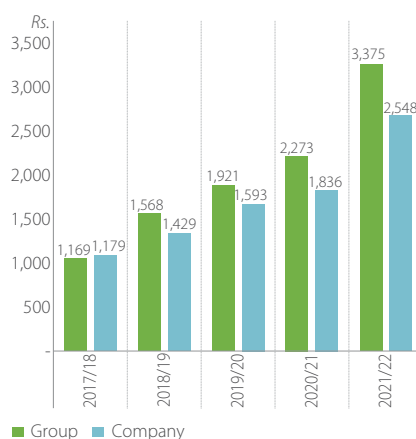
The Group was able to enhance its positive cash balances further during the year under review. The net positive balance including cash balances was stationary at Rs. 1,145 Mn during the year compared to net positive balance of Rs. 1,028 Mn in the previous year, indicating an improvement of Rs. 116 Mn.

Returns to Shareholders

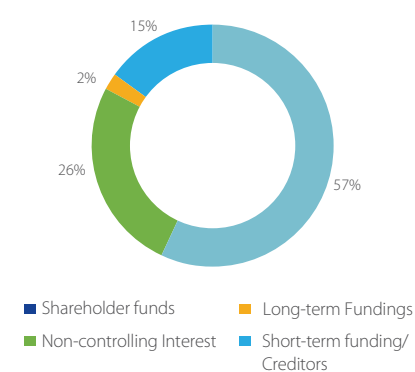
Creating tremendous value for shareholders during the year, the total dividend announcement made for the year 2021/22 is Rs. 313 Mn. In line with this upsurge in shareholder profits, earnings per share was Rs. 116.35 compare to Rs. 57.07 in 2020/21. The earnings yield for the year recorded 15%. The dividend yield for the year was 5% compared to 7% recorded in the previous year. The increase in share price from Rs. 374 to Rs. 609 as at 31st March 2022 contributed to decreased dividend yield.

	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Cash Generated from Operations	1,186	1,632	848	362
Cash Flows from Investing Activities	(1,191)	(244)	(416)	176
Cash Flows from Financing Activities	(87)	(711)	(313)	(279)
Net Increase / (Decrease) in Cash and Cash Equivalents	(92)	677	119	258
Cash and Cash Equivalents at the beginning of the year	1,042	365	875	617
Cash and Cash Equivalents at the end of the year	950	1,042	994	875

Shareholders Fund



Funding Channels as at 31/3/2022



	Group		Company	
	2021/22	2020/21	2021/22	2020/21
Short Term Investment	449	6	442	-
Cash and Bank Balances	1,762	1,043	994	875
Interest Bearing Loans and Borrowings - Long term	150	3	-	-
Interest Bearing Loans and Borrowings - Short term	916	17	-	-



	2021/22	2020/21	Change %
Dividend Paid by the Company - In Rs Mn	313	279	12%
Dividend Paid by Subsidiary Companies to Outside Shareholders - In Rs Mn	-	(256)	-100%
Dividend Paid by the Company - Per Share	28.00	25.00	12%
Earnings per Share - Company	92.05	48.24	91%
Earnings per Share - Group	116.35	57.07	104%
Net Assets Per Share - Company	228.24	164.52	39%
Net Assets Per Share - Group	302.30	203.63	48%
Market Price Per Share	609	374	63%
Dividend Yield	5%	7%	-31%
Earning Yield	15%	13%	15%

Group Company
Rs. 313 Mn Rs. 313 Mn
The Total Dividend Payout 2021/22

As at 31.03.2022

Rs. 6.8 Bn
Total Market Capitalization

Market Capitalization

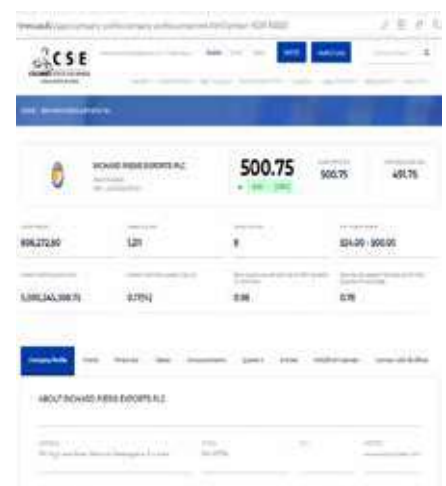
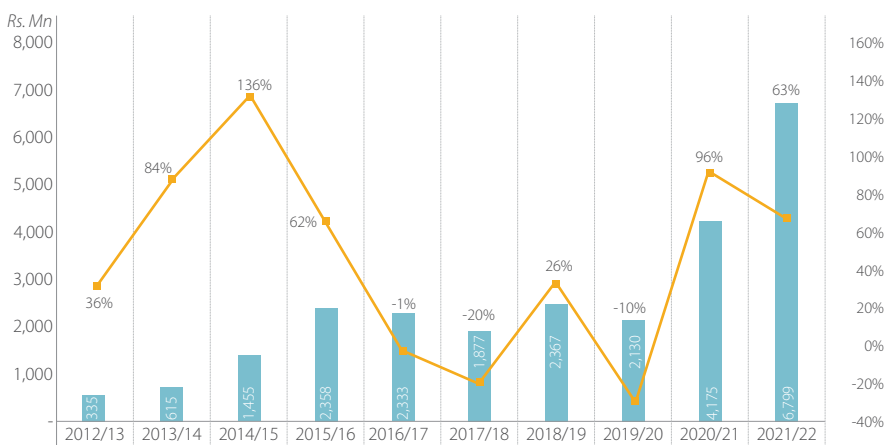
The Group maintained its market capitalization position during the 2021/22 year, ending the financial year as at 31st March 2022, at Rs. 6,799 Mn in comparison to Rs. 4,175 Mn in the previous. Correspondingly, company share price at the end of the financial year stood at Rs. 609.00 as compared to Rs. 374 in the preceding year. The highest price and the lowest price for the year under review were Rs. 1,273.75 and Rs. 301 respectively.

Financial Risks

The Group has adopted a robust risk and governance framework to mitigate a wide range of conceivable risks which is detailed in the Risk Management Report on page 19 of this Annual Report.

Total Shareholder Return (TSR) factors in capital gains and dividends when measuring the total return generated by a stock to an investor.

Market Capitalization



Financial Calendar

FINANCIAL YEAR	2021/22	2020/21
Interim Reports		
Quarter ended 30th June	11th August 2021	13th August 2020
Quarter ended 30th September	12th November 2021	12th November 2020
Quarter ended 31st December	14th February 2022	10th February 2021
Annual Report		
38th Annual General Meeting	29th August 2022	25th August 2021
39th Annual General Meeting	30th September 2022	11th January 2022



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54 Statements of Comprehensive Income | 55 Statements of Changes in Equity | 56 Statements of Cash Flows
57 Notes to the Financial Statements | 100 Statements of Value Added

Annual Report of the Board of Directors

The Directors of Richard Pieris Exports PLC have pleasure in presenting their report together with the audited Financial Statements for the year ended 31st March 2022, which was approved by the Directors on 29th August 2022. The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, the Colombo Stock Exchange Listing rules and are guided by recommended best accounting practices.

The Principal Activities and Operational Review

The main activities of the Group are the manufacture and export of rubber-based products and the supplying of fillers to the rubber industry. The details of the Group Structure are set out on page 101. There was no significant change in the nature of the activities of the Group during the year. The Chairman's Statement and Financial Review, Group Operation Review, together with the Financial Statements highlight the Group's performance for the period under review and the state of affairs as at 31st March 2022.

Future Development

The Group will focus on improving production efficiencies, enhancing quality and improving yield while exploring possibilities of introducing new products. It will continue carry out aggressive international marketing.

Financial Statements

The Financial Statements of the Group and the company which are duly certified by the sector Chief Finance Officer and approved by the two Directors in complying with the requirements of the Companies Act No. 07 of 2007 are given on pages 52 to 99 of this annual report.

Auditor's Report

The Company Auditors, Messers Kreston MNS & Co performed the Audit on the Financial Statements of the Company and the Consolidated Financial Statements for the year ended 31st March 2022 and the Auditors Report issued thereon is given on page 49 to 51 of this annual report as required by the Companies Act No 07 of 2007.

Accounting Policies

The accounting policies adopted in the preparation of Financial Statements of the Group and the Company are given on pages 57 to 99 of the Annual Report as required by the Companies Act. There were no material changes in the Accounting Policies during the year under review and are consistent with those adopted in the previous financial year.

Turnover

The Group's turnover, excluding Inter Company sales, was Rs. 6,537 million compared to Rs. 5,362 million in the previous year. Further information on Group turnover is detailed in Note 23 to the Financial Statements.

	2021/22 Rs. 000's	2020/21 Rs. 000's
Turnover by Segment :		
Hard Rubber	2,387,002	1,280,199
Latex-Based	4,122,654	4,061,855
Minerals	55,709	39,687
	6,565,365	5,381,741
Less : Inter-Company Sales	(28,433)	(19,431)
	6,536,932	5,362,310
Group Profit		
Group profit for the year, after payment of all expenses, making provision for all known liabilities and depreciation on Property, Plant & Equipment	1,895,470	1,252,980
Tax on Group Profits	(237,578)	(212,717)
Profit/(Loss) for the year from discontinued operations (after tax)	(40)	(57)
Group Profit after Taxation	1,657,852	1,040,206
Share of Non-Controlling interest	358,899	403,067
Profit attributable to Shareholders of Richard Pieris Exports PLC	1,298,953	637,139
Other Comprehensive income attributable to shareholders of Richard Pieris	(6,772)	(16,825)
Accumulated Profit / (Loss) brought forward	1,919,611	1,578,391
Profit before Appropriations	3,211,792	2,198,705
Appropriations :		
Interim Dividend paid	(312,585)	(279,094)
Accumulated Profit carried forward	2,899,207	1,919,611

Rs. 6.5 Bn

TURNOVER

Rs. 3.2 Bn

RESERVES

Rs. 220 Mn

STATED CAPITAL

Rs. 313 Mn

DIVIDEND

Taxation

The provision for Income tax of the Company is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act in the following manner:

The 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.

Deferred taxation is provided on the liability method on temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively at the Statement of Financial Position date. The Group's exposure to tax, along with policies adopted by the Company, is disclosed in Note 2.3.8 to the Financial Statements.

Stated Capital

The Stated Capital of the Company as at 31st March 2022 was Rs. 220,262,000/- consisting of 11,163,745 ordinary shares. The details of the Stated Capital are given in note 14. to the Financial Statements on page 81 of this annual report

Reserves

Total Reserves of the Company as at 31st March 2022 were amounted to Rs. 2,328 Mn/- (2020/2021 - Rs. 1,616mn). and the Group reserves as at 31st March 2022 were amounted to Rs 3,155 Mn (2020/2021- Rs 2,053 Mn). The movement of reserves is shown in the Statement of Changes in Equity on page 55.

Dividend

The Directors recommended and paid a cash dividend amounting Rs 313 Mn to all shareholders at the rate of Rs. 28.00 per ordinary share as interim dividend for 2021/22 on 28th April 2022.

Share Information

Information pertaining to earnings, dividends, net assets and market value per share is given in the Financial Summary for the last decade on page 106 to 109.

Substantial shareholdings

The list of top twenty shareholders and the percentage held by each one and public holding percentage are given in the share information of the page 108 of this Annual Report.

Property Plant & Equipment

Capital expenditure on property, plant, equipment incurred year under review is Rs. 793 Mn (Rs. 320 Mn in 2020/2021) Information related to this is given under note No. 4 to the Financial Statement of the pages 71 to 72 of this Annual Report. Directors are of the opinion that the value of property stated in the Financial Statements is not in excess of the current market value.

Investment Property - Leasehold

The investment property interest held under a lease and classified as an investment property is initially recognised at the lower of the fair value of the property and the present value of the minimum lease payments. After initial recognition, the investment property is measured at fair value. Gain or loss arising from a change in the fair value of Investment Property is recognised in profit or loss. The details of investment property leasehold are given in note 6.

Freehold Property

A detail description of the property owned by the Group is shown under the Group Real Estate portfolio on page 102 to this Annual Report.

Directorate

The names of the Directors who served during the year are given under Corporate information appearing on pages 12 and 13 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 Holdings 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".

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 Richard Pieris & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Dr. L M K Tillekeratne of 8/7, Green Path, Kohuwela who is 75 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. L M K Tillekeratne".

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 Richard Pieris & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Mr.Viville Perera of 33, C 1 King's Gate, Keells Holdings 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

Annual Report of the Board of Directors

referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Mr. Viville Perera.

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 Richard Road, & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company. "That Mr. Angelo Patrick 84/2, Templers Road, Mount Lavinia who is 73 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. Angelo Patrick".

Mr Wasantha Abeysirigunawardena, shall retire by rotation at the Annual General Meeting in terms of Article 48 of Articles of Association of the Company and be eligible for re-election.

Mr Lalith Wijeyesinghe, shall retire at the Annual General Meeting in terms of Article 47 of Articles of Association of the Company and be eligible for election.

The Directors interest in shares is given in the page 109 under share information of this Annual Report.

Directors' Interests in Contracts

The Director's interest in contracts with the Company are disclosed on note 39 on pages 93 to 96 in the Financial Statement. The Directors have no other direct or indirect interests in any other contracts or proposed contracts with the Company.

Interest Register

The Company maintains an interest register as required by the Companies Act No. 07 of 2007. The information pertaining to Director's interest in contract, their remuneration and their share ownership are disclosed in the interest register.

Directors' Remuneration and Other Benefits

Directors' Remuneration in respect of the Company for the financial year ended 31st March 2022 is given in Note 39.1.2 to the Financial Statements.

Corporate Donations

There were no donations made to charitable organizations during the year. (2020/ 2021- Nil).

Social and Environmental Responsibility

As a reasonable corporate body, the Group has taken all necessary steps and precautions to minimize any adverse impact of the Group's activities on the environment. When introducing new businesses, products, methods, and machines, care is taken to ensure that these conform with accepted environmental and safety regulations and standards.

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 to date.

Corporate Governance

The practices adopted by the Company in relation to corporate Governance and Internal Controls are set out in pages 16 to 17 of the Annual Report.

The Board Committee

The Audit Committee, Remuneration Committee and Related Party Transactions Review Committee of the Parent Company function as the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee of the Company. Their compositions and their respective reports are given on page 14, 15 and 18 of this Annual Report.

Related Party Transactions

There are no Related Party Transaction (non-recurrent) which exceed 10 percent of the Equity or 5 percent of the total assets whichever is lower and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations into the foreseeable future. Accordingly the Financial Statements are prepared based on the concept of Going Concern.

Events after the Reporting Date

In the opinion of the Directors, no item, transaction or event of an unusual nature has taken place between the financial year end and the date of this report that would materially affect the results of the Company or Group for the financial year in respect of which this Report is made other than those disclosed in the Financial Statements.

Contingent Liabilities

The Contingent Liabilities as at 31st March 2022 are set out in Note 35 of the Financial Statements.

The Directors Responsibility for Financial Statements

The Statement of Directors Responsibility for financial reporting of the Company and the group is set out in Page 48 of the report.

Annual General Meeting

The Annual General Meeting will be held on 30 September 2022 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 114 of the report.

Auditors

The Financial Statements for the year ended 31st March 2022 have been audited by Messrs. Kreston MNS & Co., Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No. 7 of 2007, a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors Messrs Kreston MNS & Co, were paid Rs. 2,411,000/- (2020/21 Rs. 2,115,000/-) as audit fees by the Group. In addition they were paid Rs. 105,000/- (2020/2021- Rs. 101,000/-) by the Group companies for non-audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

By order of the Board.



Mrs. R.J. Siriweera
Director/Company Secretary
Richard Pieris Group Services (Pvt) Ltd.
Secretaries
29th August 2022



W R Abeyirigunawardena
Director



W.J.Viville P Perera
Director

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Richard Pieris Exports 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. Kreston MNS & Co. Chartered Accountants, which are set out in their report, appearing on page 49 to 51 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 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 57 to 99 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 Kreston MNS & Co, 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 page 49 to 51 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



Kreston MNS & Co
Chartered Accountants
Level 1 & 2, Advantage Building
74A, Dharmapala Mawatha
Colombo 07

Tel: + 94 (0) 11 2323571-3
+ 94 (0) 11 2301396-7
Fax: + 94 (0) 11 2433388
E-mail: audit@kreston.lk
Web: www.kreston.lk

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RICHARD PIERIS EXPORTS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Richard Pieris Exports 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 31st March 2022, and the Statement of Profit or Loss Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory notes, exhibited on pages 52 to 99.

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 and the Group as at 31st 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 the Institute of Chartered Accountants of Sri Lanka, 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Compensation on termination of Company Employees.</p> <p>Potential liability on termination of 160 employees where legal action has been filed against the Company disclosed in note 35, Contingent Liabilities, has not been ascertained and provided.</p> <p>This was a key audit matter because it -</p> <ol style="list-style-type: none"> could be a significant amount to the Financial Statements as a whole. may lead to under Statement of liabilities and overstatement of equity. 	<ul style="list-style-type: none"> Made appropriate inquiries from the Management and the legal advisor. Obtained a confirmation from the Management stating the status of the case. Reviewed the minutes of meetings of those Charged with Governance. Ascertained the adequacy of the disclosures made in note 35 as required by Sri Lanka Accounting Standard (LKAS 37).

Member of Kreston Global UK

Correspondent firm within Grant Thornton International Ltd. (Grant Thornton International)

Grant Thornton International and the member and correspondent firms are not a worldwide partnership.

Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACMA | N K G V Bandara B.Sc.(Acc) Sp, FCA, ACMA | Ms.S. Sawumiya BBA (Acc) Sp, ACA | P. Dharshan ACA | M.F.M. Mujahid BBA (Col), MBA (PIM-SJP), ACA

Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee

Independent Auditor's Report (Contd..)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31st March 2022, but does not include the Financial Statements and our auditor's report thereon.

