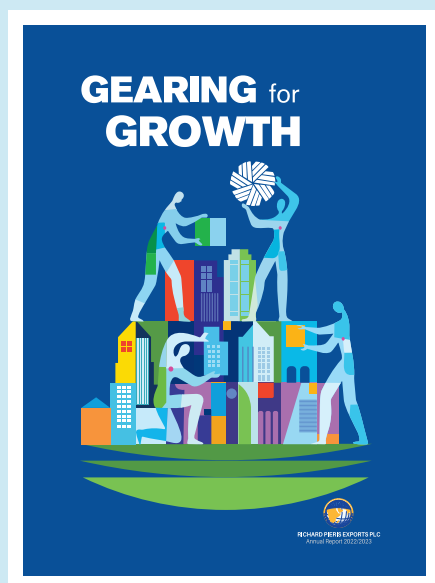


# GEARING for GROWTH



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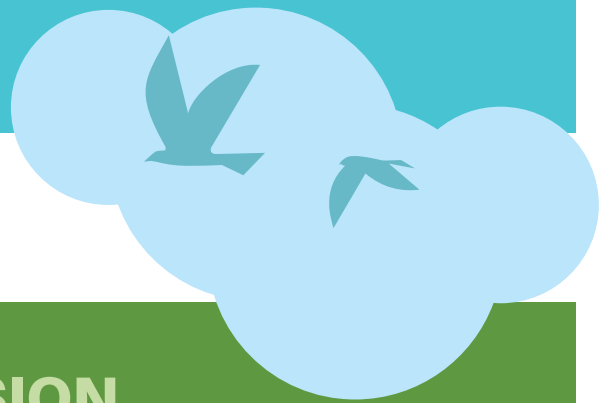


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<https://www.cse.lk/home/company-info/REXP.N0000/financial>

## 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.”**



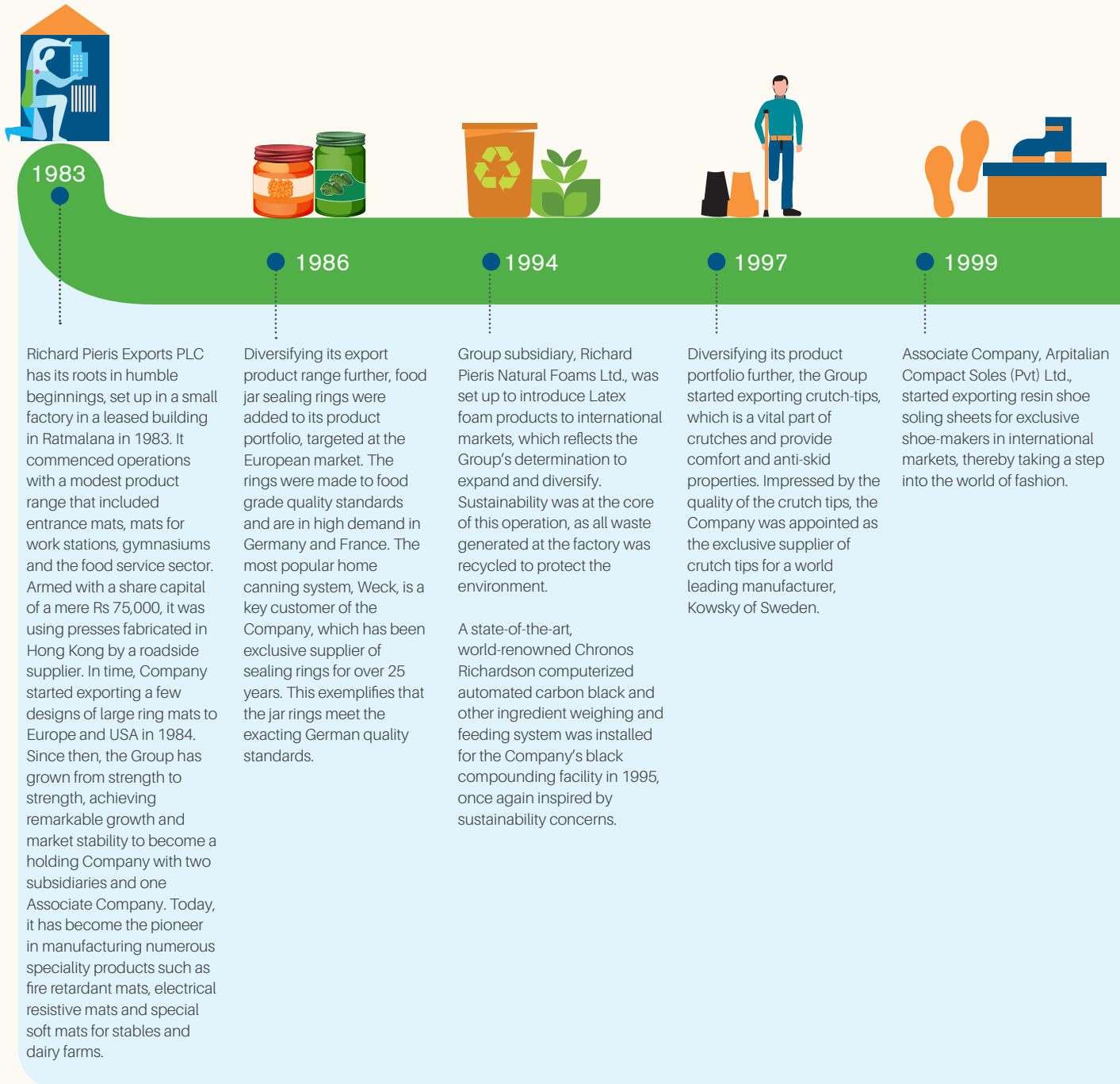


# GEARING for GROWTH



Always looking ahead despite adversities, the Company has expanded capacity and new customer base to seize opportunities as they arise and looks ahead with optimism. The Company enjoys deep talent and know-how and hopes to leverage on growing global demand to carve out a greater share of the global market.

## OUR JOURNEY





2015

Marking a huge breakthrough for the Latex foam industry, Richard Pieris Natural Foams Limited commissioned the world's first natural latex continuous sheeting plant at Biyagama FTZ., thereby showcasing Sri Lanka's capabilities in this segment to the world.

The Group has gained consistent growth, resulting from its ability to implement 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.



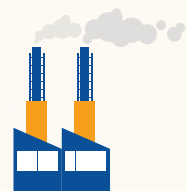
2016

Leveraging on rising demand and a widening customer base for Richard Pieris Natural Foams Ltd's customer base, production capabilities in its 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. During this year, the Company received numerous awards and accolades: 'Most Outstanding Exporter of the Year 2016' at the National Chamber of Exporters of Sri Lanka's Annual Export Awards; and 'Most Outstanding Exporter - Agriculture Value Added Sector' & Gold Award - Rubber Product Sub Sector - Extra Large Category. The Company has also obtained ISO 9001 & ISO 14001 certifications.



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.



2020

Construction on Richard Pieris Natural Foams Ltd's new manufacturing plant commenced and commercial operation is scheduled for 2023/24.



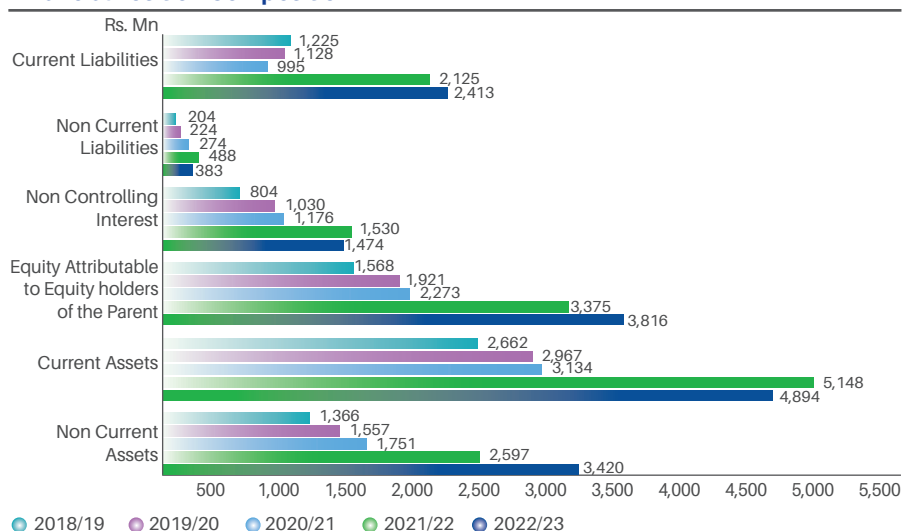
2021

The COVID-19 pandemic created challenging operating conditions and weak demand. However the Group managed to deliver billion-rupee revenue. During this year, Richard Pieris Natural Foams Ltd entered 3 key source markets in 3 continents while infusing technical improvements, focused marketing strategies and building capacity to optimize its state-of-the-art manufacturing plant which will become operational in 2023/24.

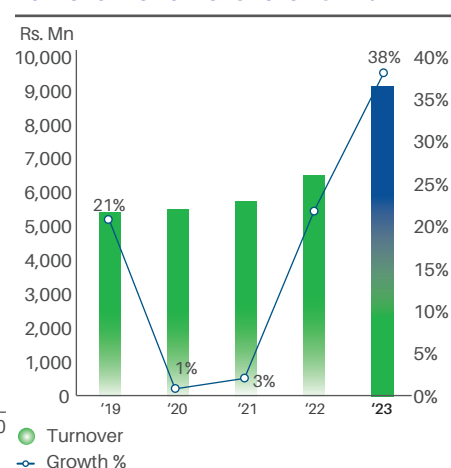
## FINANCIAL HIGHLIGHTS

Performance year ended 31st March		Group			Company		
		2022/23	2021/22	Variance %	2022/23	2021/22	Variance %
Turnover	Rs'000	9,040,796	6,536,932	38%	3,141,325	2,387,002	32%
Foreign exchange earnings	US\$'000	25,113	31,086	-19%	8,726	11,351	-23%
Profit / (Loss) before taxation	Rs'000	1,287,317	1,895,470	-32%	1,068,142	1,163,085	-8%
Tax on Profit	Rs'000	(240,260)	(237,578)	1%	(139,564)	(135,459)	3%
Profit after taxation	Rs'000	1,047,057	1,657,892	-37%	928,578	1,027,626	-10%
Profit attributable to the ordinary shareholders	Rs'000	978,907	1,298,953	-25%	928,578	1,027,626	-10%
<b>Financial Position As at 31.03.2022</b>							
Non Current Assets	Rs'000	3,419,728	2,597,337	32%	790,908	568,403	39%
Current Assets	Rs'000	4,894,009	5,147,906	-5%	2,519,211	2,657,915	-5%
Total Assets	Rs'000	8,313,737	7,745,243	7%	3,310,119	3,226,318	3%
Non Current Liabilities	Rs'000	383,147	488,451	-22%	76,294	77,798	-2%
Current Liabilities	Rs'000	2,413,006	2,125,211	14%	243,803	600,469	-59%
Shareholders' funds	Rs'000	3,816,486	3,374,807	13%	2,990,022	2,548,051	17%
<b>Key Indicators</b>							
Earnings Per Share	Rs	87.68	116.35	-25%	83.18	92.05	-10%
Net Assets Per Share	Rs	341.86	302.30	13%	267.83	228.24	17%
Dividend Per Share	Rs	35.00	28.00	25%	35.00	28.00	25%
Market Price Per Share	Rs	-	-	-	557.50	609.00	-8%
Return On Capital Employed	%	19.55	34.84	-44%	28.63	43.18	-34%
Market Capitalization - Rs Mn					6,224	6,799	-8%
Value Addition	Rs'000	2,272,292	2,813,102	-19%	1,343,147	1,468,289	-9%
Employees	nos.	468	564	-17%	164	220	-25%

### Financial Position Composition



### Turnover Vs Turnover Growth - %



PERFORMANCE 2023	FINANCIAL POSITION 2023	KEY INDICATORS 2023
<b>Revenue</b> <b>Rs. 9,040 Mn</b> Rs. 6,537 Mn (2021/22)	<b>Shareholders' Funds</b> <b>Rs. 3,816 Mn</b> Rs. 3,375 Mn (2021/22)	<b>Value Addition</b> <b>Rs. 2,272 Mn</b> Rs. 2,813 Mn (2021/22)
Turnover 38% Foreign exchange earnings -19% Profit / (Loss) before taxation -32% Profit after taxation -37% Profit attributable to the OSH -25%	Non Current Assets 32% Current Assets -5% Total Assets 7% Non Current Liabilities -22% Shareholders' funds 13%	Dividend Per Share 25% Net Assets Per Share 13% Value Addition -19% Earnings Per Share -25% Return on Capital Employed -44%



TOTAL ASSETS

**RS. 8,314 MN**

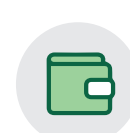
2021/22 - Rs. 7,745 Mn



PROFIT BEFORE TAX

**RS. 1,287 MN**

2021/22 - Rs. 1,895 Mn



NET ASSETS

**RS. 3,816 MN**

2021/22 - Rs. 3,375 Mn



TAX ON PROFIT

**RS. 240 MN**

2021/22 - Rs. 238 Mn



FOREIGN EXCHANGE EARNINGS

**US\$ 25 MN**

2021-22 - US\$ 31 Mn

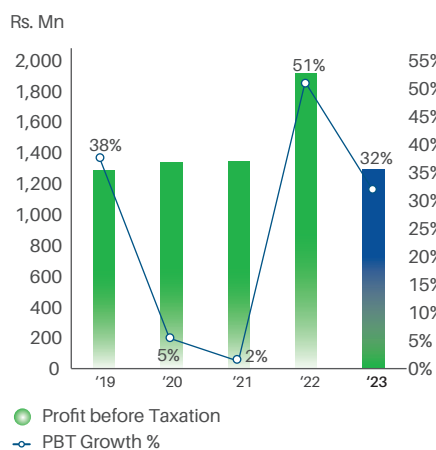


PROFIT AFTER TAX

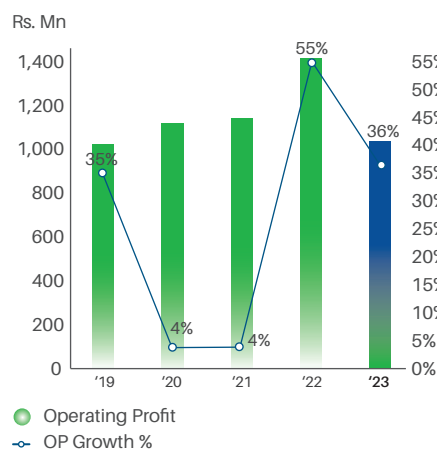
**RS. 1,047 MN**

2021/22 - Rs. 1,658 Mn

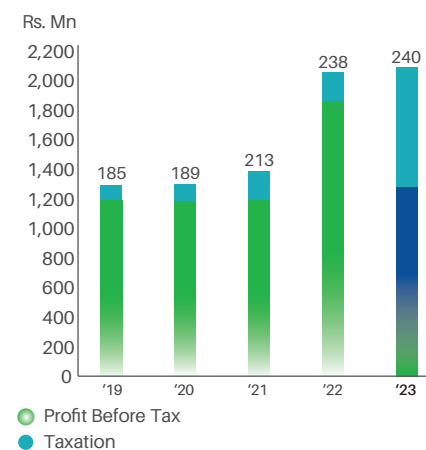
Profit Before Taxation Vs PBT Growth %



Operating Profit Vs OP Growth%



Tax on Profit



## FINANCIAL HIGHLIGHTS

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.



### INVESTMENT OF ECONOMIC VALUE ADDED

Direct Economic Value Generated

## RS. 9,246 MN

2021/22: Rs. 6,607 Mn



### FINANCE & OTHER INCOME

## RS. 228 MN

2021/22: Rs. 70 Mn



### REVENUE

## RS. 9,041 MN

2021/22: Rs. 6,537 Mn



### SHARE OF PROFIT/(LOSS) OF ASSOCIATE

## RS. (23) MN

2021/22: Rs. 0.6 Mn



### Economic Value Distributed

## RS. 8,777 MN

2021/22: Rs. 5,510 Mn

### OPERATING COST

## RS. 6,974 MN

2021/22: Rs. 3,794 Mn



### EMPLOYEE REMUNERATION & WELFARE

## RS. 681 MN

2021/22: Rs. 682 Mn



### PAYMENT TO GOVERNMENT

## RS. 764 MN

2021/22: Rs. 338 Mn



### SHAREHOLDERS AS DIVIDEND

## RS. 391 MN

2021/22: Rs. 312 Mn



### LENDERS OF CAPITAL

## RS. (33) MN

2021/22: Rs. 363 Mn



### Economic Value Retained

## RS. 470 MN

2021/22: Rs. 1,097 Mn



### DEPRECIATION

## RS. 108 MN

2021/22: Rs. 97 Mn



### DEFERRED TAX - CHARGE/(REVERSAL)

## RS. (37) MN

2021/22: Rs. 20 Mn



### FOREIGN CURRENCY TRANSLATION - GAIN/(LOSS)

## RS. (43) MN

2021/22: Rs. (122) Mn



### PROFIT RETAINED

## RS. 442 MN

2021/22: Rs. 1,102 Mn



# NON FINANCIAL HIGHLIGHTS

## HUMAN CAPITAL

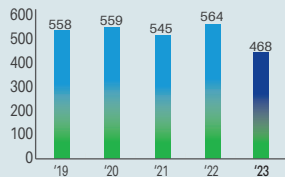


**417**  
Male

**51**  
Female

**92%**  
Retention Rate

Employees



## SOCIAL AND RELATIONSHIP CAPITAL



**45**  
Coverage Countries

**09**  
Number of Social and Cultural Events

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

## MANUFACTURED CAPITAL



**Rs. 868 Mn**  
Investments

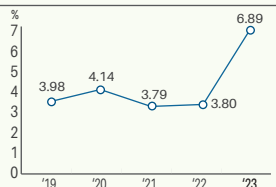
**Rs. 3,682 Mn**  
PPE at Close

**Rs. 2,814 Mn**  
PPE at Start

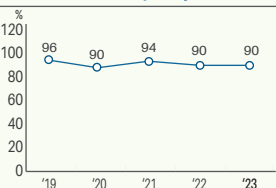
## NATURAL CAPITAL



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



### QUALITY ACCREDITATIONS

ISO 9001:2015  
ISO 14001:2015

Awards  
**02**



## CHAIRMAN'S STATEMENT



“Acquisition of new customers will be an ongoing endeavour. RPNF is already focused on penetrating the untapped markets in Europe and hopes that enquiries from these markets translate into steady orders. The RPE Company’s continuous sheeting line will be commissioned during the year and commercial operations will begin from September 2023. The Group remains geared for growth to welcome better times ahead”.

I am pleased to welcome our shareholders to the 40th Annual General Meeting of Richard Pieris Exports (RPE) PLC and to place before you the annual report and audited financial accounts for the year ended 31st March 2023.

As one of the enduring iconic groups in the country, RPE continued to aspire to meet its corporate objectives despite the sharp headwinds from global markets and the massive challenges arising from the economic crisis. The Group has a legacy of always looking ahead with optimism in the face of challenges, which is why this year's annual report theme is 'Gearing for Growth'. It is the Group's faith in Sri Lanka and its economic possibility that encourages us to invest and nurture our sectors to greater growth to fulfil our potential.

### Performance

Despite the best intentions of the entire team, backed by its time-tested strategies and systems and processes, the RPE Group reported 37% decline in Profit after tax from Rs. 1.7 Bn in the previous year to Rs. 1 Bn in the year under review. However, the Group maintained its billion-rupee milestone crossed earlier. Group Turnover on the other hand rose by 38% which is largely attributable to the exchange rate benefit gained from the sharp devaluation of LKR during the year.

