

Richard Pieris and Company PLC

Interim Financial Statements

Three months ended 30th June 2020

Corporate Information

Legal Form

A quoted public Company with limited liability, incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 on 11th May 1940. The Company registration number is PQ 138.

Stock Exchange Listing

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

Board of Directors

Dr. Sena Yaddhegige - *Chairman/ Managing Director/ CEO*

Mr. W. J. Viville P. Perera - *Director*

Mr. S.S.G. Liyanage – *Director*

Mr. Shaminda Yaddhegige – *Director/COO*

Dr. Jayatissa De Costa P.C. - *Director*

Mr. Prasanna Fernando – *Director*

Mr. Joseph Felix Fernandopulle - *Director*

Mr. Shiron Gooneratne – *Director*

Registered Office

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

Telephone : + (94) 114310500

Fax : + (94) 114310777

Website : www.arpico.com

E-mail : cpu@arpico.com

Secretaries

Richard Pieris Group Services (Private) Limited

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

Auditors

Ernst & Young

Chartered Accountants

No. 201, De Saram Place,
Colombo 10,
Sri Lanka.

Consolidated Statement of Financial Position	Unaudited	Unaudited
	As at 30th June 2020 Rs. '000	As at 31st March 2020 Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	20,283,100	20,374,434
Leasehold properties	1,187,573	1,193,180
Investment properties	291,726	295,246
Right-of-use Assets	6,176,978	6,324,476
Intangible assets	1,142,144	1,142,432
Biological assets	1,140,051	1,138,269
Investment in associates	220,912	189,407
Other non-current financial assets	2,877,524	2,040,857
Deferred tax assets	584,569	579,322
	<u>33,904,577</u>	<u>33,277,623</u>
Current assets		
Inventories	7,984,990	8,162,376
Trade and other receivables	9,398,192	8,563,847
Bearer biological assets	32,239	32,239
Loans and advances	13,561,031	13,222,738
Tax receivables	294,737	278,539
Other current financial assets	1,719,584	1,230,619
Cash and short-term deposits	5,409,022	4,961,963
	<u>38,399,795</u>	<u>36,452,321</u>
Total assets	<u>72,304,372</u>	<u>69,729,944</u>
Equity and liabilities		
Equity		
Stated capital	1,972,829	1,972,829
Revenue reserves	13,544,081	12,826,712
Statutory reserve fund	76,761	76,761
Other components of equity	(132,538)	(213,244)
Equity attributable to equity holders of the parent	<u>15,461,133</u>	<u>14,663,058</u>
Non-controlling interests	2,964,550	2,881,017
Total equity	<u>18,425,683</u>	<u>17,544,075</u>
Non-current liabilities		
Interest - bearing loans and borrowings	4,655,929	4,784,985
Net liability to the lessor	1,186,114	1,203,233
Lease liabilities on Right-of-use Assets	5,962,410	6,009,526
Insurance provision	1,802,228	1,622,089
Provisions	140,029	137,283
Government grants	498,207	508,574
Deferred tax liabilities	878,243	833,003
Employee benefit liabilities	2,942,878	2,910,771
	<u>18,066,038</u>	<u>18,009,464</u>
Current liabilities		
Trade and other payables	9,672,510	7,956,115
Public Deposits	8,385,367	8,710,786
Current portion of Interest - bearing loans and borrowings	3,928,852	3,845,788
Current portion of net liability to the lessor	8,275	7,782
Income tax payable	234,670	342,063
Short term borrowings	13,582,977	13,313,871
	<u>35,812,651</u>	<u>34,176,405</u>
Total liabilities	<u>53,878,689</u>	<u>52,185,869</u>
Total equity and liabilities	<u>72,304,372</u>	<u>69,729,944</u>

The above figures are subject to audit.