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 the 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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, 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 Company and the Group's Internal Control.
- ❖ 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 2205.

Kreston MNS & Co

CHARTERED ACCOUNTANTS
COLOMBO
29th August 2022

Statements of Financial Position

As At	Note	Group		Company	
		31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	1,705,283	1,008,548	103,140	101,935
Long Term Investments	5	346,132	223,811	463,023	463,023
Advance Payment for Investment	5.4	57,363	57,363	-	-
Investment Property - Right of use Asset	6	352,600	322,520	-	-
Right of use Assets	7	133,719	137,018	-	-
Deferred Tax Asset	18	2,240	1,604	2,240	1,604
		2,597,337	1,750,864	568,403	566,562
Assets of Arpico Natural Latex Foams (Pvt) Ltd.	8	-	-	-	-
Current Assets					
Inventories	9	752,757	623,804	249,386	194,638
Trade and Other Receivables	10	2,126,232	1,468,299	969,282	550,409
Short Term Investment	11	448,788	6,208	441,824	-
Amounts Due from Related Parties	12	58,327	52,757	3,475	194,927
Cash and Bank Balances	13	1,761,802	1,042,649	993,948	875,017
		5,147,906	3,193,717	2,657,915	1,814,991
Total Assets		7,745,243	4,944,581	3,226,318	2,381,553
EQUITY AND LIABILITIES					
Equity attributable to Equity Holders of the Parent					
Stated Capital	14	220,262	220,262	220,262	220,262
Revenue Reserves	15	2,899,207	1,919,611	2,327,789	1,616,436
Foreign Currency Translation	16	255,338	133,408	-	-
		3,374,807	2,273,281	2,548,051	1,836,698
Non Controlling Interest	5.1(c)	1,529,830	1,175,550	-	-
Total Equity		4,904,637	3,448,831	2,548,051	1,836,698
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	17	150,000	2,778	-	-
Deferred Tax Liability	18	88,134	66,705	-	-
Retirement Benefit Obligation	19	115,260	105,904	77,798	69,674
Lease Instalments Payable After One Year	7.2	135,057	98,397	-	-
		488,451	273,784	77,798	69,674
Liabilities of Arpico Natural Latex Foams (Pvt) Ltd.	8	226,944	226,905	-	-
Current Liabilities					
Trade and Other Payables	20	775,946	544,375	232,508	167,767
Income Tax Payable	21	88,366	96,554	78,035	46,245
Amounts Due to Related Parties	22	330,767	327,548	289,926	261,169
Lease Instalments Payable In the Ensuing Year	7.1	14,448	9,329	-	-
Interest Bearing Loans and Borrowings	17	915,684	17,255	-	-
		2,125,211	995,061	600,469	475,181
Total Equity and Liabilities		7,745,243	4,944,581	3,226,318	2,381,553

I certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Palika Chandrajeewa
Chief Finance Officer Export Sector

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board on 29th August 2022 in Colombo.



W.R. Abeyisirigunawardena
Director



W J Viville P Perera
Director

Statements of Profit or Loss

	Note	Group		Company	
		2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000
For the year ended 31st March					
Continuing Operations					
Revenue from Contracts with Customers	23	6,536,932	5,362,310	2,387,002	1,280,199
Cost of Sales		(4,351,826)	(3,589,512)	(1,475,101)	(839,570)
Gross Profit		2,185,106	1,772,798	911,901	440,629
Other Operating Income	24	24,318	23,460	2,719	194,108
Distribution Costs		(1,043,144)	(436,240)	(234,688)	(28,586)
Administrative Expenses		(309,702)	(203,708)	(122,120)	(62,605)
Other Operating Expenses		7,938	(14)	-	-
Profit from Operations	25	864,516	1,156,296	557,812	543,546
Finance Income	26	45,300	20,815	35,663	18,421
Finance Cost	27	(29,725)	(13,272)	(6,045)	(1,878)
Other Financial Items	28	1,014,798	103,147	575,655	64,316
Share of Profit / (Loss) of Associate	29	581	(14,006)	-	-
Profit before Tax		1,895,470	1,252,980	1,163,085	624,405
Taxation	30	(237,578)	(212,717)	(135,459)	(85,864)
Profit for the year from continuing operations		1,657,892	1,040,263	1,027,626	538,541
Discontinued Operations					
Profit / (Loss) after Tax for the year from discontinued operations	31	(40)	(57)	-	-
Profit for the year		1,657,852	1,040,206	1,027,626	538,541
Attributable to					
Equity Holder of the Parent Company		1,298,953	637,139	1,027,626	538,541
Non Controlling Interest		358,899	403,067	-	-
Profit for the year		1,657,852	1,040,206	1,027,626	538,541
Earnings Per Share	32	116.35	57.07	92.05	48.24
Earnings Per Share from Continuing Operations	32	116.35	57.07	92.05	48.24
Dividend Per Share	33	28.00	25.00	28.00	25.00

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statements of Comprehensive Income

	Note	Group		Company	
		2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000
For the year ended 31st March					
Profit for the year		1,657,852	1,040,206	1,027,626	538,541
Other Comprehensive Income / (Expenses) not to be reclassified to profit or loss in subsequent periods					
Actuarial gains / (losses) on defined benefit plans	19	(13,637)	(1,690)	(4,288)	318
Deferred Tax effect on actuarial gains / (losses) on defined benefit plans	18	1,903	236	600	(44)
Change in fair value on other investment at fair value through other comprehensive income	5.3	-	(16,061)	-	(16,061)
Other Comprehensive Income / (Expenses) to be reclassified to profit or loss in subsequent periods					
Share of Other Comprehensive Income of Associate					
Actuarial gains / (losses) on defined benefit plans - Net of Tax effect		343	(298)	-	-
Translation of Associate using foreign functional currency	16	121,930	10,710	-	-
Other Comprehensive Income for the year		110,539	(7,103)	(3,688)	(15,787)
Total Comprehensive Income for the year		1,768,391	1,033,103	1,023,938	522,754
Attributable to					
Equity Holder of the Parent Company		1,414,111	631,024	1,023,938	522,754
Non Controlling Interest	5.1(c)	354,280	402,079	-	-
		1,768,391	1,033,103	1,023,938	522,754

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statements of Changes in Equity

	Note	Stated Capital Rs:'000	Revenue Reserves		Foreign Currency Translation Rs:'000	Non Controlling Interest Rs:'000	Total Rs:'000
			General Reserve Rs:'000	Accumulated Profit Rs:'000			
Balance as at 31st March 2020		220,262	219,250	1,359,141	122,698	1,029,857	2,951,208
Profit for the year		-	-	637,139	-	403,067	1,040,206
Other Comprehensive Income		-	-	(16,825)	10,710	(988)	(7,103)
Total Comprehensive Income		-	-	620,314	10,710	402,079	1,033,103
Interim dividend	33	-	-	(279,094)	-	-	(279,094)
Dividend paid by Subsidiary companies to outside shareholders		-	-	-	-	(256,386)	(256,386)
Balance as at 31st March 2021		220,262	219,250	1,700,361	133,408	1,175,550	3,448,831
Profit for the year		-	-	1,298,953	-	358,899	1,657,852
Other Comprehensive Income		-	-	(6,772)	121,930	(4,619)	110,539
Total Comprehensive Income		-	-	1,292,181	121,930	354,280	1,768,391
Interim dividend	33	-	-	(312,585)	-	-	(312,585)
Dividend paid by Subsidiary companies to outside shareholders		-	-	-	-	-	-
Balance as at 31st March 2022		220,262	219,250	2,679,957	255,338	1,529,830	4,904,637

Company		Stated Capital Rs:'000	Revenue Reserves		Total Rs:'000
			General Reserve Rs:'000	Accumulated Profit Rs:'000	
Balance as at 31st March 2020		220,262	219,250	1,153,526	1,593,038
Profit for the year		-	-	538,541	538,541
Other Comprehensive Income		-	-	(15,787)	(15,787)
Total Comprehensive Income		-	-	522,754	522,754
Interim dividend	33	-	-	(279,094)	(279,094)
Balance as at 31st March 2021		220,262	219,250	1,397,186	1,836,698
Profit for the year		-	-	1,027,626	1,027,626
Other Comprehensive Income		-	-	(3,688)	(3,688)
Total Comprehensive Income		-	-	1,023,938	1,023,938
Interim dividend	33	-	-	(312,585)	(312,585)
Balance as at 31st March 2022		220,262	219,250	2,108,539	2,548,051

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Statements of Cash Flows

	Note	Group		Company	
		2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000
For the year ended 31st March					
Cash Flows from Operating Activities					
Group Profit before Tax and Non Controlling Interest from Continuing Operations		1,895,470	1,252,980	1,163,085	624,405
Profit / (Loss) from discontinued operations	31	(40)	(57)	-	-
Adjustments for :					
Share of (Profit) / Loss of Associate Company	29	(581)	14,006	-	-
Provision for Slow Moving Stocks / (Reversal)	9.1	(8,359)	(49)	(420)	(49)
Loss on Property, Plant and Equipment written off	4.1	-	75	-	-
Amortisation of Right of use asset	25	3,299	2,617	-	-
Depreciation	4.1 / 4.3	96,582	90,295	8,995	8,193
Provision for Retiring Gratuity	25	9,357	15,973	6,903	9,732
Finance Cost	27	29,725	13,272	6,045	1,878
Finance Income	26	(45,300)	(20,815)	(35,663)	(18,421)
Dividend Income	24	-	-	-	(193,471)
Provision for impairment - Trade Debtors	25	(1050)	11,688	-	-
Reversal of Trade Debtors Impairment over provision	24	(21)	(105)	-	-
Fair Value adjustment of Investment Property - Leasehold	6	(30,080)	1,082	-	-
Exchange Gain on Liabilities to make lease payment	7.1	47,767	3,109	-	-
Loss on Disposal of Property, Plant and Equipment		-	14	-	-
Operating Profit before Working Capital Changes		1,996,769	1,384,085	1,148,946	432,267
(Increase) / Decrease in Inventories	9	(120,594)	(71,462)	(54,328)	(38,057)
(Increase) / Decrease in Trade and Other Receivables	10	(656,861)	177,550	(418,874)	(140,337)
(Increase) / Decrease in Amounts due from Related Parties	12	(5,570)	4,651	191,452	(83,661)
Increase / (Decrease) in Trade and Other Payables	8.2 / 20	231,611	38,535	64,741	11,568
Increase / (Decrease) in Amounts due to Related Parties	8.3 / 22	3,219	263,150	28,757	235,089
Cash Generated from Operations		1,448,574	1,796,509	960,694	416,869
Interest Paid	27	(26,127)	(6,852)	(6,045)	(1,878)
Income Tax Paid	21/30	(222,538)	(153,739)	(103,705)	(50,739)
WHTax Paid	21	-	(916)	-	-
Gratuity Paid	19	(13,638)	(3,178)	(3,067)	(2,663)
Net Cash Flows from Operating Activities		1,186,271	1,631,824	847,877	361,589
Cash Flows from Investing Activities					
Acquisition of Property, Plant and Equipment	4.1 / 4.3	(793,318)	(264,515)	(10,200)	(36,095)
Short Term Investment - Fixed Deposit (Net)	11	(441,112)	(504)	(440,808)	-
Dividend Income	24	-	-	-	193,471
Finance Income	11 / 26	43,831	20,893	34,647	18,421
Sales Proceeds from Disposal of Property, Plant and Equipment		-	70	-	-
Net Cash Flows from / (used in) Investing Activities		(1,190,599)	(244,056)	(416,361)	175,797
Cash Flows from Financing Activities					
Dividend Paid	33	(312,585)	(279,094)	(312,585)	(279,094)
Dividend Paid by subsidiary Companies to Outside Shareholders	5.1(c)	-	(256,386)	-	-
Proceeds from Interest Bearing Borrowings	17.2	300,000	19,444	-	-
Repayment of Interest Bearing Borrowings	17.2	(65,279)	(185,892)	-	-
Payment of Lease Instalments	7.1	(9,586)	(8,746)	-	-
Net Cash used in Financing Activities		(87,450)	(710,674)	(312,585)	(279,094)
Net Increase / (Decrease) in Cash and Cash Equivalents		(91,778)	677,094	118,931	258,292
Cash and Cash Equivalents at the beginning of the year	13	1,042,005	364,911	875,017	616,725
Cash and Cash Equivalents at the end of the year	13	950,227	1,042,005	993,948	875,017

The Accounting Policies and Notes on pages 57 to 99 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Richard Pieris Exports PLC ('Company') is a Public Quoted Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 310, Highlevel Road, Nawinna, Maharagama and the principal place of business is situated at No. 10, Raja Mawatha, Ekala, Ja-Ela. The Company was incorporated on 30th June 1983.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company, Subsidiaries and the Associate Company were as follows.

Company	Activities
Richard Pieris Exports PLC	Manufacture and export of moulded and extruded rubber based products.
Richard Pieris Natural Foams Ltd.	Manufacture and export of foam rubber products.
Micro Minerals (Pvt) Ltd.	Manufacture of minerals for the Rubber Industry.
Arpitalian Compact Soles (Pvt) Ltd.	Manufacture and export of resin rubber shoe soling sheets.
Discontinued operation activities	
Arpico Natural Latexfoams (Pvt) Ltd.	Manufacture of latex foam rubber mattress and pillows for export. The operation of the Company ceased from 16th October 2006.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking and ultimate parent enterprise is Richard Pieris & Company PLC, a quoted Company incorporated in Sri Lanka. The holding of Richard Pieris & Co. PLC in Richard Pieris Exports PLC as at 31.3.2022 is 83.90% (31.3.2021 - 83.90%)

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 Date of Authorisation for issue

The consolidated Financial Statements of Richard Pieris Exports PLC and its subsidiaries (collectively, "Group") for the year ended 31st March 2022 were authorised for issue in accordance with a resolution of the directors on 29th August 2022

1.6 Number of Employees

The number of employees in the Company at the end of the year was 220 (2021-151). Group 564 (2021-545)

2. STATEMENT OF COMPLIANCE

The consolidated Financial Statements of the Group have been prepared in accordance with 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. 07 of 2007.

2.1 Basis of preparation

The consolidated Financial Statements have been prepared on an accrual basis and under the historical cost convention except for fair value through OCI financial assets and investment Property-Right of use Asset that have been measured at fair value.

The consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest thousand (Rs.000), except where otherwise indicated.

2.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2022.

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 it 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 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 power over an investee, including:
 - ❖ The contractual arrangement with the other vote holders of the investee;
 - ❖ Rights arising from other contractual arrangements; and
 - ❖ 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

Notes to the Financial Statements

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.

The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Statements of Profit or Loss. Any investment retained is recognised at fair value. The total profits and losses for the year of the Company and of its subsidiaries included in consolidation are shown in the consolidated Statements of Profit or Loss and consolidated statement of comprehensive income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position. Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Statement of profit or loss and as a component of equity in the Consolidated statement of financial position, separately from equity attributable to the shareholders of the parent. The Consolidated statement of cash flows includes the cash flows of the Company and its subsidiaries.

A list of subsidiaries within the Group together with contingent liabilities of subsidiaries is set out in Note 5.1(a), 5.1(b) and 35.1(a) to the Financial Statements. Although the direct shareholdings in some of these Group Companies are below 50% of the equity, the accounts of such Companies are consolidated in recognition of the effective management control exercised by the Parent Company.

The details of non-controlling interests are given in Note 5.1(c) to the financial statements.

2.3 Summary of Significant Accounting Policies Applied

2.3.1 Comparative Information

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous financial year.

The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The presentation and classification of the Financial Statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

2.3.2 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.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest 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 gain is recognized in 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 transferred; the gain is recognised in profit or loss.

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

2.3.3 Investment in Associates

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of losses of an associate in the Statement of Profit or Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

A listing of the Group's Associates together with their fair values and the Group's share of contingent liabilities of such Associates are set out in Note 5.2 and 35.1(b) to the Financial Statements.

Summarised financial information of the Associate Company together with the Company's interests is given in Note 5.2 & 29 to the Financial Statements.

In the Company Level, investments in subsidiaries and associates are recognised at cost.

2.3.4 Foreign currencies

The Group's consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the

Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 re-translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Group Companies

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailing at the reporting date and their Statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

The original Financial Statements of Arpitalian Compact Soles (Pvt) Ltd were prepared in U.S.Dollars, that being the functional currency of the Company were translated in to Sri Lankan Rupees for consolidation purpose in accordance with LKAS 21 recognised in the Other Comprehensive Income.

2.3.5 Revenue recognition

2.3.5.1 Revenue from Contracts 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.

Notes to the Financial Statements

Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on 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 23.2 to the Financial Statements.

2351.1 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.

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.

2351.2 Performance Obligations and significant judgements

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

Sale of Rubber based Products

The Group is in the business of selling rubber based articles. 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 goods 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 SLFRS 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 since 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.

2.3.5.2 Interest Income

For all financial instruments measured at amortised cost, 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 Profit or Loss.

2.3.5.3 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 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.

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).

2.3.6 Expenditure Recognition

a) Operating Expenses

All expenditure incurred in running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of statement of profit or loss, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

b) Finance Cost

Finance cost comprise interest expense on borrowings.

c) Other Financial Items

Foreign currency gains and losses are reported on a net basis under other financial items.

2.3.7 Grants & 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 profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

When loans or similar assistance are provided with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a grant.

2.3.8 Taxes

Income Tax

The provision for Income Tax of the Company is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act in the following manner:

The Business Income of Richard Pieris Exports PLC, Richard Pieris Natural Foams Ltd, Micro Minerals (Pvt) Limited and Arpitalian Compact Soles (Pvt) Ltd are liable to Income Tax at 14% & 18% under the Inland Revenue Act No. 24 of 2017 from Year of Assessment 2021/22.