The Group had to exercise extreme financial discipline in light of soaring latex and other raw material hikes and increase in overheads due to increased electricity tariffs, higher furnace oil prices, and staff welfare costs due to inflation and cost of living increases. The Company was unable to re-price contracts with export markets to stay competitive and thus was compelled to absorb the price increases to remain competitive in a price sensitive segment.

The global economic slowdown affected revenues as well. Local input costs rose drastically due to devaluation of LKR coupled with energy cost hike as the Company's manufacturing facilities use furnace oil for boilers. Raw rubber prices also rose by 62%. Eventually, the exchange gain was lower than the rise in input costs which were not brought down despite strengthening of LKR by year-end. Considering the higher cost of living and inflation, the Company also had to fend demands for wage increases which could lead to the Company becoming uncompetitive. Overall, the year was highly challenging compared to previous years.

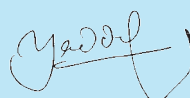
### Future Outlook

Acquisition of new customers will be an ongoing endeavour. RPNF is already focused on penetrating the untapped markets in Europe and hopes that enquiries from these markets translate into steady orders. The RPE Company's continuous sheeting line will

be commissioned during the year and commercial operations will begin from September 2023. The Group remains geared for growth to welcome better times ahead.

### Appreciation

I take this opportunity to thank my fellow Directors for their support and guidance. The entire team of the Richard Pieris Exports PLC Group headed by the senior management has demonstrated resilience and hard work to uphold operations despite numerous external challenges. I also wish to thank suppliers, partners, shareholders and customers for their unstinted support.



Dr. Sena Yaddehige  
Chairman  
29th August 2023

## 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.

### Mr. Shaminda Yaddehige

#### Executive Director

Mr. Shaminda Yaddehige is an Executive Director and also the Chief Operating Officer of the Richard Pieris and Company PLC.

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 world renowned international ultra high net worth banking giant, Credit Suisse of Switzerland. He has an 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 & Company PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

### Mr. 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 the United Kingdom. Mr. Perera has over 33 years' experience in senior managerial capacities 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 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.

**Mr. Wasantha Abeysirigunawardena****Chief Executive Officer**

Mr. Wasantha Abeysirigunawardena is a Rubber Technologist holding a Masters in Polymer Science & Technology with over 42 years' experience in the rubber products manufacturing industry. His long associations with Richard Pieris Group count over 34 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 the Chief Executive Officer of Richard Pieris Exports PLC and also a Director of numerous other Companies in the 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.

**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 44 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 Wijeyesinghe****Non-Executive Director - (w.e.f. 20th May 2022)**

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, Arpico Durables (Pvt) Ltd 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.

**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 in 1997. He has several publications in international journals for his credit and six patents including a European patent.

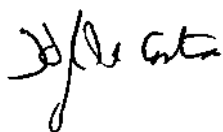
He is a fellow of the Institute of Chemistry (Ceylon) and Plastics and Rubber Institute (London) and a Honorary fellow of the NIPM Sri Lanka. After retiring from the RRI he joined the University of Sri Jayewardenepura and became a Professor in Polymer Chemistry. He is currently employed as an Expert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

## 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 three Independent Non-Executive Directors of Richard Pieris and Company PLC, Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando and Mr. J.F. Fernandopulle. The Committee is chaired by Dr. Jayatissa De Costa P.C. The Committee met on several occasions during the financial year.

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 2023

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the parent Company acted as Audit Committee of Richard Pieris Exports PLC.

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

The principal activities of the Committee are detailed below.

## Meetings

The Audit Committee held 04 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. He 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 Heads of the SBUs to the internal audit findings were reviewed and where necessary corrective actions were recommended and implementation monitored.

## Internal Controls

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

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

SBU Boards review performance on a quarterly basis.

## Financial Statements

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

adequacy of disclosure in the published Financial Statements.

## External Auditors

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

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

The Audit Committee has recommended to the Board of Directors that Messrs Kreston MNS & Co be re-appointed as Auditors for the financial year ending 31st March 2024 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 2023

## 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 Export PLC 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 is 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 Non-Executive
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. Tillekeratne			X
Mr. A.M. Patrick			X

**2**   
Executive Director

**3**   
Non-Executive Director

**2**   
Independent Non-Executive Director

### 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 Review Committee comprised of three Independent Non-Executive Directors namely Dr. Jayatissa De Costa P.C.(Chairman), Mr. Prasanna Fernando and Mr. J F Fernandopulle.

The Deputy Group Chief Financial Officer attend meetings by invitation. The Company Secretary is the Secretary to the Related Party Transactions Review Committee.


### The Objectives of the Committee

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

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

The Committee held 04 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 pages 93 to 96.

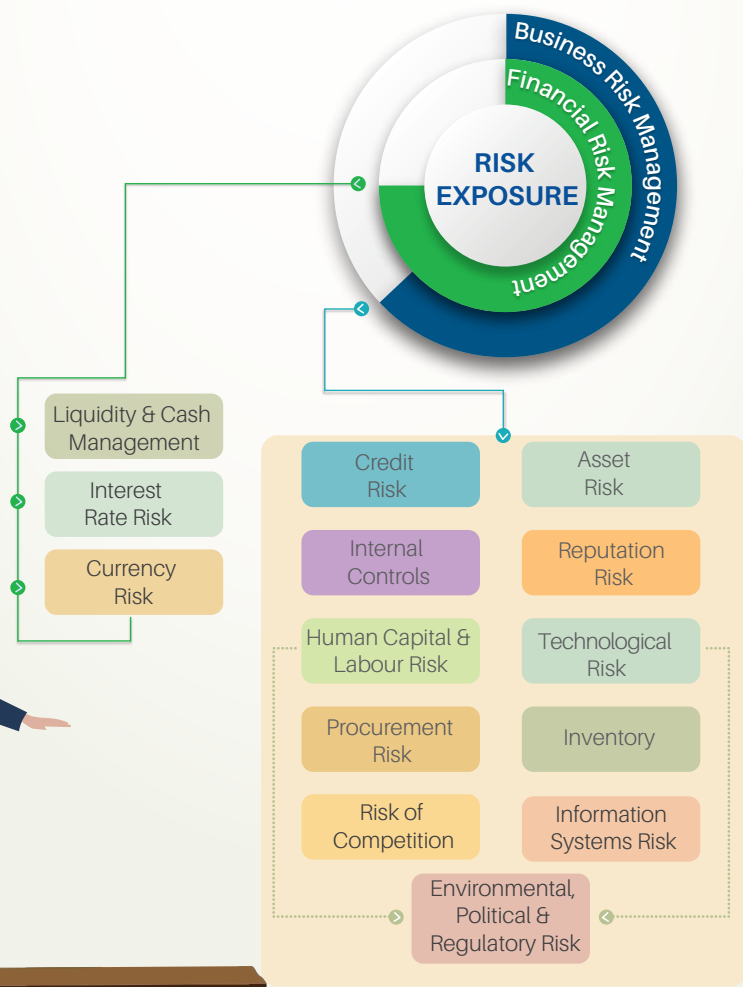


Dr. Jayatissa De Costa P.C.  
Chairman  
29th August 2023

# 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
Liquidity & Cash Management	<ul style="list-style-type: none"> <li>To ensure faster response to market opportunities by ensuring instant funding ability.</li> <li>To maintain a “sufficient” liquidity position at all times.</li> </ul>	<ul style="list-style-type: none"> <li>Funding of long term assets through Equity and Long Term Loans.</li> <li>Availability of short term borrowing facilities to the Group at all times.</li> <li>Funding of Inventory by short term Creditors.</li> <li>Sourcing of funding requirements through many financial institutions.</li> </ul>
Interest Rate Risk	<ul style="list-style-type: none"> <li>To minimize adverse effects of interest rate volatility.</li> <li>To ensure cost of borrowing is at the minimum level.</li> </ul>	<ul style="list-style-type: none"> <li>Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings.</li> <li>Using of fixed and variable rate borrowings to strike a balance.</li> <li>Accessing the group treasury of Richard Pieris and Company PLC to shown funding requirement at more competitive rates.</li> </ul>
Currency Risk	<ul style="list-style-type: none"> <li>To minimize risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions.</li> </ul>	<ul style="list-style-type: none"> <li>Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge.</li> </ul>
Credit Risk	<ul style="list-style-type: none"> <li>To minimize risks associated with debtor defaults.</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining insurance covers for export debtors.</li> <li>Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</li> <li>Closely monitoring the debtor balances, laying action plans and determining the same are under control.</li> </ul>
Asset Risk	<ul style="list-style-type: none"> <li>To minimize risk from fire, theft and machinery &amp; equipment breakdown.</li> </ul>	<ul style="list-style-type: none"> <li>Obtaining comprehensive insurance covers for all tangible assets.</li> <li>Adoption of stringent procedures with regards to the moving of assets from one location to another.</li> <li>Carrying out mandatory preventive maintenance programs.</li> <li>Carrying out frequent employee training programs in areas such as fire prevention.</li> </ul>



Risk Category	Group Objectives	Risk Minimization Strategies
Internal Controls	<ul style="list-style-type: none"> <li>To maintain a sound system of internal controls to safeguard shareholders' wealth and Group assets.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Having in place a budgetary process &amp; a budgetary control mechanism on a monthly basis to ensure that the Group's performance is continuously in line with its targets.</li> </ul>
Information Systems Risk	<ul style="list-style-type: none"> <li>To minimize risk associated with Data Security, Hardware &amp; Communication and Software.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining of space servers.</li> <li>Mirroring of hard disk with critical data.</li> <li>Data back-ups stored in off site locations.</li> <li>Vendor agreements for support service and maintenance.</li> <li>Regular upgrading of Virus Scanners, Firewalls etc.</li> </ul>
Technological Risk	<ul style="list-style-type: none"> <li>To keep pace with the current technological developments and safeguard against obsolescence.</li> </ul>	<ul style="list-style-type: none"> <li>The continuous investment in new machines.</li> <li>Investing in R&amp;D activities throughout the year.</li> <li>Investing in hardware and developing software - in house. Educate the staff on the importance of customer service.</li> </ul>
Human Capital & Labour Risk	<ul style="list-style-type: none"> <li>To ensure a smooth flow of operations without any undue disruptions.</li> <li>To project oneself as a humane employer being successful in motivating, developing, retaining and attracting the best of human capital.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining relationships with trade unions through regular dialogue.</li> <li>Improving employee benefits by way of financial incentives and welfare activities.</li> <li>Improving the Human Resource function of the Group with regards to employee recruitment, performance appraisals and in - house as well as external training programmes.</li> <li>Promoting performance-driven culture.</li> </ul>
Inventory	<ul style="list-style-type: none"> <li>To reduce stock obsolescence and manage stock holding costs.</li> <li>Reducing the risk associated with theft &amp; shrinkage.</li> </ul>	<ul style="list-style-type: none"> <li>Adopting a monthly declaration policy.</li> <li>Identifying slow-moving stock and effectively laying out a channel for these to be sold off.</li> <li>Ensure Raw Material and Finished Good stocks are insured.</li> </ul>

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 MANAGEMENT

Risk Category	Group Objectives	Risk Minimization Strategies
Procurement Risk	<ul style="list-style-type: none"> <li>To minimize risk associated with price and availability.</li> </ul>	<ul style="list-style-type: none"> <li>Developing of new products to improve quality and manage costs.</li> <li>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.</li> <li>Adoption of backward integration strategies.</li> <li>Expanding the centralised purchasing division which has enabled us to create a reliable network of global suppliers.</li> <li>Entering into forward contracts for raw material purchases.</li> </ul>
Risk of Competition	<ul style="list-style-type: none"> <li>To maximize our market share and maintain market leadership in the respective industries.</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring high standards of quality.</li> <li>Increasing productivity and efficiency in order to ensure our prices remain competitive despite increasing wage, energy and transportation costs.</li> <li>Carrying out R&amp;D activities to identify needs.</li> </ul>
Reputation Risk	<ul style="list-style-type: none"> <li>To prevent the causes that damage our reputation</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Ensuring effective communication with various stakeholders such as employees, bankers, media, regulators, customers, suppliers, shareholders and the community at large.</li> <li>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.</li> </ul>
Environmental, Political & Regulatory Risk	<ul style="list-style-type: none"> <li>To minimize the negative impact from the changes in the external environment which are beyond our control.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with statutory requirements for environmental preservations.</li> <li>Compliance with statutory requirements for all Tax payment etc.</li> </ul>

# OPERATIONAL REVIEW

## Macroeconomic Backdrop

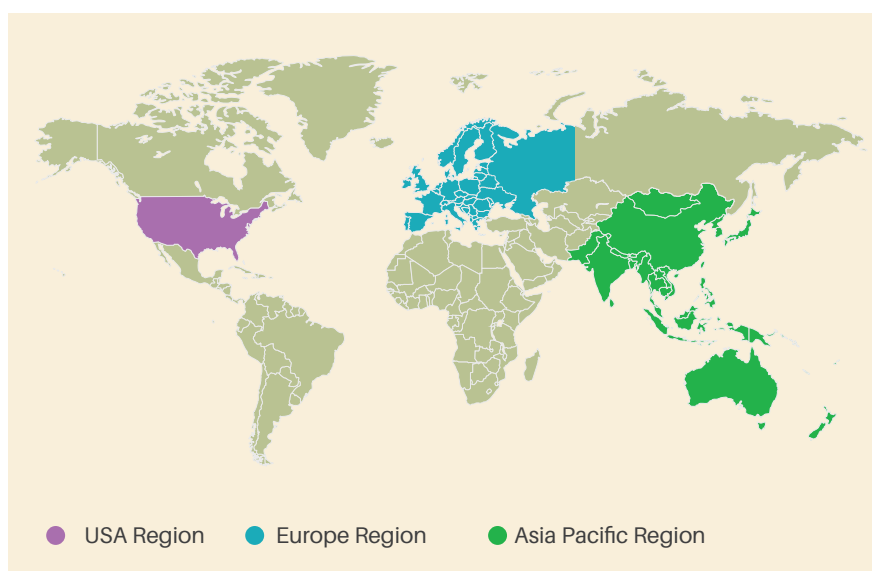
The Sri Lankan economy faced severe economic hardship during 2022/23, registering its deepest economic contraction since independence, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. Sri Lanka's GDP contracted by 7.8% in 2022 as compared to 3.5% GDP growth in 2021. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production. Meanwhile, the Government sought assistance from the International Monetary Fund (IMF) for a funding arrangement. Overall, Sri Lanka's export sector was a key support to the national economy, bringing in valuable foreign currency into the country.

## Group Performance

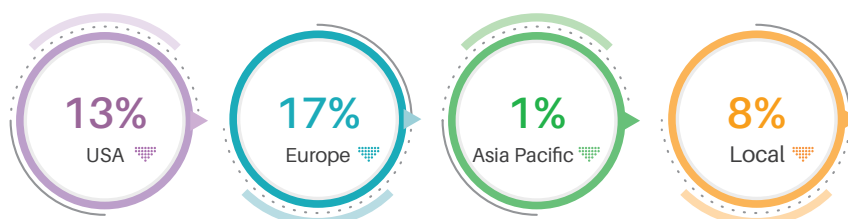
Contributing to rebuilding the economy, the Richard Pieris' Exports PLC Group, consisting of Richard Pieris Exports PLC (RPE) and Richard Pieris Natural Foams Limited (RPNF) persevered with their operations amidst the challenging conditions. However, export markets in USA and Europe experienced weak demand during the year under review due to rising inflation in those markets.

Nevertheless, Group Turnover increased by 38% largely due to an exchange gain of 79% on account of devaluation of LKR. Meanwhile, as a result of weak demand in overseas markets, volumes of hard rubber sales declined by 22% while the latex segment also recorded a decline in volumes by 8% due to unfavourable conditions in export markets. Group Profit after Tax dropped to Rs. 1 Bn in 2022/23 from Rs. 1.3 Bn in the previous year.

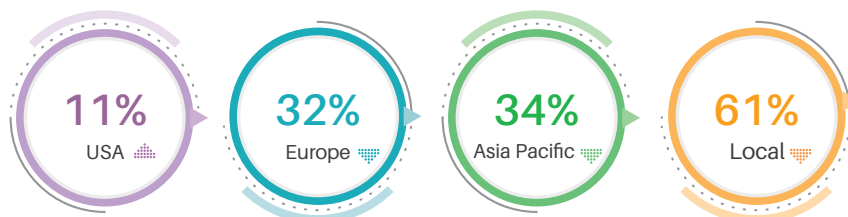
Region-wise, the hard rubber segment recorded demand increase from the USA market but demand from Europe dropped by 32%, while Asia Pacific increased by 34% and local demand reduced by 61%. As for the latex segment, demand from USA grew by 13%, Europe 17%, Asia Pacific 1% and local by 8%. However, one positive development was that overall trade costs have declined which will help reduce overhead costs.



### LATEX SEGMENT SALES DEMAND



### HARD RUBBER SEGMENT SALES DEMAND



## OPERATIONAL REVIEW



# HARD RUBBER SEGMENT

Richard Pieris Exports PLC is the pioneer in manufacturing and exporting rubber mats for numerous applications of the highest quality standards. The Company manufactures a range of rubber products including food grade jar sealing rings, crutch tips, rubber shoe soles and specialised rubber products for the US, European and the Asia Pacific markets, since its inception in 1983.



### 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.

Revenue rose by 32% and volume decreased by 22% compared and sales unfavourable mix of 25% and exchange rate benefit of 79% to Rs. 1,068 bn PBT in 2022/23 as compared to Rs. 1,163 bn in 2021/22, 8% drop. Despite sustaining leadership in the segment the demand drop in key export markets due to recessionary fears almost halved volumes similar to the latter half of 2021/22 year. The sales mix of hard rubber segment consists of ring and mat business. The ring business, which is usually the highest contributor showed a decline and was one of the main reasons for the subdued performance. This led to a negative impact of 25% due to the unfavourable mix in hard rubber.

The Company maintained relationships with existing customers whilst also driving discussions for higher volumes to be exported to Germany and France as the economic situation improves in those countries. The continuous sheeting line will commence commercial operations in July 2023 and will enhance the Company's manufacturing capacity and the ability to serve more markets. Even though raw material prices soared during the year the Company was unable to pass on the cost increases to its customers in order to stay competitive.

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



Revenue  
**32%**



Exchange Rate  
**79%**



## OPERATIONAL REVIEW



# LATEX BASED SEGMENT

The most profitable Group Company, Richard Pieris Natural Foams Ltd. continued to uphold its position as a leading Sri Lankan manufacturer and exporter of latex foam blocks, sheets and pillows using 100% natural rubber latex.



### Richard Pieris Natural Foams (RPNF) Limited

During the period under review, RPNF increased the turnover from the previous year by 42%, although volumes saw a dip of 8% as a result of lower demand in key markets. The Company manufactures natural latex foam and its product range includes natural latex foam mattresses, toppers, pillows and other products which are exported to North America, Europe, Canada, Middle East, Australia, South East Asia, China and India.

The impact of the unfavourable mix was 29% while the Company made an exchange rate benefit of 79%. In the case of RPNF, demand from all its export markets showed a downward trend. Exacerbating the situation further, latex prices soared by

as much as 62% during the year and even despite rupee strengthening the input prices were not lowered. However, only at the tail end of the year did the prices show a decline, albeit still above the original price levels.

Going ahead, the LKR strengthening is expected to have a negative impact on the Company's gross profit margin levels. Higher taxation regime since January 2023 will also impact the bottom line.

The Company is targeting the Italian market by appointing a distributor to promote its product range. The USA market is already showing upwards trend and more orders are expected. Future prospects for this market are favourable as the new plant was installed to target the US market. Although the plant was not commissioned in the year

under review in light of the unfavourable external conditions, it will be operational no sooner conditions improve. The slight decline in latex prices also augurs well for the outlook of RPNF.

The strengths of the RPE Group have been technical proficiency, uplifting skills of the workforce through training and development efforts and operating a sustainable business, pillars of success which were strengthened during the year to remained gear for growth.



