89 Touching Lives Years

Since 1932

RICHARD PIERIS & COMPANY PLC | ANNUAL REPORT 2020/2021

CONTENTS

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Since 1932

RICHARD PIERIS & COMPANY PLC | ANNUAL REPORT 2020/2021

We are celebrating 89 years in our legacy of touching lives with a limitless variety of products and services that have been able to transform and enhance the lifestyles of our customers. While serving various strata of society, we have also successfully amassed a loyal clientele that spans generations. With quality and innovation keeping us ahead of the curve, we will carry on the heritage and values that we have cultivated since the very beginning, moving ever closer to a century of excellence.

RETAIL SECTOR

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

TYRE SECTOR

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

PLASTICS, FURNITURE & ELECTRONICS SECTOR

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

OUR CORE BUSINESS

RUBBER SECTOR

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

PLANTATION SECTOR

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

FINANCIAL SERVICES AND OTHER SECTOR

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

VISION AND MISSION

VISION

To be a market driven, technologically oriented diverse Group.

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

MISSION

To continually exceed the expectations of our customers.

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

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

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

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

OUR HISTORY AT A GLANCE

1932–2021

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

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

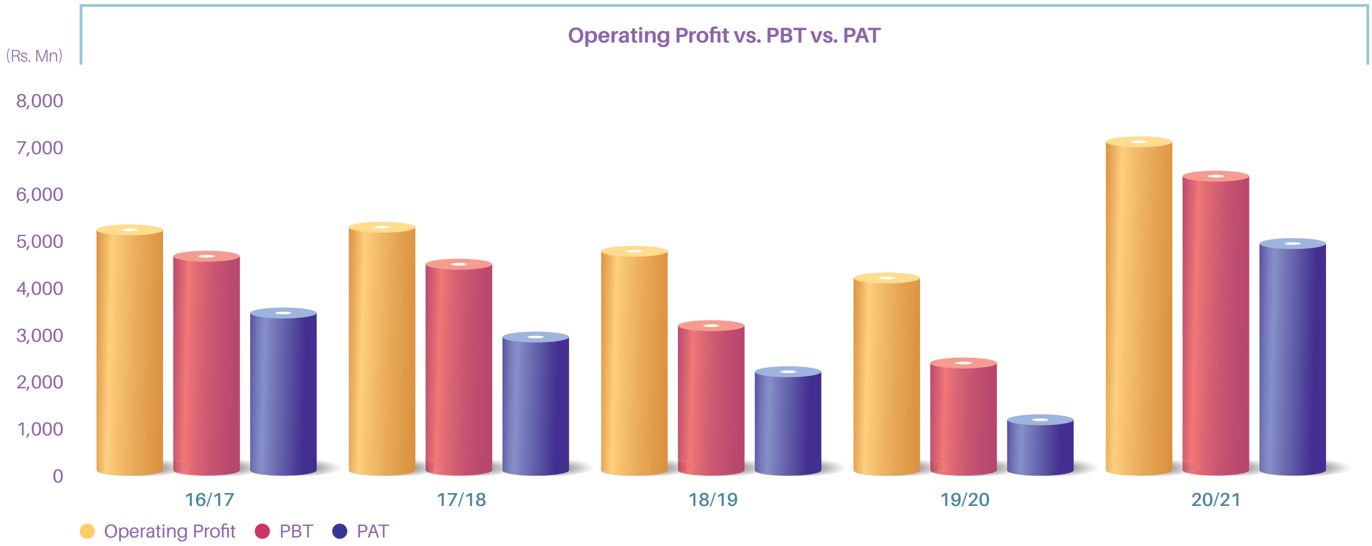
The Company was one of the pioneers of home-grown Sri Lankan businesses in the colonial times. The newly-formed Company’s first business venture was a filling station and within the first seven years of commencing business operations, revenues grew by more than 400%. In 1940, the business was converted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

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

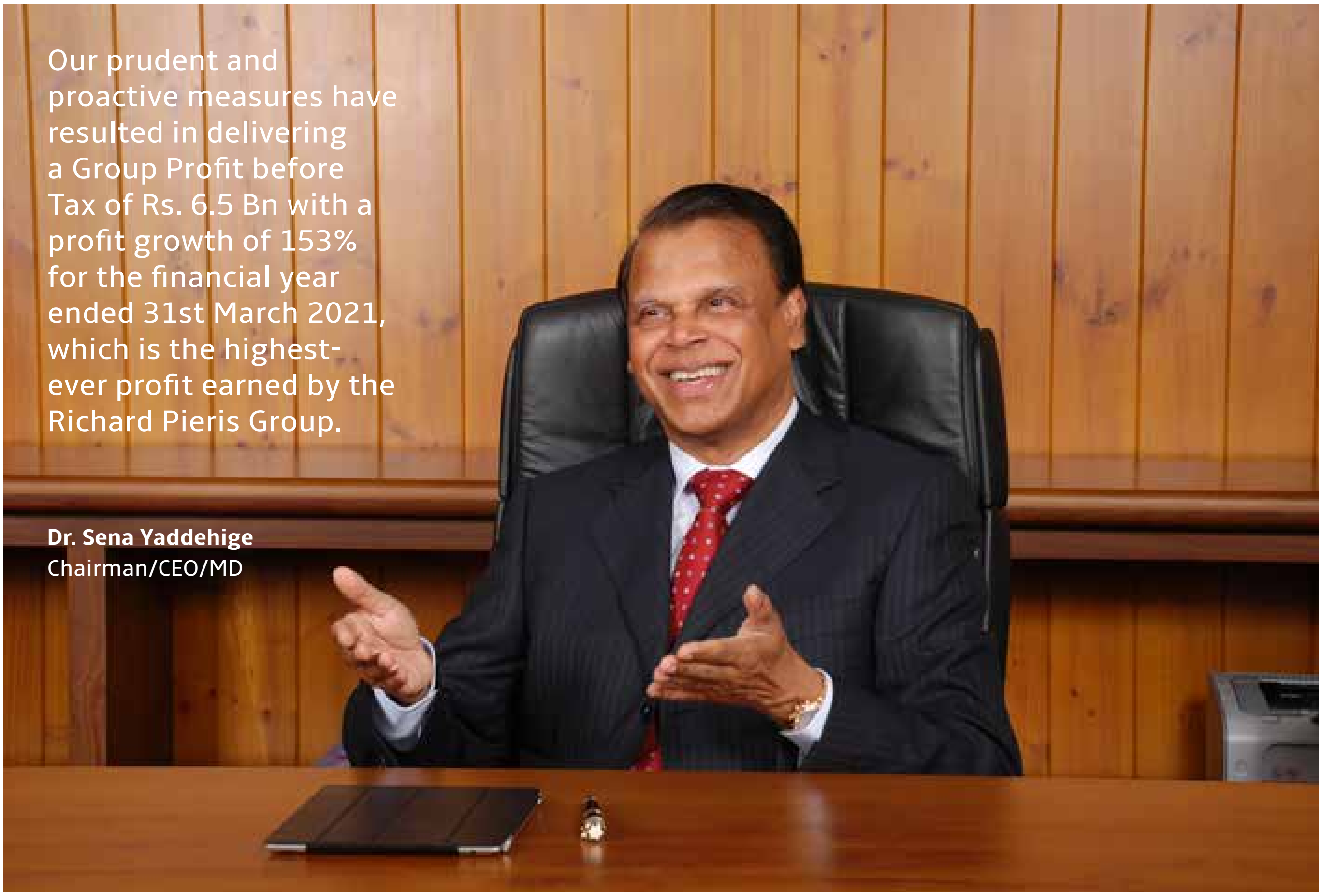
As one of the most enduring, stable and profitable corporate entities in the country for 89 years, Richard Pieris and Company PLC has enhanced people’s lifestyles and given them the ‘Arpico’ brand to love and be proud of.