Investment Income is liable at 24%.

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 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.

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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in 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.

2.3.9 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 income statement.

2.3.10 Property, Plant and Equipment

Notes to the Financial Statements

Property, plant and equipment is 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.

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

Building on Leasehold Land	Over the period of lease
Building on Freehold Land	Over 25-35 years
Plant & Machinery, Electrical Equipment	Over 10-20 years
Furniture and Fittings	Over 04-05 years
Tools & Office Equipment	Over 04-05 years
Motor Vehicles	Over 04-05 years
Computers	Over 03-05 years
Roads and other Infrastructure	Over 20 years
Tube Well	Over 10 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 derecognised 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 income statement when the asset is derecognised.

23.11 Investment Property – Right of use assets

Property that is held (by the owner or by the lessee as a right of use asset) for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset, determined annually. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognised in the Statement of comprehensive income. Investment properties are derecognized when they have been disposed. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the Statement of Comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. Investment property that is being redeveloped for continued future use as investment property continues to be measured at fair value and is not reclassified as property, plant and equipment during the redevelopment.

The fair value of investment property is determined by using valuation techniques.

The fair value was determined principally using discounted cash flow projections based on estimates of future cash flows, supported by the terms of any existing lease and other contracts and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The future rental rates were estimated depending on the actual location of the properties, and taking into account market data and projections at the valuation date.

Investment properties do not include the investment properties under construction or development and no such estimations were made.

23.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right of use the asset or assets, even if that right is not explicitly specified in an arrangement.

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 of 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 on a straight-line basis over the shorter of its estimated useful life or the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises Lease Liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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. In addition, the carrying amount of Lease Liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in Note 7.2 to the Financial Statements.

Group as a lessor for operating leases

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating 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.

2.3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.14 Financial Instruments

2.3.14.1 Financial Assets

Initial recognition and measurement

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.

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 are disclosed in Note 3.

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.

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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 the purpose 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.

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.

2.3.14.2 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 are disclosed in Note 3.

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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Consolidated Statement of Financial Position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- ❖ Using recent arm's length market transactions;
- ❖ Reference to the current fair value of another instrument that is substantially the same;
- ❖ A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 34 to the Financial Statements.

2.3.15 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 materials

At actual cost on weighted average cost.

b) Finished Goods & Work-in-progress

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

c) Consumables and Spares

At actual cost on weighted average cost.

2.3.16 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 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 higher of 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 groups 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 statements 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 the increased amount can not 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 statements of profit or loss .

2.3.17 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 cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.18 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.

2.3.19 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, 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 income statement net of any reimbursement.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Notes to the Financial Statements

2.3.20 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 as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

2.3.21 Post Employment Benefits

Defined Benefit Plan - Gratuity

Provision is made in the accounts for retirement gratuities payable under the Payment of Gratuity Act No. 12 of 1983 for employees from the time of employment by the Group. The method of providing for retiring gratuity was changed to an actuarial basis, using the Projected Unit Credit (PUC) method from 1st April 1998. 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 19 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

This item is grouped under Retirement Benefit Obligations. No separate fund is being maintained for this purpose.

The Group recognises the total actuarial gains and losses that arises in calculating the Group's obligation with respect to the Defined Benefit Plan – Gratuity in Other Comprehensive Income during the period in which it occurs.

Commencing from 1st April 1998 the basis of payment of retiring gratuity was revised as follows:

Length of Service (Years)	No. of months salary for each completed year of service
0 – 4	0
5 – 10	½
11 – 20	¾
21 – 30	1
31 & above	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.

Defined Contribution Plans:

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions, in line with respective statute and regulations. The Group contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and Employee' Trust Fund respectively.

2.3.22 Segment Information

2.3.22.1 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 23.2 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.

2.3.22.2 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.

2.4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group consolidated Financial Statements requires management to make judgements, estimates and assumptions that 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.

2.4.1 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 8 & 31 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. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. 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 Accounting Standards 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 judgement 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.

Impairment of Receivables

The Group reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Income Statement. The management uses judgement 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.

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.

Determination of Performance Obligations

Significant judgments relating to determination of performance obligations in relation to Group's material revenue lines are given in note 2.3.5.1.2

2.4.2 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

An 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 binding sales transactions, 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.

Defined Benefit Plans - Gratuity

The cost of gratuity is 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.

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

Notes to the Financial Statements

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.

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).

2.5 Standards Issued but not yet Effective

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

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 amendments are applied prospectively for the annual periods beginning on or after 01 January 2023 with early application permitted.

Onerous Contracts – Cost of fulfilling a Contract (Amendments to IAS 37)

COVID – 19 – Related Rent Concessions (Amendments to IFRS 16).b

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

Reference to Conceptual Framework (Amendments to IFRS 3) Classification Of Liabilities as Current or Non-current (Amendments to IAS 1).

3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

31st March 2022	Note	Equity Instruments at FVTOCI Rs:'000	Debt Instruments at amortised cost Rs:'000	Total Rs:'000
3.1 Group				
Financial Assets				
Trade & Other Receivables	10	-	1,952,430	1,952,430
Short Term Investment	11	-	448,788	448,788
Amounts due from Related Parties	12	-	58,327	58,327
Cash and Bank Balances	13	-	1,761,802	1,761,802
		-	4,221,347	4,221,347
Financial Liabilities				
			Financial Liabilities at amortised cost Rs:'000	Total Rs:'000
Liabilities for Lease	7.2		149,505	149,505
Trade & Other Payables	8.2 / 20		794,147	794,147
Amounts due to Related Parties	8.3 / 22		537,083	537,083
Interest Bearing Loans and Borrowings	8 / 17.1		1,065,741	1,065,741
			2,546,476	2,546,476
31st March 2021				
Financial Assets				
Trade & Other Receivables	10	-	1,295,088	1,295,088
Short Term Investment	11	-	6,208	6,208
Amounts due from Related Parties	12	-	52,757	52,757
Cash and Bank Balances	13	-	1,042,649	1,042,649
		-	2,396,702	2,396,702
Financial Liabilities				
			Financial Liabilities at amortised cost Rs:'000	Total Rs:'000
Liabilities for Lease	7.2		107,726	107,726
Trade & Other Payables	8.2 / 20		562,234	562,234
Amounts due to Related Parties	8.3 / 22		533,864	533,864
Interest Bearing Loans and Borrowings	8 / 17.1		20,088	20,088
			1,223,912	1,223,912

A description of the Group's Financial Instrument risks, including risk management objectives and policies is given in Note 40.

Notes to the Financial Statements

3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (Contd.)

31st March 2022	Note	Equity Instruments at FVTOCI Rs:'000	Debt Instruments at amortised cost Rs:'000	Total Rs:'000
3.2 Company				
Financial Assets				
Trade & Other Receivables	10	-	807,503	807,503
Short Term Investment	11	-	441,824	441,824
Amounts due from Related Parties	12	-	3,475	3,475
Cash and Bank Balances	13	-	993,948	993,948
		-	2,246,750	2,246,750

Short Term Investment		Financial Liabilities at amortised cost Rs:'000	Total Rs:'000
Financial Liabilities			
Trade & Other Payables	20	231,520	231,520
Amounts due to Related Parties	22	289,926	289,926
Interest Bearing Loans and Borrowings	17.3	-	-
		521,446	521,446

31st March 2021	Note	Equity Instruments at FVTOCI Rs:'000	Debt Instruments at amortised cost Rs:'000	Total Rs:'000
Financial Assets				
Trade & Other Receivables	10	-	399,418	399,418
Amounts due from Related Parties	12	-	194,927	194,927
Cash and Bank Balances	13	-	875,017	875,017
		-	1,469,362	1,469,362

Financial Liabilities		Financial Liabilities at amortised cost Rs:'000	Total Rs:'000
Trade & Other Payables	20	167,072	167,072
Amounts due to Related Parties	22	261,169	261,169
Interest Bearing Loans and Borrowings	17.3	-	-
		428,241	428,241

	Freehold Land and Buildings	Building on Leasehold Land	Plant and Machinery	Tools and Office Equipment	Furniture and Fittings	Motor Vehicles	Computers	Roads and Other Infrastructure	Tube Well	Capital Work in Progress	Total
	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000	Rs:'000
4. PROPERTY, PLANT & EQUIPMENT											
4.1 Group											
Gross carrying amount - at cost											
As at 1st April 2021	67,125	329,463	1,351,025	32,089	11,735	10,168	23,545	10,703	179	184,698	2,020,730
Additions during the year	860	8,651	111,172	568	562	-	1,522	-	-	782,769	906,104
Capitalized during the year	-	-	-	-	-	-	-	-	-	(112,787)	(112,787)
As at 31st March 2022	67,985	338,114	1,462,197	32,657	12,297	10,168	25,067	10,703	179	854,680	2,814,047
Depreciation											
As at 1st April 2021	31,413	71,903	828,433	31,557	9,809	10,168	21,006	7,714	179	-	1,012,182
Charge for the year	1,528	13,295	79,275	312	796	-	1,091	285	-	-	96,582
As at 31st March 2022	32,941	85,198	907,708	31,869	10,605	10,168	22,097	7,999	179	-	1,108,764
Net Book Value											
As at 31st March 2021	35,712	257,560	522,592	532	1,926	-	2,539	2,989	-	184,698	1,008,548
As at 31st March 2022	35,044	252,916	554,489	788	1,692	-	2,970	2,704	-	854,680	1,705,283

4.2 Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs 608,334,664/- (2020/21 - Rs. 580,980,000/-).

Notes to the Financial Statements

4 PROPERTY, PLANT & EQUIPMENT (Contd.)

	Freehold Land and Buildings	Plant and Machinery	Tools and Office Equipment	Furniture and Fittings	Motor Vehicles	Computers	Total
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000
4.3 Company							
Gross carrying amount - at cost							
As at 1st April 2021	57,269	421,414	22,497	3,862	4,378	10,876	520,296
Additions during the year	860	8,683	568	-	-	89	10,200
As at 31st March 2022	58,129	430,097	23,065	3,862	4,378	10,965	530,496
Depreciation							
As at 1st April 2021	27,448	349,949	22,141	3,682	4,378	10,763	418,361
Charge for the year	1,348	7,231	253	55	-	108	8,995
As at 31st March 2022	28,796	357,180	22,394	3,737	4,378	10,871	427,356
Net Book Value							
As at 31st March 2021	29,821	71,465	356	180	-	113	101,935
As at 31st March 2022	29,333	72,917	671	125	-	94	103,140

4.4 Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs 371,362,232/- (2020/21 - Rs. 351,532,000/-).

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000

5. LONG TERM INVESTMENTS

Summary :

Investments in Subsidiaries (5.1(a) & 5.1(b))	-	-	291,094	291,094
Investment in Associate (5.2)	346,132	223,811	171,929	171,929
Other Investment (5.3)	-	-	-	-
Total Investments	346,132	223,811	463,023	463,023

	Holding		Number of Shares as at		Value of Shares as at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	%	%			Rs:'000	Rs:'000

5.1(a) Company Investment in Subsidiaries

Richard Pieris Natural Foams Ltd.	43.00	43.00	27,560,001	27,560,001	284,820	284,820
Micro Minerals (Pvt) Ltd.	68.75	68.75	627,400	627,400	6,274	6,274
Arpico Natural Latexfoams (Pvt) Ltd.	44.44	44.44	3,999,999	3,999,999	40,000	40,000
					331,094	331,094
Provision for Impairment					(40,000)	(40,000)
					291,094	291,094

Arpico Natural Latexfoams (Pvt) Ltd, had ceased its operations during the financial year 2006/2007. Full provision has been made for the impairment of this investment since recoverability is doubtful.

	% Holding		No. of Shares as at		Value of Shares as at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
					Rs:'000	Rs:'000

5.1(b) Group Investment in Subsidiaries

Investor

Richard Pieris Natural Foams Ltd.

Investee

Arpico Natural Latexfoams (Pvt) Ltd.	55.55%	5,000,000	5,000,000	50,000	50,000
				50,000	50,000
Provision for impairment				(50,000)	(50,000)
				-	-

5. LONG TERM INVESTMENTS (Contd.)

	Holding		As at 01.04.2021 Rs.'000	Share of Profit (Loss) Rs.'000	Taxation Rs.'000	Share of Other Comprehensive Income Rs.'000	As at 31.03.2022 Rs.'000
	%	%					
	31.03.2022	31.03.2021					

5.2 Investment in Associate

Group							
Non-Quoted							
Arpitalian Compact							
Soles (Pvt) Limited	48.93	48.93	223,811	581	(533)	122,274	346,133
			223,811	581	(533)	122,274	346,133

	Holding		No. of Shares as at 31.03.2022	As at 01.04.2021 Rs.'000	Value of Shares Additions / (Disposals) Rs.'000	As at 31.03.2022 Rs.'000
	%	%				
	31.03.2022	31.03.2021				
Company						
Arpitalian Compact						
Soles (Pvt) Limited	48.93	48.93	29,587,667	171,929	-	171,929
				171,929	-	171,929

The carrying value at year end is stated after the deduction of a sum of Rs.55,976,000/- from the cost of Rs.227,905,000/- being the provision for impairment determined by the management.

Group / Company	Holding		01.04.2021 Rs.'000	Fair value adjustment Rs.'000	As at 31.03.2022 Rs.'000
	%	%			
	31.03.2022	31.03.2021			

5.3 Other Investment

Asia Auto Parts LLP, Japan	19.95%	19.95%	-	-	-
			-	-	-

Management's estimation of fair value.

Due to uncertainty of recoverability of investment, management has decided to fully provide for the investment during 2020/2021.

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000

5.4 Advance Payment for Investment

Arpico Desh Ltd - Bangladesh	57,363	57,363	-	-
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Subsidiary Company Richard Pieris Natural Foams Ltd has made an advance payment of Rs. 57,363,000/- for Investment in Arpico Desh Ltd - Bangladesh.

Notes to the Financial Statements

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
6. INVESTMENT PROPERTY - RIGHT OF USE ASSET				
At the beginning of the year	322,520	323,602	-	-
Additions during the year	-	-	-	-
Fair value adjustment	30,080	(1,082)	-	-
At the end of the Year	352,600	322,520	-	-
Rental Income earned	21,109	21,109	-	-
Direct Operating expenses incurred	-	-	-	-

The Subsidiary Company, Richard Pieris Natural Foams Ltd, has obtained the above property from its Related Company RPC Properties (Pvt) Ltd on a 99 years lease and sub leased to Related Companies Richard Pieris Distributors Ltd, RPC Polymers (Pvt) Ltd, Arpitech (Pvt) Ltd and Richard Pieris Rubber Products Ltd.

Valuation method underlying management's estimation of fair value

For the investment property in the location with a total carrying value of Rs 352,600,000 (2020/21 - Rs.322,520,347), the valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs.

Information about fair value measurements using significant unobservable inputs (Level 3) for 2022 are as follows:-

Valuation Technique	Investment Method
Rate / Sq feet	Rs.32.50
Capitalization Rate of Return	6.5%
Leased Property :	Land and Building
Location :	Mattegoda
Extent :	528.5 Perches

Valuation techniques and significant unobservable inputs.

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the Input to the fair value	Impact of Covid 19 pandemic current economic crisis
Investment Property	Income Approach	Rate per Square Foot	The estimated fair value would increase or decrease if the price per square foot increase or decrease.	There is no any major impact to fair value of the investment property due to Covid 19 pandemic.

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
7. RIGHT OF USE ASSETS - LEASEHOLD				
Cost				
Balance at the beginning of the year	141,199	100,639	-	-
Lease Asset reassessment	-	40,560	-	-
	141,199	141,199	-	-
Balance at the end of the year	141,199	141,199	-	-
Amortisation				
Balance at the beginning of the year	4,181	1,564	-	-
Charge for the year	3,299	2,617	-	-
Balance at the end of the year	7,480	4,181	-	-
Net Book Value	133,719	137,018	-	-

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
7.1 LIABILITIES FOR LEASE PAYMENT				
Balance at the beginning of the year	107,726	66,383	-	-
	107,726	66,383	-	-
Lease liability re-assessment	-	40,560		
Lease obtained during the year	-	-	-	-
Interest for the year	3,598	6,420	-	-
Payments	(9,586)	(8,746)	-	-
Effect of foreign exchange translation	47,767	3,109	-	-
Balance at the end of the year	149,505	107,726	-	-
Lease instalments payable in the ensuing year	14,448	9,329	-	-
Lease instalments payable after one year	135,057	98,397	-	-
Total Lease Liability	149,505	107,726	-	-
Following are the amounts recognised in profit or loss for the year ended 31st March 2022				
Amortization of right-of-use assets	3,299	2,617	-	-
Interest expense on lease liabilities	3,598	6,420	-	-
Total amount recognised in profit or loss	6,897	9,037	-	-

Expenses relating to short term leases and leases of low value assets amounting to Rs. 54,663.000/- have been recognised in profit or loss.