## 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) Ltd** 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

Pursuing the Triple Bottom Line philosophy of conserving people, planet and profits, the Richard Pieris Export Group continued to make meaningful strides towards minimizing the impact of its operations while nurturing its resources. Climate change is impacting businesses and being cognizant of this knowledge consumption of non-renewable resources is monitored and substituted where possible with renewable resources while minimizing pollution and wastage from the production process. All production activities of the Group are examined through the prism of sustainable and ethical operations. Apart from prioritizing environmental sustainability, the Group maintains a strong focus on nurturing its human capital and uplifting the local community through socially responsible projects that make a positive impact on the lives of the vulnerable and the marginalized.





**1 Management Approach**

Our holistic approach to sustainability focuses on significant business sustainability risks and impact of business operations on environment and society. As the Group’s most important asset, valued employees are nurtured and supported to thrive despite challenges. The Group value all its stakeholders and works closely with customers, employees, suppliers, community and the environment for a harmonious relationship. 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.

**2 Our People**

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. 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.

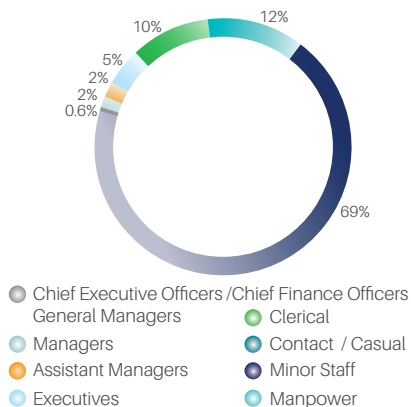
**Equal Opportunity Employer**

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 competitiveness and sustainability. The Group companies comply with all applicable labour laws and regulations.

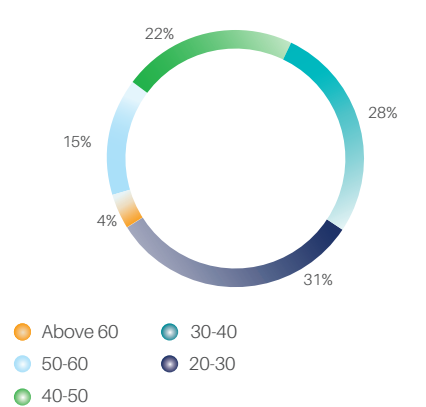
**Employee Demographics**

The Group’s success is anchored in its industry-best team of employees. The Group enjoys a vibrant mix of youthful talent blended with experience, many of whom have been with the Company for years. The Group demographics are denoted in the graphs below.

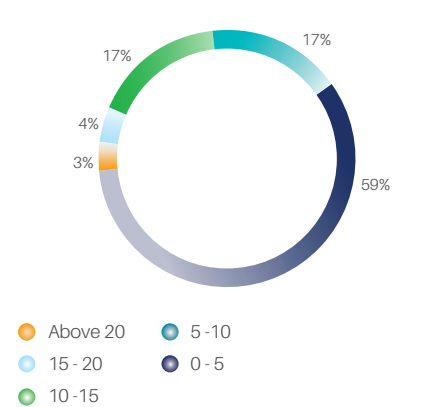
**Grade-wise Analysis of Employees**



**Age-wise Analysis of Employees**



**Year of service of Employees**



**SUSTAINABILITY PHILOSOPHY**



**3**

**A knowledge-based work culture**

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.



4

### Rewards & Recognition

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.

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 periodical evaluation, resulting in industry-best rewards and benefits at the end of the financial year, which helps to retain talent within the Group.

5

### 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 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.

6

### Strengthening Bonds

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.

7

### Corporate Social Responsibility

During the year under review the following CSR projects were undertaken: Arpitalian Compact Soles (Pvt) Ltd. engaged in gift distribution during the New Year for all employees to reward their effort and boost morale. School supplies including bags and books were also distributed to employees' children. Further, a 90th Anniversary Gift Voucher Distribution was held for all employees to celebrate the Group's achievements. RPNF and Richard Pieris Exports PLC also held a New Year Gift Distribution event for all employees whilst also handing out school supplies for their children to ease financial burden on families.

In addition, rubber mats manufactured by the Company were distributed amongst employees by RPE while RPNF distributed dry food packs amongst employees.

## SUSTAINABILITY PHILOSOPHY

### CUSTOMERS

During the year under review, customer response was strengthened by engaging closely with customers on an ongoing basis to proactively address their requirements. 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.

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

We remain committed to ensuring that all our transactions with business partners are transparent, ethical and fair. All contracts and agreements are regularly monitored to ensure that all obligations including payments are adhered to as per agreed terms and conditions. The Group wins suppliers' trust through regular and open communication, making them a partner in our business.

### COMMUNITY

The Group's long-term sustainability depends on the positive impact we have on our community. We strive to act as a catalyst for positive change through our CSR initiatives in the local community. Besides recruiting locally from amongst the immediate community and creating many jobs, the organization supports deserving projects through cash donations and employee volunteerism. We continued to strengthen our relationships with our customers, business partners and community by proactively anticipating their evolving requirements.

### ENVIRONMENT

We strive to reduce our environmental footprint by ensuring efficient and responsible consumption of resources and by adopting measures to minimise the negative impact of our operations on the environment. Energy consumption and energy efficiency levels are closely monitored on an ongoing basis to identify areas of energy wastage or inefficiency.

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 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.

The Group's endeavour to switch from fossil fuel based to bio-mass generated steam has greatly reduced carbon emissions as well as saved valuable foreign exchange expenditure on the import 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. Going ahead, we will fuel greater efforts to ensure we reduce our carbon footprint through sustainable manufacturing practices.

## OUR MANAGEMENT TEAM

### Shaminda Yeddehige

Group Director Exports  
 Director - Richard Pieris Exports PLC  
 Director - Richard Pieris Natural Foams Limited

### Wasantha Abeysirigunawardena

Director/Chief Executive Officer - Richard Pieris Exports PLC  
 Director - Richard Pieris Natural Foams Limited,  
 Director - Arpitalian Compact Soles ( Pvt) Limited,  
 Director - Micro Minerals (Pvt) Limited

### Fabio Piccolo

Director / Chief Executive Officer  
 Arpitalian Compact Soles ( Pvt) Limited

### Palika Chandrajeewa

Chief Finance Officer - Export Sector

### Richard Pieris Exports PLC

**Alaka Ubayasena**  
 Factory Manager

**Palika Dias**  
 Production Executive

**Prabath Priyankara**  
 Exports Manager

**Malshi Anurangika**  
 Senior Accounts Executive

**Thushan Jayasekera**  
 Production Manager

**Nirmali Christeen**  
 Accounts Executive

**Sarath Kumara**  
 Factory Engineer

**Heshani Handungoda**  
 Quality Assurance Executive

**Ashen Buddhika**  
 Accountant

### Arpitalian Compact Soles (Pvt) Limited

**Ranjith Wittachchi**  
 Factory Manager

**Ramesh Rupasinghe**  
 Marketing & Shipping  
 Executive

**Upeksha Samaradheera**  
 Accounts Executive

**Ruwan Nanayakkara**  
 Engineering Executive

### Richard Pieris Natural Foams Limited

**Tissa Seram**  
 General Manager Engineering

**Chathurika Sanjeevani**  
 Senior Marketing Executive

**Ruwan Mavilmada**  
 Factory Manager

**Anusha Eranda**  
 Accounts Executive

**M.A.U.G Meewalarachchi**  
 Factory Manager

**Chanuka Malshan**  
 Accounts Executive

**Dilantha Kumara**  
 Quality Assurance Manager

**Dharshana Malraj**  
 Senior Production Executive

**Sydney Gunawardana**  
 Manager Human Resources

**U.P. Bulathsinghala**  
 R&D Executive

**Chanaka Kumarge**  
 Senior Accountant

**Nimmi Wijesinghe**  
 R&D Executive

**Aruna Galhena**  
 Process Engineer

**Subath Perera**  
 Shipping Executive

**Binesh Ellangakoon**  
 Assistant Manager IT

**S.A.N.W. Samarakoon**  
 Marketing Executive

**Isuru Yeddehige**  
 Assistant Manager Marketing

**Sanduni Kasthuriarachchi**  
 Engineering Executive

**Bhasura Katugampola**  
 Assistant Manager Marketing

**Vidura Kumara**  
 Engineering Executive

**Ravindra Jayatissa**  
 Assistant Manager Production

**P.S.W. Abegunasekara**  
 Trainee Marketing Executive

**Shantha Balasooriya**  
 Assistant Manager Production

**Sadun Mahanaga**  
 Maintenance Executive

**Kavindu Triyantha**  
 Assistant Accountant

**Manoj Priyankara**  
 Senior Marketing Executive

### Micro Minerals (Pvt) Limited

**Nilantha Jayathilaka**  
 Marketing Executive

# FINANCIAL REVIEW

## Group Performance

The Group has a reputation for always looking ahead with optimism in the face of challenges, which is why this year’s annual report theme is ‘Gearing for Growth’. It is our faith in Sri Lanka and its economic possibilities that encourages us to invest and nurture our sectors to greater growth and to fulfil our potential.

Despite the best intentions of the entire RPE team and backed by its time-tested strategies and systems and processes, Richard Pieris Exports Group reported a 37% decline in profit after tax from Rs. 1.7 Bn in the previous year to Rs. 1 Bn in the year under review. However, the Group successfully maintained the billion-rupee milestone crossed earlier. Group Turnover on the other hand rose by 38%, which is largely attributable to exchange rate benefits gained from the sharp devaluation of LKR during the year.

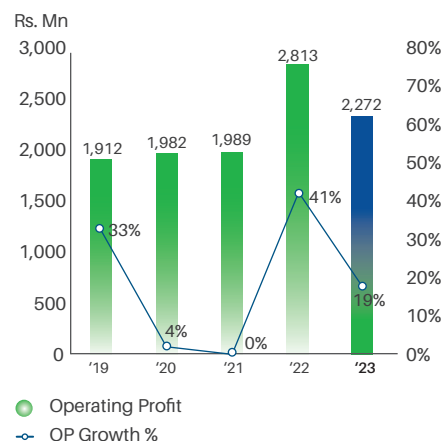
Income Tax	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Income tax on current year profits	286,740	214,696	142,119	135,489
(Over) / Under Provision in respect of previous year	(4,372)	(346)	232	6
Deferred Taxation charge / (Reversal)	(21,166)	22,695	(2,787)	(36)
Dividend Tax paid by subsidiaries	-	-	-	-
Charge of Income Tax and Deferred Tax of the Associate Company	(20,942)	533	-	-
	240,260	237,578	139,564	135,459

Finance Income	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Finance Income	200,132	45,300	195,666	35,663

Rs. '000

## Group Value Addition



## VALUE ADDITION

Group

**RS. 2.3 BN**

2021/22: Rs. 2.8 Bn

Company

**RS. 1.34 BN**

2021/22: Rs. 1.47 Mn

## TURNOVER INCREASE

Group

**BY 38%**

2021/22: By 22%

Company

**BY 32%**

2021/22: By 86%

## FINANCE INCOME

Group

**RS. 200 MN**

2021/22: Rs. 45 Mn

Company

**RS. 196 MN**

2021/22: Rs. 35 Mn



## FINANCIAL REVIEW

### Turnover

The Group recorded an upsurge in turnover for the year under review by as much as 38%, thereby growing its turnover from Rs. 6,537 Mn in 2021/22 to Rs. 9,041 Mn in the year under review.

The Group’s Latex aim continued to be the dominant contributor with a turnover of Rs. 5,870 Mn, which accounts for 65% of the Group’s total turnover. The Latex segment recorded a turnover increase of 42% during 2022/23. Albeit volumes recorded a decline by 8%, turnover increased by 45%. The exchange rate recorded an increase by 79% compared to the previous year. The sales volume of RPNF to the USA market recorded a decline by 13% but recorded an 11% increase by the Company. Meanwhile, sales to the European market declined by 17% while 1% decline was shown in Asia Pacific by RPNF. The Company recorded a decline by 32% in the European market as opposed to a 34% increase in the Asia Pacific market for the year. The Group was not able to derive maximum benefit of the increase in exchange rate of 79% due to the decline in volumes. The Sales volume of RPNF recorded a decline for all overseas markets as well as the local market compared to the previous year.

Meanwhile, the Group’s Hard Rubber segment experienced turnover increase of 32% from Rs. 2,387 Mn to Rs. 3,141 Mn in the year under review.

### Cost of Sales and Operating Expenses

Cost of sales was reported as Rs. 6,437 Mn, which is an increase of 48% compared to the previous financial year. Exacerbating the situation further, latex prices soared by as much as 62% during the year and even despite rupee strengthening, the input prices were not lowered. However, only at the tail end of the year did the prices show a decline, albeit still above the original price levels. Local input costs rose drastically due to devaluation of LKR coupled with energy cost hike as the Company’s manufacturing facilities use furnace oil for boilers. Considering the higher cost of living and inflation, the Company also had to fend demands for wage increases which could lead to the Company becoming uncompetitive. Overall, the year was highly challenging compared to previous years.

Distribution costs rose due to ongoing unavoidable factors such as a hike in freight charges, increase in sales promotional cost, participation in exhibitions, customer visits, etc. The increase in distribution cost for the year was recorded as 38%. Cost of Administration and Distribution along with the Cost of Sales constituted 92% of Group turnover during the current financial year which increased by 5% compared to 87% in the previous year.

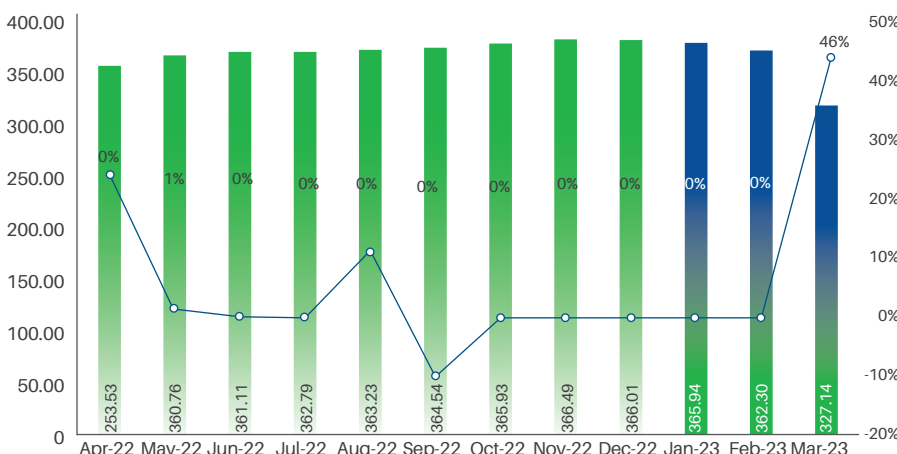
### Operating Profit

The Group’s Operating profit reduced to Rs. 708 Mn, marking a decrease of 18% from Rs. 865 Mn as a result of the increase in overall cost during the year. The Latex segment recorded a decrease in Operating Profit from Rs. 744 Mn in the previous year to Rs. 256 Mn in the year under review. The Hard Rubber segment recorded 16% increase in Operating Profit of Rs. 647 Mn against last year’s profit of Rs. 558 Mn.

### Finance Cost and Income

Finance cost decreased by as much as 27% during the year under review from Rs. 30 Mn to Rs. 22 Mn while Finance Income increased by 342% to record Rs. 200 Mn for the year. Interest cover ratio of the Group is 58.47 times compared to 64.76 times last year. Net positive bank and cash balances, including fixed deposits balances, increased to Rs. 332 Mn in the year under review compared to Rs. 950 Mn in the preceding year.

#### 1 USD = LKR



● 1 USD = LKR  
 ~ % Increase

#### Contribution for Turnover

Latex

**64%**

2021/22: 63%



Hard Rubber

**35%**

2021/22: 36%



#### Contribution for Cost of Sales

**71%** of Group Turnover

2021/22: 67%



#### Contribution for PBT

Latex

**17%**

2021/22: 39%



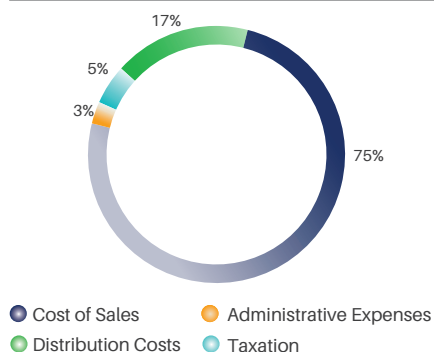
Hard Rubber

**83%**

2021/22: 61%



### Expenses Analysis 2022/23



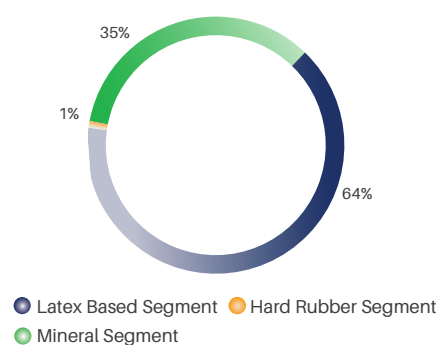
### Share of Associate

The share of loss of associate for the Group stood at Rs. 23 Mn during the year under review, compared to Rs.0.5 Mn Profit in previous year.

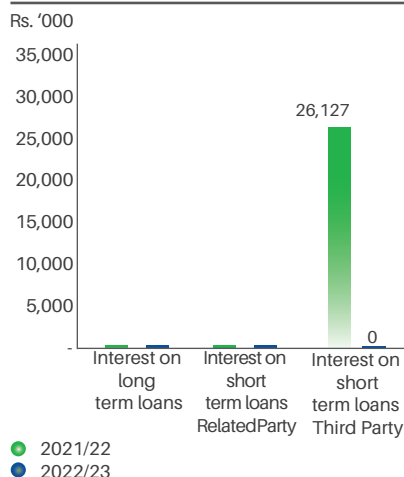
### Working Capital

Current Assets of the Group decreased by 5% from Rs. 5,148 Mn to Rs. 4,894 Mn, and current liabilities witnessed an increase by 14% from Rs. 2,125 Mn to Rs. 2,413 Mn. Accordingly, the total current assets of the Group accounted for 59% of its total assets, while total current liabilities accounted for 29% of total assets based on year-end financials. Accordingly, the total current assets of the Group accounted for 59% of its total assets, while total current liabilities accounted for 29% of total assets based on year-end financials.

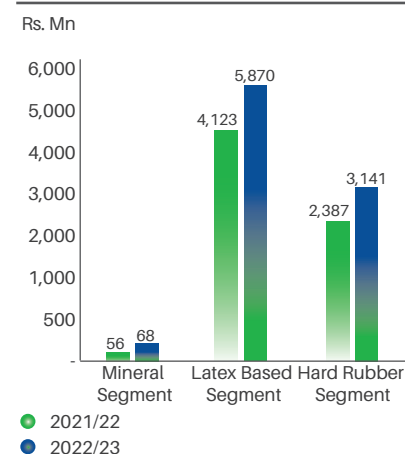
### Segmental Contribution to the turnover for the year 2022/23



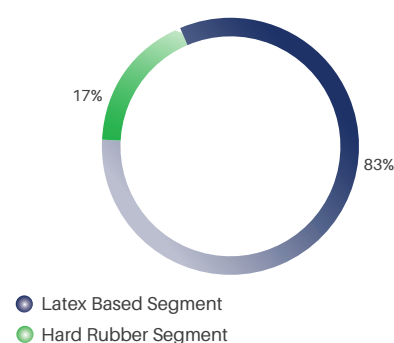
### Interest Cost on Term Loan



### Segmental Turnover Composition



### Segmental Contribution to the PBT 2022/23



	In Times			
	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Interest Cover	58.47	64.76	184.56	193.41

	Group		Company	
	2022/23	2021/22	2022/23	2021/22
	Current Assets Ratio (times)	2.03	2.42	10.33
Quick Assets Ratio (times)	1.52	2.07	8.56	3.28
Working Capital (Rs Mn)	2,481	3,023	2,276	3,258
Assets turnover (times)	1.09	0.84	0.95	0.74
Capital Employed (Rs Mn)	3,816	3,375	2,990	2,548
Total Debt (Rs Mn)	1,164	1,066	0	0
Net debt/(cash) (Rs Mn)	(539)	(1,145)	1,267	(993)
Debt/equity ratio (%)	22%	22%	0	0%
Net debt/(cash) to equity ratio (%)	(10%)	(23%)	0	0%
Long-term debt to total debt (%)	4%	14%	0	0%
Debt/Total Assets (%)	14%	14%	0	0%
Current Assets / Total Assets (%)	59%	66%	76%	82%
Current Liabilities / Total Assets	29%	27%	7%	19%

## FINANCIAL REVIEW

### Cash Flows

Operational Cash Profit during the year under review was recorded at Rs. 1,183 Mn, with cash and cash equivalents decrease by Rs. 618 Mn. Cash outflows in investing activities stood at Rs. 574 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. 3,816 Mn compared to the preceding year's figure of Rs. 3,375 Mn.