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



Shiron Gooneratne
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



W J V P Perera
Director



S S G Liyanage
Director

13th August 2020

Statement of Financial Position

	Unaudited As at 30th June 2020 Rs. '000	Unaudited As at 31st March 2020 Rs. '000
Assets		
Non-current assets		
Property, plant and equipment	203,351	205,936
Investment properties	1,211,833	1,213,756
Right-of-use Assets	604,914	618,020
Investment in subsidiaries	3,895,672	3,810,672
Other non-current financial assets	678,989	554,405
Deferred tax assets	8,610	4,905
	<u>6,603,369</u>	<u>6,407,694</u>
Current assets		
Trade and other receivables	733,880	430,766
Amounts due from subsidiaries	3,264,069	2,872,277
Cash and short-term deposits	3,091,231	3,670,785
	<u>7,089,180</u>	<u>6,973,828</u>
Total assets	<u><u>13,692,549</u></u>	<u><u>13,381,522</u></u>
Equity and liabilities		
Equity		
Stated capital	1,972,829	1,972,829
Revenue reserves	1,540,657	1,369,428
Other components of equity	(245,368)	(334,560)
Total equity	<u>3,268,118</u>	<u>3,007,697</u>
Non-current liabilities		
Lease liabilities on Right-of-use Assets	760,115	757,173
Employee benefit liabilities	61,479	64,293
	<u>821,594</u>	<u>821,466</u>
Current liabilities		
Trade and other payables	311,360	282,645
Amounts due to subsidiaries	9,362	5,940
Income tax payable	15,031	15,031
Short term borrowings	9,267,084	9,248,743
	<u>9,602,837</u>	<u>9,552,359</u>
Total liabilities	<u>10,424,431</u>	<u>10,373,825</u>
Total equity and liabilities	<u><u>13,692,549</u></u>	<u><u>13,381,522</u></u>

The above figures are subject to audit.

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



Shiron Gooneratne
Group Chief Financial Officer

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W J V P Perera
Director



S S G Liyanage
Director

13th August 2020

Consolidated Statement of Profit or Loss

	Unaudited 3 months ended 30th June 2020 Rs. '000	3 months ended 30th June 2019 Rs. '000	% Variance
Continuing operations			
Revenue from contracts with customers	9,996,539	12,464,937	-20%
Revenue from insurance contracts	367,083	348,485	5%
Interest Revenue	608,532	754,860	-19%
Cost of sales	<u>(8,414,725)</u>	<u>(10,553,410)</u>	-20%
Gross profit	2,557,429	3,014,872	-15%
Other operating income	197,021	315,510	-38%
Selling and distribution expenses	(363,486)	(713,119)	-49%
Administrative expenses	(1,115,198)	(1,681,436)	-34%
Other operating expenses	<u>(8,541)</u>	<u>(4,224)</u>	102%
Operating profit	1,267,225	931,603	36%
Finance costs	(478,344)	(523,557)	-9%
Finance Income	145,267	116,749	24%
Share of profit of an associate	<u>36,451</u>	<u>15,472</u>	136%
Profit before tax from continuing operations	970,599	540,267	80%
Income tax expense	<u>(161,420)</u>	<u>(142,780)</u>	13%
Profit for the period from continuing operations	809,179	397,487	104%
Discontinued operations			
Loss after tax for the period from discontinued operations	<u>(1,719)</u>	<u>(1,731)</u>	-1%
Profit for the period	<u>807,460</u>	<u>395,756</u>	104%
Attributable to:			
Equity holders of the parent	717,369	384,315	87%
Non-controlling interests	<u>90,091</u>	<u>11,441</u>	687%
	<u>807,460</u>	<u>395,756</u>	
Earnings per share			
Basic (Rs.)	0.35	0.19	

Figures in brackets indicate deductions.
The above figures are subject to audit.

Consolidated Statement of Comprehensive Income

	Unaudited 3 months ended 30th June 2020 Rs. '000	3 months ended 30th June 2019 Rs. '000	%
			Variance
Profit for the period	<u>807,460</u>	<u>395,756</u>	104%
Other comprehensive income/ (loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss;			
Net gain on financial assets at FVOCI	45,099	2,211	-1940%
Fair value movement of Fair value reserve of financial assets at FVOCI transferred to life fund	(45,099)	(2,211)	-1940%
Exchange differences on translation of foreign operations	<u>833</u>	<u>3,734</u>	-78%
Net other comprehensive income to be reclassified to profit or loss	833	3,734	
Other comprehensive loss not to be reclassified to profit or loss;			
Net gain /(Loss) on Financial Assets at FVOCI	<u>89,192</u>	<u>59,117</u>	51%
Net other comprehensive loss not to be reclassified to profit or loss	89,192	59,117	
Other comprehensive loss for the period, net of tax	<u>90,025</u>	<u>62,851</u>	-43%
Total comprehensive income for the period, net of tax	<u>897,485</u>	<u>458,607</u>	96%
Attributable to:			
Equity holders of the parent	807,394	445,841	81%
Non-controlling interests	<u>90,091</u>	<u>12,766</u>	606%
	<u>897,485</u>	<u>458,607</u>	

Figures in brackets indicate deductions.