7.2 Details of Right of Use Assets and Lease Liabilities

Description of Asset	BOI-Land 749.47 Perches	BOI-Land 35.97 Perches	BOI-Land 196.1 Perches	BOI-Land 73.26 Perches	BOI-Land 38.1 Perches	BOI-Land 408.7 Perches	Total
Plan No	590.00	2014-34	2014-53A	2014-53B	13172A	16016	
Year of Purchase	1,993.00	2014	2015	2016	2018	2020	
Lease Term	99 Years	50 Years	50 Years	50 Years	50 Years	50 Years	
Net Book Value as at 31.03.2022 (in Rs 000)	70,691	4,167	16,471	9,196	5,224	27,970	133,719
No. of Instalment remaining (in years) as at 31.03.2022	72	33	25	44	47	25	
Total Lease outstanding as at 31.03.2022 (In Rs 000)	64,209	10,368	18,863	12,446	10,790	32,829	149,505

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
Maturity Analysis				
Within one year	14,449	9,329	-	-
After one year but not more than Three Years	31,377	20,561	-	-
After three years but not more than Five Years	31,377	20,561	-	-
More than Five Years	72,302	57,275	-	-
Total	149,505	107,726	-	-

Notes to the Financial Statements

	Group		Company	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
8. ASSETS / LIABILITIES OF SUBSIDIARY WHICH IS NOT CONSIDERED AS GOING CONCERN				
Arpico Natural Latex Foams (Pvt) Ltd.				
Assets				
Trade & Other Receivables (8.1)	-	-	-	-
Cash and Bank Balances	-	-	-	-
	-	-	-	-
Liabilities				
Trade & Other Payables (8.2)	20,571	20,532	-	-
Amounts due to Related Parties (8.3)	206,316	206,316	-	-
Bank Overdraft	57	57	-	-
	226,944	226,905	-	-

Subsidiary - Arpico Natural Latex Foams (Pvt) Ltd is not considered as going concern. Hence, assets and liabilities are stated separately.

	Group		Company	
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000
8.1 Trade & Other Receivables				
Trade Debtors	25,645	25,645	-	-
Other Receivables	5,304	5,304	-	-
Less : Provision for Impairment	(30,949)	(30,949)	-	-
	-	-	-	-
8.2 Trade & Other Payables				
Trade Creditors - Related Party - RPC Logistics Ltd.	-	-	-	-
- Others	188	188	-	-
Sundry Creditors including Accrued Expenses	20,383	20,344	-	-
	20,571	20,532	-	-
8.3 Amounts due to Related Parties				
Richard Pieris & Co. PLC	170,183	170,183	-	-
Richard Pieris Rubber Compounds Ltd.	156	156	-	-
Kegalle Plantations PLC	32,055	32,055	-	-
Arpitalian Compact Soles (Pvt) Ltd.	66	66	-	-
RPC Logistics Ltd.	3,856	3,856	-	-
	206,316	206,316	-	-

9. INVENTORIES

Raw Materials	408,820	301,516	141,533	86,196
Work in Progress	32,248	30,291	30,676	29,575
Finished Goods	259,026	245,423	37,292	49,574
Consumables and Spares	63,719	65,989	48,313	38,141
Provision for Slow moving Stocks / Stock Loss (9.1)	(11,056)	(19,415)	(8,428)	(8,848)
	752,757	623,804	249,386	194,638

9.1 Provision for Slow Moving Stocks / Stock Loss

At the beginning of the year	19,415	19,464	8,848	8,897
Provision made during the year/ (Reversal)	(8,359)	(49)	(420)	(49)
At the end of the year	11,056	19,415	8,428	8,848

	Group		Company	
	31.03.2022 Rs:000	31.03.2021 Rs:000	31.03.2022 Rs:000	31.03.2021 Rs:000
10. TRADE AND OTHER RECEIVABLES				
10.1 Summary				
Financial Assets				
Trade Debtors - Related Parties (10.2)	47,971	39,416	6,069	11,773
- Others	1,892,340	1,270,359	796,250	383,773
	1,940,311	1,309,775	802,319	395,546
Less : Provision for Impairment (10.3)	(57,829)	(40,820)	(1,524)	(1,524)
	1,882,482	1,268,955	800,795	394,022
Other Debtors	83,624	40,521	21,847	21,685
Less : Provision for Impairment	(18,559)	(18,559)	(18,559)	(18,559)
	65,065	21,962	3,288	3,126
Refundable Deposits	4,958	4,246	3,495	2,345
Less : Provision for Impairment	(75)	(75)	(75)	(75)
	4,883	4,171	3,420	2,270
Total Financial Assets	1,952,430	1,295,088	807,503	399,418
Non Financial Assets				
Advances & Prepayments	192,422	191,852	180,325	169,537
Less : Provision for Impairment	(18,620)	(18,641)	(18,546)	(18,546)
Total Non Financial Assets	173,802	173,211	161,779	150,991
	2,126,232	1,468,299	969,282	550,409

10.2 Trade Dues Receivables from Related Parties

	Relationship				
Richard Pieris & Co PLC	Parent Company	28	28	28	28
Richard Pieris Distributors Ltd	Related Company	30,843	25,918	3,924	5,623
Richard Pieris Rubber Products Ltd	Related Company	961	4,239	132	3,890
Richard Pieris Natural Foams Ltd	Subsidiary Company	-	-	19	145
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	1,310	272	187	-
Richard Pieris Rubber Compounds Ltd	Related Company	315	358	124	124
Arpico Interiors (Pvt) Ltd	Related Company	1,656	1,404	1,655	1,404
Arpitech (Pvt) Ltd	Related Company	12,858	6,638	-	-
BGN Industrial Tyre (Pvt) Ltd	Related Company	-	53	-	53
Richard Pieris Tyre Company Ltd	Related Company	-	506	-	506
		47,971	39,416	6,069	11,773

10.3 Provision for Impairment

Balance at the beginning of the year	40,820	30,406	1,524	1,524
Provision made during the year	(1,050)	11,688	-	-
	39,770	42,094	1,524	1,524
Reversal of over provision	-	(106)	-	-
Effect of foreign exchange translation	18,059	(1,168)	-	-
Balance at the end of the year	57,829	40,820	1,524	1,524

	Total	Current	30 - 60 days	61 - 90 days	91 - 120 days	days > 120
	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000	Rs:000

10.4 As at 31st March, the ageing analysis of trade debtors are as follows.

2022	1,940,311	1,527,589	205,174	42,327	2,033	163,188
2021	1,309,775	1,049,345	126,887	17,567	1,456	114,520

Notes to the Financial Statements

	Group		Company		
	31.03.2022 Rs.'000	31.03.2021 Rs.'000	31.03.2022 Rs.'000	31.03.2021 Rs.'000	
11. SHORT TERM INVESTMENT					
Fixed Deposits					
Balance at the beginning of the year	6,088	5,584	-	-	
Investment made during the year	1,043,862	504	440,808	-	
Withdrawals made during the year	(602,250)	-	-	-	
Exchange Gain/(Loss)	(500)	-	-	-	
	447,200	6,088	440,808	-	
Interest receivable at the end of the year	1,588	120	1,016	-	
Balance at the end of the year	448,788	6,208	441,824	-	
Represented by :-					
Short Term Investment in Other Financial Institutions	448,788	6,208	441,824	-	
	448,788	6,208	441,824	-	
12. AMOUNTS DUE FROM RELATED PARTIES					
	Relationship				
Richard Pieris Natural Foams Ltd.	Subsidiary Company	-	-	2,220	194,432
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	210	72	210	-
Richard Pieris Distributors Ltd.	Related Company	18,426	24,884	-	-
Arpitech (Pvt) Ltd	Related Company	28,173	14,804	105	-
Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd.	Related Company	11,121	11,121	-	-
RPC Polymers (Pvt) Ltd	Related Company	287	1,766	-	-
Richard Pieris Rubber Products Ltd	Related Company	110	110	-	-
Micro Minerals (Pvt) Ltd.	Subsidiary Company	-	-	940	495
		58,327	52,757	3,475	194,927
13. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENTS					
13.1 Favourable Cash and Cash Equivalents Balances					
Cash & Bank Balances - Continuing Operations	1,761,802	1,042,649	993,948	875,017	
Cash & Bank Balances - Discontinued Operations - Note 8	-	-	-	-	
	1,761,802	1,042,649	993,948	875,017	
13.2 Unfavourable Cash and Cash Equivalents Balances					
Bank Overdrafts - Note 17.1 / 8	(811,575)	(644)	-	-	
Total Cash and Cash Equivalents for the purpose of Cash Flow Statements	950,227	1,042,005	993,948	875,017	

	At the beginning of the year 01.04.2021 Number '000	Issued for Cash during the year Number '000	At the end of the year 31.03.2022 Number '000
14. STATED CAPITAL			
Issued and Fully Paid Number of Shares (Ordinary Shares)	11,164	-	11,164
	11,164	-	11,164
	Rs:000	Rs:000	Rs:000
Stated Capital	220,262	-	220,262
	220,262	-	220,262

14.1 Rights, Preference Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

All shares rank equally with regard to the Company's residual assets.

	Group		Company	
	31.03.2022 Rs:000	31.03.2021 Rs:000	31.03.2022 Rs:000	31.03.2021 Rs:000
15. REVENUE RESERVES				
15.1 General Reserve				
At the beginning of the year	219,250	219,250	219,250	219,250
Transfer from Income Statement	-	-	-	-
At the end of the year	219,250	219,250	219,250	219,250
15.2 Accumulated Profit				
At the beginning of the year	1,700,361	1,359,141	1,397,186	1,153,526
Profit for the year attributable to				
Equity Holder of the Parent Company	1,298,953	637,139	1,027,626	538,541
Other comprehensive income attributable				
to Equity Holder of the Parent Company	(6,772)	(16,825)	(3,688)	(15,787)
Interim dividend	(312,585)	(279,094)	(312,585)	(279,094)
At the end of the year	2,679,957	1,700,361	2,108,539	1,397,186
Total Revenue Reserves	2,899,207	1,919,611	2,327,789	1,616,436
16. FOREIGN CURRENCY TRANSLATION				
At the beginning of the year	133,408	122,698	-	-
Exchange translation difference for the year	121,930	10,710	-	-
At the end of the year	255,338	133,408	-	-

Foreign Currency translation relates to the resulting exchange difference on translation of Arpitalian Compact Soles (Pvt) Ltd's accounts maintained in US dollars, into Sri Lankan rupees.

Notes to the Financial Statements

	31.03.2022 Amount Repayable Within 1 Year Rs.'000	31.03.2022 Amount Repayable After 1 Year Rs.'000	31.03.2022 Total Rs.'000	31.03.2021 Amount Repayable Within 1 Year Rs.'000	31.03.2021 Amount Repayable After 1 Year Rs.'000	31.03.2021 Total Rs.'000
17. INTEREST BEARING LIABILITIES						
17.1 Interest Bearing Liabilities - Group						
Term Loan	104,166	150,000	254,166	16,667	2,778	19,445
	104,166	150,000	254,166	16,667	2,778	19,445
Bank Overdraft (13.2)	811,518	-	811,518	588	-	588
	915,684	150,000	1,065,684	17,255	2,778	20,033
17.2 Term Loan and Packing Credit Loan - Movements						
Term Loan		19,445	300,000	65,279	-	254,166
		19,445	300,000	65,279	-	254,166

	Group		Company	
	31.03.2022 Rs:000	31.03.2021 Rs:000	31.03.2022 Rs:000	31.03.2021 Rs:000
18. DEFERRED TAX LIABILITY / (ASSET)				
Balance at the beginning of the year	65,101	67,577	(1,604)	(1,064)
Deferred Tax Charged / (Reversed) to the Income Statement	22,696	(2,240)	(36)	(584)
Deferred Tax Charged / (Reversed) to the Statement of Other Comprehensive Income	(1,903)	(236)	(600)	44
Balance at the end of the year	85,894	65,101	(2,240)	(1,604)
Deferred Tax Asset	(2,240)	(1,604)	(2,240)	(1,604)
Deferred Tax Liability	88,134	66,705	-	-
Deferred tax asset, liability relates to the following				
Deferred tax liability				
Accelerated depreciation for tax purposes	74,638	75,674	8,652	8,151
Right of use asset	(5,390)	1,020	-	-
Unrealized Exchange gain/(Loss)	32,634	3,279	-	-
Deferred tax assets				
Retirement benefit obligations	(15,987)	(14,872)	(10,892)	(9,755)
Net deferred tax liability / (asset)	85,894	65,101	(2,240)	(1,604)

	Group		Company	
	31.03.2022 Rs:000	31.03.2021 Rs:000	31.03.2022 Rs:000	31.03.2021 Rs:000
19. RETIREMENT BENEFIT OBLIGATION				
Movements in the present value of the Retirement Benefit Obligation are as follows.				
Balance at the beginning of the year	105,904	91,419	69,674	62,923
Current Service Cost	1,414	6,831	1,677	3,440
Interest Cost	7,943	9,142	5,226	6,292
(Gain) / Loss due to changes in assumptions	13,637	1,690	4,288	(318)
Benefits paid	(13,638)	(3,178)	(3,067)	(2,663)
Balance at the end of the year	115,260	105,904	77,798	69,674
19.1 Net Benefit Expenses Categorized Under Staff Cost				
Current Service Cost	1,414	6,831	1,677	3,440
Interest Cost	7,943	9,142	5,226	6,292
	9,357	15,973	6,903	9,732

Notes to the Financial Statements

19. RETIREMENT BENEFIT OBLIGATION (Contd.)

19.2 Actuarial & Management Consultants (Pvt) Limited, Actuaries, carried out an actuarial valuation of the defined benefit plan on 31.03.2022 and 31.03.2021. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principle assumptions used were as follows.

Staff Turnover Rates

Age Group	20	25	30	35	40	45	50
Executives	0.27	0.26	0.22	0.17	0.11	0.10	0.10
Non Executives	0.45	0.53	0.36	0.25	0.17	0.17	0.17

	2021 / 2022	2020 / 2021
Demographic assumptions		
Retiring age	55 or 60	55 or 60
Mortality in Service	A 1967/70 mortality table issued by the Institute of Actuaries, London.	A 1967/70 mortality table issued by the Institute of Actuaries, London.
Financial assumptions		
Rate of Salary Increment	8% Per Annum	4% in 2022, 6% in 2023 and thereafter 8% p.a from 2024
Rate of Discount	14%	7.5%

19.3 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. Simulations made for retirement benefit obligation show that an increase or decrease by 1% of salary escalation rate and discount rate has the following effect on the retirement benefit obligation.

Salary escalation Rate	Discount Rate	Revised Defined Benefit Obligation	
		Group Rs. '000	Company Rs. '000
One point increase	As given in Note 19.2	119,437	80,260
One point decrease	As given in Note 19.2	111,326	75,470
As given in Note 19.2	One point increase	112,081	75,968
As given in Note 19.2	One point decrease	118,688	79,768

19.4 Maturity Profile

Maturity profile of the defined benefit obligation as at 31st March 2022 is as follows.

Future Working Life Time	Defined Benefit Obligation	
	Group Rs. '000	Company Rs. '000
Within the next 12 Months	51,408	41,468
Between 1-5 years	37,415	24,260
Beyond 5 years	26,437	12,070
	115,260	77,798

	Group		Company		
	31.03.2022 Rs:000	31.03.2021 Rs:000	31.03.2022 Rs:000	31.03.2021 Rs:000	
20. TRADE AND OTHER PAYABLES					
Financial Liabilities					
Trade Creditors - Related Parties (20.1)	352,516	293,211	36,789	53,962	
- Others	255,311	108,320	81,176	25,068	
Other Payables (20.2)	165,749	140,171	113,554	88,042	
Total Financial Liabilities	773,576	541,702	231,520	167,072	
Non Financial Liabilities					
Other Payables (20.3)	2,370	2,673	988	695	
Total Non Financial Liabilities	2,370	2,673	988	695	
Balance at the end of the year	775,946	544,375	232,508	167,767	
20.1 Trade dues Payable to Related Parties					
	Relationship				
Kegalle Plantations PLC.	Related Company	284,686	246,594	15,362	30,871
Richard Pieris Rubber Products Ltd	Related Company	854	-	854	-
Richard Pieris Distributors Ltd	Related Company	7,910	4,460	3,887	2,995
Richard Pieris Rubber Compounds Ltd	Related Company	8,465	8,095	8,465	8,095
Richard Pieris Tyre Company Ltd.	Related Company	3,098	3,334	-	-
RPC Logistics Ltd.	Related Company	28,210	21,388	1,203	3,960
Arpitech (Pvt) Ltd.	Related Company	7,526	5,384	445	268
Micro Minerals (Pvt) Ltd	Subsidiary Company	-	-	2,934	1,666
Arpico Interiors (Pvt) Ltd	Related Company	16	16	16	16
Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd	Related Company	121	123	98	101
Richard Pieris Natural Foams Ltd	Subsidiary Company	-	-	3,465	2,174
RPC Polymers (Pvt) Ltd	Related Company	10	10	10	10
Namunukula Plantation PLC	Related Company	11,570	3,807	-	3,806
Arpitalian Compact Soles (Pvt)Ltd	Related Company	50	-	50	-
		352,516	293,211	36,789	53,962
20.2 Other Payables (Financial Liabilities)					
Dividend Payable	57,932	50,982	57,932	50,982	
Unclaimed Gratuity Payment	14,707	14,707	14,707	14,707	
Bonus Payable	10,187	11,190	3,917	3,730	
Sales Commission	21,493	13,955	-	-	
Others	61,430	49,337	36,998	18,623	
	165,749	140,171	113,554	88,042	
20.3 Other Payables (Non Financial Liabilities)					
Others	2,370	2,673	988	695	
	2,370	2,673	988	695	

Notes to the Financial Statements

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
21. INCOME TAX PAYABLE				
Balance at the beginning of the year	96,554	34,356	46,245	10,536
Provision for the year	214,696	215,075	135,489	86,846
(Over) / under provision in respect of previous year	(346)	1,778	6	(398)
	310,904	251,209	181,740	96,984
Payments made during the year	(222,538)	(153,739)	(103,705)	(50,739)
WHTax Paid	-	(916)	-	-
Balance at the end of the year	88,366	96,554	78,035	46,245

	Relationship	Group		Company	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		Rs:'000	Rs:'000	Rs:'000	Rs:'000
22. AMOUNTS DUE TO RELATED PARTIES					
Richard Pieris & Co. PLC.	Parent Company	329,247	327,176	266,067	237,597
Micro Minerals (Pvt) Ltd	Subsidiary Company	-	-	23,200	23,200
Richard Pieris Distributors Ltd	Related Company	659	372	659	372
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	861	-	-	-
		330,767	327,548	289,926	261,169