#### Cash & Cash Equivalents

The Group was able to maintain its positive cash balances during the year under review. The net positive balance including cash balances was stationary at Rs. 332 Mn during the year compared to net positive balance of Rs. 950 Mn in the previous year, indicating a reduction of Rs. 618 Mn.

#### Returns to Shareholders

Total dividend announcement made for the year 2022/23 is Rs. 391 Mn. Earnings per share was Rs 87.68 compared to Rs. 116.35 in 2021/22. The earnings yield for the year recorded 16%. The dividend yield for the year was 6% compared to 5% recorded in the previous year. The decrease in share price from Rs. 609 to Rs. 557.50 as at 31st March 2023.

Rs. Mn

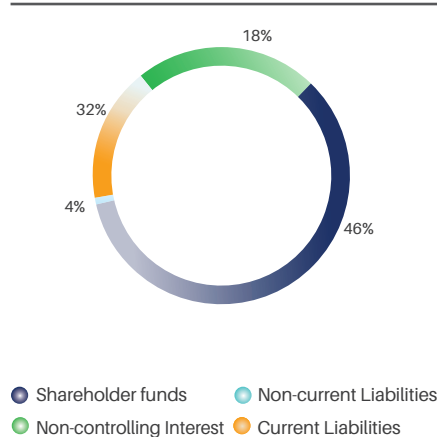
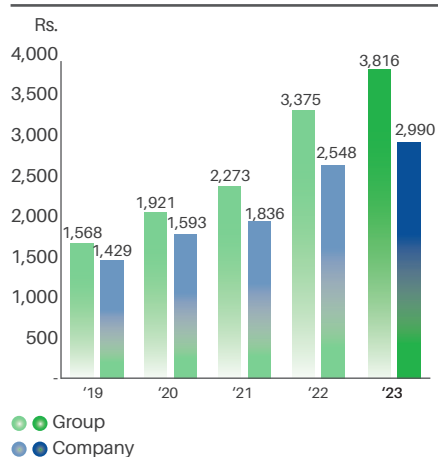
	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Cash Generated from Operations	469	1,186	259	848
Cash Flows from Investing Activities	(574)	(1,191)	57	(416)
Cash Flows from Financing Activities	(513)	(87)	(391)	(313)
Net Increase / (Decrease) in Cash and Cash Equivalents	(618)	(92)	(74)	119
Cash and Cash Equivalents at the beginning of the year	950	1,042	994	875
Cash and Cash Equivalents at the end of the year	332	950	920	994

	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Short Term Investment	355	449	348	442
Cash and Bank Balances	1,347	1,762	920	994
Interest Bearing Loans and Borrowings - Long term	50	150	-	-
Interest Bearing Loans and Borrowings - Short term	1,114	916	-	-

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

#### Shareholders' Fund

#### Funding Channels as at 31/3/2023



	2022/23	2021/22	Change %
Dividend Paid by the Company - In Rs Mn	391	313	25%
Dividend Paid by Subsidiary Companies to Outside Shareholders - In Rs Mn	-	-	0%
Dividend Paid by the Company - Per Share	35.00	28.00	25%
Earnings per Share - Company	83.18	92.05	-10%
Earnings per Share - Group	87.68	116.35	-25%
Net Assets Per Share - Company	267.83	228.24	17%
Net Assets Per Share - Group	341.86	302.30	13%
Market Price Per Share	557.50	609	-8%
Dividend Yield	6%	5%	-20%
Earning Yield	16%	19%	16%

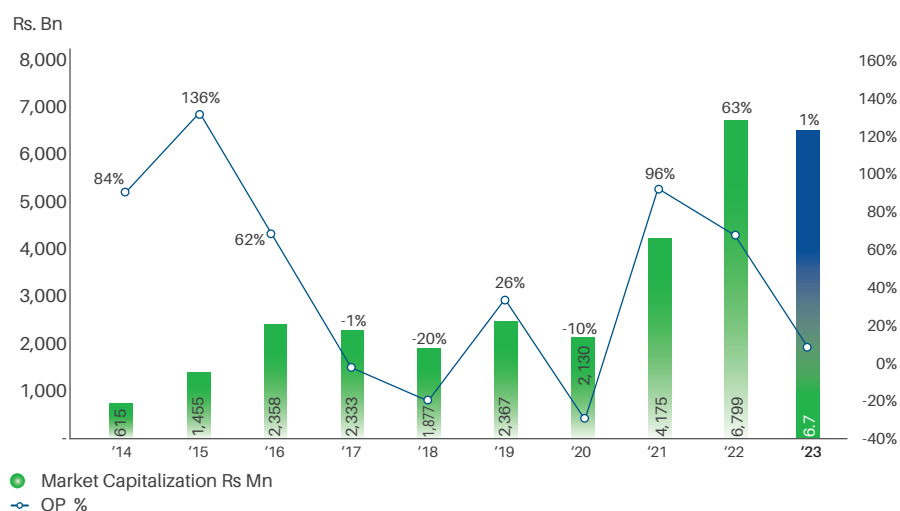
### Market Capitalization

The Group stood its market capitalization position during the 2022/23 year, ending the financial year as at 31st March 2023 at Rs. 6,224 Mn in comparison to Rs. 6,799 Mn in the previous year. Correspondingly, the Company's share price at the end of the financial year stood at Rs. 557.5 as compared to Rs. 609 in the preceding year. The highest price and the lowest price for the year under review were Rs. 980 and Rs. 375 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 39 of this Annual Report.

### Market Capitalization



## FINANCIAL CALENDAR

**INTERIM REPORTS**

**Quarter ended 30th June**  
15th August 2022 | 11th August 2021

**Quarter ended 30th September**  
14 November 2022 | 12th November 2021

**Quarter ended 31st December**  
15 February 2023 | 14th February 2022

**27**  
September  
2023

**40th Annual General Meeting of the Company**

**September 30, 2022**  
39th Annual General Meeting

**August 29, 2023**  
Annual Report



## FINANCIAL INFORMATION

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53 Statements of Changes in Equity

54 Statements of Cash Flows

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98 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 2023, which was approved by the Directors on 29th August 2023. 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 99. 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 2023.

## 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 50 to 97 of this annual report.

## Auditor's Report

The Company Auditors, Messers Kreston MNS & Co performed the Audit on the Financial Statement of the Company

and the Consolidated Financial Statements for the year ended 31st March 2023 and the Auditors Report issued thereon is given on page 47 to 49 of this annual report as required by the Companies Act No 7 of 2007.

## Accounting Policies

The accounting policies adopted in the preparation of Financial Statements of the Group and the Company are given on pages 55 to 66 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. 9,041 million compared to Rs. 6,537 million in the previous year. Further information on Group turnover is detailed in Note 23 to the Financial Statements.

	2022/23 Rs. 000's	2021/22 Rs. 000's
<b>Turnover by Segment :</b>		
Hard Rubber	3,141,325	2,387,002
Latex-Based	5,869,667	4,122,654
Minerals	68,093	55,709
	9,079,085	6,565,365
Less : Inter-Company Sales	(38,289)	(28,433)
	9,040,796	6,536,932
<b>Group Profit</b>		
Group profit for the year, after payment of all expenses, making provision for all known liabilities and depreciation on Property, Plant & Equipment	1,287,317	1,895,470
Tax on Group Profits	(240,260)	(237,578)
Profit/(Loss) for the year from discontinued operations (after tax)	(69)	(40)
Group Profit after Taxation	1,046,988	1,657,852
Share of Non-Controlling interest	68,081	358,899
Profit attributable to Shareholders of Richard Pieris Exports PLC	978,907	1,298,953
Other Comprehensive income attributable to Shareholders of Richard Pieris Exports PLC	11,103	(6,772)
Accumulated Profit / (Loss) brought forward	2,698,801	1,919,611
Profit before Appropriations	3,688,811	3,211,792
<b>Appropriations :</b>		
Interim Dividend paid	(390,731)	(312,585)
Prior period adjustments for surcharge tax		( 200,406)
Accumulated profit carried forward	3,298,080	2,698,801

## 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: From 1st April to 30 September 2022 exports profits at the rate of 14%, local profit at the rate of 18%, rent income and interest income at the rate of 24% and from 1st October 2022 to 31st March 2023 under the Inland Revenue Act No. 24 of 2017. All sources of income at the rate of 30%.

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 2023 was Rs. 220,262 Mn. consisting of 11,163,745 ordinary shares. The details of the stated capital are given in note 14 to the Financial Statements on page 79 of this annual report.

## Reserves

Total Reserves of the Company as at 31st March 2023 amounted to Rs.2,770 Mn (2021/2022 - Rs. 2,328 Mn). And the Group reserve as at 31st March 2023 amounted to Rs. 3,298 Mn (2021/2022- Rs. 2,899 Mn).

The movement of reserves is shown in the Statement of Changes in Equity on page 53.

## Dividend

The Directors recommended and paid a cash dividend amounting Rs. 391 mn to all shareholders at the rate of Rs. 35.00 per ordinary share as interim dividend for 2022/23 on 06th Feb 2023.

## 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 104 to 107.

## 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 106 of this Annual Report.

## Property, Plant & Equipment

Capital expenditure on Property, Plant and Equipment incurred year under review is Rs. 868 Mn (Rs. 793Mn in 2021/2022) Information related to this is given under Note No 4 to the Financial Statement of the page No 69 to 70 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 100 to this Annual Report.

## Directorate

The names of the Directors who served during the year are given under Corporate information appearing on page 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 Yaddhegige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 77 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."

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 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. 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

## Annual Report of the Board of Directors

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 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 Mr. Viville Perera."

Mr. Anjelo Patrick will be retiring from the Directorate of the Company at the end of business of the Annual General meeting, as he wish.

Mr Shaminda Yaddehige, 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.

The Directors interest in shares is given in the page 107 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 page 91 to 94 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 2023 is given in Note 39.1.2 to the Financial Statements.

### Corporate Donations

There were no donations made to charitable organizations during the year. (2021/ 2022 - 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 page 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.

### Contingent Liabilities

The Contingent Liabilities as at 31st March 2023 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 46 of the report.

### Annual General Meeting

The 40th Annual General meeting of the Company will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Wednesday, 27th September, 2023 at 2.00 p.m.

### Auditors

The Financial Statements for the year ended 31st March 2023 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. 2,880,000/- (2021/2022 Rs. 2,411,000/-) as audit fees by the Group Companies. In addition they were paid Rs. 110,000/- (2021/2022- Rs. 105,000/-) 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 2023



W R Abeyvirigunawardena  
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 2023 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 2023, 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 2023

# INDEPENDENT AUDITOR'S REPORT



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

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+ 94 (0) 11 2301396-7  
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E-mail: [audit@kreston.lk](mailto:audit@kreston.lk)  
Web: [www.kreston.lk](http://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 2023, 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 50 to 97.

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 2023, 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><b>Compensation on termination of Company Employees</b></p> <p>Potential liability on termination of 159 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"> <li>could be a significant amount to the Financial Statements as a whole.</li> <li>may lead to under Statement of liabilities and overstatement of equity.</li> </ol>	<ul style="list-style-type: none"> <li>Made appropriate inquiries from the Management and the legal advisor.</li> <li>Obtained a confirmation from the Management stating the status of the case.</li> <li>Reviewed the minutes of meetings of those charged with Governance.</li> <li>Ascertained the adequacy of the disclosures made in Note 35 as required by Sri Lanka Accounting Standard (LKAS 37).</li> </ul>

#### 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

### 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 2023, 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 2023

## STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	4	2,465,756	1,705,283	326,619	103,140
Long Term Investments	5	386,700	346,132	463,023	463,023
Advance Payment for Investment	5.4	28,681	57,363	-	-
Investment Property - Right of use Asset	6	406,884	352,600	-	-
Right of use Assets	7	130,441	133,719	-	-
Deferred Tax Asset	18	1,266	2,240	1,266	2,240
		3,419,728	2,597,337	790,908	568,403
Assets of Arpico Natural Latex Foams (Pvt) Ltd.	8	-	-	-	-
<b>Current Assets</b>					
Inventories	9	1,225,805	752,757	432,835	249,386
Trade and Other Receivables	10	1,789,767	2,126,232	759,583	969,282
Tax Receivable	21	-	-	6,803	-
Short Term Investment	11	354,741	448,788	347,527	441,824
Amounts Due from Related Parties	12	176,762	58,327	52,749	3,475
Cash and Bank Balances	13	1,346,934	1,761,802	919,714	993,948
		4,894,009	5,147,906	2,519,211	2,657,915
<b>Total Assets</b>		8,313,737	7,745,243	3,310,119	3,226,318
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to Equity Holders of the Parent</b>					
Stated Capital	14	220,262	220,262	220,262	220,262
Revenue Reserves	15	3,298,080	2,899,207	2,769,760	2,327,789
Foreign Currency Translation	16	298,144	255,338	-	-
		3,816,486	3,374,807	2,990,022	2,548,051
<b>Non-Controlling Interest</b>	5.1(c)	1,474,085	1,529,830	-	-
<b>Total Equity</b>		5,290,571	4,904,637	2,990,022	2,548,051
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	17	50,000	150,000	-	-
Deferred Tax Liability	18	71,510	88,134	-	-
Retirement Benefit Obligation	19	107,657	115,260	76,294	77,798
Lease Instalments Payable After One Year	7.2	153,980	135,057	-	-
		383,147	488,451	76,294	77,798
Liabilities of Arpico Natural Latex Foams (Pvt) Ltd.	8	227,013	226,944	-	-
<b>Current Liabilities</b>					
Trade and Other Payables	20	754,732	775,946	220,105	232,508
Income Tax Payable	21	18,505	88,366	-	78,035
Amounts Due to Related Parties	22	508,530	330,767	23,698	289,926
Lease Instalments Payable In the Ensuing Year	7.1	16,828	14,448	-	-
Interest Bearing Loans and Borrowings	17	1,114,411	915,684	-	-
		2,413,006	2,125,211	243,803	600,469
<b>Total Equity and Liabilities</b>		8,313,737	7,745,243	3,310,119	3,226,318

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 - Exports 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 2023 in Colombo.



W.R. Abeyvirunawardena  
Director



W J Viville P Perera  
Director

## STATEMENTS OF PROFIT OR LOSS

For the year ended 31st March	Note	Group		Company	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Continuing Operations					
Revenue from Contracts with Customers	23	9,040,796	6,536,932	3,141,325	2,387,002
Cost of Sales		(6,436,887)	(4,351,826)	(2,006,241)	(1,475,101)
<b>Gross Profit</b>		<b>2,603,909</b>	<b>2,185,106</b>	<b>1,135,084</b>	<b>911,901</b>
Other Operating Income	24	27,663	24,318	1,749	2,719
Distribution Costs		(1,442,641)	(1,043,144)	(336,147)	(234,688)
Administrative Expenses		(454,330)	(309,702)	(153,920)	(122,120)
Other Operating Expenses		(28,681)	7,938	-	-
<b>Profit from Operations</b>	25	<b>705,920</b>	<b>864,516</b>	<b>646,766</b>	<b>557,812</b>
Finance Income	26	200,132	45,300	195,606	35,663
Finance Cost	27	(22,395)	(29,725)	(5,819)	(6,045)
Other Financial Items	28	426,983	1,014,798	231,590	575,655
Share of Profit / (Loss) of Associate	29	(23,323)	581	-	-
<b>Profit before Tax</b>		<b>1,287,317</b>	<b>1,895,470</b>	<b>1,068,142</b>	<b>1,163,085</b>
Taxation	30	(240,260)	(237,578)	(139,564)	(135,459)
<b>Profit for the year from continuing operations</b>		<b>1,047,057</b>	<b>1,657,892</b>	<b>928,578</b>	<b>1,027,626</b>
Discontinued Operations					
Profit / (Loss) after Tax for the year from discontinued operations	31	(69)	(40)	-	-
<b>Profit for the year</b>		<b>1,046,988</b>	<b>1,657,852</b>	<b>928,578</b>	<b>1,027,626</b>
Attributable to					
Equity Holder of the Parent Company		978,907	1,298,953	928,578	1,027,626
Non-Controlling Interest		68,081	358,899	-	-
<b>Profit for the year</b>		<b>1,046,988</b>	<b>1,657,852</b>	<b>928,578</b>	<b>1,027,626</b>
Earnings Per Share	32	87.68	116.35	83.18	92.05
Earnings Per Share from Continuing Operations	32	87.68	116.35	83.18	92.05
Dividend Per Share	33	35.00	28.00	35.00	28.00

The Accounting Policies and Notes on pages 55 to 97 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group		Company	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Profit for the year</b>		1,046,988	1,657,852	928,578	1,027,626
<b>Other Comprehensive Income / (Expenses) not to be reclassified to profit or loss in subsequent periods</b>					
Actuarial gains / (losses) on defined benefit plans	19	18,383	(13,637)	12,538	(4,288)
Deferred Tax effect on actuarial gains / (losses) on defined benefit plans	18	(5,516)	1,903	(3,762)	600
Change in fair value on other investment at fair value through other comprehensive income	5.3	-	-	-	-
<b>Other Comprehensive Income / (Expenses) to be reclassified to profit or loss in subsequent periods</b>					
Share of Other Comprehensive Income of Associate		-	-	-	-
Actuarial gains / (losses) on defined benefit plans - Net of Tax effect		533	343	-	-
Translation of Associate using foreign functional currency	16	42,806	121,930	-	-
<b>Other Comprehensive Income for the year</b>		56,206	110,539	8,776	(3,688)
<b>Total Comprehensive Income for the year</b>		1,103,194	1,768,391	937,354	1,023,938
<b>Attributable to</b>					
Equity Holder of the Parent Company		1,032,816	1,414,111	937,354	1,023,938
Non-Controlling Interest	5.1(c)	70,378	354,280	-	-
		1,103,194	1,768,391	937,354	1,023,938

The Accounting Policies and Notes on pages 55 to 97 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

## STATEMENTS OF CHANGES IN EQUITY

Group	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			
<b>Balance as at 31st March 2021</b>		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		-	-	-	-	-	-
<b>Balance as at 31st March 2022</b>		220,262	219,250	2,679,957	255,338	1,529,830	4,904,637
<b>Prior period adjustment for Surcharge Tax</b>		-	-	(200,406)	-	(126,123)	(326,529)
<b>Adjusted Balance as at 31st March 2022</b>		220,262	219,250	2,479,551	255,338	1,403,707	4,578,108
Profit for the year		-	-	978,907	-	68,081	1,046,988
Other Comprehensive Income		-	-	11,103	42,806	2,297	56,206
Total Comprehensive Income		-	-	990,010	42,806	70,378	1,103,194
Interim dividend	33	-	-	(390,731)	-	-	(390,731)
Dividend paid by Subsidiary companies to outside shareholders		-	-	-	-	-	-
<b>Balance as at 31st March 2023</b>		220,262	219,250	3,078,830	298,144	1,474,085	5,290,571

Company	Note	Stated Capital Rs.'000	Revenue Reserves		Total Rs.'000
			General Reserve Rs.'000	Accumulated Profit Rs.'000	
<b>Balance as at 31st March 2021</b>		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)
<b>Balance as at 31st March 2022</b>		220,262	219,250	2,108,539	2,548,051
<b>Prior period adjustment for Surcharge Tax</b>		-	-	(104,652)	(104,652)
<b>Adjusted Balance as at 31st March 2022</b>		220,262	219,250	2,003,887	2,443,399
Profit for the year		-	-	928,578	928,578
Other Comprehensive Income		-	-	8,776	8,776
Total Comprehensive Income		-	-	937,354	937,354
Interim dividend	33	-	-	(390,731)	(390,731)
<b>Balance as at 31st March 2023</b>		220,262	219,250	2,550,510	2,990,022

The Accounting Policies and Notes on pages 55 to 97 form an integral part of these Financial Statements.