FINANCIAL HIGHLIGHTS

	2020/2021 Rs.'000	2019/2020 Rs.'000
Revenue	56,725,189	54,239,710
Profit from operations	7,205,591	4,306,099
Profit before tax from continuing operations	6,500,257	2,568,087
Income tax expense	(1,430,780)	(1,270,135)
Profit for the year from continuing operations	5,069,477	1,297,952
Profit for the year	5,065,962	1,290,586
Profit attributable to equity holders of the parent	4,490,261	1,143,201
Total assets	72,257,382	67,417,882
Shareholder funds	17,390,966	14,478,953
Market capitalisation	34,188,643	15,873,296
Total value addition	21,114,661	16,060,479
Per Ordinary Share		
Earnings (Rs.)	2.21	0.56
Net assets (Rs.)	8.55	7.11
Market value (Rs.)	16.80	7.80
Ratios		
Return on equity (%)	28.18	8.24
Interest cover (No. of times)	8.76	2.36
Dividend payout (%)	0.45	-
Gearing ratio (%)	38.15	49.55
Price Earnings (No. of times)	7.60	13.88
Dividend per share (Rs.)	1.00	-
Dividend Cover (No. of times)	2.21	-
Current Ratio (No. of times)	1.09	1.03


Operating Profit vs. PBT vs. PAT
(Rs. Mn)
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
16/17
17/18
18/19
19/20
20/21
Operating Profit
PBT
PAT

CHAIRMAN'S REVIEW



Dear Valued Shareholders,
The global health crisis due to COVID-19 pandemic not only affected lives and livelihoods, but had an unprecedented impact on economies worldwide. Despite the pandemic, our prudent and proactive measures have resulted in delivering a Group Profit before Tax of Rs. 6.5 Bn with a profit growth of 153% for the financial year ended 31st March 2021, which is the highest-ever profit earned by the Richard Pieris Group. I am proud to share that the Richard Pieris Group remains resilient and confident in delivering more value to shareholders in the turbulent business environment caused by the pandemic.

Despite major efforts by the decision-makers of economies around the world to roll out supportive and accommodative fiscal and monetary policies, the global gross domestic product and that of Sri Lanka contracted by 3.5% and 3.6% respectively.

However, as a resilient and vibrant conglomerate, we remain focused to deliver superior financial returns to shareholders by leveraging on our legacy, our capabilities and the sound fundamentals of our strategies, which have driven us to be leaders in many sectors.

As an economic powerhouse in the country, all sectors of the Richard Pieris Group performed well during the financial year ended 31st March 2021 except for a few strategic business units in the Group, which were impacted due to the prevailing situation in the country.

As a forward-looking diversified conglomerate, the extraordinary circumstances across the world and Sri Lanka have not stopped us from investing for the future. In addition to more than 50 existing factories that we operate across the country, major initiatives were taken to expand the manufacturing capacity of the Group by commencing the construction of two state-of-the-art modern factories in Rubber and Foam sectors during the height of the pandemic, which are expected to commence operations in the coming months.

Further, construction of two modern factories in the plastic sector will commence shortly. During the financial year, the retail sector, which maintains supremacy in terms of product range together with the large retail space for customers, made major investments to set up new outlets and upgrade existing ones to keep serving our customers with an unmatched range of offerings. I am also proud to say that we, as a trend setter in the retail industry, continue to be the most profitable retail chain in the country.

The Richard Pieris Group has always strived towards excellence in producing world-class products for our valued customers. We serve customers from more than 40 countries - bringing in millions of dollars to the country directly and indirectly. One of our key priorities will be to enter more countries in the coming years.

As one of Sri Lanka's leading conglomerates, our commitment to play a meaningful role in contributing to a turnaround in prospects for the country remains unchanged, as the nation is facing numerous challenges due to the pandemic. We will be assessing the situation closely and will review our plans as they unfold, but we believe the strong foundation that we have laid over the past few decades, the capable leadership of our management, as well as the embracement of technological innovation will help the Richard Pieris Group to navigate the challenges.

On behalf of the Board, I wish to record my sincerest appreciation to our customers, shareholders, business partners and suppliers for their continued support. In closing, I would like to express my appreciation to my fellow Board members and management teams for their tremendous efforts and contribution during this difficult time to deliver excellent results for the financial year 2020/21. We are also grateful to our customers, shareholders and suppliers for their continued support. Last, but definitely not the least, my deepest thanks to all Richard Pieris Group employees. Your contributions have been invaluable to the Company.

Dr. Sena Yaddehige
Chairman/CEO/MD

25th August 2021

As a forward-looking diversified conglomerate, the extraordinary circumstances across the world and Sri Lanka have not stopped us from investing for the future. In addition to more than 50 existing factories that we operate across the country, major initiatives were taken to expand the manufacturing capacity of the Group by commencing the construction of two state-of-the-art modern factories in Rubber and Foam sectors during the height of the pandemic.

153%

Profit Before Tax Growth

BOARD OF DIRECTORS

1	2	3	4

[1] Dr. Sena Yaddehige
Chairman / Managing Director / Chief Executive Officer

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

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

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

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

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

[2] Mr. Sunil Liyanage
Director

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

He has over 45 years of management experience in the field of Rubber and Plastics. He is a past Chairman of the Ceylon National Chamber of Industries (CNCI) and a past President of the Plastics and Rubber Institute of Sri Lanka (PRISL). Mr. Liyanage is also a visionary business leader, who has been instrumental in launching many innovative products in the Polymer category and has the honour of being the first person to commercialize flexible Polyurethane Foam in this country in the form of Mattresses, Cushions and Sheets.

He is also a Director of Richard Pieris Distributors Limited, Richard Pieris Exports PLC, Arpico Interiors (Pvt) Limited and numerous other Companies in the Group.

[3] Mr. Viville Perera
Director

Mr. Viville Perera is a Science graduate from Kelaniya University with Second Class Honours and a Fellow Member of the Chartered Institute of Management Accountants and Associate Member of the Chartered Institute of Marketing in United Kingdom. Mr. Perera has over 32 years' experience in senior managerial capacity in leading business organizations such as Associated Newspapers of Ceylon Limited, Middleway Ltd (Ceylinco Group) and Amico Group of Companies and Alliance Finance Co. PLC.

He has served as Treasurer from 1992 to 1997 and Vice President from 1999 to 2002 of 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 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 on the Board of Directors of several Companies of Richard Pieris Group.

[4] Mr. Shaminda Yaddehige
Director

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

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers-UK and also at 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 Exports PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

BOARD OF DIRECTORS

5	6	7	8

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

Dr.Jayatissa De Costa LL.B. (Cey), LL.M. (Lond), PH.D (Colombo) is a Presidents' Counsel. He was admitted to the Legal Profession in Sri Lanka in January, 1971 and has an unbroken practice of more than 50 years at Bar specializing in Civil Matters. In addition, he has held numerous positions both in the Public Sector and Private Sector including the Chairmanship of Public Utilities Commission of Sri Lanka and membership of the Law Commission. He was also the Principal of Sri Lanka Law College. Dr.Jayatissa De Costa had functioned as a Law Lecturer in a number of universities both at home and abroad and has published a large number of books in Law. He had his education at Dharmapala Vidyalaya, Pannipitiya, London School of Economics and Political Science, School of Oriental and African Studies and Kings' College, University of London.

[6] Mr. E P I Fernando
Director

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

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

[7] Mr. J Felix Fernandopulle
Director

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

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

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

[8] Mr. Shiron Gooneratne
Director

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

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


ASSORTED
COOKIES
AMBULTHIYA
MIX

RETAIL SECTOR

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

OUR BUSINESS

Retail Sector

The Retail Sector of the Richard Pieris Group is one of the strongest and crucial pillars in the Group's structure. The sector is comprised of 5 entities: Richard Pieris Distributors Ltd, Arpimalls Development Company (Pvt) Ltd, RPC Retail Developments (Pvt) Ltd, RPC Real Estate Development Company (Pvt) Ltd and Arpico Interiors (Pvt) Ltd.

In terms of driving modern trade, this sector operates and manages Retail outlets Island wide through its renowned brands such as Supercentres, Superstores, Daily outlets, Showrooms and Standalone Furniture. Despite all obstacles and challenges faced in the financial year, the retail arm has been contributing significantly to improve the revenue and profits of the Group.

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

As much as the coming year is expected to pose various challenges to the company, the retail team is geared up to take modern trade retailing to greater heights. The Arpico brand of supermarkets is expected to expand into many strategic cities and towns with the objective of 'touching lives' of many customers and suppliers in different parts of the country.