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
23. REVENUE FROM CONTRACTS WITH CUSTOMERS				
23.1 Summary				
Export Sales	6,020,018	4,374,234	2,320,100	1,220,344
Indirect Exports (Gross)	350,089	829,842	-	-
Local Sales (Gross)	234,429	255,090	72,254	64,643
	6,604,536	5,459,166	2,392,354	1,284,987
VAT	(39,171)	(77,426)	(5,352)	(4,788)
Less : Inter Group Sales	(28,433)	(19,430)	-	-
	6,536,932	5,362,310	2,387,002	1,280,199

23. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd.)**23.2 Group Segmental Information**

Business Segmental Information	Turnover		Profit / (Loss) before Tax		Total Assets		Total Liabilities	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Mineral Segment	55,709	39,687	1,740	(355)	55,629	55,060	20,294	21,020
Latex Based Segment	4,122,654	4,061,854	730,031	836,485	4,612,070	2,968,878	2,173,890	1,151,502
Hard Rubber Segment	2,387,002	1,280,199	1,163,085	624,405	3,223,319	2,381,553	678,270	544,856
	6,565,365	5,381,740	1,894,856	1,460,536	7,891,018	5,405,491	2,872,454	1,717,378
Adjustment for Inter Group Transactions	(28,433)	(19,430)	614	(207,556)	(145,775)	(460,910)	(31,848)	(221,628)
	6,536,932	5,362,310	1,895,470	1,252,980	7,745,243	4,944,581	2,840,606	1,495,750

Geographic Information - Revenue	Group		Company	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lanka	122,611	264,831	66,902	59,854
USA	1,734,231	1,160,848	373,212	66,881
Europe	2,866,885	1,818,012	1,903,454	1,111,626
Asia Pacific	1,841,638	2,137,263	43,434	41,052
Africa	-	786	-	786
Total Segments	6,565,365	5,381,740	2,387,002	1,280,199
Less : Inter Group Sales	(28,433)	(19,430)	-	-
	6,536,932	5,362,310	2,387,002	1,280,199

	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
24. OTHER OPERATING INCOME				
Scrap Sales (24.1)	2,783	2,197	2,298	588
Rental Income (24.2)	21,109	21,109	-	-
Reversal of provision for slow moving stocks	421	49	421	49
Dividend Income	-	-	-	193,471
Reversal of Trade Debtors Impairment over provision	5	105	-	-
	24,318	23,460	2,719	194,108

24.1 Summary

Scrap Sales (Gross)	3,005	2,373	2,481	635
VAT	(222)	(176)	(183)	(47)
	2,783	2,197	2,298	588

24.2 Summary

Rental Income (Gross)	22,798	22,798	-	-
VAT	(1,689)	(1,689)	-	-
	21,109	21,109	-	-

Notes to the Financial Statements

	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
25. PROFIT FROM OPERATIONS				
is stated after Charging				
Depreciation	96,582	90,295	8,995	8,193
Directors' Fees	1,000	600	1,000	600
Auditors' Remuneration - Audit Fees	2,411	2,115	1,297	1,112
- Non-Audit Fees	105	101	105	101
Personnel Costs includes				
Defined Benefit Plan Costs - Gratuity	9,357	15,973	6,903	9,732
Other Staff Costs including EPF & ETF	658,044	517,803	273,389	165,400
Provision for Impairment - Trade Debtors	(1,050)	11,688	-	-
Corporate Restructuring Expenses	60,000	60,000	-	-
Amortisation of Right of Use Asset	3,299	2,617	-	-
	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
26. FINANCE INCOME				
Interest Income	45,300	20,815	35,663	18,421
	45,300	20,815	35,663	18,421
	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
27. FINANCE COSTS				
Interest expense on borrowings - Related Party	-	-	1,440	1,878
- Others	26,127	6,852	4,605	-
Finance Charges on Lease Liabilities	3,598	6,420	-	-
	29,725	13,272	6,045	1,878
	29,725	13,272	6,045	1,878
	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
28. OTHER FINANCIAL ITEMS				
Fair Value gain on Investment Property - Lease hold	30,080	1,082	-	-
Net foreign exchange transaction gain	984,718	102,065	575,655	64,316
	1,014,798	103,147	575,655	64,316

29. SHARE OF PROFIT / (LOSS) OF ASSOCIATE

The Group's share of income and expenses of the entity for the years ended 31st March 2022 and 2021, and assets & liabilities as at 31st March 2022 and 2021.

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
Revenue	260,135	143,019	-	-
Profit / (Loss) before tax	1,188	(28,624)	-	-
Group's share of Profit / (Loss) before tax	581	(14,006)	-	-
(-) Tax on associate results	(533)	1,896	-	-
Group's share of Profit / (Loss) after tax	48	(12,110)	-	-
Total Other Comprehensive Income	249,895	21,277	-	-
Group's share of total Other Comprehensive Income	122,274	10,411	-	-
Associate's Statement of Financial Position				
Current assets	484,566	287,750	-	-
Non-current assets	463,246	335,235	-	-
	947,812	622,985	-	-
Current liabilities	86,016	30,656	-	-
Non-current liabilities	90,348	70,555	-	-
	176,364	101,211	-	-

	Group		Company	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000	31.03.2022 Rs:'000	31.03.2021 Rs:'000
Income tax on current year profits - Note 30.1	214,696	215,075	135,489	86,846
(Over) / Under Provision in respect of previous year	(346)	1,778	6	(398)
Deferred Taxation charge / (Reversal) - Note 30.2	22,695	(2,240)	(36)	(584)
Dividend Tax paid by subsidiaries	-	-	-	-
Charge / (Reversal) of Income Tax and Deferred Tax of the Associate Company	533	(1,896)	-	-
	237,578	212,717	135,459	85,864

30. TAXATION**30.1 Taxation on Current Year Profits**

Profit / (Loss) before Tax from continuing operations	1,895,470	1,252,980	1,163,085	624,405
Add: Profit / (Loss) before Tax from discontinued operations	(40)	(57)	-	-
Less: (Profit) / Loss from Associate Company	(581)	14,006	-	-
	1,894,849	1,266,929	1,163,085	624,405
Expenses Disallowed for tax purposes	242,112	208,127	24,914	30,460
Expenses allowable for tax purposes	(414,989)	(144,047)	(20,355)	(19,019)
Allowable Income	(242,301)	169,879	(211,555)	(23,728)
Taxable Income	1,479,671	1,500,888	956,089	612,118
Income tax 24%	6,647	981	1,268	878
Income tax 18%	7,843	3,525	4,986	3,525
Income tax 14%	200,206	210,569	129,235	82,443
	214,696	215,075	135,489	86,846

30.2 Deferred Taxation Charge / (Reversal)

Accelerated depreciation for tax purpose	(1,038)	(543)	501	407
Right of use Asset	23,137	-	-	-
Retirement benefit obligations	596	(1,697)	(537)	(991)
	22,695	(2,240)	(36)	(584)

Notes to the Financial Statements

31. DISCONTINUED OPERATIONS

Arpico Natural Latex Foams (Pvt) Ltd had ceased its operations during the financial year 2006/2007. Therefore, this Company has not been considered as going concern. Further, the results of this Company has been presented separately in these Financial Statements in accordance with SLFRS 05 "Non Current Assets held for sale and Discontinued Operations".

The results of discontinued operation is given below :

	Group	
	31.03.2022 Rs:'000	31.03.2021 Rs:'000
Revenue	-	-
Cost of Sales	-	-
Gross Profit	-	-
Other Operating Income	-	-
Expenses - Note 31.1	(40)	(57)
Loss from discontinued operations	(40)	(57)
Finance Cost	-	-
Loss before Tax from discontinued operations	(40)	(57)
Taxation	-	-
Loss for the year from discontinued operations	(40)	(57)
Attributable to		
Equity Holders of the Parent Company	(27)	(39)
Non Controlling Interest	(13)	(18)
	(40)	(57)

31.1 Expenses Includes

Auditors' Remuneration	40	57
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Operating, Investing and Financing Cash Flows for the year are presented below :

	2022 Rs. 000	2021 Rs. 000
Net Cash used in Operating Activities	(1)	(106)
Net Cash Flows from Investing Activities	-	-
Net Cash Flows from Financing Activities	-	-

32. EARNINGS PER SHARE

32.1 Basic Earnings per Share is calculated by dividing the Profit / (Loss) for the year attributable to ordinary shareholders 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.

32.2 The following reflects the income and shares data used in the basic Earnings per Share computation.

	Group		Company	
	2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000
Amount Used as the Numerator				
Profit Attributable to Equityholders of the Parent from continuing Operations	1,298,980	637,178	1,027,626	538,541
Profit / (Loss) Attributable to Equityholders of the Parent from discontinuing Operations	(27)	(39)	-	-
Profit Attributable to Equityholders of the Parent	1,298,953	637,139	1,027,626	538,541
	'000	'000	'000	'000
Number of Ordinary Shares used as Denominator				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings Per Share	11,164	11,164	11,164	11,164
	Rs.	Rs.	Rs.	Rs.
Earnings Per Share	116.35	57.07	92.05	48.24
Earnings per Share from continuing operations	116.35	57.07	92.05	48.24

	2022 Rs:'000	2021 Rs:'000
33. DIVIDEND PER SHARE		
Interim dividend	312,585	279,094
No. of Shares in issue in '000	11,164	11,164
Dividend per Share (Rs.)	28	25
2021 / 2022		
The interim dividend of Rs. 28.00 per share was declared on 28th March 2022 and payable on 28th April 2022.		
2020 / 2021		
The interim dividend of Rs. 25.00 per share was declared on 24th March 2021 and paid on 7th April 2021.		

34. FAIR VALUE MEASUREMENT HIERARCHY - GROUP

The Group held the following financial instruments carried at fair value in the Statement of Financial Position.

	Note	Level 1		Level 2		Level 3		Total	
		2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000	2022 Rs:'000	2021 Rs:'000
As at 31st March									
Financial Assets									
Other Investment	5.3	-	-	-	-	-	-	-	-
Non Financial Assets									
Assets measured at fair value									
Investment Property - Right of use asset	6	-	-	-	-	352,600	322,520	352,600	322,520
		-	-	-	-	352,600	322,520	352,600	322,520

34.1 Fair Value Measurement Hierarchy - Company

	Note	Level 3	
		2022 Rs:'000	2021 Rs:'000
As at 31st March			
Financial Assets		-	-
Other Investment	5.3	-	-

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.

Notes to the Financial Statements

35. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2022 except for the following :

The Company has two individual cases following the termination of services of 160 employees in 2007. One case which had been filed by a single employee against the Company was before the Court of Appeal whilst the other case 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.

35.1 CONTINGENT LIABILITIES OF SUBSIDIARIES AND ASSOCIATES

35.1 (a) - Contingent Liabilities of Subsidiaries

The subsidiaries of the Group do not have any contingent liabilities as at the Reporting date.

35.1 (b) - Contingent Liabilities of Associates

The Associate of the Group does not have any contingent liabilities as at the Reporting date.

36. CAPITAL COMMITMENTS

The Capital Commitments for Property, Plant and Equipment incidental to the ordinary course of business as at 31.03.2022, approved by the Board are as follows,

	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
As at 31st March				
Contracted but not provided for	-	-	-	-
Approved but not contracted for	-	-	-	-
	-	-	-	-

37. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, except for the following no circumstances have arisen which would require adjustments to or disclosure in these Financial Statements.

37.1 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 Companies in the Exports group have been impacted by this, both negatively and positively.

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 and, the export sector in the benefited greatly from the rupee depreciation.

37.2 Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Company & Group are liable for the surcharge tax of Rs. 105 million & Rs. 330 million respectively out of the Company & Group taxable income of Rs. 418 million & Rs. 1,305 million and pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the Financial Statements relating to the year of assessment which commenced on 1 April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in April 2022.

The impact of the surcharge tax under the Surcharge Tax Act on the comparative year would have been as given below

	Group Rs:'000	Company Rs:'000
Profit after Tax for 31.03.2021	1,040,206	538,541
Surcharge tax levied under Surcharge Act	(330,359)	(104,652)
Comparable Profit for the year 2020/2021	709,847	433,889

38. SECURITIES GIVEN FOR BANKING FACILITIES

	Name of the Company	Lender	Facility	Nature of Security
38.1	Richard Pieris Natural Foams Ltd	HSBC	Overdraft Export Bill Discount	Letter of Awareness from Richard Pieris & Company PLC dated 26 April 1996 confirming that Richard Pieris Group maintains Majority of shareholding in the company until the public issue takes place. Letter of undertaking from Richard Pieris & Company PLC to support the Company's indebtedness to the Bank for USD 475,000/-. Corporate Guarantee dated 29th January 2013 for USD 450,000/- from Kegalle Plantations PLC together with supporting Board Resolution. Letter of Awareness dated 24 Sep 2013 from Richard Pieris & Company PLC together with supporting Board Resolution. Letter of Negative pledge over stocks and Book Debts dated 18th November 2015
		Commercial Bank of Ceylon PLC	Overdraft Export Bill Purchase	Negative pledge dated 19.03.1996 executed over the company's Stocks and Book Debts. Lien over the documents of title to goods under Export. Bills purchase indemnity to be executed. General Terms and Conditions relating to Overdrafts for US \$ 750,000/- signed by the company. General Terms and Conditions relating to Pre-shipment Loans for US \$ 1,500,000/- signed by the company.
		People's Bank	Letter of Credit/ Short Term Loan	Indemnity of the Company Documents of title to goods shipped Bill of Exchange accepted by the company for acceptance Sub loan request letter for each STL

39. RELATED PARTY TRANSACTIONS

39.1 Transactions with Key Managerial Personnel

39.1.1 Key Managerial Personnel include members of the Board of Directors of the Company and its Subsidiary Companies.

39.1.2 Key Management personnel compensation

	Group		Company	
	2022 Rs. Mn.	2021 Rs. Mn.	2022 Rs. Mn.	2021 Rs. Mn.
For the year ended 31st March				
Remuneration to Key Managerial Personnel	31.7	14.9	19.7	14.9

39.1.3 a) Rentals amounting to Rs. 42.9 mn were paid by the group to a close member of the family of a key management personnel.
b) Fees amounting to Rs. 12.6 mn were paid by the group to entities which a key management personnel is a Director.

Notes to the Financial Statements

39. RELATED PARTY TRANSACTIONS (Contd..)

39.2 Transactions with Related Parties by the Company

Name of the Related Party	2021/2022			
	Sales	Purchases	Services	Interest Paid
Arpico Interiors (Pvt) Ltd	464	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	198	1,515	-	-
Arpitech (Pvt) Ltd	-	178	-	-
Kegalle Plantations PLC - Note 39.4.1	-	312,095	-	-
Makeliya Tea Gardens Ceylon Ltd	-	836	-	-
Micro Minerals (Pvt) Limited	-	24,741	-	1,440
Namunukula Plantations PLC	-	24,240	-	-
Richard Pieris & Company PLC	-	-	26,852	-
Richard Pieris Distributors Ltd	21,447	6,381	-	-
Richard Pieris Natural Foams Ltd	36	3,656	97	-
Richard Pieris Rubber Compound Ltd	-	10,549	-	-
Richard Pieris Rubber Product Ltd	1,470	963	-	-
Arpico Durables (Pvt) Ltd	-	35	-	-
RPC Polymers (Pvt) Ltd	-	1	-	-
RPC Logistics Ltd	-	-	23,417	-

Name of the Related Party	2020/2021			
	Sales	Purchases	Services	Interest Paid
Arpico Interiors (Pvt) Ltd	326	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	10	631	-	-
Arpitech (Pvt) Ltd	-	97	-	-
BGN Industrial Tyres (Pvt) Ltd	-	-	79	-
Kegalle Plantations PLC - Note 39.4.1	-	180,783	-	-
Makeliya Tea Gardens Ceylon Ltd	-	586	-	-
Micro Minerals (Pvt) Limited	-	12,375	-	1,878
Namunukula Plantations PLC	-	45,320	-	-
Richard Pieris & Company PLC	-	-	21,524	-
Richard Pieris Distributors Ltd	21,288	4,631	-	-
Richard Pieris Natural Foams Ltd	106	6,949	-	-
Richard Pieris Rubber Compound Ltd	-	6,423	-	-
Richard Pieris Rubber Product Ltd	6,982	921	-	-
Richard Pieris Tyre Co. Ltd	506	-	-	-
RPC Logistics Ltd	-	-	18,441	-

39. RELATED PARTY TRANSACTIONS (Contd..)**39.3 Transactions with Related Parties by the subsidiaries of the Group**

Name of the Related Party	2021/2022			
	Sales	Purchases	Services	Rental Income
Arpico Interiors (Pvt) Ltd	464	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	2,849	1,515	-	-
Arpitech (Pvt) Ltd	17,101	11,122	-	10,371
BGN Industrial Tyres (Pvt) Ltd	-	-	-	-
Kegalle Plantations PLC - Note 39.4.1	-	1,769,217	-	-
Makeliya Tea Gardens Ceylon (Pvt) Ltd	-	998	-	-
Namunukula Plantations PLC	-	35,810	-	-
Richard Pieris & Company PLC	6,744	-	27,023	-
Richard Pieris Distributors Ltd	96,524	9,375	-	8,740
Richard Pieris Rubber Compound Ltd	1,754	963	-	-
Richard Pieris Rubber Products Ltd.	2,483	52	-	406
Richard Pieris Tyre Company Ltd	-	8,429	-	-
RPC Logistics Ltd	-	320,652	23,417	-
RPC Polymers (Pvt) Ltd	-	1	-	1,592
Arpico Durables (Pvt) Ltd	-	35	-	-

Name of the Related Party	2020/2021			
	Sales	Purchases	Services	Rental Income
Arpico Interiors (Pvt) Ltd	326	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	639	631	-	-
Arpitech (Pvt) Ltd	7,351	9,341	-	8,953
BGN Industrial Tyres (Pvt) Ltd	-	-	79	-
Kegalle Plantations PLC - Note 39.4.1	-	1,432,791	-	-
Makeliya Tea Gardens Ceylon (Pvt) Ltd	-	735	-	-
Namunukula Plantations PLC	-	45,320	-	-
Richard Pieris & Company PLC	-	-	88,027	-
Richard Pieris Distributors Ltd	118,993	6,865	-	10,158
Richard Pieris Rubber Compound Ltd	290	6,423	-	-
Richard Pieris Rubber Products Ltd.	9,090	921	-	406
Richard Pieris Tyre Company Ltd	506	6,244	-	-
RPC Logistics Ltd	-	124,762	18,441	-
RPC Polymers (Pvt) Ltd	-	-	-	1,592

39.4 Terms and Conditions

Transactions with Related Parties are carried out in the ordinary course of business on an arms length basis. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

The amounts due from / due to Related Companies are disclosed in Notes 10, 12, 20 & 22 to the Financial Statements.