## STATEMENTS OF CASH FLOWS

For The Year Ended 31st March	Note	Group		Company	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Cash Flows from Operating Activities</b>					
Group Profit before Tax and Non-Controlling Interest from Continuing Operations		1,287,317	1,895,470	1,068,142	1,163,085
Profit / (Loss) from discontinued operations	31	(69)	(40)	-	-
Adjustments for:					
Share of (Profit) / Loss of Associate Company	29	23,323	(581)	-	-
Provision for Slow Moving Stocks / (Reversal)	9.1	(196)	(8,359)	(203)	(420)
Amortisation of Right of use asset	25	3,278	3,299	-	-
Depreciation	4.1 / 4.3	107,501	96,582	8,852	8,995
Provision for Retiring Gratuity	25	22,471	9,357	14,300	6,904
Finance Cost	27	22,395	29,725	5,819	6,045
Finance Income	26	(200,132)	(45,300)	(195,606)	(35,663)
Provision for impairment	25	115,312	(1,050)	2,065	-
Reversal of Trade Debtors Impairment over provision	24	-	(21)	-	-
Fair Value adjustment of Investment Property - Leasehold	6	(54,285)	(30,080)	-	-
Exchange Gain on Liabilities to make lease payment	7.1	16,950	47,767	-	-
Operating Profit before Working Capital Changes		1,343,866	1,996,769	903,368	1,148,946
(Increase) / Decrease in Inventories	9	(472,893)	(120,593)	(183,246)	(54,328)
(Increase) / Decrease in Trade and Other Receivables	10	249,835	(656,861)	207,636	(418,874)
(Increase) / Decrease in Amounts due from Related Parties	12	(118,435)	(5,570)	(49,274)	191,453
Increase / (Decrease) in Trade and Other Payables	8.2 / 20	(21,214)	231,611	(12,403)	64,741
Increase / (Decrease) in Amounts due to Related Parties	8.3 / 22	177,763	3,219	(266,228)	28,757
<b>Cash Generated from Operations</b>		<b>1,158,922</b>	<b>1,448,574</b>	<b>599,854</b>	<b>960,695</b>
Interest Paid	27	-	(26,127)	(5,819)	(6,045)
Income Tax Paid	21/30	(352,232)	(222,538)	(227,189)	(103,705)
Surcharge Tax Paid		(326,140)	-	(104,652)	-
Gratuity Paid	19	(11,691)	(13,638)	(3,267)	(3,067)
Net Cash Flows from Operating Activities		<b>468,859</b>	<b>1,186,271</b>	<b>258,926</b>	<b>847,877</b>
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant and Equipment	4.1 / 4.3	(867,974)	(793,318)	(232,331)	(10,200)
Short Term Investment - Fixed Deposit (Net)	11	113,311	(441,112)	113,663	(440,808)
Dividend Income	24	-	-	-	-
Finance Income	11 / 26	180,868	43,831	176,229	34,647
Net Cash Flows from / (used in) Investing Activities		<b>(573,795)</b>	<b>(1,190,599)</b>	<b>57,571</b>	<b>(416,361)</b>
<b>Cash Flows from Financing Activities</b>					
Dividend Paid	33	(390,731)	(312,585)	(390,731)	(312,585)
Dividend Paid by subsidiary Companies to Outside Shareholders	5.1(c)	-	-	-	-
Proceeds from Interest Bearing Borrowings	17.2	-	300,000	-	-
Repayment of Interest Bearing Borrowings	17.2	(104,166)	(65,279)	-	-
Payment of Lease Instalments	7.1	(18,042)	(9,586)	-	-
<b>Net Cash used in Financing Activities</b>		<b>(512,939)</b>	<b>(87,450)</b>	<b>(390,731)</b>	<b>(312,585)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(617,875)</b>	<b>(91,778)</b>	<b>(74,234)</b>	<b>118,932</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	13	<b>950,227</b>	<b>1,042,005</b>	<b>993,948</b>	<b>875,017</b>
<b>Cash and Cash Equivalents at the end of the year</b>	13	<b>332,352</b>	<b>950,227</b>	<b>919,714</b>	<b>993,948</b>

The Accounting Policies and Notes on pages 55 to 97 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 31.3.2023 is 83.90% (31.3.2022 - 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 2023 were authorised for issue in accordance with a resolution of the Directors on 29th August 2023.

### 1.6 Number of Employees

The number of employees in the Company at the end of the year was 162 (2022 - 220). Group 503 (2022 - 564).

## 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 2023.

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

## Notes to the Financial Statements

of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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 income statement. 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 income statement 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 income statement and statement of comprehensive income 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 Income Statement 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 Income Statement 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 Income Statement.

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 income statements 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 income statement.

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.

## Notes to the Financial Statements

### 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.

#### 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.

#### 2.3.5.1.1 Contract balances

##### Contract assets

Contract assets are Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, with rights that are conditioned on some criteria other than the passage of time, upon satisfaction of the conditions.

##### 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.

#### 2.3.5.1.2 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 Income Statement, 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 30%, 24%, 18% & 14% under the Inland Revenue Act No. 24 of 2017 in Year of Assessment 2022/23.

Investment Income is liable at 24% & 30%.

#### 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.

## Notes to the Financial Statements

### Sales tax

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

- ❖ Turnover based taxes include Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) payable to the Department of Inland Revenue. The Company pays such taxes in accordance with the respective statutes.
- ❖ 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

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.

### 2.3.11 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 is 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 derecognised 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.

### 2.3.12 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

## Notes to the Financial Statements

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.

### 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 Derecognition

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

## Notes to the Financial Statements

considered impaired and is written down to its recoverable amount.

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That 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 statement 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.

### 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. 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

## Notes to the Financial Statements

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 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 following new accounting standards and amendments/improvements to the existing standards were issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). A number of new standards are effective for annual periods beginning after 1 April 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) - effective for annual periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) - effective for annual periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to LKAS 8) - effective for annual periods beginning on or after 1 January 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12 - effective for annual periods beginning on or after 1 January 2023.

SLFRS 17 - Insurance Contracts - effective for annual reporting periods beginning on or after 1 January 2025.

### 3. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
31st March 2023				
<b>3.1 Group</b>				
<b>Financial Assets</b>				
Trade & Other Receivables	10	-	1,545,791	1,545,791
Short Term Investment	11	-	354,741	354,741
Amounts due from Related Parties	12	-	176,762	176,762
Cash and Bank Balances	13	-	1,346,934	1,346,934
		-	3,424,228	3,424,228
<b>Financial Liabilities</b>				
			Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Liabilities for Lease	7.1		170,807	170,807
Trade & Other Payables	8.2 / 20		770,473	770,473
Amounts due to Related Parties	8.3 / 22		714,847	714,847
Interest Bearing Loans and Borrowings	8 / 17.1		1,164,580	1,164,580
			2,820,707	2,820,707
31st March 2022				
<b>Financial Assets</b>				
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
<b>Financial Liabilities</b>				
			Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
Liabilities for Lease	7.1		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

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 2023	Note	Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
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#### 3.2 Company

<b>Financial Assets</b>				
Trade & Other Receivables	10	-	569,698	569,698
Short Term Investment	11	-	347,527	347,527
Amounts due from Related Parties	12	-	52,749	52,749
Cash and Bank Balances	13	-	919,714	919,714
		-	1,889,688	1,889,688

			Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
<b>Financial Liabilities</b>				
Trade & Other Payables	20		219,301	219,301
Amounts due to Related Parties	22		23,698	23,698
			242,999	242,999

31st March 2022		Equity Instruments at FVTOCI Rs.'000	Debt Instruments at amortised cost Rs.'000	Total Rs.'000
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<b>Financial Assets</b>				
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

			Financial Liabilities at amortised cost Rs.'000	Total Rs.'000
<b>Financial Liabilities</b>				
Trade & Other Payables	20		231,520	231,520
Amounts due to Related Parties	22		289,926	289,926
			521,446	521,446

#### 4. PROPERTY, PLANT & EQUIPMENT

	Freehold Land and Buildings Rs.'000	Building on Leasehold Land Rs.'000	Plant and Machinery Rs.'000	Tools and Office Equipment Rs.'000	Furniture and Fittings Rs.'000	Motor Vehicles Rs.'000	Computers Rs.'000	Roads and Other Infrastructure Rs.'000	Tube Well Rs.'000	Capital Work in Progress Rs.'000	Total Rs.'000
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#### 4 PROPERTY, PLANT & EQUIPMENT

##### 4.1 Group

Gross carrying amount - at cost											
As at 1st April 2022	67,985	338,114	1,462,197	32,657	12,297	10,168	25,067	10,703	179	854,680	2,814,047
Additions during the year	12,089	-	29,802	109	844	-	3,919	-	-	821,211	867,974
Capitalized during the year	1,698	-	56,476	-	-	-	-	-	-	(58,174)	-
As at 31st March 2023	81,772	338,114	1,548,475	32,766	13,141	10,168	28,986	10,703	179	1,617,717	3,682,021

##### Depreciation

As at 1st April 2022	32,941	85,198	907,708	31,869	10,605	10,168	22,097	7,999	179	-	1,108,764
Charge for the year	15,583	-	89,244	382	589	-	1,703	-	-	-	107,501
As at 31st March 2023	48,524	85,198	996,952	32,251	11,194	10,168	23,800	7,999	179	-	1,216,265

##### Net Book Value

As at 31st March 2022	35,044	252,916	554,489	788	1,692	-	2,970	2,704	-	854,680	1,705,283
As at 31st March 2023	33,248	252,916	551,523	515	1,947	-	5,186	2,704	-	1,617,717	2,465,756

4.2 Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs.627,389,658/- (2021/22 - Rs. 608,334,664/-).

Capital Work-in-Progress of Rs. 1,617,717/- represents construction of Building and Plant & Machinery as detailed below:-

Buildings	410,982
Plant & Machinery	1,206,735
	1,617,717

## Notes to the Financial Statements

## 4. PROPERTY, PLANT &amp; EQUIPMENT (Contd.)

	Freehold Land and Buildings Rs.'000	Plant and Machinery Rs.'000	Tools and Office Equipment Rs.'000	Furniture and Fittings Rs.'000	Motor Vehicles Rs.'000	Computers Rs.'000	Capital WIP Rs.'000	Total Rs.'000
<b>4.3 Company</b>								
Gross carrying amount - at cost								
As at 1st April 2022	58,129	430,097	23,065	3,862	4,378	10,965	-	530,496
Additions during the year	12,089	28,873	929	-	-	1,359	189,081	232,331
As at 31st March 2023	70,218	458,970	23,994	3,862	4,378	12,324	189,081	762,827
Depreciation								
As at 1st April 2022	28,796	357,180	22,394	3,737	4,378	10,871	-	427,356
Charge for the year	1,383	6,772	320	57	-	320	-	8,852
As at 31st March 2023	30,179	363,952	22,714	3,794	4,378	11,191	-	436,208
Net Book Value								
As at 31st March 2022	29,333	72,917	671	125	-	94	-	103,140
As at 31st March 2023	40,039	95,018	1,280	68	-	1,133	189,081	326,619

4.4 Property, Plant & Equipment includes fully depreciated assets the cost of which amounts to Rs. 341,545,061/- (2021/22 - Rs. 371,362,232/-).

Capital Work-in-Progress represents construction of Buildings & Machinery as detailed below:-

Buildings	171,961
Plant & Machinery	17,120
	189,081

## 5 LONG TERM INVESTMENTS

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Summary :</b>				
Investments in Subsidiaries (5.1(a) & 5.1(b))	-	-	291,094	291,094
Investment in Associate (5.2)	386,700	346,132	171,929	171,929
Other Investment (5.3)	-	-	-	-
<b>Total Investments</b>	<b>386,700</b>	<b>346,132</b>	<b>463,023</b>	<b>463,023</b>

### 5.1(a) Company Investment in Subsidiaries

	Holding		Number of Shares as at		Value of Shares as at	
	31.03.2023 %	31.03.2022 %	31.03.2023	31.03.2022	31.03.2023 Rs.'000	31.03.2022 Rs.'000
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.

### 5.1(b) Group Investment in Subsidiaries

	% Holding		No. of Shares as at		Value of Shares as at	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Investor</b>						
Richard Pieris Natural Foams Ltd.						
<b>Investee</b>						
Arpico Natural Latexfoams (Pvt) Ltd.	55.55%	55.55%	5,000,000	5,000,000	50,000	50,000
					50,000	50,000
Provision for impairment					(50,000)	(50,000)
					-	-

## Notes to the Financial Statements

## 5 LONG TERM INVESTMENTS (Contd.)

## 5.1(c) Non Controlling Interests (NCI) in Subsidiaries

Subsidiary	Percentage of Ownership Interest held by NCI	Percentage of Voting Rights held by NCI	Share of Total Comprehensive Income of NCI for the year ended 31st March		NCI as at 31st March		Dividends Paid to NCI	
			2023	2022	2023	2022	2022/2023	2021/2022
			Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Richard Pieris Natural Foams Ltd	57%	57%	69,403	353,878	1,462,398	1,518,971	-	-
Micro Minerals (Pvt) Ltd	31.25%	31.25%	997	415	11,452	10,602	-	-
Apico Natural Latex Foams (Pvt) Ltd	32%	32%	(22)	(13)	235	257	-	-
			70,378	354,280	1,474,085	1,529,830	-	-

## 5.1(d) Summarised Financial Information of Subsidiaries

As at	Richard Pieris Natural Foams Ltd		Micro Minerals (Pvt) Ltd		Apico Natural Latex Foams (Pvt) Ltd	
	31st March	31st March	31st March	31st March	31st March	31st March
	2023	2022	2023	2022	2023	2022
Assets	5,056,940	4,612,070	61,785	55,629	-	-
Liabilities	2,491,026	1,946,947	23,524	20,294	227,013	226,944
Equity	2,565,914	2,665,123	38,261	35,335	(227,013)	(226,944)
	2023	2022	2023	2022	2023	2022
For the year ended 31st March	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	5,869,667	4,122,654	68,093	55,709	-	-
Profit after tax	117,847	629,013	3,260	1,171	(69)	(40)
Total Comprehensive income	121,802	620,842	3,396	1,296	(69)	(40)
Principal Place of Business	Sri Lanka		Sri Lanka		Sri Lanka	

## 5 LONG TERM INVESTMENTS (Contd.)

### 5.2 Investment in Associate

	Holding		As at 31.03.2022 Rs.'000	Share of Profit / (Loss) Rs.'000	Taxation Rs.'000	Share of Other Comprehensive Income Rs.'000	As at 31.03.2023 Rs.'000
	% 31.03.2023	% 31.03.2022					
Group							
Non-Quoted							
Arpitalian Compact							
Soles (Pvt) Limited	48.93	48.93	346,132	(23,323)	20,553	43,338	386,700
			346,132	(23,323)	20,553	43,338	386,700

	Holding		No. of Shares as at 31.03.2023	Value of Shares		As at 31.03.2023 Rs.'000
	% 31.03.2023	% 31.03.2022		As at 31.03.2022 Rs.'000	Additions / (Disposals) Rs.'000	
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.

### 5.3 Other Investment

Group / Company	Holding		As at	Fair value	As at
	% 31.03.2023	% 31.03.2022	01.04.2022 Rs.'000	adjustment Rs.'000	31.03.2023 Rs.'000
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.

### 5.4 Advance Payment for Investment

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Arpico Desh Ltd - Bangladesh	57,363	57,363	-	-
Provision for Impairment	(28,682)	-	-	-
	28,681	57,363	-	-

Subsidiary Company Richard Pieris Natural Foams Ltd has made an advance payment of Rs. 57,363,000/- for Investment in Arpico Desh Ltd - Bangladesh and a provision of Rs.28,682,000/- has been made for impairment during the year ended 31.03.2023.

## Notes to the Financial Statements

### 6. INVESTMENT PROPERTY - RIGHT OF USE ASSET

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
At the beginning of the year	352,600	322,520	-	-
Fair value adjustment	54,284	30,080	-	-
At the end of the Year	406,884	352,600	-	-
Rental Income earned	24,526	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. 406,884,000/- (2021/22 - Rs.352,600,000), 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 2023 are as follows:-

Valuation Technique	Investment Method (Discounted Cash Flow)
Rate / Sq feet	Rs.37.5
Capitalization Rate of Return	6.50%
Leased Property :	Land and Building
Location :	Mattegoda
Extent :	528.5 perches and 87,061 Sq. Feet

#### Valuation techniques and significant unobservable inputs.

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the Input to the fair value
Investment Property	Income Approach	Rate per Square Foot	The estimated fair value would increase or decrease if the price per square foot increases or decreases.

### 7. RIGHT OF USE ASSETS - LEASEHOLD

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Cost</b>				
Balance at the beginning of the year	141,199	141,199	-	-
Balance at the end of the year	141,199	141,199	-	-
<b>Amortisation</b>				
Balance at the beginning of the year	7,480	4,181	-	-
Charge for the year	3,278	3,299	-	-
Balance at the end of the year	10,758	7,480	-	-
<b>Net Book Value</b>	<b>130,441</b>	<b>133,719</b>	<b>-</b>	<b>-</b>

## 7. RIGHT OF USE ASSETS - LEASEHOLD (Contd.)

### 7.1 - LIABILITIES FOR LEASE PAYMENT

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	149,505	107,726	-	-
Interest for the year	22,395	3,598	-	-
Payments	(18,042)	(9,586)	-	-
Effect of foreign exchange translation	16,950	47,767	-	-
Balance at the end of the year	170,808	149,505	-	-
Lease instalments payable in the ensuing year	16,828	14,448	-	-
Lease instalments payable after one year	153,980	135,057	-	-
Total Lease Liability	170,808	149,505	-	-
Following are the amounts recognised in profit or loss for the year ended 31st March 2023				
Amortization of right-of-use assets	3,278	3,299	-	-
Interest expense on lease liabilities	22,395	3,598	-	-
Total amount recognised in profit or loss	25,673	6,897	-	-

Expenses relating to short term leases and leases of low value assets amounting to Rs.42,623,938/- have been recognised in profit or loss.