Richard Pieris Distributors Ltd.

Richard Pieris Distributors Ltd. is a lucrative business which manages the renowned chain of 20 Arpico Supercentres, 8 Superstores, 11 Showrooms and 23 Arpico Daily Outlets. Being the only hyper market in the country, the company built its name as a one stop shop by offering an optimal product mix and also guaranteeing quality at the best price along with various value added services.

In addition to expanding the core business of retail, we are working towards making a positive impact on everyone by changing our working strategies, reenergizing the operating culture, focusing more on efficiency in processes, staff training, innovation etc. This is what makes Arpico different as it creates a better experience for a better tomorrow.

One of the pivotal factors of Arpico Supercentres and Superstores is the ample retail space coupled with adequate parking facilities for customers thereby, redefining destination shopping with state-of-the-art infrastructures. In order to upgrade our services we are focusing on Omni channel initiatives, store remodels, customer initiatives, supply chain and technology and less capital to new stores.

During the year under review, the company opened three new Supercentres in Katugasthota, Minuwangoda and Kochchikade followed by two new Arpico Daily outlets in Rathnapura and Hettipola. New developments were carried out within the Arpico Supermarket chain to uplift the look and the feel of the outlets which upgraded the customer experience.

In-store marketing strategies and innovative promotional campaigns such as the popular "Super Deals" and "Flash Deals" were key success factors of Arpico during the year. The Arpico Privilege Card customer base continued to grow its membership compared to previous year. Despite the unfavourable market conditions during the year, a successful Christmas campaign "Arpico Seasonal Magic" was launched which was well received by our customer base. 6,000 lucky winners were rewarded with gold chains, mega cash and instant Gifts during this period. Also during the pandemic the retail chain was able to provide our customer base with 4 options to order for grocery deliveries which are via Call & Order, WhatsApp to order, Quick E-Order & E-commerce platform.

We have continuously used various methods to reach out to the customers, whilst our physical presences through the state of the art outlets which are distributed in the island, have supported our theme "Touching Lives". We are in the journey of transforming from traditional energy consumption to Solar power, where our outlets are being converted or built with Solar panels reducing the Carbon footprint. Its noteworthy that our own dedicated taxi service exclusively for shoppers' convenience, which is a value added service offered, was pioneered through our brand Arpico in the Sri Lankan Retail market.

COVID-19 had a material impact on most of the operations and financial performances around the world and the dependence on digital transactions have increased drastically. Efforts are made to having contactless payments in the near future and initiatives have been taken to convert the traditional POS machines to contactless POS systems, which is expected to increase efficiency as well as serves for safety for customers and our employees as well. During the pandemic time, health and safety of the front line staff was a key factor and the company was well geared in taking necessary health precautions.

Despite all challenges faced during the financial year the Arpico Retail Chain delivered beyond expectations of its shareholders recording the highest net profit.

Arpimalls Development Company (Pvt) Ltd.

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

RPC Retail Developments (Pvt) Ltd.

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

RPC Real Estate Development Company (Pvt) Ltd.

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

Arpico Interiors (Pvt) Limited

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

OUR BUSINESS

PLANTATION SECTOR

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

OUR BUSINESS

Plantation Sector

The Richard Pieris Group takes pride in its legacy of occupying the position of the largest tea and rubber producer in Sri Lanka. The Group holds the majority and manages three Regional Plantation Companies namely, Kegalle Plantations PLC, Namunukula Plantations PLC and Maskeliya Plantations PLC which specialize in cultivating, processing and selling of high grown, mid grown and low grown tea, rubber, oil palm, coconut, cinnamon and other crops. These Companies operate in different geographical regions of the country, with 54 estates covering 32,097 hectares.

The year under review proved extremely challenging as a result of turbulence in global markets and the outbreak of the global pandemic in Sri Lanka and in current and potential export markets. Nevertheless stable raw material prices due to supply constraints for tea and increase in demand for rubber as a result of the pandemic supported the Group's positive performance.

At an industry level, unfavourable weather conditions impacted production levels of the overall plantation industry in the country. Low productivity continues to be a key issue in the industry while call for increased wages further pushed up cost of production for tea and rubber producers, thereby shrinking profit margins.

As a resilient Group, RPC sustained substantial profits and investments on enhancing stakeholders' value and in uplifting the living standards of the estate communities in the aspects of health and safety, training and education, infrastructure development etc. A significant proportion of the sector's estates have been internationally certified with quality standards such as HACCP, ISO:22000:2005/2018, ISO:9001:2015, Rainforest Alliance, Ethical Tea Partnership, Global Organic Latex Standard (GOLS) Certification Fair Trade and Forest Stewardship CouncilTM Certification.

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

Namunukula Plantations PLC

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

During the year under consideration, tea production of the Company increased to 2.2 Mn kg, recording a harvest of 758,523 kg rubber and a crop increase against the previous year by 12%.

Namunukula Plantations also has oil palm plantations located in Mathugama, Galle and Matara, where the climatic conditions are ideal for growing oil palm.

Considering the long-term sustainable aims of the Company to achieve and sustain land productivity, it continued to invest in field development, treating it as a priority. During 2020/21, the plantation company invested Rs.262 Mn on field development. As a sustainability-minded corporate citizen, the Company continues to nurture its workforce by providing housing, sanitation, other basic requirements and more importantly, opportunities for additional income generation through productivity enhancement to enhance yield and improve the future prospects of its workforce.

Kegalle Plantations PLC

During the year under review, a downward trend in national rubber production was observed, mainly driven by disruptions of tapping operations due to rainy weather conditions. On the other hand, during the 1st half of the year both international and domestic demand for natural rubber was lower - with the downtrend in global economic activities and relatively lower petroleum prices.

Facing challenges with fortitude, Kegalle Plantations PLC's operations in the rubber sector in 2020/21 recorded an increase of 25% in production to 4,589 MT from 3,667 MT in the previous year in contrast to the decreased annual national output in the country. As a well-diversified plantation company with tea, rubber, coconut and also a number of minor crops, it contributes to optimizing and stabilizing the product mix by preventing dependency on one product. Kegalle Plantations PLC continuously seeks to undertake rubber replanting and crop diversification. Being the largest corporate rubber producer, the Company continues its journey towards being a sustainable and responsible rubber producer, accounting for 4.6 Million kilos of average production per annum, where centrifuged latex contributes significantly.

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

Maskeliya Plantations PLC

Maskeliya Plantations PLC encountered many challenges during the financial year including a drop in production due to unfavourable weather conditions and lack of raw materials in the market. However, the improvement of selling prices at auctions by 21% and stringent cost controls played a pivotal role in improving the profitability of the Company as compared to the preceding year. During the year under review, the Company recorded revenue of Rs. 3.97 bn which is 6.96% more than the previous year. Low labour and land productivity made it difficult to achieve budgeted profits.

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

Maskeliya Plantations continued to deliver the best value to the stakeholders through 2020/21. Moving up the value chain, the plantation company is adopting Climate Smart Agricultural Practices and exploring a multi crop strategy. Acutely aware of the impact of climate change on the planet, local communities and the sustainability of its business, Maskeliya Plantations is in the process of qualifying for the Rain Forest Alliance certification, which will help expand its export markets while demonstrating that the company is combating deforestation and climate change.

RUBBER SECTOR

Our Rubber sector, which mainly caters to the export market, is involved with products such as Mattresses, Pillows, Latex Rings, Crutch tips, Shoe Soles and Jar Rings along with specialty items such as Fire Retardant mats, Electrical safety mats and Anti-static mats. We have also introduced new products such as Arpico Organic Latex Foam, certified by Global Organic Latex Standards (GOLS). The products of this sector are also present in the local market through the sale of our export quality rubber products.

OUR BUSINESS

Rubber Sector

Richard Pieris Exports (RPE) PLC sustained a strong performance in 2020/21 despite the various disruptions seen in the previous year. Some of the challenges faced emanated from the lockdown measures as the factory had to suspend operations for some time in the first quarter of the year under review. Moreover, rising freight rates and raw material prices, namely, increase in rubber prices, contributed to pressure on margins. The demand for natural rubber grew during the period due to the demand for surgical gloves needed by the health workforce together with allied services combating the pandemic.