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Company Statement of Profit or Loss

	Unaudited		% Variance
	03 months ended 30th June 2020 Rs. '000	03 months ended 30th June 2019 Rs. '000	
Revenue from contracts with customers	368,556	593,608	-38%
Other revenue	55,606	58,426	-5%
Cost of sales	-	-	
Gross profit	424,162	652,034	-35%
Other operating income	-	-	-
Administrative expenses	(80,442)	(108,683)	26%
Operating profit	343,720	543,351	-37%
Finance costs	(148,404)	(198,281)	25%
Finance Income	15,178	11,463	32%
Profit before tax	210,494	356,533	-41%
Income tax expense	(39,265)	-	-100%
Profit for the period	171,229	356,533	-52%
Earnings per share			
Basic (Rs.)	0.08	0.18	

Figures in brackets indicate deductions.
The above figures are subject to audit.

Company Statement of Comprehensive Income

	Unaudited 03 months ended 30th June 2020 Rs. '000	03 months ended 30th June 2019 Rs. '000	% Variance
Profit for the period	<u>171,229</u>	<u>356,533</u>	-52%
Other comprehensive loss			
Other comprehensive loss to be reclassified to profit or loss; Net gain/(loss) on financial assets at FVOCI	<u>89,192</u>	<u>59,117</u>	-51%
Net other comprehensive loss to be reclassified to profit or loss	<u>89,192</u>	<u>59,117</u>	
Other comprehensive gain/(loss) for the period, net of tax	<u>89,192</u>	<u>59,117</u>	-51%
Total comprehensive income for the period, net of tax	<u>260,421</u>	<u>415,650</u>	-37%

Figures in brackets indicate deductions.
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Cash Flow Statements

For the Three months ended 30th June	Group		Company	
	Unaudited 2020 Rs. '000	2019 Rs. '000	Unaudited 2020 Rs. '000	2019 Rs. '000
Cash flows from/(used in) operating activities				
Profit before tax and non controlling interests from continuing operations	970,599	540,267	210,494	356,533
Loss after tax from discontinued operation	(1,719)	(1,731)	-	
Adjustments to reconcile profit before tax to net cash flows	904,945	920,680	151,804	(249,314)
Operating profit before working capital changes	1,873,825	1,459,216	362,298	107,219
Working capital adjustments	422,370	202,659	(659,503)	(426,523)
Cash generated/(used in) from operations	2,296,195	1,661,875	(297,205)	(319,304)
Interest paid	(358,410)	(613,175)	(148,404)	(288,045)
Gratuity paid	(42,356)	(87,891)	(2,815)	(1,265)
Interest received	145,267	116,748	15,178	11,463
Income tax paid	(240,072)	(205,905)	(43,284)	(1,200)
Net cash from/(used in) operating activities	1,800,624	871,652	(476,530)	(598,351)
Net cash flows used in investing activities	(1,416,606)	(473,824)	(121,365)	(608)
Net cash flows/(used in) before financing activities	384,018	397,828	(597,895)	(598,959)
Net cash flows used in financing activities	(206,064)	(1,285,347)	-	(2,007,586)
Net increase/(decrease) in cash and cash equivalents	177,954	(887,519)	(597,895)	(2,606,545)
Cash and cash equivalents at the beginning of the period	(8,351,909)	(8,763,928)	(5,577,958)	(3,306,580)
Cash and cash equivalents at the end of the period	(8,173,955)	(9,651,447)	(6,175,853)	(5,913,125)
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	5,409,022	5,039,299	3,091,231	6,127,619
Short term borrowings	(13,582,977)	(14,690,746)	(9,267,084)	(12,040,744)
	(8,173,955)	(9,651,447)	(6,175,853)	(5,913,125)

Figures in brackets indicate deductions.

The above figures are subject to audit.