### 7.2 DETAILS OF RIGHT OF USE ASSETS AND LEASE LIABILITIES

Description of Asset	BOI-Land	BOI-Land	BOI-Land	BOI-Land	BOI-Land	BOI-Land	Total
	749.47 Perches	35.97 Perches	196.1 Perches	73.26 Perches	38.1 Perches	408.7 Perches	
Plan No	590.00	2014-34	2014-53A	2014-53B	13172A	16016	
Year of Purchase	1,993	2014	2015	2016	2018	2020	
Lease Term	99 Years	50 Years	50 Years	50 Years	50 Years	50 Years	
Net Book Value as at 31.03.2023 (in Rs 000)	69,087	4,097	15,684	9,055	5,181	27,337	130,441
No. of Instalment remaining (in years) as at 31.03.2023	71	42	24	43	46	24	
Total Lease outstanding as at 31.03.2023 (In Rs 000)	95,304	4,274	20,220	8,732	4,580	37,698	170,808

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Maturity Analysis</b>				
Within one year	16,828	14,449	-	-
After one year but not more than Three Years	34,521	31,377	-	-
After three years but not more than Five Years	37,022	31,377	-	-
More than Five Years	82,437	72,302	-	-
	170,808	149,505	-	-

## Notes to the Financial Statements

### 8. ASSETS / LIABILITIES OF SUBSIDIARY WHICH IS NOT CONSIDERED AS GOING CONCERN (DISCONTINUED OPERATIONS)

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Arpico Natural Latex Foams (Pvt) Ltd.				
<b>Assets</b>				
Trade & Other Receivables (8.1)	-	-	-	-
Cash and Bank Balances	-	-	-	-
	-	-	-	-
<b>Liabilities</b>				
Trade & Other Payables (8.2)	20,528	20,571	-	-
Amounts due to Related Parties (8.3)	206,316	206,316	-	-
Bank Overdraft	169	57	-	-
	227,013	226,944		

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

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>8.1 Trade &amp; Other Receivables</b>				
Trade Debtors	25,645	25,645	-	-
Other Receivables	5,304	5,304	-	-
Less : Provision for Impairment	(30,949)	(30,949)	-	-
	-	-	-	-
<b>8.2 Trade &amp; Other Payables</b>				
Trade Creditors - Related Party - RPC Logistics Ltd.	-	-	-	-
- Others	74	188	-	-
Sundry Creditors including Accrued Expenses	20,454	20,383	-	-
	20,528	20,571	-	-
<b>8.3 Amounts due to Related Parties</b>				
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	647,989	408,820	258,434	141,533
Work in Progress	44,140	32,248	39,401	30,676
Finished Goods	322,883	259,026	57,688	37,292
Consumables and Spares	221,653	63,719	85,537	48,313
Provision for Slow moving Stocks / Stock Loss (9.1)	(10,860)	(11,056)	(8,225)	(8,428)
	1,225,805	752,757	432,835	249,386

#### 9.1 Provision for Slow Moving Stocks / Stock Loss

At the beginning of the year	11,056	19,415	8,428	8,848
Provision made during the year/ (Reversal)	(196)	(8,359)	(203)	(420)
At the end of the year	10,860	11,056	8,225	8,428

## 10. TRADE AND OTHER RECEIVABLES

### 10.1 Summary

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Financial Assets</b>				
Trade Debtors - Related Parties (10.2)	49,968	47,971	10,055	6,069
- Others	1,633,136	1,892,340	559,059	796,250
	1,683,136	1,940,311	569,114	802,319
Less : Provision for Impairment (10.3)	(145,215)	(57,829)	(3,589)	(1,524)
	1,537,921	1,882,482	565,525	800,795
Other Debtors	20,883	83,624	19,510	21,847
Less : Provision for Impairment	(18,559)	(18,559)	(18,559)	(18,559)
	2,324	65,065	951	3,288
Refundable Deposits	5,842	4,958	3,518	3,495
Less : Provision for Impairment	(296)	(75)	(296)	(75)
	5,546	4,883	3,222	3,420
	1,545,791	1,952,430	569,698	807,503
<b>Total Financial Assets</b>				
<b>Non-Financial Assets</b>				
Advances & Prepayments	263,043	192,422	208,431	180,325
Less : Provision for Impairment	(19,067)	(18,620)	(18,546)	(18,546)
<b>Total Non- Financial Assets</b>	243,976	173,802	189,885	161,779
	1,789,767	2,126,232	759,583	969,282

### 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	19,829	30,843	424	3,924
Richard Pieris Rubber Products Ltd	Related Company	523	961	5	132
Richard Pieris Natural Foams Ltd	Subsidiary Company	-	-	50	19
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	887	1,310	187	187
Richard Pieris Rubber Compounds Ltd	Related Company	399	315	124	124
Maskeliya Plantations Ltd	Related Company	284	-	-	-
Arpico Interiors (Pvt) Ltd	Related Company	1,656	1,656	1,656	1,655
Arpitech (Pvt) Ltd	Related Company	18,781	12,858	-	-
RPC Logistics Ltd.	Related Company	7,581	-	7,581	-
		49,968	47,971	10,055	6,069

### 10.3 Provision for Impairment

Balance at the beginning of the year	57,829	40,820	1,524	1,524
Provision made during the year	86,183	(1,050)	2,065	-
	144,012	39,770	3,589	1,524
Effect of foreign exchange translation	1,203	18,059	-	-
Balance at the end of the year	145,215	57,829	3,589	1,524

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

	Total Rs.'000	Current Rs.'000	30 - 60 days Rs.'000	61 - 90 days Rs.'000	91 - 120 days Rs.'000	> 120 days Rs.'000
2023	1,683,136	1,283,491	94,237	77,917	80,385	147,106
2022	1,940,311	1,527,589	205,174	42,327	2,033	163,188

## Notes to the Financial Statements

### 11. SHORT TERM INVESTMENT

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Fixed Deposits</b>				
Balance at the beginning of the year	447,200	6,088	440,808	-
Investment made during the year	100,352	1,043,862	100,000	440,808
Withdrawals made during the year	(276,765)	(602,250)	(276,765)	-
Exchange Gain/(Loss)	63,102	(500)	63,102	-
	333,889	447,200	327,145	440,808
Interest receivable at the end of the year	20,852	1,588	20,383	1,016
Balance at the end of the year	354,741	448,788	347,527	441,824
<b>Represented by :-</b>				
Short Term Investment in Other Financial Institutions	354,741	448,788	347,527	441,824
	354,741	448,788	347,527	441,824

### 12. AMOUNTS DUE FROM RELATED PARTIES

	Relationship				
Richard Pieris Natural Foams Ltd.	Subsidiary Company	-	-	2,183	2,220
Richard Pieris & Co PLC	Parent Company	39,033	-	39,034	-
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	1,253	210	210	210
Richard Pieris Distributors Ltd.	Related Company	29,936	18,426	-	-
Arpitech (Pvt) Ltd	Related Company	85,199	28,173	2,572	105
Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd.	Related Company	11,121	11,121	-	-
RPC Polymers (Pvt) Ltd	Related Company	9,061	287	7,891	-
Richard Pieris Rubber Products Ltd	Related Company	300	110	-	-
Micro Minerals (Pvt) Ltd.	Subsidiary Company	-	-	-	940
Kegalle Plantation	Related Company	44	-	44	-
RPC Logistics Current Account	Related Company	213	-	213	-
Richard Pieris Tyre Company Ltd	Related Company	602	-	602	-
		176,762	58,327	52,749	3,475

### 13. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENTS

#### 13.1 Favourable Cash and Cash Equivalents Balances

Cash & Bank Balances - Continuing Operations	1,346,934	1,761,802	919,714	993,948
Cash & Bank Balances - Discontinued Operations - Note 8	-	-	-	-
	1,346,934	1,761,802	919,714	993,948

#### 13.2 Unfavourable Cash and Cash Equivalents Balances

Bank Overdrafts - Note 17.1 / 8	(1,014,582)	(811,575)	-	-
Total Cash and Cash Equivalents for the purpose of Cash Flow Statements	332,352	950,227	919,714	993,948

## 14. STATED CAPITAL

	At the beginning of the year 01.04.2022 Number '000	Issued for Cash during the year Number '000	At the end of the year 31.03.2023 Number '000
Issued and Fully Paid Number of Shares (Ordinary Shares)	11,164	-	11,164
	11,164	-	11,164
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
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.

## 15. REVENUE RESERVES

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>15.1 General Reserve</b>				
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
<b>15.2 Accumulated Profit</b>				
At the beginning of the year	2,679,957	1,700,361	2,108,539	1,397,186
Surcharge Tax	(200,406)	-	(104,652)	-
Profit for the year attributable to				
Equity Holder of the Parent Company	978,907	1,298,953	928,578	1,027,626
Other comprehensive income attributable				
to Equity Holder of the Parent Company	11,103	(6,772)	8,776	(3,688)
Interim dividend	(390,731)	(312,585)	(390,731)	(312,585)
At the end of the year	3,078,830	2,679,957	2,550,510	2,108,539
Total Revenue Reserves	3,298,080	2,899,207	2,769,760	2,327,789
<b>16 FOREIGN CURRENCY TRANSLATION</b>				
At the beginning of the year	255,338	133,408	-	-
Exchange translation difference for the year	42,806	121,930	-	-
At the end of the year	298,144	255,338	-	-

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

## Notes to the Financial Statements

### 17. INTEREST BEARING LIABILITIES

	31.03.2023 Amount Repayable Within 1 Year Rs.'000	31.03.2023 Amount Repayable After 1 Year Rs.'000	31.03.2023 Total Rs.'000	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
<b>17.1 Interest Bearing Liabilities - Group</b>						
Term Loan	100,000	50,000	150,000	104,166	150,000	254,166
	100,000	50,000	150,000	104,166	150,000	254,166
Bank Overdraft (13.2)	1,014,411	-	1,014,411	811,518	-	811,518
	1,114,411	50,000	1,164,411	915,684	150,000	1,065,684

	As at 01.04.2022 Rs.'000	Obtained during the year Rs.'000	Payment during the year Rs.'000	Exchange Loss Rs.'000	As at 31.03.2023 Rs.'000
<b>17.2 Term Loan and Packing Credit Loan - Movements</b>					
Term Loan	254,166	-	(104,166)	-	150,000
	254,166	-	(104,166)	-	150,000

**18. DEFERRED TAX LIABILITY / (ASSET)**

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Balance at the beginning of the year	85,894	65,101	(2,240)	(1,604)
Deferred Tax Charged / (Reversed) to the Income Statement	(21,166)	22,696	(2,787)	(36)
Deferred Tax Charged / (Reversed) to the Statement of Other Comprehensive Income	5,516	(1,903)	3,762	(600)
Balance at the end of the year	70,244	85,894	(1,265)	(2,240)
Deferred Tax Asset	(1,266)	(2,240)	(1,266)	(2,240)
Deferred Tax Liability	71,510	88,134	-	-
Deferred tax asset, liability relates to the following				
Deferred tax liability				
Accelerated depreciation for tax purposes	159,593	74,638	21,622	8,652
Right of use asset	(18,318)	(5,390)	-	-
Unrealized Exchange gain/(Loss)	(38,735)	32,633	-	-
Deferred tax assets				
Retirement benefit obligations	(32,296)	(15,987)	(22,888)	(10,892)
Net deferred tax liability / (asset)	70,244	85,894	(1,266)	(2,240)

**19. RETIREMENT BENEFIT OBLIGATION**

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Movements in the present value of the Retirement Benefit Obligation are as follows.				
Balance at the beginning of the year	115,260	105,904	77,798	69,674
Current Service Cost	6,335	1,414	3,408	1,677
Interest Cost	16,136	7,943	10,892	5,226
(Gain) / Loss due to changes in assumptions	(18,383)	13,637	(12,537)	4,288
Benefits paid	(11,691)	(13,638)	(3,267)	(3,067)
Balance at the end of the year	107,657	115,260	76,294	77,798

**19.1 Net Benefit Expenses Categorized Under Staff Cost**

Current Service Cost	6,335	1,414	3,408	1,677
Interest Cost	16,136	7,943	10,892	5,226
	22,471	9,357	14,300	6,903

## 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 31.03.2023 and 31.03.2022. 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

	2022 / 2023	2021 / 2022
Demographic assumptions		
Retiring age	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	12% Per Annum	8% Per Annum
Rate of Discount	20%	14%

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rate has been adjusted from the treasury bond rate of the applicable tenure, present Sri Lanka country default spread is eliminated and the country default spread prior to the sovereign debt default and COVID-19 pandemic is added for the purpose of valuing employee retirement benefit obligations

### 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	111,646	78,747
One point decrease	As given in Note 19.2	103,837	73,962
As given in Note 19.2	One point increase	104,667	74,490
As given in Note 19.2	One point decrease	110,859	78,221

### 19.4 Maturity Profile

Maturity profile of the defined benefit obligation as at 31st March 2023 is as follows.

Future Working Life Time	Defined Benefit Obligation	
	Group Rs. '000	Company Rs. '000
Within the next 12 months	46,645	41,932
Between 1-5 years	40,756	20,093
Beyond 5 years	20,256	14,269
	107,657	76,294

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
<b>Financial Liabilities</b>				
Trade Creditors - Related Parties (20.1)	445,427	352,516	58,195	36,789
- Others	122,935	255,311	49,869	81,176
Other Payables (20.2)	181,583	165,749	111,237	113,554
<b>Total Financial Liabilities</b>	<b>749,945</b>	<b>773,576</b>	<b>219,301</b>	<b>231,520</b>
<b>Non-Financial Liabilities</b>				
Other Payables (20.3)	4,787	2,370	804	988
<b>Total Non-Financial Liabilities</b>	<b>4,787</b>	<b>2,370</b>	<b>804</b>	<b>988</b>
Balance at the end of the year	754,732	775,946	220,105	232,508

## 20.1 Trade dues Payable to Related Parties

	Relationship				
Kegalle Plantations PLC.	Related Company	363,500	284,686	31,608	15,362
Richard Pieris Rubber Products Ltd	Related Company	536	854	460	854
Richard Pieris Distributors Ltd	Related Company	2,913	7,910	-	3,887
Richard Pieris Rubber Compounds Ltd	Related Company	3,267	8,465	3,267	8,465
Richard Pieris Tyre Company Ltd.	Related Company	2,375	3,098	-	-
RPC Logistics Ltd.	Related Company	-	28,210	15,425	1,203
Arpitech (Pvt) Ltd.	Related Company	3,653	7,526	963	445
Micro Minerals (Pvt) Ltd	Subsidiary Company	-	-	3,613	2,934
Arpico Interiors (Pvt) Ltd	Related Company	16	16	16	16
Maskeliya Tea Gardens (Ceylon) (Pvt) Ltd	Related Company	130	121	130	98
Richard Pieris Natural Foams Ltd	Subsidiary Company	-	-	2,396	3,465
RPC Polymers (Pvt) Ltd	Related Company	39	10	39	10
Namunukula Plantations PLC	Related Company	12,171	11,570	-	-
RPC Logistics Ltd.	Related Company	56,549	-	-	-
Arpitalian Compact Soles (Pvt) Ltd	Related Company	253	50	253	50
Arpico Durables (Private) Limited	Related Company	25	-	25	-
		445,427	352,516	58,195	36,789

## 20.2 Other Payables (Financial Liabilities)

Dividend Payable	11,279	57,932	11,279	57,932
Unclaimed Gratuity Payment	14,682	14,707	14,682	14,707
Bonus Payable	4,779	10,187	4,740	3,917
Sales Commission	29,338	21,493	-	-
Others	121,505	61,430	80,536	36,998
	181,583	165,749	111,237	113,554

## 20.3 Other Payables (Non- Financial Liabilities)

Others	4,787	2,370	804	988
	4,787	2,370	804	988

## Notes to the Financial Statements

### 21. INCOME TAX PAYABLE

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at the beginning of the year	88,369	96,554	78,035	46,245
Provision for the year	286,740	214,696	142,119	135,489
(Over) / under provision in respect of previous year	(4,372)	(346)	232	6
	370,737	310,904	220,386	181,740
Payments made during the year	(352,195)	(222,538)	(227,152)	(103,705)
WHTax Paid	(37)	-	(37)	-
Balance at the end of the year	18,505	88,366	(6,803)	78,035

### 22. AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Richard Pieris & Co. PLC.	Parent Company	508,278	329,247	-	266,067
Micro Minerals (Pvt) Ltd	Subsidiary Company	-	-	23,446	23,200
Richard Pieris Distributors Ltd	Related Company	252	659	252	659
Arpitalian Compact Soles (Pvt) Ltd	Associate Company	-	861	-	-
		508,530	330,767	23,698	289,926

### 23. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>23.1 Summary</b>				
Export Sales	8,382,497	6,020,018	2,953,130	2,320,100
Indirect Exports (Gross)	345,320	350,089	-	-
Local Sales (Gross)	429,147	234,429	211,574	72,254
	9,156,964	6,604,536	3,164,704	2,392,354
VAT	(77,879)	(39,171)	(23,379)	(5,352)
	9,079,085	6,565,365	3,141,325	2,387,002
Less : Inter Group Sales	(38,289)	(28,433)	-	-
	9,040,796	6,536,932	3,141,325	2,387,002

## 23. REVENUE FROM CONTRACTS WITH CUSTOMERS

### 23.2 Group Segmental Information

	Turnover		Profit / (Loss) before Tax		Total Assets		Total Liabilities	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Mineral Segment	68,093	55,709	5,282	1,740	61,785	55,629	23,525	20,294
Latex Based Segment	5,869,667	4,122,654	237,394	730,031	5,056,940	4,612,070	2,718,035	2,173,890
Hard Rubber Segment	3,141,325	2,387,002	1,068,141	1,163,085	3,303,316	3,223,319	313,294	678,270
	9,079,085	6,565,365	1,310,817	1,894,856	8,422,041	7,891,018	3,054,854	2,872,454
Adjustment for Inter Group Transactions	(38,289)	(28,433)	(23,500)	614	(108,304)	(145,775)	(31,688)	(31,848)
	9,040,796	6,536,932	1,287,317	1,895,470	8,313,737	7,745,243	3,023,166	2,840,606

	Group		Company	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lanka	414,503	122,611	188,195	66,902
USA	2,649,310	1,734,231	776,541	373,212
Europe	3,289,105	2,866,885	2,061,369	1,903,454
Asia Pacific	2,716,482	1,841,638	115,220	43,434
Africa	9,685	-	-	-
Total Segments	9,079,085	6,565,365	3,141,325	2,387,002
Less : Inter Group Sales	(38,289)	(28,433)	-	-
	9,040,796	6,536,932	3,141,325	2,387,002

	Group		Company	
	2023	2022	2023	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000

## 24 OTHER OPERATING INCOME

Scrap Sales (24.1)	2,935	2,783	1,546	2,298
Rental Income (24.2)	24,525	21,109	-	-
Reversal of provision for slow moving stocks	203	421	203	421
Reversal of Trade Debtors Impairment over provision	-	5	-	-
	27,663	24,318	1,749	2,719

### 24.1 Summary

Scrap Sales (Gross)	3,240	3,005	1,669	2,481
VAT	(305)	(222)	(123)	(183)
	2,935	2,783	1,546	2,298

### 24.2 Summary

Rental Income (Gross)	27,800	22,798	-	-
VAT	(3,275)	(1,689)	-	-
	24,525	21,109	-	-

## Notes to the Financial Statements

### 25. PROFIT FROM OPERATIONS

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
is stated after Charging				
Depreciation	107,501	96,582	8,852	8,995
Directors' Fees	800	1,000	800	1,000
Auditors' Remuneration - Audit Fees	2,880	2,411	1,584	1,297
- Non-Audit Fees	110	105	110	105
Personnel Costs includes				
Defined Benefit Plan Costs - Gratuity	22,471	9,357	14,300	6,903
Other Staff Costs including EPF & ETF	557,423	658,044	236,743	273,389
Provision for Impairment - Trade Debtors & Investment	115,312	(1,050)	2,065	-
Corporate Restructuring Expenses	60,769	60,000	-	-
Amortisation of Right of Use Asset	3,278	3,299	-	-

### 26. FINANCE INCOME

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest Income	200,132	45,300	195,606	35,663
	200,132	45,300	195,606	35,663

### 27. FINANCE COSTS

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest expense on borrowings - Related Party	-	-	5,819	1,440
- Others	-	26,127	-	4,605
Finance Charges on Lease Liabilities	22,395	3,598	-	-
	22,395	29,725	5,819	6,045
	22,395	29,725	5,819	6,045

### 28. OTHER FINANCIAL ITEMS

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Fair Value gain on Investment Property - Lease hold	54,284	30,080	-	-
Net foreign exchange transaction gain	372,699	984,718	231,590	575,655
	426,983	1,014,798	231,590	575,655

## 29. SHARE OF PROFIT / (LOSS) OF ASSOCIATE

The Group's share of income and expenses of the entity for the years ended 31st March 2023 and 2022, and assets & liabilities as at 31st March 2023 and 2022.