The rubber business was impacted as demand witnessed a significant decline from the Chinese market. However, the Group managed to secure orders from the USA and Middle East, whose economies are showing signs of a turnaround. During the period under consideration, the demand for the company's jar sealing products remained high as economic recovery in key export markets helped sustain demand. The lack of availability of vessels and containers for exports further hampered logistics.

Sector Turnover rose by 3% from Rs. 5.212 Bn in the previous year to Rs. 5.362 Bn in the year under review. During the period under consideration, Profit after Tax of the Group reached Rs1,040 Mn – the same as in the previous year, further consolidating the Rs.1 Bn profit milestone reached in 2019/20.

RPE, the company, performed well during the year recording 18% growth in profitability compared to last year. Group Company Richard Pieris Natural Foams Ltd., improved on its performance from the previous year, recording growth in turnover by 3% and improving profitability by 2%.

LATEX BASE

Richard Pieris Natural Foams (RPNF) Limited

During the year under review, construction commenced on the new plant at RPNF, a subsidiary of Richard Pieris Exports PLC, and a BOI approved company manufacturing 100% natural latex bedding products, including latex mattresses cores, sheets and pillows since 1993. Once complete, the newly-enhanced facility will see a capacity increase of 100%. The manufacturing plant will have state-of-the-art technology, with the latest sealing technology.

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

The new RPNF plant currently under construction is expected to achieve full production capacity within three years, which makes the investment secure. Coupled with new machinery for the pillow line in Q2 of 2021, the Company is looking at making a push into the European market. Turnover grew by 5% during 2020/21 and profits by 2% in the financial year under review. Investments made previously to increase productivity came to fruition during the year and a capacity increase of 25% was also achieved in the period under review. Considering the low demand from export markets, no new products were launched during the period. Meanwhile, sourcing new business proved a challenge as global travel restrictions made it impossible to visit customers or even participate in trade fairs.

HARD RUBBER SEGMENT

Richard Pieris Exports PLC (RPE)

Recording an increase of 13% in profitability, RPE is an industry leader in manufacturing and exporting rubber mats for a wide variety of applications of the highest quality, while manufacturing a range of rubber products including food grade jar sealing rings, crutch tips and specialised rubber products for the US, European and the Asia Pacific markets since its inception in 1983. The highlight for the Company was the substantive investment made by the company in improving its machinery which are expected to reap rewards by way of higher volumes. This enhancement will help optimize production capability while also generating greater revenue for the company.

In addition, raw material rose in 2020/21 thereby putting a further squeeze on margins. The Company's jar sealing rings witnessed strong demand as in the previous year while matting product demand dropped as many industries in its export markets were closed or operating at low capacity.

The Company has two subsidiaries: Richard Pieris Natural Foams Ltd and Micro Minerals (Pvt) Ltd. and one associate company - Arpitalian Compact Soles (Pvt) Ltd. Richard Pieris Exports PLC is a subsidiary of the Richard Pieris & Company PLC, the Group's first fully export-oriented company.

Arpitalian Compact Soles (Pvt) Ltd.

A joint venture with Davos SPA, the company is a globally reputed Italian manufacturer of shoe soles and soling sheets supplying customers in India and Italy. In 2020/21, the Company made a modest cash profit and has shifted focus to the domestic market until such time global demand improves. Arpitalian Compact Soles (Pvt) Ltd., is a long-term investment that will be re-engineered to pre-empt market trends and penetrate high value export markets. In order to achieve this vision, the Company continues to explore the possibility of entering into a joint venture in the future.

MINERALS SEGMENT

Micro Mineral (Pvt) Ltd.

The Group continues to maintain this subsidiary which processes mineral products needed for production in the polymer industry. The member companies of the Richard Pieris Group are its main customers and the entity is a strategic investment for the Group as it supplies essential raw materials and fulfils the requirements to ensure production without disruption.


ARPICO TYRES
arpidag
arpidag HYBRID
HIGH PERFORMANCE TYRE
NEXEN
NEXEN TIRE
MAXTREK TYRES

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TYRE SECTOR

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

OUR BUSINESS

Tyre Sector

Richard Pieris Tyre Company Limited, Arpidag International (Pvt) Limited, Richard Pieris Rubber Compounds Limited and BGN Industrial Tyre (Pvt) Ltd., are engaged in trading, retreading and manufacture of solid tyres. Richard Pieris Rubber Compounds and Arpidag International contribute to the sector by supplying pre-cured tread cushion gum and other related materials including customized mixing facilities. Strategic expansion and product innovation saw the Company entering the solid tyre market with the acquisition of BGN Industrial Tyres. This led to widening the product portfolio to meet the needs of different market segments.

The Year 2020/21 was an exceptional one as the COVID-19 pandemic adversely impacted many industries heavily including the tyre sector with import restrictions imposed by the government, thereby affecting the buying behavior of customers. Despite the unprecedented circumstances, the tyre sector's strong brands showed their strength with a 60% growth in trading revenue while maintaining the retreading revenue compared to FY 19/20. Under these exceptional conditions, the sector focused on being precautious of unexpected demand as well as raw material shortages while operating in accordance with health guidelines to ensure the continuity of the business.

Through its knowledge and expertise in the area, the Company has made a significant contribution to the Tyre sector for over a decade. While developing high quality innovative tyres and aiming for sustainable safety throughout the product life cycle, Richard Pieris Tyre Company has grown to be the largest retreading tyre supplier in the country, offering a wide array of tyres for almost every segment of the market. Currently, we are in the process of tying up with better business brands to expand the sector and provide high-end products to our customers.

Richard Pieris Tyre Company Limited

During the 20/21 financial year, Richard Pieris Tyre Company was able to step up its performance level by adopting savvy marketing and sales strategies which boosted the growth by 325 %. Internal cost control measures such as using low cost energy fuel sources and obtaining raw materials at a lower price helped reduce overheads and shore up the profit margins.

As one of the pioneers in the tyre industry, Richard Pieris Tyre Company is always keen on exploring new business avenues and to captured a greater share of the market. During previous years, 'Arpico Tyres' was introduced to the market by leveraging on the strength of the Arpico household name and witnessed rapid adoption by customers.

At present, the company has a well-established island wide network with more than 1200 dealers. The Dealer awards, a gala event where top dealers are bestowed with awards and accolades, help to build commitment amongst the dealer network and drive sales of the company's product range.

As a proud home-grown tyre manufacturer, the Richard Pieris Tyre Company is reputed for its precise pricing and product strategies that cater to present and future needs of customers in each segment. The main threat to the business has been dumping of cheap radial tyres from China and competing against family-owned small businesses, which the company successfully countered by building the most trusted and reputed brand.

Being the sole agent of two brands world renowned for durability, Nexen Tyre of South Korea and Birla Tyre of India, led the company to expand the tyre trading segment of the business on a larger scale. Nexen is a premium international brand which runs for more than 70 years. It is one of the top selling brands of the business where 40% of sales are generated from the Western Province. Since Richard Pieris Tyre Company launched the brand in Sri Lanka in 2014, it has received an overwhelming response from customers. Considering the response of the local market for these brands, the company aims to bring more international premium brands into its portfolio.

Arpidag International (Pvt) Limited

Commencing operations in 1991, Arpidag has entrenched its credentials as the pioneer of the cold process technology to Sri Lanka, manufacturing pre-cured tread materials and other related products. Its high quality standards have been a key pillar of its success as Arpidag complies with the ISO:9001 process quality certification.

Richard Pieris Rubber Compounds Limited

Providing mixing services to Richard Pieris Tyre Company as well as to several other external customers, Richard Pieris Rubber Compounds makes a substantial contribution to the profitability of the Group's Tyre sector. The Company also supplies rubber-related chemicals to small players in the industry while investing in continuous improvements in its milling and quality testing processes to ensure superior quality. Its high quality products have enabled the companies it supplies to carve out a greater share of the market.

BGN Industrial Tyre (Pvt) Ltd

Known for its range of high quality solid tyres, BGN Industrial Tyres (Pvt) Ltd is a reputed Industrial Solid Tyre manufacturing venture acquired in 2017. The company has imprinted its geographical footprint in 16 countries, where South Africa became the latest addition. Increase in customer base and favourable exchange rate played important roles in improving the profit by almost doubling the revenue of solid tyres compared to last year. Entering new geographies is a key strategy for the business to seek continuous growth while focusing its high quality and service segments.