	Group		Company	
	2022	2021	2022	2021

39.4.1 Transactions with Kegalle Plantations PLC

a) Relationship-Related Company				
b) Nature of transaction-Purchase of Rubber				
c) Aggregate value of Related Party Transactions entered into during the financial year	1,769,217	1,432,791	312,095	180,783
d) Revenue as per latest audited Financial Statements	6,536,932	5,362,310	2,387,002	1,280,199
e) Aggregate value of Related Party Transactions as a % of net revenue/income	27.06	26.72	13.07	14.12
f) Terms and conditions of the Related Party Transactions; Transactions with Related Parties are carried out in the ordinary course of business on an arm's length basis.				

Notes to the Financial Statements

39. RELATED PARTY TRANSACTIONS (Contd..)

39.5 Some of the Directors of the Company are also Directors of the following Companies

Name of the Directors	Richard Pieris & Co PLC	Richard Pieris Natural Foams Ltd	Arpitalian Compact Soles (Pvt) Ltd	Micro Minerals (Pvt) Ltd	Richard Pieris Distributors Ltd	Richard Pieris Rubber Products Ltd	Richard Pieris Rubber Compounds Ltd	Arpico Interiors (Pvt) Ltd	Kegalle Plantations PLC	RPC Logistics Ltd	Richard Pieris Tyre Co. Ltd
Dr. Sena Yaddchige	X	X	X	X	X	X	X	-	X	-	X
Shaminda Yaddchige	X	X	-	-	X	X	-	X	X	-	X
Sunil S Liyanage	X	-	-	-	X	X	-	X	X	-	-
W.R.Abeyirigunawardena	-	X	X	X	-	X	X	-	-	-	X
W.J.V.P. Perera	X	X	-	-	X	-	-	-	-	X	X
x - Indicates Director of the relevant Company.											
Name of the Directors	Richard Pieris Group Services (Pvt) Ltd	Arpico Natural Latex Foams (Pvt) Ltd	Arpitech (Pvt) Ltd	Maskeliya Plantations PLC	Maskeliya Tea Gardens (Ceylon) Ltd	Arpico Insurance PLC	Namunukula Plantations PLC	RPC Properties (Pvt) Ltd.	BGN Industrial Tyre (Pvt) Ltd.	RPC Ploymers (Pvt) Ltd.	
Dr. Sena Yaddchige	X	X	X	X	X	-	X	-	-	X	
Shaminda Yaddchige	-	X	X	X	-	-	X	-	X	-	
Sunil S Liyanage	-	-	X	X	-	-	X	X	-	X	
W.R.Abeyirigunawardena	-	X	-	-	-	-	-	-	X	-	
W.J.V.P. Perera	-	-	-	-	-	X	-	X	-	-	
x - Indicates Director of the relevant Company.											

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans & borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's 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 agree 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, Equity instruments at FVTOCI and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Sensitivity

	Group		Company	
	Effect on Profit before Tax		Effect on Profit before Tax	
	2022	2021	2022	2021
	000	000	000	000
Increase in base point + 100	(10,657)	(200)	-	-
Decrease in base point - 100	10,657	200	-	-

Interest rate risk

Interest rate risk is the risk that the Company is exposed due to change in absolute level of market interest rates. Country's yield curve reflecting public borrowings in the domestic market, monetary policy & the policy rates, market liquidity, reforms in fiscal policies, imposition of possible

credit ceilings on lending, average deposit rates, cost of utilizing funds etc are considered to be main determining factors on the quoted interest rates for short term & long term lending facilities. These external factors stresses on the market lending rates inserting pressure on the finance cost of the group in turn having a down beating affect on the profit attributable to shareholders.

Following measures and actions will be taken in order to manage interest rate risk of the group.

- ❖ Based on the studies & 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. I.e. 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 turnover 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 Treasury function 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 currency, Singapore Dollars (SGD) and Pound Sterling (GBP) especially with regard to trade related transactions.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using forwards contracts & options when it is deemed necessary.

Foreign currency sensitivity

It is anticipated rupee to depreciate by 3% to 5% per annum on average. The imported materials are mainly billed in USD, EURO, SGD, GBP & other main currencies. Group treasury division continuously traces the exchange rate movement of the above currencies.

Following measures and actions will be taken in order to manage exchange rate risk of the group.

- ❖ 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, swap and options contracts etc as and when the market rates are on favorable terms.

Notes to the Financial Statements

Commodity price risk

The Group is affected by the volatility of certain commodities. The volatility in prices of rubber etc in the auctions would trigger greater uncertainty in the contribution towards group turnover. Due to the significantly increased volatility of the price of the underlying, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading towards negative effect towards group profitability. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Group has continuously monitored the receivables through segregating the duty of controlling the receivables through SBU credit controllers. It is the responsibility of the person to continuously monitor the receivables and the receipts & recoveries are done promptly according to the credit period. Furthermore age analysis is carried out along with monthly provisioning to smooth out the irrecoverable debtor balances across the period.

The following table shows the credit quality of the financial instruments by class of financial assets.

As at 31st March 2022	Neither past due nor Impaired Rs. '000	Past due but not Impaired Rs. '000	Impaired Rs. '000	Total Rs. '000
Assets				
Trade & Other Receivables	1,592,653	359,776	76,463	2,028,893
Short Term Investment	448,788	-	-	448,788
Amounts due from Related Parties	58,327	-	-	58,327
Cash and Bank Balances	1,761,802	-	-	1,761,802
	3,861,570	359,776	76,463	4,297,810

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 maintain 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

The maturity analysis of the Group's Financial Liabilities are given below.

As at 31st March 2022	Note	On demand Rs:'000	Less than 3 Months Rs:'000	3 to 12 Months Rs:'000	1 to 5 Years Rs:'000	Total Rs:'000
Interest bearing Loans and Borrowings	8 / 17.1	811,575	104,166	-	150,000	1,065,741
Trade and Other Payables	8.2 / 20	373,087	421,060	-	-	794,147
Amounts due to Related Parties	8.3 / 22	537,083	-	-	-	537,083
		1,721,745	525,226	-	150,000	2,396,971

As at 31st March 2021	Note	On demand Rs:'000	Less than 3 Months Rs:'000	3 to 12 Months Rs:'000	1 to 5 Years Rs:'000	Total Rs:'000
Interest bearing Loans and Borrowings	8 / 17.1	644	16,666	-	2,778	20,088
Trade and Other Payables	8.2 / 20	313,743	248,491	-	-	562,234
Amounts due to Related Parties	8.3 / 22	533,865	-	-	-	533,865
		848,252	265,157	-	2,778	1,116,187

Credit quality by class of Financial Assets

Assets	Neither past due not impaired Rs. '000	Past due but not impaired Rs. '000	Individually impaired Rs. '000	Total Rs. '000
Trade & Other Receivables	1,592,654	359,776	76,463	2,028,893
Short Term Investment	448,788	-	-	448,788
Amounts due from Related Parties	58,327	-	-	58,327
Cash and Bank Balances	1,761,802	-	-	1,761,802
	3,861,571	359,776	76,463	4,297,810

Aging analysis of past due (i.e facilities in arrears of 31 days and above) but not impaired balances, by class of Financial Assets.

	31 to 60 days Rs:'000	61 to 90 days Rs:'000	More than 90 days Rs:'000	Total Rs:'000
Trade & Other Receivables	205,029	4,742	150,005	359,776
	205,029	4,742	150,005	359,776

Individually impaired

The Company policy is to make provision for impairment based on specific provision.

Statements of Value Added

	2021/2022 Rs.000	2020/2021 Rs.000
Group		
Value Added :		
Gross Turnover	6,565,365	5,381,740
Less: Inter Group Sales	(28,433)	(19,430)
	6,536,932	5,362,310
Cost of Material and Service Purchased	(3,794,029)	(3,403,498)
	2,742,903	1,958,812
Other Income	24,318	23,460
Finance Income	45,300	20,815
Share of Profit /(Loss) of Associate	581	(14,006)
Total Value Added	2,813,102	1,989,081
Distribution of Value Added :		
To Employees as remuneration and Welfare	681,695	551,784
To the Government		
- as taxes	235,707	226,156
- as expenses	102,137	71,595
To Shareholders as Dividend	312,585	279,094
To Lenders of Capital		
- As Interest on Borrowing	29,725	13,272
- To Minority Interest	354,280	402,079
Retained within the Business		
- As Depreciation and Impairment	96,585	106,356
- As Deferred Tax	20,793	(2,476)
- As Foreign Currency Translation	(121,930)	(10,710)
- As Profits Retained	1,101,526	351,930
	2,813,102	1,989,081
Company		
Value Added :		
Turnover	2,387,002	1,280,199
Cost of Material and Service Purchased	(957,095)	(675,615)
	1,429,907	604,584
Other Income	2,719	194,108
Finance Income	35,663	18,421
Total Value Added	1,468,289	817,113
Distribution of Value Added :		
To Employees as remuneration and Welfare		
To the Government	285,580	175,285
- as taxes	140,238	91,648
- as expenses	4,128	1,879
To Shareholders as Dividend	312,585	279,094
To Lenders of Capital		
- As Interest on Borrowing	6,045	1,878
- To Minority Interest	-	-
Retained within the Business		
- As Depreciation and Impairment	8,996	24,254
- As Deferred Tax	(636)	(584)
- As Profits Retained	711,353	243,659
	1,468,289	817,113

Corporate Structure



RICHARD PIERIS NATURAL FOAMS LIMITED

Business Activity

Manufacture and export of foam rubber products

Chairman - Dr. Sena Yaddehige

Director - Shaminda Yaddehige

Director - Wasantha Abeysirigunawardena

Director - Viville Perera

Director - Shiron Goonaratne (Appointed w e f 01.11.2021)

Stated Capital

Rs. 640,822,600 represented by 64,082,260 shares

Group Holding

43%

ASSOCIATE COMPANY



ARPITALIAN COMPACT SOLES (PVT) LIMITED

Business Activity

Manufacture and export of resin rubber shoe soling sheets

Chairman - Dr. Sena Yaddehige

Director - Fabio Piccolo

Director - Wasantha Abeysirigunawardena

Director - Rohan Yaddehige

Stated Capital

Rs. 542,371,660 represented by 60,471,501 ordinary shares and 6,404,500 preferential shares.

Group Holding

48.93%



MICRO MINERALS (PVT) LIMITED

Business Activity

Manufacture of rubber fillers

Chairman - Dr. Sena Yaddehige

Director - Wasantha Abeysirigunawardena

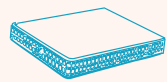
Director - B L P Jayawardana

Stated Capital

Rs. 9,126,000 represented by 912,600 shares

Group Holding

68.75%



ARPICO NATURAL LATEXFOAMS (PVT) LIMITED

(Discontinued Businesses)

Business Activity

Manufacture and export of foam rubber products

Chairman - Dr. Sena Yaddehige

Director - Shaminda Yaddehige

Director - Wasantha Abeysirigunawardena

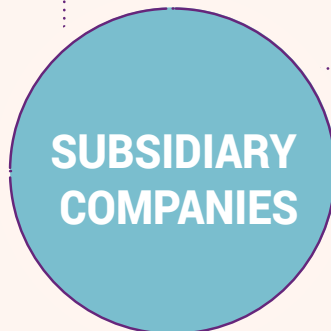
Director - Adrian Bogahawatte (Appointed w.e.f. 07.09.2019)

Stated Capital

Rs. 90,000,000 represented by 9,000,000 shares

Group Holding

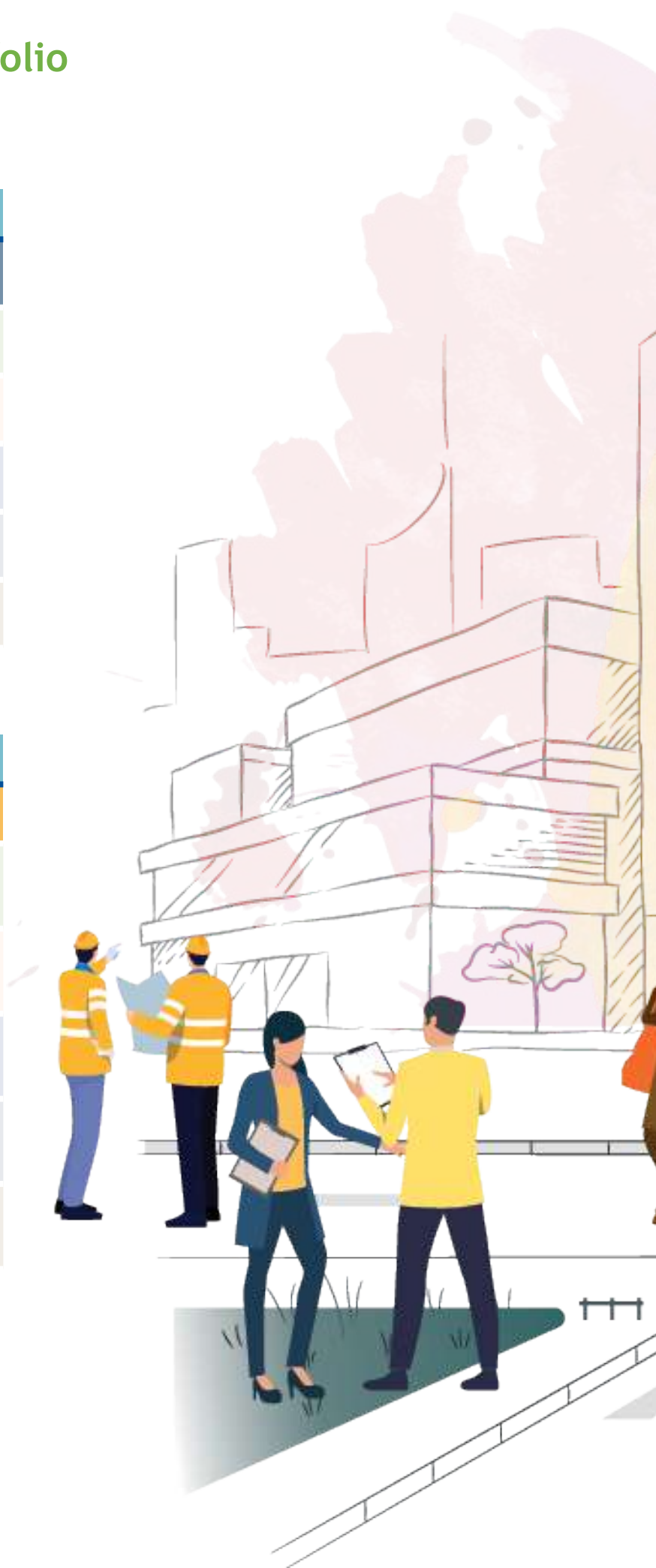
68%



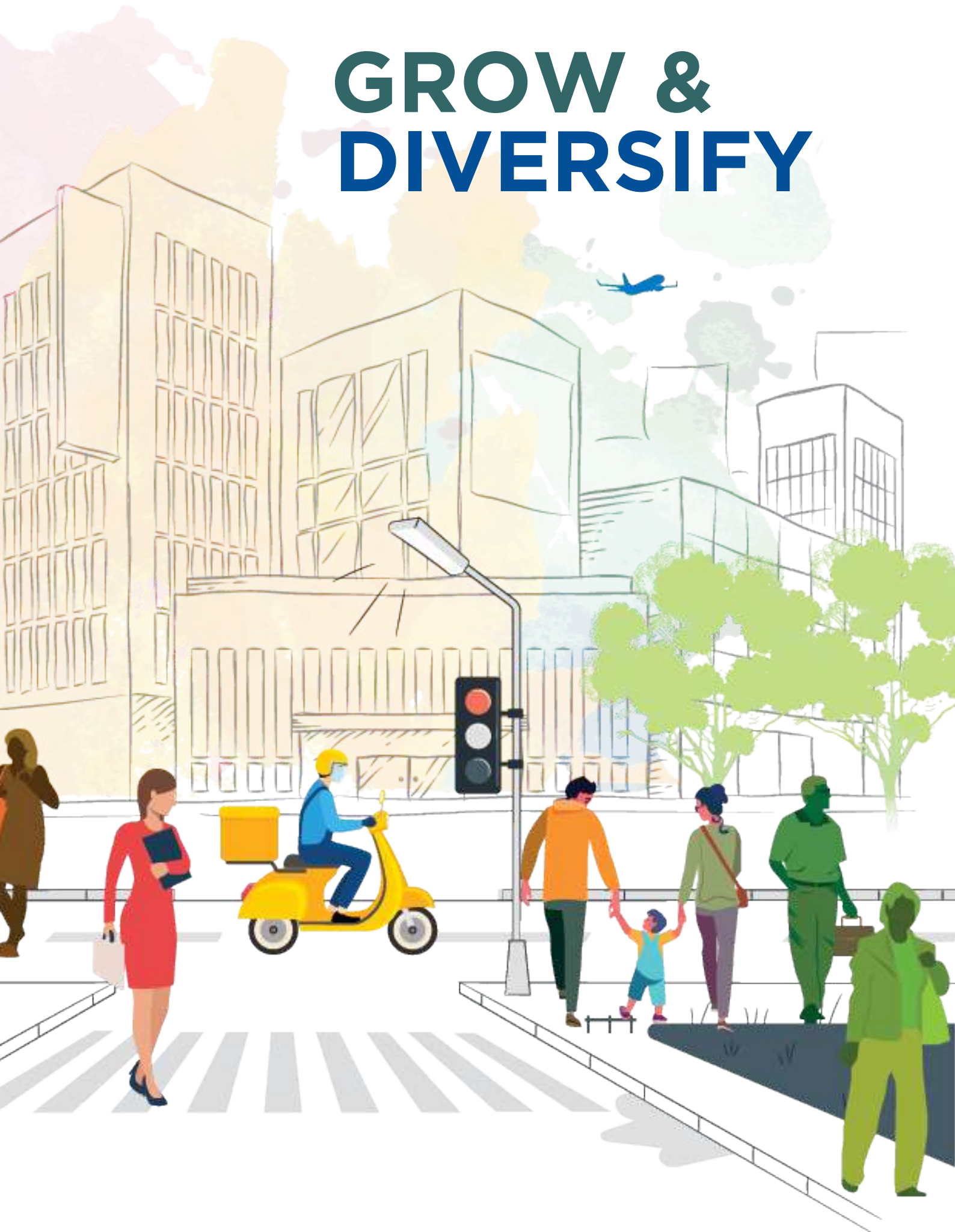
Group Real Estate Portfolio

FREEHOLD LAND AND BUILDINGS	
Richard Pieris Exports PLC	Micro Minerals (Pvt) Ltd
Location Ja- Ela	Location Bandaragama
Land Perches 640	Land Perches 320
Building in Sq.Ft. 73,190	Building in Sq.Ft. 16,800
No of Buildings 05	No of Buildings 01
Market Value in Rs. mn 265	Market Value in Rs. mn 42