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue	407,981	260,135	-	-
Profit / (Loss) before tax	(47,666)	1,188	-	-
Group's share of Profit / (Loss) before tax	(23,323)	581	-	-
(-) Tax on associate results	20,553	(533)	-	-
Group's share of Profit / (Loss) after tax	(2,770)	48	-	-
Total Other Comprehensive Income	88,572	249,895	-	-
Group's share of total Other Comprehensive Income	43,338	122,274	-	-
<b>Associate's Statement of Financial Position</b>				
Current assets	474,116	481,996	-	-
Non-current assets	471,714	463,246	-	-
	945,830	945,242	-	-
Current liabilities	36,290	83,446	-	-
Non-current liabilities	55,181	90,348	-	-
	91,471	173,794	-	-

## 30. TAXATION

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Income tax on current year profits - Note 30.1	286,740	214,696	142,119	135,489
(Over) / Under Provision in respect of previous year	(4,372)	(346)	232	6
Deferred Taxation charge / (Reversal) - Note 30.2	(21,166)	22,696	(2,787)	(36)
Dividend Tax paid by subsidiaries	-	-	-	-
Charge / (Reversal) of Income Tax and Deferred Tax of the Associate Company	(20,942)	532	-	-
	240,260	237,578	139,564	135,459

### 30.1 Taxation on Current Year Profits

Profit / (Loss) before Tax from continuing operations	1,287,317	1,895,470	1,068,142	1,163,085
Add: Profit / (Loss) before Tax from discontinued operations	(69)	(40)	-	-
Less: (Profit) / Loss from Associate Company	23,323	(581)	-	-
	1,310,571	1,894,849	1,068,142	1,163,085
Expenses Disallowed for tax purposes	677,550	242,112	69,341	24,914
Expenses allowable for tax purposes	(433,029)	(414,989)	(258,071)	(20,355)
Allowable Income	(46,185)	(242,301)	(42,341)	(211,555)
Taxable Income	1,508,907	1,479,671	837,071	956,089
Income tax 30%	96,389	-	6,874	-
Income tax 24%	16,171	6,647	12,655	1,268
Income tax 18%	3,175	7,843	931	4,986
Income tax 14%	171,005	200,206	121,659	129,235
	286,740	214,696	142,119	135,489

### 30.2 Deferred Taxation Charge / (Reversal)

Accelerated depreciation for tax purpose	84,953	(1,038)	12,969	501
Right of use Asset	(13,119)	(6,219)	-	-
Retirement benefit obligations	(21,632)	596	(15,756)	(537)
Other Provision & Foreign Exchange Gain	(71,368)	29,357	-	-
	(21,166)	22,696	(2,787)	(36)

## 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	
	2023 Rs.'000	2022 Rs.'000
Revenue	-	-
Cost of Sales	-	-
Gross Profit	-	-
Other Operating Income	-	-
Expenses - Note 31.1	(69)	(40)
Loss from discontinued operations	(69)	(40)
Finance Cost	-	-
Loss before Tax from discontinued operations	(69)	(40)
Taxation	-	-
Loss for the year from discontinued operations	(69)	(40)
Attributable to		
Equity Holders of the Parent Company	(47)	(27)
Non-Controlling Interest	(22)	(13)
	(69)	(40)
<b>31.1 Expenses Includes</b>		
Auditors' Remuneration	67	40

Operating, Investing and Financing Cash Flows for the year are presented below :

	2023 Rs. '000	2022 Rs. '000
Net Cash used in Operating Activities	(113)	(1)
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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Amount Used as the Numerator</b>				
Profit Attributable to Equityholders of the Parent from continuing Operations	978,954	1,298,980	928,578	1,027,626
Profit / (Loss) Attributable to Equityholders of the Parent from discontinuing Operations	(47)	(27)	-	-
Profit Attributable to Equityholders of the Parent	978,907	1,298,953	928,578	1,027,626
	'000	'000	'000	'000
<b>Number of Ordinary Shares used as Denominator</b>				
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	87.68	116.35	83.18	92.05
Earnings per Share from continuing operations	87.68	116.35	83.18	92.05

### 33. DIVIDEND PER SHARE

	2023 Rs.'000	2022 Rs.'000
Interim dividend	390,731	312,585
No. of Shares in issue in '000	11,164	11,164
Dividend per Share (Rs.)	35	28

#### 2022 / 2023

The interim dividend of Rs. 35.00 per share was declared on 4th January 2023 and paid on 6th February 2023.

#### 2021 / 2022

The interim dividend of Rs. 28.00 per share was declared on 28th March 2022 and payable on 28th April 2022.

### 34. FAIR VALUE MEASUREMENT HIERARCHY - GROUP

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

As at 31st March	Note	Level 1		Level 2		Level 3		Total	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Financial Assets									
Other Investment	5.3	-	-	-	-	-	-	-	-
Non-Financial Assets									
Assets measured at fair value									
Investment Property - Right of use asset	6	-	-	-	-	406,884	352,600	406,884	352,600
		-	-	-	-	406,884	352,600	406,884	352,600

#### 34.1 Fair Value Measurement Hierarchy - Company

As at 31st March	Note	Level 3	
		2023 Rs.'000	2022 Rs.'000
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

The Company has one case in dispute following the termination of services of 159 employees in 2007. This matter was in the Arbitration upto February 2020 and the Award of Arbitration was published in the Government Gazette on 10th August 2020. Thereafter, the Company has repudiated the arbitration award by publishing on Government Gazette dated 18.09.2020. Nevertheless, the Assistant Labour Commissioner filed action in the Magistrate's Court Nugegoda for non-implementation of the said arbitral award. Being aggrieved by the Hon. Magistrate's order which stated that there are grounds to maintain this case, the Company sought the revisionary jurisdiction of the High Court of Colombo. Currently this case is being heard before the High Court of Colombo. The Company is rigorously contesting matter.

#### 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 31.03.2023, approved by the Board is as follows,

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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, no circumstances have arisen which would require adjustments to or disclosure in these Financial Statements.

### 38. SECURITIES GIVEN FOR BANKING FACILITIES

	Name of the Company	Lender	Facility	Nature of Security
38.1	Richard Pieris Exports PLC	Hatton National Bank PLC	Packing Credit Loan	Hypothecation of Stocks procured and receipt / confirmed export orders.
38.2	Richard Pieris Natural Foams Ltd	HSBC	Overdraft Export Bill Discount	Letter of Awareness from Richard Pieris & Company PLC dated 26.04.1996.  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.  General Terms and Conditions relating to Overdrafts for USD 750,000/- signed by the Company.  General Terms and Conditions relating to Pre-shipment Loans for USD 1,500,000/- signed by the Company.  Lien over the documents of title to goods under Export.  Bills purchase indemnity to be executed.
		People's Bank PLC	Letter of Credit/Short Term Loan	Term Loan Application. Sub loan request letter for each short term loan. Indemnity of the Company. Documents of title to goods shipped. Bill of Exchange accepted by the Company for acceptance.

### 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	
	2023 Rs. Mn.	2022 Rs. Mn.	2023 Rs. Mn.	2022 Rs. Mn.
For the year ended 31st March				
Remuneration to Key Managerial Personnel	69.75	31.7	27	19.7

39.1.3 a) Rentals amounting to Rs. 58.9 Mn were paid by the Group to a close member of the family of a key management personnel.  
b) Fees amounting to Rs. 79.3 Mn were paid by the Group to a key management personnel.

## Notes to the Financial Statements

### 39. RELATED PARTY TRANSACTIONS (Contd.)

#### 39.2 Transactions with related parties by the Company

Name of the Related Party	2022/2023			
	Sales	Purchases	Services	Interest Paid
Arpitalian Compact Soles (Pvt) Ltd	-	1,145	-	-
Arpitech (Pvt) Ltd	-	518	-	-
Kegalle Plantations PLC - Note 39.4.1	-	262,773	-	-
Maskeliya Tea Gardens Ceylon Ltd	-	766	-	-
Micro Minerals (Pvt) Limited	-	32,617	1,800	5,819
Richard Pieris & Company PLC	-	-	45,821	-
Richard Pieris Distributors Ltd	11,099	4,720	-	-
Richard Pieris Natural Foams Ltd	31	5,622	74	-
Richard Pieris Rubber Compound Ltd	-	2,203	-	-
Richard Pieris Rubber Product Ltd	-	740	-	-
RPC Polymers (Pvt) Ltd	-	443	-	-
RPC Logistics Ltd	-	42,301	-	-

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	-	-
Maskeliya 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	-

### 39. RELATED PARTY TRANSACTIONS (Contd.)

#### 39.3 Transactions with related parties by the subsidiaries of the Group

Name of the Related Party	2022/2023			
	Sales	Purchases	Services	Rental Income
Arpitalian Compact Soles (Pvt) Ltd	5,330	1,145	-	-
Arpitech (Pvt) Ltd	41,636	11,340	-	13,658
Kegalle Plantations PLC - Note 39.4.1	-	2,074,962	-	-
Maskeliya Tea Gardens Ceylon (Pvt) Ltd	-	916	-	-
Namunukula Plantations PLC	-	89,648	-	-
Richard Pieris & Company PLC	-	-	156,423	-
Richard Pieris Distributors Ltd	112,324	10,992	-	11,510
Richard Pieris Rubber Compound Ltd	312	2,203	-	-
Richard Pieris Rubber Products Ltd	2,339	948	-	535
Richard Pieris Tyre Company Ltd	-	9,993	-	-
RPC Logistics Ltd	-	258,140	-	-
RPC Polymers (Pvt) Ltd	-	443	-	2,097
Maskeliya Plantations PLC	284	-	-	-

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
Kegalle Plantations PLC - Note 39.4.1	-	1,769,217	-	-
Maskeliya 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	-	-

#### 39.4 Terms and Conditions

Transactions with Related Parties are carried out in the ordinary course of business on an arm's 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	
	2023	2022	2023	2022
<b>39.4.1 Transactions with Kegalle Plantations PLC</b>				
a) Relationship-Related Company				
b) Nature of transaction-Purchase of Rubber				
c) Aggregate value of Related Party transactions entered into during the financial year	1,812,956	1,769,217	262,773	312,095
d) Revenue as per latest audited Financial Statements	9,040,796	6,536,932	3,141,325	2,387,002
e) Aggregate value of Related Party transactions as a % of net revenue/income	20.05	27.06	8.37	13.07
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.				



#### 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 agrees 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	
	2023 000	2022 000	2023 000	2022 000
Increase in base point + 100	(2,239)	(2,972)	(581)	(604)
Decrease in base point - 100	2,239	2,972	581	604

##### 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 79% 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 2023	Neither past due nor Impaired Rs. '000	Past due but not Impaired Rs. '000	Impaired Rs. '000	Total Rs. '000
Assets				
Trade & Other Receivables	1,285,815	259,976	164,070	1,709,861
Short Term Investment	354,741	-	-	354,741
Amounts due from Related Parties	176,762	-	-	176,762
Cash and Bank Balances	1,346,934	-	-	1,346,934
	3,164,252	259,976	164,070	3,588,298

### 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 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 2023	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	1,014,580	25,000	75,000	50,000	1,164,580
Trade and Other Payables	8.2 / 20	20,528	754,732	-	-	775,260
Amounts due to Related Parties	8.3 / 22	714,847	-	-	-	714,847
		1,749,955	779,732	75,000	50,000	2,654,688

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

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	1,285,815	259,976	164,070	1,709,861
Short Term Investment	354,741	-	-	354,741
Amounts due from Related Parties	176,762	-	-	176,762
Cash and Bank Balances	1,346,934	-	-	1,346,934
	3,164,252	259,976	164,070	3,588,298

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

Past due but not impaired

	31 to 60 days Rs.'000	61 to 90 days Rs.'000	More than 90 days Rs.'000	Total Rs.'000
Trade & Other Receivables	94,237	77,917	87,822	259,976
	94,237	77,917	87,822	259,976

Individually impaired

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

## STATEMENTS OF VALUE ADDED

	2022/2023 Rs.'000	2021/2022 Rs.'000
<b>Group</b>		
<b>Value Added :</b>		
Gross Turnover	9,079,085	6,565,365
Less: Inter Group Sales	(38,289)	(28,433)
	9,040,796	6,536,932
Cost of Material and Service Purchased	(6,973,509)	(3,794,029)
	2,067,287	2,742,903
Other Income	27,663	24,318
Finance Income	200,132	45,300
Share of Profit /(Loss) of Associate	(22,790)	581
<b>Total Value Added</b>	<b>2,272,292</b>	<b>2,813,102</b>
<b>Distribution of Value Added :</b>		
To Employees as remuneration and Welfare	681,184	681,695
To the Government		
- as taxes	608,897	235,707
- as expenses	155,048	102,137
To Shareholders as Dividend	390,731	312,585
To Lenders of Capital		
- As Interest on Borrowing	22,395	29,725
- To Minority Interest	(55,745)	354,280
Retained within the Business		
- As Depreciation and Impairment	107,501	96,585
- As Deferred Tax	(36,592)	20,793
- As Foreign Currency Translation	(42,806)	(121,930)
- As Profits Retained	441,679	1,101,526
	2,272,292	2,813,102
<b>Company</b>		
<b>Value Added :</b>		
Turnover	3,141,325	2,387,002
Cost of Material and Service Purchased	(1,995,533)	(957,095)
	1,145,792	1,429,907
Other Income	1,749	2,719
Finance Income	195,606	35,663
<b>Total Value Added</b>	<b>1,343,147</b>	<b>1,468,289</b>
<b>Distribution of Value Added :</b>		
To Employees as Remuneration and Welfare	239,517	285,580
To the Government		
- as taxes	247,003	140,238
- as expenses	8,281	4,128
To Shareholders as Dividend	390,731	312,585
To Lenders of Capital		
- As Interest on Borrowing	5,819	6,045
- To Minority Interest	-	-
Retained within the Business		
- As Depreciation and Impairment	8,850	8,996
- As Deferred Tax	975	(636)
- As Profits Retained	441,971	711,353
	1,343,147	1,468,289

# CORPORATE STRUCTURE

## SUBSIDIARY COMPANIES



### 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** - Mr. Shiron Gooneratne

#### Stated Capital

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

#### Group Holding

43%



### MICRO MINERALS (PVT) LIMITED

#### Business Activity

Manufacture of rubber fillers

**Chairman** - Dr. Sena Yaddehige

**Director** - Wasantha Abeysirigunawardena

**Director** - Mr. G B M Amarakoon  
(wef 12. 10. 2022)

#### Stated Capital

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

#### Group Holding

68.75%



### ARPICO NATURAL LATEXFOAMS (PRIVATE) LIMITED (Discontinued Businesses)

#### Business Activity

Manufacture and export of foam rubber products

**Chairman** - Dr. Sena Yaddehige

**Director** - Shaminda Yaddehige

**Director** - Wasantha Abeysirigunawardena

#### Stated Capital

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

#### Group Holding

68%



### ASSOCIATE COMPANY

### ARPITALIAN COMPACT SOLES (PRIVATE) 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%

## GROUP REAL ESTATE PORTFOLIO

### FREEHOLD LAND AND BUILDINGS

Richard Pieris Exports PLC	
Location	Ja- Ela
Land Perches	640
Building in Sq.Ft	73,190
No of Buildings	05
Market Value in Rs. mn	265

Micro Minerals (Pvt) Ltd	
Location	Bandaragama
Land Perches	320
Building in Sq.Ft	16,800
No of Buildings	01
Market Value in Rs. mn	42

### LEASEHOLD LAND AND BUILDING

Richard Pieris Natural Foams Ltd		
Location	Biyagama	Mattegoda
Land Perches	1,501.6	528.50
Building in Sq.Ft	126,508	80,000
No of Buildings	05	03
Market Value in Rs. mn	317	323

Arpitalian Compact Soles (Pvt) Ltd	
Location	Biyagama
Land Perches	246.2
Building in Sq.Ft	30,003
No of Buildings	01
Market Value in Rs. mn	17

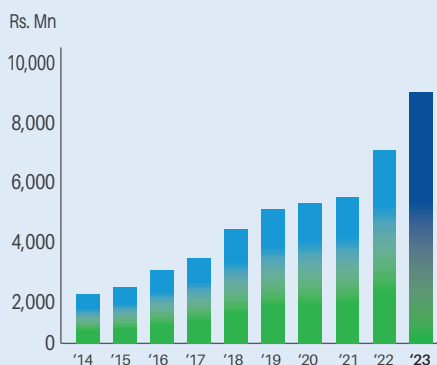


# GEARING for GROWTH

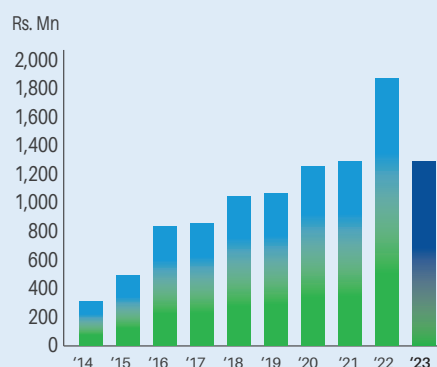


## TEN YEAR SUMMARY

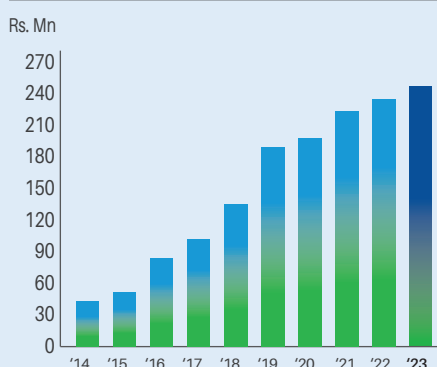
### Turnover



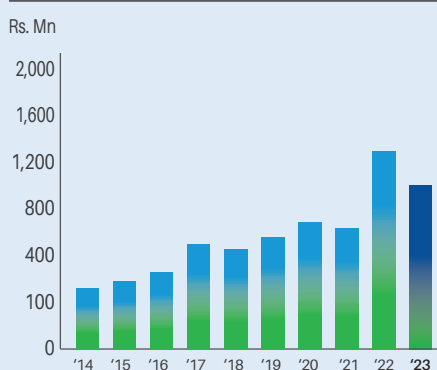
### Profit before Taxation



### Taxation



### Profit attributable to shareholders



	2022/2023	2021/2022	2020/2021	2019/2020
	RS. '000	RS. '000	RS. '000	RS. '000

### Income Statement

Turnover	9,040,796	6,536,932	5,362,310	5,211,556
Profit before taxation	1,287,317	1,895,470	1,252,980	1,229,146
Taxation	(240,260)	(237,578)	(212,717)	(188,806)
Profit after taxation (Rs Mn)	1,047,057	1,657,892	1,040,263	1,040,340
Minority Interest	68,081	358,899	(403,067)	(396,590)
Profit attributable to shareholders	978,907	1,298,993	637,196	643,750

### Balance Sheets:

<b>Capital and Reserves</b>				
Stated Capital	220,262	220,262	220,262	220,262
Revenue Reserve	3,298,080	2,899,207	1,919,611	1,578,391
Shareholders' Funds	3,816,486	3,374,807	2,273,281	1,921,351
Minority Interest	1,474,085	1,529,830	1,175,550	1,029,857
Capital Employed	5,290,571	4,904,637	3,448,831	2,951,208