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ARPICO

PLASTICS, FURNITURE AND ELECTRONICS SECTOR

Our Plastic segment of the sector is in the business of manufacturing and distribution of Mattresses, Water tanks, Plastic furniture, Cushions and sheets, Rigifoam products, PVC Pipes and Fittings, Vinyl mats, day to day consumer durables, as well as industrial and domestic rubber products, Water pumps, whilst the furniture operation focuses on manufacturing Sofas, Panel furniture and Wooden furniture. The sector emphasis on the eco- friendly 'Green Gas' concept, seeking to pave the way for a cleaner energy system. The sector also included Electronics to its product portfolio.

OUR BUSINESS

Plastics, Furniture and Electronics Sector

Sector Performance

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

In 2020/21, the sector recorded a revenue growth of 25% over the previous financial year. Despite the challenges of operating amidst a global pandemic, the sector maintained its performance by being competitive in serving customers while maintaining the health guidelines laid out by the authorities, and acting on its business contingency plans.

Undeterred by the general economic slowdown in the country, the sector pressed ahead with market penetration and geographical expansion to serve a larger customer base. The sector also prioritized continuous product development and driving cost efficiencies through automation to increased profitability and to deliver customer expectations. A new product, Arpico Cement, was launched in 2020/21 – further strengthening the Company's presence in the hardware industry. Ensuring engagement with business partners through the year, new dealer tie-up programmes were conducted to retain mega dealers and also to build a stronger dealer network.

Water Tank Operations

As the most trusted Water tank brand in Sri Lanka over generations and a pioneer, Arpico water tanks ensure superior hygiene at an affordable cost. The portfolio consists of moulded water tanks, hybrid water tanks, septic tanks and sump tanks. The product portfolio also includes garbage bins, compost bins, green gas units and traffic accessories, which are all manufactured with the certification of ISO 9001–2015, thereby making it the preferred supplier in these categories.

PVC Operations

Arpitech (Pvt) Ltd manufactures Polyvinyl Chloride products such as PVC pipes, PVC fittings, Conduit pipes, Conduit fittings, Garden hoses and Rain convey systems, becoming the leading manufacturer of pipes and fittings in the country. The high quality of all its products is the backbone of its operations. All manufacturing is conducted as per SLS 147, SLS 659 & SLS 935 quality standards which led the company to be Sri Lanka's first ISO 9001:2015 certified PVC Pipes and Fittings Manufacturer. The Company's PVC operation grew during the year under review helped by product diversification, maintaining an optimum sales mix, enhancing market competitiveness and growing its dealer network.

Arpico Mattress

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

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

During the year under review, a Mega outlet was opened at Arpico Supercentre Katugasthota, to promote the concept of "Bedding

Solution". Further, 2 Mattress gallery outlets were established in Hyde Park Corner & Battaramulla Supercentres under the "shop in shop" concept. Also, the Elegance Spring mattress was launched to expand its product range.

Printing Rollers/Industrial Rubber Products and Moulded Rubber Goods Operation

Investment in improving the quality and standards of its products has driven sales in 2020/21. The portfolio consists of manufacturing printing rollers, conveyer belt/industrial rollers, industrial rubber products and molded rubber goods. The Company continues to remain focused on product innovation as future growth strategy.

Arpico Water Pumps

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

Arpico Rigifoam

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

Electronic Operations

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

The product range consists of Washing Machines, Televisions, Refrigerators, Kitchen Appliances and other home appliances. Various innovative products such as Hand tools, Air conditioners, Local manufactured TV and UV protected soft closed fully automatic Washing machines were introduced to increase the product portfolio. The distribution network has expanded 3 company showrooms including the latest addition of an exclusive electrical showroom in Jaffna.

Furniture Operations

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

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


ARPICO
insurance

FINANCIAL SERVICES AND OTHER

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

OUR BUSINESS

Financial Services and Other

Richard Pieris and Company PLC
As the holding company of the Group, Richard Pieris & company PLC holds a significant proportion of shares from subsidiaries and spearheads the individual strategies of each Business Unit to create wealth for shareholders, while deciding overall corporate policy and decision making. The Company's various divisions support Group Companies with important services such as information and communication, human resources and procurement.

Information technology (IT) fosters innovation and the Group leverages on its in-house IT expertise to provide a competitive advantage to business operations. The Group's unique business needs are fulfilled by the in-house IT team that has designed and upgraded the software used across the enterprise. While updating the Group's IT systems, the IT team is focused on sustainability. Printers have been centralized and printing solutions rationalized such that paper output is minimized and paper consumption is closely monitored. In order to improve internal systems, the IT unit is developing a full access control and time and attendance system for transparency and ease of use. Furthermore, a new system is being designed to centrally monitor the production stages in the factory to eliminate wastage and enhance productivity. The IT unit is in the process of developing a new system to digitize the warehouse and distribution operations.

Leveraging on in-house IT further, new ecommerce platforms have been launched and significant work has been done at the back end to cope with the substantial increase in demand during the pandemic, to cater to our customer base. Enhancing the Group's technology infrastructure is impacting the culture and operations of RPC with multiple intangible and tangible benefits while giving the Group a competitive edge in all sectors.

The Group's employees are the cornerstone of its success. Overall management and the policy are deployed by the Group Human Resource, which has the responsibility of meeting the variety of needs and requirements of the diverse businesses around the Group.

The Central Commercial Division manages and procures raw materials, consumables and other trading items from various domestic and international sources. This division plays a pivotal role in successfully operating the subsidiaries by maintaining sound relationships, order timing and managing the economies of scale.

Keeping pace with the strident growth of the Group, and since financing requirements have become more substantial, the Group treasury assists in advising on funding requirements of all businesses, negotiating bank facilities whilst managing aspects such as foreign exchange exposure and the interest rate risk. The Group Finance is responsible for the Group reporting and is involved in project evaluations and feasibilities as and when required.

The Centralized Internal Audit division determines the internal control system for the companies within the Group and also recommends wherever necessary adequate measures to be in place. The variety of risks faced by each sector is diverse and requires a dynamic risk and mitigation action plan. The Internal Audit function is critical as it reinforces the stature of the group with stronger processes and also, strengthens the confidence of shareholders and other stakeholders.

RPC Logistics Limited
R P C Logistics is primarily engaged in international freight forwarding and customs broking. At present, two thirds of the

Company's revenue is generated from its freight forwarding and customs broking activities. The Company's portfolio of services includes airfreight, sea freight, sea freight consolidation, customs brokerage and transshipment. The Company's services include door-to-door cargo services with the assistance of the Company's overseas agents and a variety of other connected services.

Arpico Insurance PLC

Arpico Insurance Company continues to perform strongly and has built a reputation for being the most innovative Insurance Company that offers world-class Insurance solutions. Operating 57 branches across the island, the Company was awarded the Fastest-Growing Life Insurance Company Sri Lanka for the second consecutive year in 2018 by Global Banking Finance Review and the Most Successful Life Insurance Company Sri Lanka 2018 by Global Brand Magazine. The Company received a special award from Indian Chamber of Commerce for The Risk Management Strategy of the year 2019 and The Best Life Insurance Company for Innovation Sri Lanka 2020 by Global Banking Finance Review. Arpico Insurance produced 24 of the company sales team qualifying for membership of the Million Dollar Round Table (MDRT) and 2 Court of the Table (COT) members in year.

Richard Pieris Finance Limited

Richard Pieris Finance provides a variety of products to meet financial needs of customers and also supports SMEs to scale up their operations to achieve true financial inclusion. Recently, the Company obtained an AA rating from Fitch Ratings which reflects its strong financial standing. The Company is in the process of restructuring its stance in the market where it is in the process of launching new products to the market with the objective of carving out a sizeable portion of market share through effective market penetration. Initiatives have already been taken to utilize the internal synergy of the Group in supporting the Finance Company's growth through tie ups with the internal and external stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

This report marks 89 years of sustainable business by Richard Pieris and Company PLC, outlining significant progress against and investments in key areas such as customers, food safety, employees, suppliers, initiatives and commitment towards the environment, as we endeavour to maintain a balance between economic success, environment protection and social responsibility. Maintaining a long term relationship within the network and making the business viable by integrating sustainability into the heart of the enterprise, have paved the way to be proactive, aiming to take sustainability into account in all our projects and business activities.