Statement of Changes in Equity

Group	Attributable to equity holders of the parent							
	Stated capital	Revenue reserves	Available -for-sale reserve	Foreign currency translation reserve	Statutory reserve fund	Total	Non controlling interest	Total equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 1st April 2019	1,972,829	11,245,315	(150,754)	140,611	76,606	13,284,607	2,837,869	16,122,476
Profit for the period	-	1,326,893	-	-	-	1,326,893	150,347	1,477,240
Other comprehensive income	-	52,546	(229,763)	27,016	-	(150,201)	12,527	(137,674)
Total comprehensive income	-	1,379,439	(229,763)	27,016	-	1,176,692	162,874	1,339,566
SLFRS impact - Plantations Sector	-	126,357	-	-	-	126,357	52,908	179,265
Subsidiary dividend to minority shareholders	-	55,649	-	-	-	55,649	-	55,649
Adjustments	-	19,753	-	-	-	19,753	(19,753)	-
Transfers during the period	-	199	(354)	-	155	-	-	-
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	(152,881)	(152,881)
As at 31st March 2020	1,972,829	12,826,712	(380,871)	167,627	76,761	14,663,058	2,881,017	17,544,075
As at 1st April 2020	1,972,829	12,826,712	(380,871)	167,627	76,761	14,663,058	2,881,017	17,544,075
Profit for the period	-	717,369	-	-	-	717,369	90,091	807,460
Other comprehensive income/ (loss)	-	-	89,192	(8,486)	-	80,706	(6,560)	74,146
Total comprehensive income/ (loss)	-	717,369	89,192	(8,486)	-	798,075	83,531	881,606
As at 30th June 2020	1,972,829	13,544,081	(291,679)	159,141	76,761	15,461,133	2,964,548	18,425,681
Company								
As at 1st April 2019	1,972,829	840,371	(136,805)	-	-	2,676,395	-	2,676,395
Profit for the period	-	513,979	-	-	-	513,979	-	513,979
Other comprehensive income	-	15,078	(197,755)	-	-	(182,677)	-	(182,677)
Total comprehensive income	-	529,057	(197,755)	-	-	331,302	-	331,302
As at 31st March 2020	1,972,829	1,369,428	(334,560)	-	-	3,007,697	-	3,007,697
As at 1st April 2020	1,972,829	1,369,428	(334,560)	-	-	3,007,697	-	3,007,697
Profit for the period	-	171,229	-	-	-	171,229	-	171,229
Other comprehensive income	-	-	89,192	-	-	89,192	-	89,192
Total comprehensive income	-	171,229	89,192	-	-	260,421	-	260,421
As at 30th June 2020	1,972,829	1,540,657	(245,368)	-	-	3,268,118	-	3,268,118

Figures in brackets indicate deductions.
The above figures are subject to audit.

Segmental Results

For the three months ended 30th June

	Gross Revenue		Inter segmental		Intra segmental		Revenue from external customers		Operating profit/(Loss)		As at 30th June	As at 31st March
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	Unaudited
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rubber	888,543	1,350,787	(17,201)	(32,648)	(1,955)	(7,053)	869,387	1,311,085	127,801	292,529	5,271,314	5,458,895
Tyre	935,767	1,168,826	(4,098)	(2,420)	(252,177)	(450,966)	679,491	715,440	97,556	76,489	2,534,355	2,526,916
Plastic, Furniture and Electronics	1,426,256	1,713,984	(137,457)	(195,935)	(98,433)	(37,529)	1,190,367	1,480,520	172,154	131,474	10,658,441	10,338,691
Retail	5,059,979	7,006,693	(1,369)	(3,248)	(61,629)	(62,887)	4,996,981	6,940,558	409,001	491,848	20,400,672	18,796,571
Financial services	980,797	1,106,852	-	-	-	-	980,797	1,106,852	12,577	15,648	21,999,109	21,714,173
Other services	467,149	701,498	(467,003)	(700,638)	-	-	146	860	233,386	413,715	11,773,967	10,869,429
Plantations	2,549,547	2,236,592	(184,340)	(188,510)	(110,221)	(35,116)	2,254,985	2,012,967	454,750	(40,100)	19,221,503	18,865,333
Inter segment eliminations	-	-	-	-	-	-	-	-	(240,000)	(450,000)	(19,775,901)	(19,029,471)
Group	12,308,038	15,285,232	(811,468)	(1,123,399)	(524,415)	(593,551)	10,972,154	13,568,282	1,267,225	931,603	72,083,460	69,540,537

Figures in brackets indicate deductions.
The above figures are subject to audit.