### Assets Employed

Assets of Discontinued operations	-	-	-	50
Current Assets	4,894,009	5,147,906	3,193,717	2,967,091
Liabilities of Discontinued operations	(227,011)	(226,944)	(226,905)	(226,897)
Current Liabilities	(2,413,006)	(2,125,211)	(995,061)	(1,128,436)
Working Capital	2,253,992	2,795,751	1,971,751	1,611,808

### Intangible Assets

Leasehold Land Prepayments	-	-	-	-
Investment Property-Leasehold	406,884	352,600	322,520	323,602
Property, Plant & Equipment	2,465,756	1,705,283	1,008,548	834,487
Long Term Loans	50,000	150,000	2,778	-
Deferred Liabilities	107,657	115,260	105,904	91,419
Investments	386,700	346,132	223,811	241,570
Total Assets less Liabilities	5,290,571	4,904,637	3,448,831	2,951,208

### Financial Ratios

#### Profitability

Earning per Share (Rs.)	87.68	116.35	57.07	57.66
Net profit/(Loss) before Minority				
Net profit/(Loss) before Minority Int. to sales (%)	11.58	25.36	19.40	19.96

#### Dividends

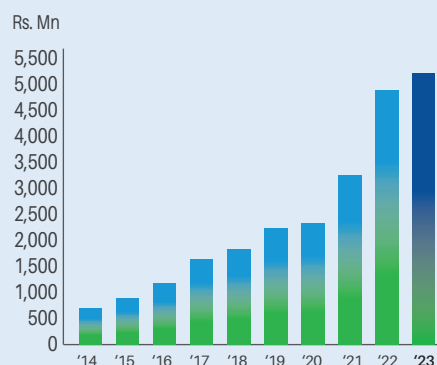
Dividend (Rs.)	390,731	312,585	279,094	276,303
Dividend per share (Rs.)	35.00	28.00	25.00	24.75

#### Others

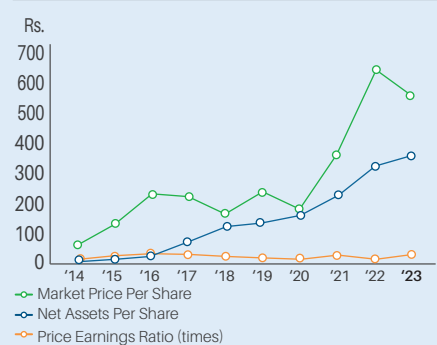
Market Price Per Share (Rs.)	558	609	374	191
Price Earnings Ratio (times)	6.36	5.23	6.55	3.31
Net Assets Per Share (Rs.)	341.86	302.30	203.63	172.11
Annual sales growth (%)	38.30	22.00	3.00	1.00
Current Assets Ratio (times)	2.03	2.42	3.21	2.63
Fixed Asset Turnover Ratio (times)	3.66	3.83	5.32	6.25
Average Exchange Rate (per US\$)	360.01	210.29	189.11	180.43
Turnover (US\$ '0 00)	25,113	31,086	28,356	28,884

2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
RS. '000	RS. '000	RS. '000	RS. '000	RS. '000	RS. '000
5,182,356	4,271,727	3,818,441	3,047,568	2,498,140	2,393,765
1,165,105	846,347	838,707	636,512	446,601	312,104
(184,743)	(133,240)	(111,462)	(88,011)	(58,350)	3,836
980,362	713,107	727,245	548,501	388,344	315,911
(387,271)	(297,343)	(265,225)	(184,335)	(120,667)	(123,160)
593,034	415,710	461,983	364,056	267,677	192,751
220,262	220,262	220,262	220,262	220,262	220,262
1,246,265	837,386	637,557	352,459	169,563	22,342
1,568,255	1,169,253	928,584	635,501	435,522	285,036
804,210	650,977	583,546	467,224	382,298	276,507
2,372,465	1,820,230	1,512,130	1,102,725	817,820	561,543
108	108	162	210	315	3,487
2,661,770	2,310,451	1,783,860	1,606,196	1,267,571	1,043,601
(226,896)	(226,839)	(226,839)	(226,850)	(226,845)	(230,119)
(1,225,475)	(1,062,924)	(804,704)	(921,856)	(742,886)	(556,231)
1,209,507	1,020,796	<b>752,479</b>	<b>457,700</b>	<b>298,156</b>	260,738
11,544	11,817	12,090	12,363	6,007	4,633
287,323	0				
806,382	773,932	589,765	472,628	474,162	282,054
(43,875)	(90,814)	-	(15,836)	(57,979)	(97,379)
(203,537)	(231,905)	(92,705)	(60,151)	(61,258)	(51,194)
260,949	245,590	250,501	235,784	135,213	125,065
2,372,465	1,820,230	1,512,130	1,102,725	817,820	561,543
53.12	37.24	41.38	32.61	23.98	17.27
18.92	16.69	19.05	17.99	15.55	13.19
200,947	178,620	178,620	139,547	116,103	57,493
18.00	16.00	16.00	12.50	10.40	5.15
212	168	209	211	130	55
3.99	4.51	5.05	6.48	5.43	3.19
140.48	104.74	83.18	56.93	39.01	25.53
21.32	11.88	25	22	4.36	3.93
2.17	2.17	2.22	1.74	1.71	1.88
6.43	5.52	6.47	6.45	5.27	5.33
169.73	153.67	148.39	139.81	131.21	130.51
30,534	27,798	25,733	21,799	19,039	18,342

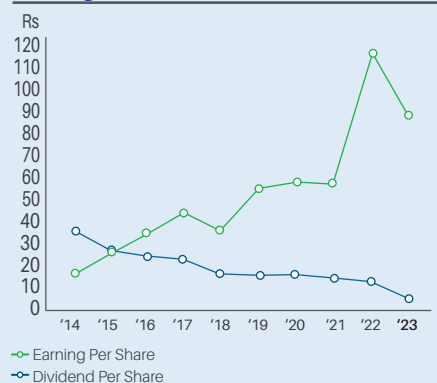
## Capital Employed



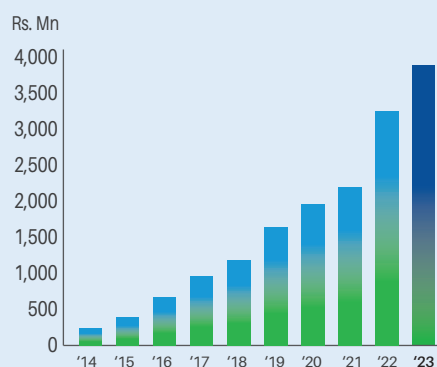
## Market Price, Price Earning Ratio & Net Assets Per Share



## Earning Per Share Vs Dividend Per Share



## Shareholders' Funds



# SHAREHOLDER INFORMATION

## 1 General

Stated Capital	Rs. 220,262,000
No of Shares Issued as at 31.03.2023	Nos 11,163,745

## 2 Stock Exchange listing

The issued ordinary shares of Richard Pieris Exports PLC are listed on the Colombo Stock Exchange.

The audited income statement for the year ended 31st March 2023 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 statement of Financial Position date.

## 3 Date of Listing

The Company was listed on 11th October 1993.

## 4 Share Trading

	2022/23	2021/22	Decreased by	%
No of transactions	9,693	22,413	(12,720)	-57%
No of shares traded	523,187	1,703,544	(1,180,357)	-69%
Share turnover (Rs.)	351,636,684	1,127,196,670	(775,559,986)	-69%

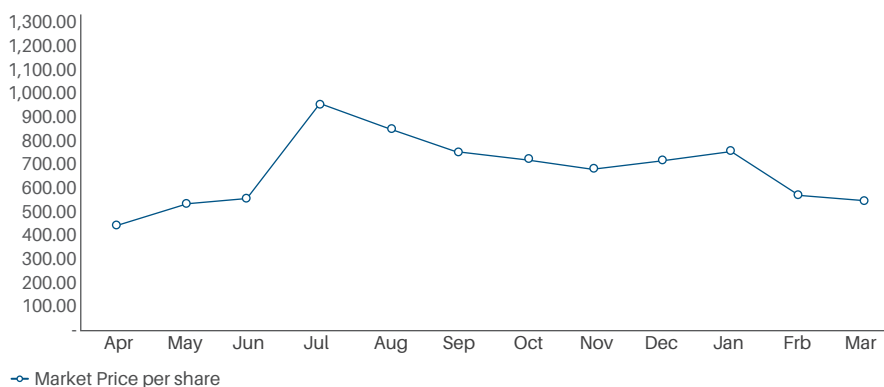
## 5 Market Capitalization

The Market capitalization of the Company which is the number of Ordinary Shares issued multiplied by the market value of a share was Rs. 6,223,787,837.50 (11,163,745 x 557.5 at 31st March 2023 ( As at 31st March 2022 :Rs. 6,799 Mn).

## 6 Market Value of shares

	2022/23	Date	2021/22	Date
Highest Price (Rs.)	980.00	29.07.2022	1,273.75	29.04.2021
Lowest Price (Rs.)	375.00	26.04.2022	337.00	12.01.2022
Year end Price (Rs.)	557.50	31.03.2023	609.00	31.03.2022

## Market Price Per Share



## Share Trading

# RS. 351 MN

(2021/22 Rs. 1.7 Bn)



## Market Capitalization

# RS. 6.2 BN

(2021/22 Rs. 6.8 Bn)



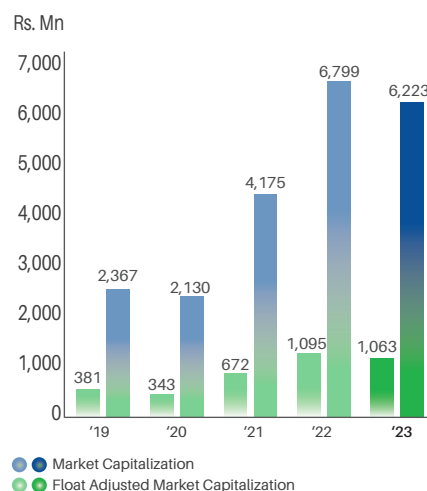
## Price Earnings Ratio

# RS. 6.3 TIMES

(31st March 5.23 Times)



## Market Capitalization Vs Float Adjusted MC



A shareholder is a person, Company, or institution that owns at least one share of a Company's stock or in a mutual fund. Shareholders essentially own the Company, which comes with certain rights and responsibilities. This type of ownership allows them to reap the benefits of a business's success.

-Investopedia-

## 7 Ordinary Shareholders

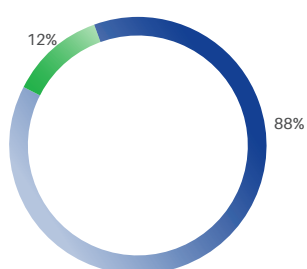
as at 31st March

Range of shareholding	As at 31/03/2023			As at 31/03/2022		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
1 - 1,000	2,479	329,422	2.95%	2,552	358,043	3.21%
1,001 - 10,000	174	507,112	4.54%	189	534,134	4.78%
10,001 - 100,000	26	807,648	7.23%	29	778,541	6.97%
100,001 - 1,000,000	1	127,000	1.14%	1	127,000	1.14%
1,000,001 & above	1	9,392,563	84.14%	1	9,366,027	83.90%
<b>Total</b>	<b>2,681</b>	<b>11,163,745</b>	<b>100.00%</b>	<b>2,772</b>	<b>11,163,745</b>	<b>100.00%</b>

## 8 Composition of Shareholding

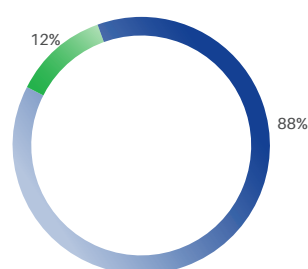
Category	2023			2022		
	No of Shareholders	No of Shares	% of Shareholding	No of Shareholders	No of Shares	% of Shareholding
Institutional Investors	123	9,796,202	87.75%	134	9,812,287	87.89%
Individual Investors	2,557	1,367,443	12.25%	2,636	1,351,155	12.10%
Directors	1	100	0.00%	2	303	0.00%
<b>Total</b>	<b>2,681</b>	<b>11,163,745</b>	<b>100.00%</b>	<b>2,772</b>	<b>11,163,745</b>	<b>100.00%</b>

Composition of Shareholding % - 2023



● Individual Investors ● Directors  
● Institutional Investors

Composition of Shareholding % - 2022



● Individual Investors ● Directors  
● Institutional Investors

## Shareholder Information

### 9 Major Shareholders as at 31st March 2023

	As at 31st March 2023		As at 31st March 2022		Change
	No of Shares	Holding %	No of Shares	Holding %	
1 Richard Pieris & Company PLC	9,392,563	84.13%	9,366,027	83.90%	26,536
2 Mr T.T.T.Al-Nakib	127,000	1.14%	127,000	1.14%	-
3 Mrs.V.Saraswathi	100,000	0.90%	100,000	0.90%	-
4 Mr. P.Vijendran	62,500	0.56%	60,000	0.54%	2,500
5 Ms S Sinthuja	62,006	0.56%	-	-	62,006
6 Mr S Sivaharan	54,291	0.49%	-	-	54,291
7 Kalday Private Limited	53,399	0.48%	53,399	0.48%	-
8 Ransiri Enterprises ( Pvt ) Ltd	42,100	0.38%	42,100	0.38%	-
9 Union Investments (Pvt) Ltd	39,600	0.35%	39,600	0.35%	-
10 Mr.S.Abishek	36,724	0.33%	36,724	0.33%	-
11 Mr. V.S.P. Wickramesooriya	35,397	0.32%	30,000	0.27%	5,397
12 Mr. Subramaniam	33,160	0.30%	33,160	0.30%	-
13 Mr.H.A.R.Pieris	31,500	0.28%	31,500	0.28%	-
14 Corporate Holdings (Pvt) Ltd	30,000	0.27%	30,000	0.27%	-
15 Mr Ravindra Erle	26,100	0.23%	25,900	0.23%	200
16 Mr. N.A.Withana	24,000	0.21%	24,000	0.21%	-
17 Mrs.M.Y.Amerasinghe	21,998	0.20%	21,998	0.20%	-
18 Motor Service Station ( Pvt) Ltd	20,145	0.18%	18,340	0.16%	1,805
19 Mr S.Malalasekera	19,776	0.18%	-	-	19,776
20 Mr W.D.N.H.Perera	17,253	0.15%	-	-	17,253
21 Mr.W.P.Gunasena	15,240	0.14%	15,240	0.14%	-
22 Eagle Crest ( Pvt) Ltd	13,606	0.12%	-	-	13,606
23 Mr.V.Baskarasundarm	12,500	0.11%	12,500	0.11%	-
24 Mr.K.R.Kamon	12,200	0.13%	12,200	0.13%	-
25 Mr.R.E.Rambokwelle	12,100	0.11%	-	-	12,100
Total	10,295,158	92.22%	10,079,688	90.29%	215,470

### 10 Public & Parent Shareholding

As at 31st March 2023, the public held 15.87% (2022:16.10%) of the Share Capital of the Company. The shareholding of the parent Company, Richard Pieris & Company PLC, was 84.13%. (2022 - 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.

#### Dividend Paid by the Company

# 25%

(Last Year 12%)



#### Earnings Per Share (Company)

# -10%

(Last Year 91%)



#### Earnings Per Share (Group)

# -25%

(Last Year 104%)



### 11 Directors' Shareholding

Name of the Director	No of Shares as at 31st March 2023	No of Shares as at 31st March 2022
Dr. Sena Yaddehige	-	-
Mr. Shaminda Yaddehige	-	-
Mr. W.J. Viville P Perera	100	100
Mr. Wasantha Rukmal Abeysirigunawardena	-	-
Dr.L.M.K.Tillekeratne	-	-
Mr. Angelo Patrick	-	-
Mr. Lalith C. Wijeyesinghe	-	-

Shareholders capital was increased to Rs. 3.8 Bn by 12% compared to Rs. 3.4 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 2022/23 is Rs. 35. This is a 25% increase compared to last dividend per share of Rs. 28.

A Company's shareholder value depends on strategic decisions that its Board of Directors and senior management make, including the ability to make wise investments and generate a healthy return on invested capital. If this value is created, particularly over the long term, then the share price increases and the Company can pay larger cash dividends to shareholders. Mergers, in particular, tend to cause a large increase in shareholder value.

*-Investopedia-*

Net Asset Per Share (Company)

**17%**

(Last Year 39%)



Net Asset Per Share (Group)

**13%**

(Last Year 48%)



Dividend Yield

**20%**

(Last Year 5%)



## GLOSSARY OF FINANCIAL TERMS

A

### 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.

### Annual Sales Growth

Percentage change over previous year's gross turnover.

### Average Capital Employed

Mean of two consecutive year's capital employed.

C

### Capital Employed

Shareholders' funds plus minority interest plus long term interest bearing loans & borrowings.

### Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

### Current Ratio

Current assets divided by current liabilities. A measure of short term liquidity.

### 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.

D

### 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.

### Debt to Equity Ratio

Total interest bearing borrowings as a percentage of net assets.

### Dividend Cover

Profit attributable to ordinary shareholders over gross dividend. Measures the number of times dividend is covered by distributable profit.

### Dividend per Share

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

### Dividend Rate

Gross Dividend declared as a percentage of issued Share Capital.

### Dividend Yield

Gross Dividend per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

E

### Earnings per Share (EPS)

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

### Earnings Yield

Earnings per share as a percentage of the year end market price per share. A measure of return on shareholders' investment.

### EBITDA

Earnings before interest, tax, depreciation and amortisation.

### Effective Tax Rate

Income tax expenses divided by profit before tax.

G

### Gearing Ratio

Proportion of net interest bearing liabilities to total capital employed net of cash and cash equivalents.

### Gross Dividend

Portion of Profits inclusive of tax withheld, distributed to shareholders during the year.

I

### Interest Cover

Profit before finance cost and tax (PBIT) over net finance cost. Measure of entity's debt service ability.

M

### Market Capitalization

Number of shares in issue multiplied by the market value per share at the reported date.

N

### Net Assets

Total assets after deducting current liabilities, long term liabilities and non-controlling interest.

### Net Asset per share

Total shareholders' fund divided by total number of ordinary shares outstanding for the period. A basis of relative share valuation.

### Non-Controlling Interest

An outside ownership interest in a subsidiary that is consolidated with the parent for financial reporting purposes.

P

### PBIT

Profit before interest & tax inclusive of other operating income.

### 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.

### Public Shareholding

Shares of a listed entity held by any person other than those directly or indirectly held by;

- a. Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent Company; and

- b. Its Directors who are holding office as Directors of the entity, their spouses and children under 18 years of age; and
- c. Chief Executive Officer, his/her spouse and children under 18 years of age; and
- d. Any single shareholder who holds 10% or more of the shares.

R

**Return on Total Capital Employed**

Profit before finance cost & tax divided by average total capital employed for the period.

**Revenue Reserves**

Reserves considered as being available for 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 Fortieth 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 Wednesday, 27th September, 2023 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 2023 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 77 years of age be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

3. To approve the appointment of Dr. 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 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 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. 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 Pieris & 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 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 Mr. Viville P Perera"

5. To re-elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 48 as a Director

6. To re-appoint M/s. Kreston MNS & Co. Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

7. To authorize the Directors to determine contributions to charities

8. 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.

29th August 2023

### 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 40TH ANNUAL GENERAL MEETING of the Company to be held on 27th September 2023 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 2023 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 as 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 as 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 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re- elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 48.	<input type="checkbox"/>	<input type="checkbox"/>
6. 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"/>
7. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
8. To consider any other business of which due notice has been given	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2023

.....  
 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 Monday, 25th September 2023

# 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 (Up to 30.04.2022)  
Mr. Viville P Perera  
Mr. W R Abeysirigunawardena  
Dr. L.M.K.Tillekeratne  
Mr. A.M. Patrick  
Mr. Lalith C Wijeyesinghe (From 20.05.2022)

## 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