As a responsible corporate citizen, we believe the presence of all the entities today and in the future are pivotal for our existence. We aim to pioneer new solutions to enhance sustainability while continuing to shape our business responsibly and increasing our economic success. During the past few years, the company has upgraded its sustainability approach by taking measures to go green. Significant progress was made in our journey to reduce the Group's carbon footprint, enabling the on-going transformation from traditional energy consumption to solar power, with our outlets being converted or built with solar panels.

Despite being one of the largest and oldest conglomerates in Sri Lanka, we are looking at ways to build purpose into leadership, to recognize business opportunities which support the company to grow while addressing societal issues. We also continue to endeavour to augment our activities to engage positively with all stakeholders, responding to them promptly and efficiently while continuing to welcome their views.

Our Customers

The company consistently put customers first and lived the Group purpose of 'touching lives' by creating better experiences together, every day through a year of unprecedented challenges. Our business model is focused on evolving customer offerings by striving to search for fresh ideas which add more value. Our key priority is identifying and responding to customer needs. Apart from our physical presence through state-of-the-art outlets and island-wide distributor networks, we have used various methods to reach our customers. Some of our companies have integrated with their customers and mutually plan productions and delivery schedules to achieve operational excellence.

Many of our products tend to use fewer resources, such as energy and water, and reduced energy consumption. Connecting with different suppliers, businesses, governments and partners paved the way to become more innovative and have a positive influence beyond our operations and products.

It is also noteworthy that our retail chain holds the platinum class green retail building certification for one of the outlets in Sri Lanka. With the introduction of many promotional activities throughout the year we have added value to the end customer with exciting gifts and rewards. The retail chain introduced its own dedicated taxi service exclusively for shoppers' convenience which is a value added service. Arpico was the first to introduce this service to the Sri Lankan market. We have established a number of alliances with financial institutions to allow customers smart buying options, etc. Our customer relationship management includes customer suggestions, satisfaction measurement and data base management which are continuously evaluated to serve our customers in a timely manner.

Food Safety

The safety of our customers is paramount. Therefore, as one of the leading retail chains in Sri Lanka, we are committed to ensure food safety by maintaining stringent policies on food safety and quality; state-of-the-art cooling chains are maintained to ensure the best quality of the products at any given time. The growth of our customer base reflects the trust placed in our commitment towards protecting the public health through rapid and appropriate management of food safety incidents.

Good Agricultural Practices (GAPs)

The Agricultural practices adopted on our Plantations conform to TRI (Tea Research Institute) guidelines/regulations and internationally certified standards such as Rain Forest Alliance, Ethical Tea Partnership & FLO.

Good Manufacturing Practices (GMPs)

From the point of harvesting, from the tea fields, transporting, processing until it is packed, Good Manufacturing Practices are followed in our factories, conforming to internationally accepted standards such as HACCP/ISO 22000.

We have obtained ISO 22000: 2018 System Certification – Food Safety Management System Certification for the below Tea Manufacturing Factories of the Group.

- Luckyland Estate
- Kirklees Estate
- Gampaha Estate
- Doteloya Estate
- Yataderiya Estate
- Moray Estate
- Laxapana Estate
- Moussakelle Estate
- Glentilt Estate
- Brunswick Estate
- Glenugie Estate
- Morcha Estate
- Strathspey Estate
- Talawakelle Estate
- St. Clair Estate
- Troup Estate
- Craig Estate
- Ampitiakanda Estate
- Hindagala Estate
- Kinellan Estate
- Cannavarella Estate
- Gonakelle Estate

Fair Trading

Our policy is to be fair and honest, accessible and forthright in our dealings and to always deliver what we promise. For this purpose, we ensure that all our relationships are based on trust and honesty, and we strive to deliver win-win solutions.

Our Employees

The Group is broadly diversified across various industries, locations and markets that engage with large communities of people. The Group is effectively empowering its human capital to utilize their knowledge and skills in an effective and efficient way to get the best outcome for the operations of the Group and for their professional and personal development.

Labour /Management Relations

The Group is well structured and the hierarchy in the organization is clearly defined. An open door policy is maintained with all employees across the Group. All level of employees are encouraged and rewarded, and maintain harmonious and peaceful relationships.

The Group treats all the employees in an equal manner. According to the employee-centric management strategy, the Group has designed a better plan with the best interest of the employees and driving the company towards excellence.

Training and Education

The Group conducts various types of training and development programmes for employees, having identified the value of training and development. Training sessions across the Group has supported the employees to perform better and has also helped to manage their work life balance. Trainers with diverse professional backgrounds are hand picked by the respective sectors for the necessary training and they are based on the training need assessments, etc.

Various initiatives have been implemented across the SBUs to assist employees with, health/medical guidance and nutritional programmes (mainly in the plantation sector).

Employee Health and Safety

Safety is an integral part of our business framework. The health and safety of our employees is a key priority, and much attention is placed in this regard at all factories and workplaces. Our security function frequently reviews the safety levels at our locations and the results are reported to the management on a timely basis.

Training programmes are consistently conducted to educate employees on health and safety measures at the workplace. Employees are encouraged to follow health and safety guidelines and to maintain standards. Medical facilities are also provided to our employees.

Being a prudent employer, we have obtained necessary insurance covers to compensate losses. It is also noteworthy that Atale Estate of Kegalle Plantations secured the National Occupational Safety & Health Excellence Award at a ceremony held 2020.

Diversity and Equal Opportunity

The Group is an equal opportunity employer and without considering the gender, age, religion, race, political opinion or any other diversity indicator - all employees are given equal opportunity for career growth and development. All employees are responsible for respecting differences, religious opinions, values and rights of their fellow members in the Group and are held accountable to treat them with the respect and in an equal manner.

Non-Discrimination

According to the constitution of Sri Lanka, there cannot be any type of discrimination based on the race, religion, language, gender or any such grounds. Recommendation identifies the discrimination as preference made on the basis of race, colour, gender, religion, political opinion, national extraction or social origin.

Our Community

Community is a key stakeholder of the Group and essential for success and survival in the industry. As a producer of products and services, our products are being used daily by many households and we have a greater responsible to provide high quality and safe products at a fair price to satisfy customers while giving back benefits to the society as a whole. Encouraging responsible production and distribution practices through the whole value chain is part of our business model.

When it comes to implementing our sustainability strategy, it is our people who make the difference through their dedication, skills and knowledge. They are self-motivated and make a personal contribution to sustainable development, both in their daily business lives and as members of society. They interface with our customers and consumers and drive innovation, develop successful strategies and give Arpico its unique identity.

The Richard Pieris Group conducts a wide range of diversified business activities across Sri Lanka and contributes to exports with the objective of garnering goodwill for the country. This commitment has enabled us to nurture a reputation of being a responsible corporate body through responsible environmentally friendly practices. Our initiatives have reached across the island, from small isolated villages to urban centres, thereby touching the life of every Sri Lankan. The Group has always promoted a positive attitude towards age diversity, believing that a blend of youth and maturity will concurrently benefit both the company and the employees.

Our Suppliers

Close knit with our suppliers through long term effective relationship has fed our company values into the supply chain. Our dedicated supply chain team has continuously brought enormous cost benefits to the Group through our vast network of suppliers that is spread across the world.

CORPORATE SOCIAL RESPONSIBILITY

A deep understanding of the supply chain has enabled us to promote sustainable relationships based on innovative and win-win solutions. We purchase raw materials and other materials mainly from smaller to larger local suppliers, and also determining the well-being of local communities.

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

Our Initiatives

COVID-19 awareness programme

The Group is committed to protect the employees and engage in educating the community regarding the prevention of secondary transmission and spread of the COVID-19 virus. Information regarding infection, how to reduce exposure risk, symptoms of the virus, general treatments and other important information were shared with the audience.
Face masks and hand sanitizer packs were distributed to the workers through these COVID-19 control efforts.