Notes to the Financial Statements

	Three months ended 30th June 2020 Rs.	Year ended 31st March 2020 Rs
1. Net asset value per share - Group	7.60	7.21
Net asset value per share - Company	1.61	1.48
Market price per share		
Highest	10.10	11.90
Lowest	7.00	7.60
Last traded	9.80	7.80
Market Capitalization & ratios		
Market Capitalization (Rs. '000)	19,943,375	15,873,299
Price Earning Ratio (times)	11.51	11.35
2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,972,829,182 represented by 2,035,038,275 ordinary shares.		
3. The Interim consolidated Financial Statements for the three months ended 30th June 2020 have been prepared in accordance with LKAS 34, Interim Financial Reporting. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the previous year, except for the adoption of new standards effective as of 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group has adopted SLFRS 16 from 1 April 2019.		
4. The presentation and classification of the Financial Statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.		
5. On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe with over 150 countries now affected. The Businesses may be negatively impacted due to the overall negative economic conditions caused by the pandemic. The financial reporting effects of the COVID-19 outbreak have been considered as adjusting events, however, no adjustments have been made in these financial statements due to no material impact on the business operations of the Group and Company. The containing measures taken by Sri Lankan Government pertaining to COVID – 19 followed by lockdown and curfew caused temporary impact on business operations and economic activities of the Group .		
6. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.		
7. There have been no material events occurring after the reporting date that require adjustments or disclosure in the Financial Statements.		
8. The percentage of shares held by the public as at 30th June 2020 was 42.14% represented by 8,411 public shareholders. (Public shareholding as at 31st March 2020 was 42.15% represented by 8,368 public shareholders) Float-adjusted market capitalization (Rs) 8,405,072 as of 30th June 2020 The Company complies with option 2 of the Listing rules 7.13.1 (a) - Rs 7.5Bn - Float Adjusted Market capitalization which requires 500 minimum public shareholders and 5% minimum Public shareholding percentage.		
9. Ratios	30-06-2020	31-03-2020
Debt/Equity Ratio	2.84	3.08
Quick Asset Ratio	0.74	0.73
Interest Cover	2.58	1.97

Notes to the Financial Statements (Contd.)

10. The number of shares held by the Board of Directors are as follows:

As at	30-06-2020	31-03-2020
1 Dr. Sena Yaddehige - Chairman/Managing Director/CEO	104,375,732	104,375,732
2 Mr. W J V P Perera	4,500	4,500
3 Mr. S S G Liyanage	3,942,825	3,942,825
4 Mr. Shaminda Yaddehige	-	-
5 Dr. Jayatissa De Costa P.C.	-	-
6 Mr. Prasanna Fernando	-	-
7 Mr. Joseph Felix Fernandopulle	107,623	95,275
8 Mr. Shiron Gooneratne	-	-

11. Twenty largest shareholders of the Company are as follows:

As at	30-06-2020	%	31-03-2020	%
	Number of shares		Number of shares	
1 Skyworld Overseas Holdings Limited	516,388,590	25.37%	516,388,590	25.37%
2 Camille Consulting Corp.	327,704,846	16.10%	327,704,846	16.10%
3 Deutsche Bank AG Singapore A/C 2 (DCS CLT ACC)	224,853,787	11.05%	224,853,787	11.05%
4 Sezeka Limited	199,678,548	9.81%	199,678,548	9.81%
5 Employees Provident Fund	169,899,520	8.35%	169,899,520	8.35%
6 Rockport Limited	111,469,744	5.48%	111,372,919	5.47%
7 Dr. Sena Yaddehige	104,375,732	5.13%	104,375,732	5.13%
8 Dhanasiri Recreation Pvt Ltd	33,937,833	1.67%	33,655,437	1.65%
9 J.B. Cocoshell (Pvt) Ltd	33,652,514	1.65%	33,602,514	1.65%
10 Mr. D.W.R. Rutnam	25,759,500	1.27%	25,759,500	1.27%
11 The Executor of the Estate of Late Mrs L.B. S. Pieris	22,782,045	1.12%	22,782,045	1.12%
12 Investment Resource Company (Private) Limited	20,000,000	0.98%	20,000,000	0.98%
13 Kalday (Pvt) Ltd.	12,126,030	0.60%	12,126,030	0.60%
14 Seylan Bank PLC/Channa Nalin Rajahmoney	12,009,874	0.59%	12,009,874	0.59%
15 Northern Trust Company S/A Hosking Global Fund	7,087,600	0.35%	8,768,703	0.43%
16 Bank of Ceylon No. 1 Account	6,889,225	0.34%	6,889,225	0.34%
17 Dr C.M. Fernando	6,660,570	0.33%	6,660,570	0.33%
18 SSBT-Retail Employees Superannuation Trust	5,682,268	0.28%	5,682,268	0.28%
19 The Incorporated Trustees of the Church of Ceylon	4,868,795	0.24%	4,868,795	0.24%
20 Mrs. S. Wambeek Sheila	3,950,000	0.19%	3,950,000	0.19%
	1,849,777,021	90.90%	1,851,028,903	90.96%

12. All values included in these Financial Statements are in Rs. '000s unless otherwise stated.