LEASEHOLD LAND AND BUILDING	
Richard Pieris Natural Foams Ltd	Arpitalian Compact Soles (Pvt) Ltd
Location Biyagama Mattegoda	Location Biyagama
Land Perches Biyagama - 1,501.6 Mattegoda - 528.50	Land Perches 246.2
Building in Sq.Ft. Biyagama - 126,508 Mattegoda - 80,000	Building in Sq.Ft. 30,003
No of Buildings Biyagama - 05 Mattegoda - 03	No of Buildings 01
Market Value in Rs. mn Biyagama - 317 Mattegoda - 323	Market Value in Rs. mn 17

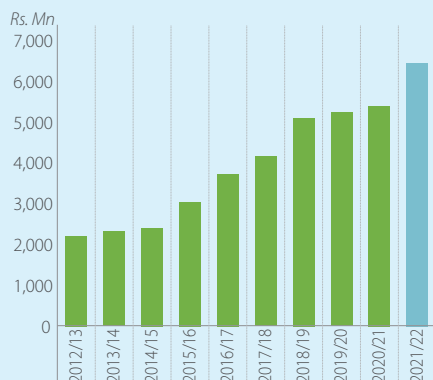


GROW & DIVERSIFY

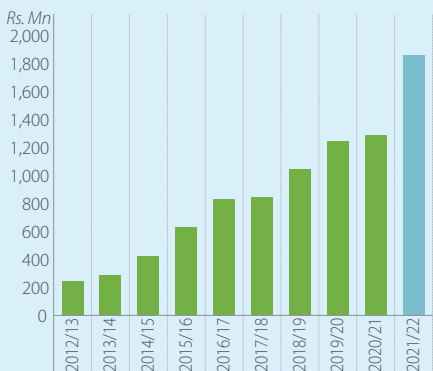


Ten Year Summary

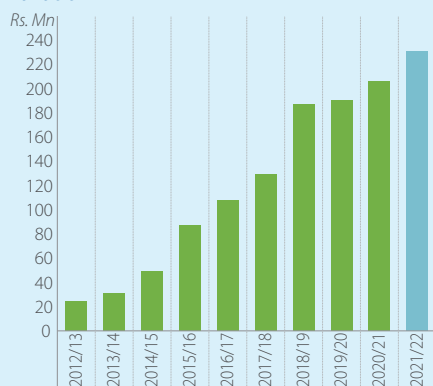
Turnover



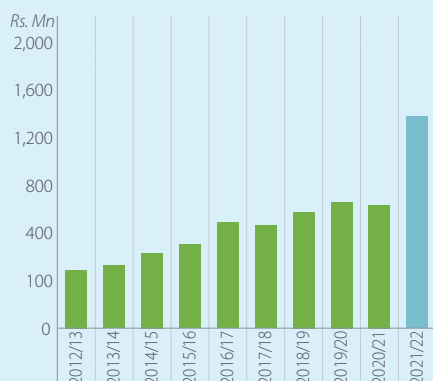
Profit before taxation



Taxation



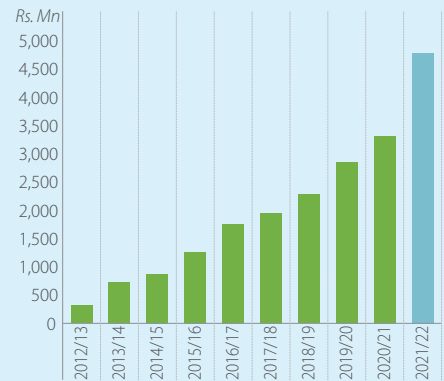
Profit attributable to shareholders



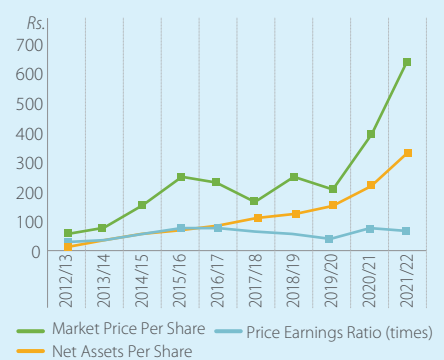
	2021/2022	2020/2021	2019/2020	2018/2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Income Statement				
Turnover	6,536,932	5,362,310	5,211,556	5,182,356
Profit before taxation	1,895,470	1,252,980	1,229,146	1,165,105
Taxation	(237,578)	(212,717)	(188,806)	(184,743)
Profit after taxation (Rs Mn)	1,657,892	1,040,263	1,040,340	980,362
Minority Interest	(358,899)	(403,067)	(396,498)	(387,271)
Profit attributable to shareholders	1,298,993	637,196	643,782	593,034
Balance Sheets:				
Capital and Reserves				
Stated Capital	220,262	220,262	220,262	220,262
Revenue Reserve	2,899,207	1,919,611	1,578,391	1,246,265
Shareholders' Funds	3,374,807	2,273,281	1,921,351	1,568,255
Minority Interest	1,529,830	1,175,550	1,029,857	804,210
Capital Employed	4,904,637	3,448,831	2,951,208	2,372,465
Assets Employed				
Assets of Discontinued operations	-	-	50	108
Current Assets	5,147,906	3,193,717	2,967,091	2,661,770
Liabilities of Discontinued operations	(226,944)	(226,905)	(226,898)	(226,896)
Current Liabilities	(2,125,211)	(995,061)	(1,128,629)	(1,225,475)
Working Capital	2,795,751	1,971,751	1,707,788	1,191,205
Intangible Assets				
Leasehold Land Prepayments	-	-	-	11,544
Investment Property-Leasehold	352,600	322,520	323,602	287,323
Property, Plant & Equipment	1,705,283	1,008,548	834,487	806,382
Long Term Loans	150,000	2,778	-	(43,875)
Deferred Liabilities	115,260	105,904	91,419	(203,537)
Investments	346,132	223,811	241,570	260,949
Total Assets less Liabilities	4,904,637	3,448,831	2,951,208	2,372,465
Financial Ratios				
Profitability				
Earning per Share (Rs.)	116.35	57.07	57.66	53.12
Net profit/(Loss) before Minority				
Net profit/(Loss) before Minority Int. to sales(%)	25.36	19.40	19.96	18.92
Dividends				
Dividend (Rs.)	312,585	279,094	276,303	200,947
Dividend per share (Rs.)	28.00	25.00	24.75	18.00
Others				
Market Price Per Share (Rs.)	609	374	191	212
Price Earnings Ratio (times)	5.23	6.55	3.31	3.99
Net Assets Per Share (Rs.)	302.30	203.63	172.11	140.48
Annual sales growth (%)	22%	3%	1%	21.32%
Current Assets Ratio (times)	2.42	3.21	2.63	2.17
Fixed Asset Turnover Ratio (times)	3.83	5.32	6.25	6.43
Average Exchange Rate (per US\$)	210.29	189.11	180.43	169.73
Turnover (US\$ '00 00)	31,086	28,356	28,884	30,534

2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
4,271,727	3,818,441	3,047,568	2,498,140	2,393,765	2,303,135
846,347	838,707	636,512	446,601	312,104	273,457
(133,240)	(111,462)	(88,011)	(58,350)	3,836	(29,398)
713,107	727,245	548,501	388,344	315,911	244,059
(297,343)	(265,225)	(184,335)	(120,667)	(123,160)	(103,296)
415,710	461,983	364,056	267,677	192,751	140,722
220,262	220,262	220,262	220,262	220,262	220,262
837,386	637,557	352,459	169,563	22,342	(74,032)
1,169,253	928,584	635,501	435,522	285,036	146,230
650,977	583,546	467,224	382,298	276,507	153,288
1,820,230	1,512,130	1,102,725	817,820	561,543	299,518
108	162	210	315	3,487	3,527
2,310,451	1,783,860	1,606,196	1,267,571	1,043,601	793,684
(226,839)	(226,839)	(226,850)	(226,845)	(230,119)	(230,119)
(1,062,924)	(804,704)	(921,856)	(742,886)	(556,231)	(501,002)
1,159,127	729,504	690,102	544,034	486,768	389,755
11,817	12,090	12,363	6,007	4,633	4,692
-	-	-	-	-	-
773,932	589,765	472,628	474,162	282,054	287,395
(90,814)	-	(15,836)	(57,979)	(97,379)	(133,870)
(231,905)	(92,705)	(60,151)	(61,258)	(51,194)	(43,411)
245,590	250,501	235,784	135,213	125,065	118,622
1,820,230	1,512,130	1,102,725	817,820	561,543	299,518
37.24	41.38	32.61	23.98	17.27	12.61
16.69	19.05	17.99	15.55	13.19	10.59
178,620	178,620	139,547	116,103	57,493	-
16.00	16.00	12.50	10.40	5.15	-
168	209	211	130	55	30
4.51	5.05	6.48	5.43	3.19	2.43
104.74	83.18	56.93	39.01	25.53	13.10
11.88 %	25%	22 %	4.36%	3.93 %	0.17 %
2.17	2.22	1.74	1.71	1.88	1.59
5.52	6.47	6.45	5.27	5.33	8.01
153.67	148.39	139.81	131.21	130.51	129.95
27,798	25,733	21,799	19,039	18,342	17,723

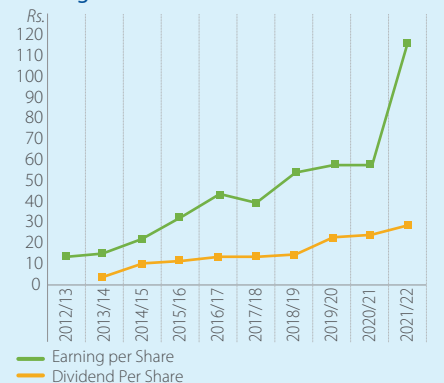
Capital Employed



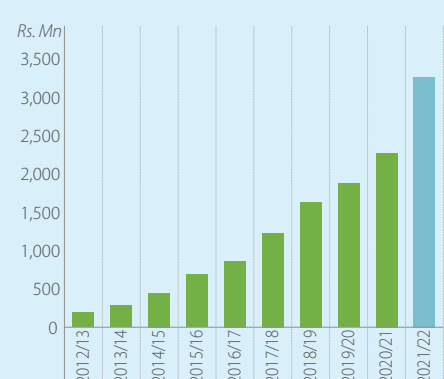
Market Price, Price Earning Ratio & Net Assets Per Share



Earnings Per Share Vs Dividend Per Share



Shareholders' Funds



Shareholder Information

General

Stated Capital	Rs. 220,262,000
No of Shares Issued as at 31.03.2022	Nos 11,163,745

Stock Exchange listing

The issued ordinary shares of Richard Pieris Exports PLC are listed on the Colombo Stock Exchange. The audited Statement of Profit or Loss and Statement of Comprehensive Income for the year ended 31st March 2022 and the audited statement of Financial Position of the Company and the Group as at that date have been submitted to Colombo Stock Exchange within two months of the Balance sheet date.

Date of Listing

The Company was listed on 11th October 1993.

Share Trading

	2021/22	2020/21	Increased by	%
No of transactions	22,413	8,847	13,566	153%
No of shares traded	1,703,544	1,027,235	676,309	66%
Share turnover (Rs.)	1,127,196,670	305,674,554	821,522,115	269%

Market Capitalization

The Market Capitalization of the Company which is the number of Ordinary Shares issued multiplied by the market value of a share was Rs. 6,799 Mn (11,163,745 x 609) at 31st March 2022 (As at 31st March 2021: Rs 4,175 Mn).

	As at 31.03.2022	As at 31.03.2021
Market Capitalization (Rs '000')	6,798,721	4,175,241
Public holding percentage	16.10%	16.10%
Number of public shareholders	2,69	2,059
Float adjusted Market Capitalization (Rs '000')	1,094,594	672,214
Price Earnings Ratio (times)	5.23	6.55

	2021/22	2020/21	2019/20	2018/19	2017/18
Market Capitalization Rs. Mn	6,799	4,175	2,130	1,877	1,877
Enterprise Value Rs. Mn	5,187	3,135	1,436	1,550	1,550
Dividend Yield	5%	7%	13%	10%	10%
Price Earnings Ratio	5.23	6.55	3.31	4.51	4.51
Dividend Payout Ratio	24%	44%	43%	43%	43%
Net Assets Per Share	302.30	203.63	172.11	140.48	104.74
Earnings Per Share	116.35	57.07	57.67	53.12	37.24

Market capitalization increased from 2.3 bn to 6.8 bn by as much as 122% from Year 2016/17 to 2021/22

Float adjusted Market Capitalization as at 31st March 2022 is Rs. 1.1 bn

Rs.1.7 Bn

(2021 Rs. 306 Bn)

Share Trading

Rs.6.8 Bn

(2021 Rs. 4.2 Bn)

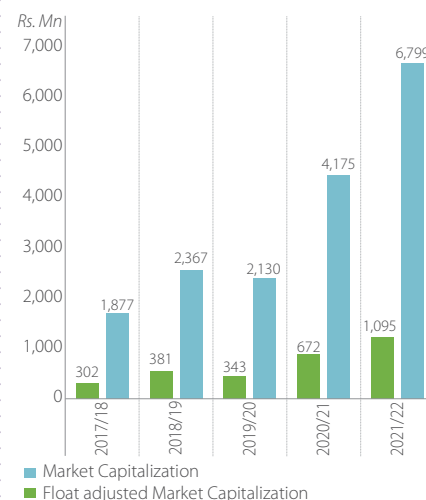
Market Capitalization

5.23 times

(2021 Rs. 6.55 Bn)

Price Earnings Ratio

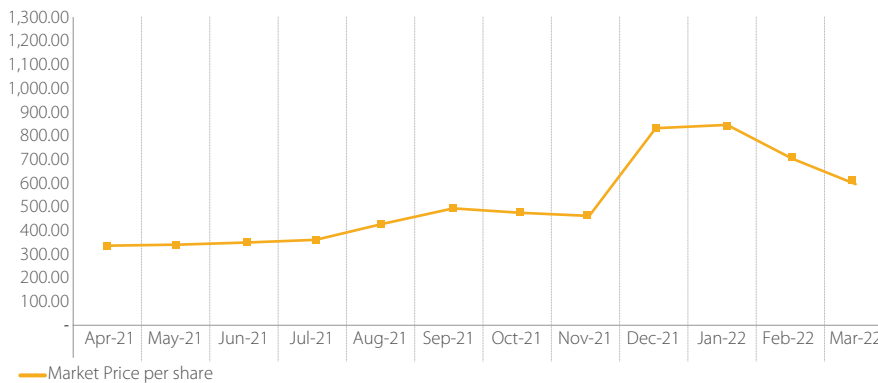
Market Capitalization Vs Float Adjusted MC



Market Value of shares

	2021/22	Date	2020/21	Date
Highest Price (Rs.)	1,273.75	29.04.2021	474.50	29.01.2021
Lowest Price (Rs.)	337.00	12.01.2022	150.00	12.05.2020
Year end Price (Rs.)	609.00	31.03.2022	374.00	31.03.2021

Market Price Per Share

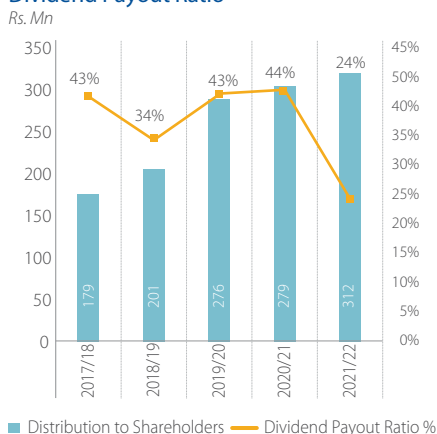


Ordinary Shareholders

Range of shareholding	As at 31/03/2022			As at 31/03/2021		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
1 - 1,000	2,552	358,043	3.21%	1,850	282,776	2.53%
1,001 - 10,000	189	534,134	4.78%	183	509,788	4.57%
10,001 - 100,000	29	778,541	6.97%	27	882,097	7.90%
100,001 - 1,000,000	1	127,000	1.14%	1	123,057	1.10%
1,000,001 & above	1	9,366,027	83.90%	1	9,366,027	83.90%
Total	2,772	11,163,745	100.00%	2,062	11,163,745	100.00%

Composition of Shareholding

Distribution to Shareholders and Dividend Payout Ratio



Total Shareholder Return (TSR) is a measure of financial performance, indicating the total amount an investor reaps from an investment-specifically, equities or shares of stock.