Access to cleaner & safer drinking water

Plantation Group commissioned three community drinking water projects during the year. These projects will ensure accessibility to clean water resources to the Estate Comunity One of which were opened in Labrook division, Strathspey estate, Midlothian and Upper divisions of Mocha estate in collaboration with Adventist Development & Relief Agency (ADRA) Sri Lanka.

In addition, there are four similar projects under construction. These projects are funded by the World Bank through the Government of Sri Lanka. The project was declared open and handed over to the community by His Excellency Dennis Chaibi, The European Union ambassador to Sri Lanka.

Over 200 families, children below 10 years and pregnant mothers in Strathspey estate Maskeliya Plantations PLC were provided with domestic drinking water filters with joint funding from the estate's FLO community development premium fund ADRA & OXFAM organizations.

Eye Campaign
Vision is critical to lead a normal life. The Group organized an eye campaign for people living with weak vision at the Miriswatta Estate in March 2021. Many people participated in the campaign benefitted.

Donation of foot-operated hand washing sinks
During the year foot operated hand washing sinks were handed over to some schools to combat COVID-19.

School bags and stationery
Initiatives were taken to donate school bags and stationary to school children in the rural areas.

Arranging Food packs for the estate worker community
Food packs were distributed to support the communities especially in the plantations during the COVID outbreak.

Empowering communities to purchase their needs
Mocha estate Maskeliya has opened a Cooperative Sales Outlet under its Estate Worker Housing Cooperative Society with the financial support of ADRA Sri Lanka. This move has aided the people in the plantation community to safely purchase their household needs more efficiently.

CORPORATE SOCIAL RESPONSIBILITY

Promoting & Establishing Food Security within the Plantation Communities
Pallegama Estate, Kegalle Plantations PLC and a Village Society named Sadaham Sevana that promotes organic farming among villages, organised a programme to educate villagers on benefits of organic vegetable cultivation and distributed organic fertiliser and packs of different types of vegetables seeds among village families.

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

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

Forest Conservation and Tree Planting
As a Group engaged in plantations, we understand the fact that we are depending on the forests for our survival. Forests also protect watersheds, prevent soil erosion and mitigate climate changes. So, we have taken action for forest conservation which will be beneficial for sustainability of future generations. Conservation of forestry areas as declared by the Central Environment Authority and the Government are clearly demarcated at the respective locations to ensure circumvention of encroachment. Areas in close proximity (60 meters) to waterways as catchment areas are included in conservation areas.

Our long term approach to environmental preservation is not a one-time single activity, but an ongoing journey towards maintaining a greener and sustainable environment around us. As an ongoing process we regulate and plan the cutting of trees, control over forest fires, properly utilize forests and forest management etc.

Under this programme, we promote the habit of planting trees especially in our estates. Plants reduce temperature, store carbon by absorbing carbon dioxide, moderate local climate by providing shade and provide oxygen by improving air quality.

We have initiated pilot projects with fruits including pears, avocado, orange and mandarin etc., which will make the landscapes richer with diverse crops. The latest addition to this crop list is agar wood. Further, Maskeliya Plantations PLC has secured its biomass energy with giant bamboo, which will provide a steady supply of firewood for the processing centers.

Various research has been conducted on the feasibility of raising quick-growing, novel timber species for the plantation regions over a period of time. Balsa (Ochroma Pyramidale) is one of the rapid growing species trialed successfully. At present, the only Balsa cultivation in Sri Lanka which is located outside the Botanical Gardens is owned by the Arpico Group.

We always try to avoid any form of pollution and its effects to achieve a cleaner environment. We try to maintain a healthy and safe environment by supporting clean air, clean water and clean energy. Carbon neutrality is another concept we are on the path to achieve in the future along with net zero carbon dioxide emissions. So, our carbon dioxide output will have a net neutral impact on the environment and it could help avoid the effects of climate change. Going ahead we hope to earn carbon credits.

Nature and Diversity
The Company has a number of estates spread over the wet zone covering Kagalle, Kalutara, Matara, Galle, Kurunegala, Nuwara Eliya and Badulla districts which experience over 2500mm of rain. Most of our Rubber estates in Kegalle, Kalutara and Galle districts are spread between the central highlands and western southern plains, varying in elevations from 500 feet above sea level to 6000 feet. The three plantation companies are situated in the wet zone, intermediate zone and are subdivided into low country, mid country and upcountry plantations. Most of the estates are close to natural forests or reservation lands for forestry where many endangered species of butterflies, birds and animals are provided protection.

The multitude of living things that make up life on Earth is recognized as biodiversity. Over a dozen of different mini ecosystem types have been identified in Maskeliya, Udapussellawa, Haputhale, Nuwara Eliya and Nawalapitiya regions during a survey done on biodiversity. They range from pristine virgin forests and grasslands, to manmade ecosystems such as hydropower reservoirs, plantations and distributed scrublands etc. Tea cover is the dominant vegetation type which conceals majority of the cultivable land area in Maskeliya. Our Group and the estate community take pride in the natural environment and we are committed to protect nature that we have been blessed with.

Area under manmade lakes of Maussakelle and Castlereigh hydropower schemes are the cardinal aquatic ecosystems present so far, which regulate and transform the multi-purpose ecosystem services provided by nature, largely at national level including hydropower generation. Some of the other services are flood control, storage and gradual release of water catering requirements of the people living downstream, including domestic water supply for Colombo and the suburbs as well. The local services offer scenery, inland fisheries and leisure, together with providing landing platforms for sea planes. Timber plantations and fuel wood plantations found in diversified marginal tea lands due to soil degradation too occupy a considerably large land extent. Scrublands are heavily infested with invasive exotic plant species mostly introduced to the region. It is observed that most of the plant species that have become invasive here are of Central American origin. Coster's curse (Clidemia hirta) or "Kata Kalu Bovitiya" in local terms is the most aggressive tea weed in Sri Lanka ."Gal Goraka" (Clusia rosea), "Kurunjan Pullu" (Austroeupatorium inulifolium) and "Maalu Othana Kola" (Micornia calvesens) are a few other good examples to this effect.

Home gardens of the resident plantation worker community and commercial vegetable plots too collectively occupy an important part of the estate land. Rest of the extent is shared by riverine forests seen along water causeways, rocky outcrops, marshy lands (Wet Patna) and isolated Secondary forest patches scattered throughout the landscape. The westward section of the region is bordering the Peak Wilderness Nature Reserve (PWNR), one of the most diverse Primary forests in Sri Lanka and home for a vast number of endemic biological species. This pristine virgin forest is the core reservoir home for almost all the wildlife species found in Maskeliya area. Hence, many of these species wander into tea estate land, giving visitors the opportunity of admiring them at the estates, without entering into the nature reserve.

Hydropower

Hydro power can be recognized as a more sustainable energy type because water is used as the source and which is the most suitable energy source for plantation companies. The water cycle is an endless, constantly recharging system and which is renewable. There are plants at Talawakelle and Brunswick estates which generate electricity which helps to supply for domestic use and also to contribute to the national grid.

Land Management

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

Using plants for erosion control is an excellent biological method we use to safeguard the landscape and the shape of the land. In our tea plantations, mainly in the Upcountry and Uva range, these methods are adopted to safeguard the soil and prevent soil erosion in every bank or end of planting areas with a higher slope, and have paved the way to minimize the conditions that promote soil erosion such as rain, wind and physical disturbance. It is a relatively easy way to conserve top soils and prevent open areas from wearing away. Other methods such as coir netting, mulching, terracing and drains are also used for this purpose.

Therefore, with the ground cover that we maintain together with overhead canopies of our shade trees and permanent crop we are able to protect the soil without any artificial methodologies. A pilot project was initiated at Mocha estate, Maskeliya, aiming to enrich the soil within the generated resources and improve the nutrient retention ability also with the moisture holding capacity by converting weed biomass removed from the fields through manual weeding, into enriched compost and put back to tea fields. By improving the soil this way, the input use efficiency of the soil could be enhanced while controlling the usage of costly fertilizer input which will save funds at the same time.

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

Harvesting of Timber

All operations including felling, clearing, extraction & transportation of timber is undertaken in compliance with the environmental standards stipulated under the National Environmental Act. Various precautionary measures have been placed to minimize soil erosion and run off fluctuation of the ground water table.