Highest market price recorded for the year is Rs. 1,273.75 on 29th April 2021. Lowest share price recorded for the year is Rs. 337 in 12th January 2022.

Shareholder return for the year is 39%. The increasing share price from Rs. 374 to Rs. 609 as at 31st March 2022 contributed to decrease the shareholder return.

Creating tremendous value for shareholders during the year. Distribution to shareholders in year 2021/22 increased to Rs. 312 Mn by 12% compared to last year. Dividend pay out ratio for the year is 24%.

24%

Last Year 44%

Dividend Payout Ratio

5%

Last Year 7%

Dividend Yield

Rs. 92.05

2021: Rs. 48.24

Earnings Per Share (Company)

Rs. 116.35

2021: Rs. 57.07

Earnings Per Share (Group)

Rs. 609

31st March 2021 Rs. 374

31st March 2022 Market Price per Share

Dividend per Share

Gross Dividend divided by the number of ordinary shares in issued at the year end.

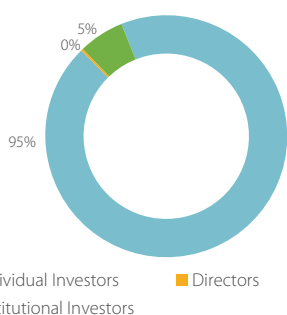
Category	2022			2021		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
Institutional Investors	134	9,812,287	87.89%	93	9,850,023	88.23%
Individual Investors	2,636	1,351,155	12.11%	1,967	1,313,419	11.77%
Directors	2	303	0.00%	2	303	0.00%
Total	2,772	11,163,745	100.00%	2,062	11,163,745	100.00%

Institutional Investors composition in 2022 is 87.89% compared to 88.23% in year 2021. Individual Investors composition of shareholding in year 2022 is 12.11% compared to 11.77% in year 2021.

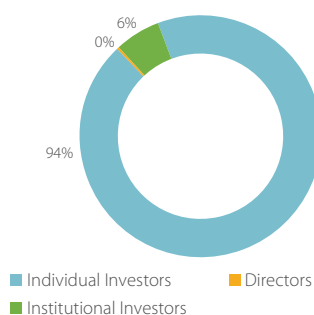
A shareholder is any person, company, or institution that owns shares in a company's stock. A company shareholder can hold as little as one share. Shareholders are subject to capital gains (or losses) and/or dividend payments as residual claimants on a firm's profits.

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Composition of Shareholding % - 2022



Composition of Shareholding % - 2021



Major Shareholders

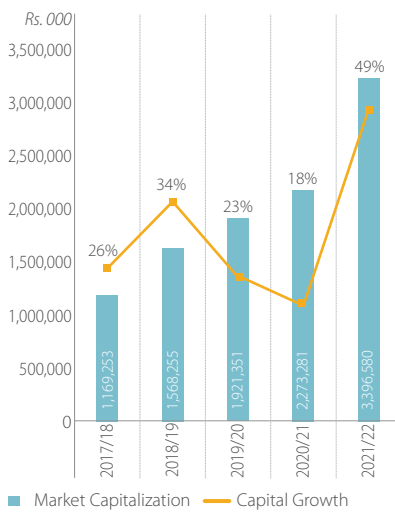
as at 31st March 2022	As at 31st March 2022		As at 31st March 2021		Change
	No of Shares	Holding %	No of Shares	Holding %	
1 Richard Pieris & Company PLC.	9,366,027	83.90%	9,366,027	83.90%	-
2 Mr.T.T.T.Al-Nakib	127,000	1.14%	120,572	1.08%	6,428
3 Mrs.V.Saraswathi	100,000	0.90%	96,594	0.87%	3,406
4 Mr. P.Vijendran	60,000	0.54%	60,000	0.54%	-
5 Kalday Private Limited	53,399	0.48%	53,399	0.48%	-
6 Ransiri Enterprises (Pvt) Ltd	42,100	0.38%	42,100	0.38%	-
7 Union Investments Private Ltd	39,600	0.35%	40,600	0.36%	(1,000)
8 Mr.S.Abishek	36,724	0.33%	41,000	0.37%	(4,276)
9 Mr. Subramaniam	33,160	0.30%	33,160	0.30%	-
10 Mr.H.A.R.Pieris	31,500	0.28%	36,000	0.32%	(4,500)
11 Corporate Holdings (Pvt) Ltd	30,000	0.27%	30,000	0.27%	-
12 Mr.V.S.P.Wickramasooriya	30,000	0.27%	-	0.00%	30,000
13 Mr.M.F.A.Deen Mohamed	27,500	0.25%	-	0.00%	27,500
14 Mr Ravindra Erle	25,900	0.23%	23,800	0.21%	2,100
15 Mr. N.A.Withana	24,000	0.21%	25,000	0.22%	(1,000)
16 Mr. Anura Bandara	23,624	0.21%	63,549	0.57%	(39,925)
17 Mr. A.S.Ratnayake	22,846	0.20%	39,711	0.36%	(16,865)
18 Mrs M.Y.Amerasinghe	21,998	0.20%	21,998	0.20%	-
19 Mr.S.Malalasekera	19,756	0.18%	14,664	0.13%	5,092
20 Motor Service Station (Pvt) Ltd	18,340	0.16%	22,764	0.20%	(4,424)
21 Mr.W.D.N.H.Perera	17,768	0.16%	17,240	0.15%	528
22 Mr.W.P.Gunasena	15,240	0.14%	-	0.00%	15,240
23 Mrs.D.R.Costa Dona	15,169	0.14%	-	0.00%	15,169
24 Mr.V.Baskarasundaram	12,500	0.11%	-	0.00%	12,500
25 Mr.K.R.Kamon	12,200	0.11%	-	0.00%	12,200
Total	10,206,351	91.42%	10,148,178	90.90%	58,173

Public & Parent Shareholding

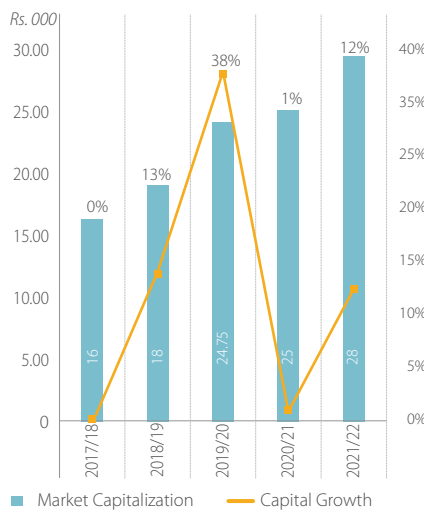
As at 31st March 2022, the public held 16.10% (2021 16.10%) of the Share Capital of the Company. The Shareholding of the Parent Company, Richard Pieris & Company PLC, was 83.90%. (2021-83.90%)

The Ordinary Voting Shares of Richard Pieris Exports PLC have been transferred from Main Board to Diri Savi Board of the CSE, with effect from 07th July 2017.

Share Capital



Dividend per Share / Dividend growth



Directors Shareholding

Name of the Director	No of Shares as at 31st March 2022	No of Shares as at 31st March 2021
Dr. Sena Yaddehige	-	-
Mr. Saminda Yaddehige	-	-
Late Mr. Sunil Liyanage	203	203
Mr. Viville Perera	100	100
Mr. Wasantha Abeysirigunawardena	-	-
Dr. L .M. K. Tillekeratne	-	-
Mr. Angelo Patrick	-	-
Mr. Lalith C. Wijeyesinghe	-	-

A common shareholder is an individual, business, or institution that holds common shares in a Company, giving the holder an ownership stake in the Company. This will also give the holder the right to vote on corporate issues such as board elections and corporate policy, along with the right to any common dividend payments.

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12%

Last Year 52%

Dividend Paid by the Company

91%

Last Year 13%

Earnings Per Share (Company)

104%

Last Year -1%

Earnings Per Share (Group)

39%

Last Year 15%

Net Asset Per Share (Company)

48%

Last Year 18%

Net Asset Per Share (Group)

5%

Last Year 7%

Dividend Yield

Shareholders capital was increase to Rs. 3.4 Bn by 48% compared to Rs. 2.3 Bn in last year. Company was able to record a stable growth year on year improving value of the shareholders.

Dividend per share for the year 2021/22 is Rs. 28. This is 12% increased compared to last dividend per share of Rs. 25.

Glossary of Financial Terms

<hr/> <p>A</p> <p>Associate Company A company other than a subsidiary in which a holding company has a participating interest and exercises significant influence over its operating and financial policies.</p> <p>Annual Sales Growth Percentage change over previous year's gross turnover.</p> <p>Average Capital Employed Mean of two consecutive year's capital employed.</p> <hr/> <p>C</p> <p>Capital Employed Shareholders' funds plus minority interest plus long term interest bearing loans & borrowings.</p> <p>Capital Reserves Reserves identified for specific purposes and considered not available for distribution.</p> <p>Current Ratio Current assets divided by current liabilities. A measure of short term liquidity.</p> <p>Corporate Governance A system by which companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.</p> <hr/> <p>D</p> <p>Deferred Taxation Sum set aside for tax in the Financial Statement that will become payable in a financial year other than the current financial year.</p> <p>Debt to Equity Ratio Total interest bearing borrowings as a percentage of net assets.</p> <p>Dividend Cover Profit attributable to ordinary shareholders over gross dividend. Measures the number of times dividend is covered by distributable profit.</p>	<p>Dividend per Share Gross Dividend divided by the number of ordinary shares in issued at the year end.</p> <p>Dividend Rate Gross Dividend declared as a percentage of issued Share Capital.</p> <p>Dividend Yield Gross Dividend per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.</p> <hr/> <p>E</p> <p>Earnings per Share (EPS) Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.</p> <p>Earnings Yield Earnings per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.</p> <p>EBITDA Earnings before interest, tax, depreciation and amortisation.</p> <p>Effective Tax Rate Income tax expenses divided by profit before tax.</p> <hr/> <p>G</p> <p>Gearing Ratio Proportion of net interest bearing liabilities to total capital employed net of cash and cash equivalents.</p> <p>Gross Dividend Portion of Profits inclusive of tax withheld, distributed to shareholders during the year.</p> <hr/> <p>I</p> <p>Interest Cover Profit before finance cost and tax (PBIT) over net finance cost. Measure of entity's debt service ability.</p>	<hr/> <p>M</p> <p>Market Capitalization Number of shares in issue multiplied by the market value per share at the reported date.</p> <hr/> <p>N</p> <p>Net Assets Total assets after deducting current liabilities, long term liabilities and non-controlling interest.</p> <p>Net Asset per share Total shareholders' fund divided by total number of ordinary shares outstanding for the period. A basis of relative share valuation.</p> <p>Non-Controlling Interest An outside ownership interest in a subsidiary that is consolidated with the parent for financial reporting purposes.</p> <hr/> <p>P</p> <p>PBIT Profit before interest & tax inclusive of other operating income.</p> <p>Price Earnings Ratio Market price of a share divided by Earning per share as reported at that date. A key multiple for relative share valuation.</p> <p>Public Shareholding Shares of a listed entity held by any person other than those directly or indirectly held by;</p> <ol style="list-style-type: none"> Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; and Its directors who are holding office as directors of the entity, their spouses and children under 18 years of age; and Chief Executive Officer, his/her spouse and children under 18 years of age; and Any single shareholder who holds 10% or more of the shares. <hr/> <p>R</p> <p>Return on Total Capital Employed Profit before finance cost & tax (PBIT) divided by average total capital employed for the period.</p>
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Revenue Reserves

Reserves considered as being available for the distribution and investments.

Related parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Equity

Profit after tax expressed as a percentage of average ordinary shareholders' fund for the period.

S**Segment**

Constituent business units grouped in terms of the nature and similarity of operations.

Shareholders' Funds

Stated capital plus revenue reserves.

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

A company is a subsidiary of another company if the parent company holds more than 50% of the voting rights or controls the composition of its Board of Directors.

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 the excess of current assets over current liabilities.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting of Richard Pieris Exports PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Friday, 30th September, 2022 at 2.00 p.m. and the business to be brought before the meeting will be as follows;

1. To receive and consider the Report of the Directors and the Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To approve the appointment of Dr. Sena Yaddhegige 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 P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya a shareholder of the Company.
"That Dr. Sena Yaddhegige 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 Yaddhegige"
3. To approve the appointment of Dr. L M K Tillekeratne 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 Richard Piers & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.
"That Dr. L M K Tillekeratne of 8/7, Green Path, Kohuwela who is 75 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. L M K Tillekeratne"
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 Richard Piers & Company PLC of No.310, High Level Road, Nawinna, Maharagama, 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 approve the appointment of Mr. Angelo Patrick 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 Richard Piers & Company PLC of No.310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.
"That Mr. Angelo Patrick 84/2, Templers Road, Mount Lavinia who is 73 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. Angelo Patrick"
6. To elect Mr. Laith Wijeyesinghe, who retires in terms of Article 47 as a Director
7. To re-elect Mr. Wasantha Abeyesirigunawardena, who retires by rotation in terms of Article 48 as a Director
8. To re-appoint M/s. Kreston MNS & Co. Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
9. To authorize the Directors to determine contributions to charities
10. To consider any other business of which due notice has been given.

By Order of the Board
(Sgd.)

Richard Pieris Group Services (Private) Limited
Secretaries
No. 310, High Level Road, Nawinna, Maharagama.

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.

Form of Proxy

I/We* (in block letters)of
.....being a
member/members of the **RICHARD PIERIS EXPORTS PLC**, hereby appoint
.....of

whom failing DR. SENA YADDEHIGE whom failing SHAMINDA YADDEHIGE whom failing WARNAKULAPATABENDIGE JOSEPH VIVILLE PRAXIDUS PERERA whom failing WASANTHA RUKMAL ABEYSIRIGUNAWARDENA whom failing DR. LIYANAARACHCHIGE MAHASSEN KEERTHI TILLEKERATNE whom failing ANGELO MAHARAJAH PATRICK whom failing LALITH CHANDRASIRI WIJEYESINGHE * as my/our proxy to represent me/us and to vote on my/our behalf at the 39TH 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 receive and consider the Report of the Directors and the Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. L M K Tillekeratne at this Annual General Meeting, a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Viville P Perera at this Annual General Meeting, a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Angelo Patrick at this Annual General Meeting, a Director	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect Mr. Lalith Wijeyesinghe, who retires in terms of Article 47	<input type="checkbox"/>	<input type="checkbox"/>
7. To re- elect Mr. Wasantha Abeysirigunawardena, who retires by rotation in terms of Article 48	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint M/s Kreston M N S & Company, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>
10. To consider any other business of which due notice has been given	<input type="checkbox"/>	<input type="checkbox"/>

Signed 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

- ❖ The instrument appointing a proxy shall in the case of an individual be signed by the appointor or by his/her attorney.
- ❖ 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.
- ❖ In the case of a proxy signed by an Attorney, the Power of Attorney must be deposited at the Registered Office for registration, if such Power of Attorney has not already been registered with the Company.
- ❖ The full name and address of the proxy and of the shareholder appointing the proxy should be entered legibly in the Form of Proxy.
- ❖ 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.
- ❖ 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 2.00 p. m. on Wednesday, 28th September 2022

Corporate Information

Name of the Company

Richard Pieris Exports PLC

Legal Form

A quoted limited liability Public Company, incorporated in Sri Lanka under the Companies Act No. 17 of 1982 on 30th June, 1983.

Principal line of Business

Manufacture and Export of rubber based products and manufacture of fillers for the rubber industry.

Stock Exchange Listing

The Ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka.

Board of Directors

Dr. Sena Yaddehige – Chairman
Mr. Shaminda Yaddehige
Mr. S S G Liyanage
Mr. Viville P Perera
Mr. W R Abeysirigunawardena
Dr. L.M.K.Tillekeratne
Mr. A.M. Patrick

Registered Office

No. 310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.
Telephone. +94 114 310500
E-mail: rpe@arpico.com
Web: www.arpicorubber.com

Registration Number

Re-registration Number of Company
PQ 147

Stated Capital

Rs. 220,262,000. Represented by
11,163,745 shares

Parent Company

Richard Pieris and Company PLC
(83.90%)

Secretaries

Richard Pieris Group Services
(Private) Limited
No. 310,
High Level Road, Nawinna,
Maharagama,
Sri Lanka.
Telephone. +94 114 310500

Auditors

Kreston MNS & Co.
(Chartered Accountants)
1st & 2nd Floors,
Advantage Building,
74 A, Dharmapala Mawatha,
Colombo 07

Bankers

Hongkong & Shanghai Banking
Corporation
Hatton National Bank PLC
DFCC Bank PLC
Sampath Bank PLC
NDB Bank PLC
Bank of Ceylon
Commercial bank of Ceylon PLC
Pan Asia Banking Corporation PLC