It is mandatory in the Company to replant the harvested extents almost immediately during the succeeding monsoon, in addition to the establishment of conservation forest extents in vulnerable areas. Clear felling of trees in extents exceeding 2 hectares, felling of wind belts or any form of felling of trees in catchment areas or in lands with high gradients is totally avoided.

Water Resources Management

Water conservation is one of the ways we nurture natural resources for future generations. The Company has undertaken various initiatives to preserve water and develop water resources via improved water retention techniques and harvesting of rainwater.

Water Treatment Plants are located at most of the Company's retail outlets and water is not discharged into the environment without being treated first. Our crops depend on inherent ground moisture levels and to that extent, the retention, preservation and revitalization of ground water levels. This is paramount where regularizing the flow of water in our streams, water ways and springs to prevent them from drying out where their active flow becomes critical during the dry weather. Our focus has been to reduce ground temperature as far as possible, improve the permeability and water retention capacity of our soils, and improve recharge structures so as to reduce or eliminate the surface flow of water directed to the rivers.

CORPORATE SOCIAL RESPONSIBILITY

We are in the process of establishing forest-like ecosystems on marginal land extents and also along the water streams present in the tea estates. Further to that we have started the construction of mini/micro scale cascading reservoir systems etc, in order to improve the retention of the water we harvest. Thereby, in addition to improving the water availability for the estate matters and for the plantation community, above water harvesting initiatives would secure the water supply for the people living down the streams beyond our territory as well. Accordingly, we would be able to halt the decline in our water resources and prevent a major crisis in years to come, to secure and improve the performance of our cultivation.

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

- Improve its stand of both high and low shade that not only serves to reduce ground temperatures but provides valuable raw material for mulching and reduce the velocity of heavy rainfall at the point of impact.
- Contour draining – a process that enables to maximize the harvesting of rain water amongst other agronomical benefits.
- Forking and burying of pruning material to improve soil permeability amongst other agronomical benefits.

All water catchment areas are carefully identified and are kept undisturbed to continue serving as water bodies for the resident and non-resident population, in and around our plantations. Given the high standard of agricultural practices our plantations do not permit surface runoff of water but traps it through the draining system to promote absorption of water.

In the production process of rubber, the factories have well-designed effluent treatment plants, and water used in the production process is treated and adequately purified to reduce the effluent at an acceptable level as per the environment policy.

Our field of water resources management will continue to adapt to the current and future issues. It is likely that ongoing climate change will lead to situations that have not been encountered before. As a result, to face the rise of uncertainties in the environment new tactics are being followed and implemented in order to avoid setbacks in the future.

Conservation of Biodiversity

Protecting and preserving the wealth and variety of species, habitats, ecosystems, and genetic diversity on the planet, is important for the sustainability of our planet. As an environmentally and socially responsible group, we are committed to preserve biodiversity by raising community awareness on conservation. Our plantation companies are crucible for our sustainable efforts, where we conduct bio diversity surveys, community awareness programmes, planting community forestry blocks rich in native plants, eco tourism and nature photography.

FINANCIAL REVIEW

Overall Group Performance

During the financial year 2020/21, the Group was able to remain resilient in the market in terms of revenue amounting to Rs. 56.7bn, with an increase of 4.6% over the previous financial year. The measures taken to reduce cost and increase efficiencies were powerful tools which increased gross profit from Rs. 12.8bn to Rs. 14.2bn by 10.9%. Consequently, the Group recorded a Profit before Tax of Rs. 6.5bn and Profit after Tax of Rs. 5.1bn.

Revenue Analysis

The Group recorded an increase in its revenue by 4.6% when compared with previous year and which represents a mixed contribution from sectors where the Group operates.

Retail Sector

The Retail sector emerged as the most significant contributor to the Group's Revenue for yet another year, contributing 47.2% to the Group revenue. The sector reported a revenue of Rs. 26.8bn, indicating a flat performance over the previous year. The growth in the modern retail trade continued to expand with the emphasis by clients on convenience and availability, more and more in urban cities with the busy lifestyles. The performance of the sector was assisted by the opening of large format outlets which in turn expanded the total network of large format retail outlets to 28. The sector is also focusing in premeditated geographical expansion in all formats of outlets and expanding its array of displayed products. Throughout the year, the sector continued to be the value driver of the Group, attracting a larger portion of its risk weighted capital.

Rubber Sector

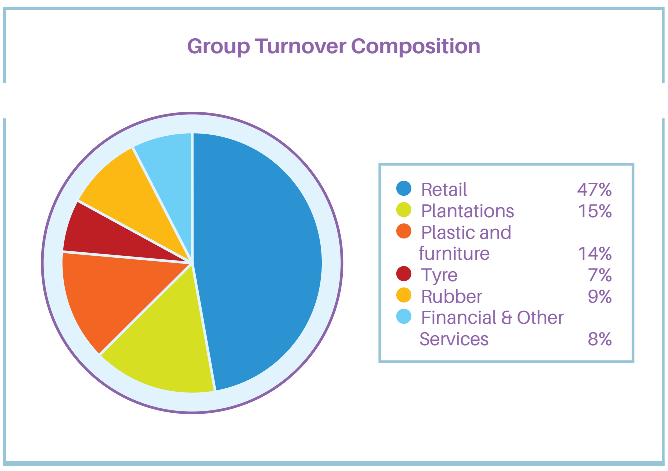
The Rubber sector continued its innovation and product diversification during the year with its revenue increasing by 1.2% to Rs. 5.4 bn. Increase in volumes along with the rupee depreciation induced the sector revenue during the year. The growth reported in this sector is noteworthy given the recessionary pressure in the European, Asia Pacific and the Latin American regions.

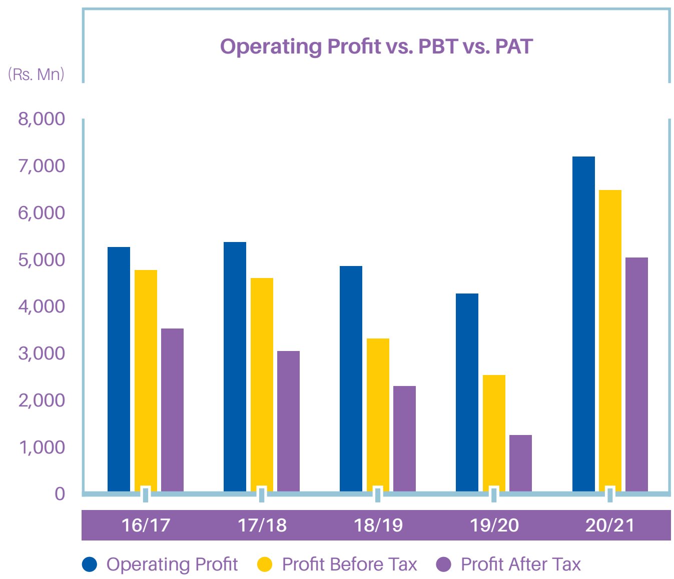
Tyre Sector

Revenue of the Tyre sector reached Rs. 3.7 bn, contributing 6.5% to the Group revenue in the reporting financial year. The re-treading segment continued to dominate the sector's revenue. However, the rising competition posed by imported radial tyres, which offer a lower cost per kilometre, has exerted significant pressure on the market segment of rebuilding tyres. Numerous product promotions initiated through dealer networks as well as at corporate levels resulted in a considerable contribution from the trading of Nexen and Birla Tyres. The sector is gradually giving prominence towards the trading operations of its branded products of Nexen and Birla. Contribution from Solid Tyre manufacturing also showed promising results during the year, showcasing a better performance for the next financial year.

Plastics and Furniture Sector

Despite of the challenges imposed from the external environment, the Plastics and Furniture sector was able to report revenue of Rs. 7.9 bn for the financial year 2020/21 contributing 13.8% to the Group revenue. Plastic and Furniture sector comprise key product categories such as Mattresses, Water tanks, PVC pipes, Vinyl mats, Electronic and Rigifoam products and the products are highly sensitive to the market sentiments. The sector was challenged with numerous factors including fluctuation in the global material prices and rupee depreciation which in turn increased the procuring costs. Product developments and strategic initiatives are underway to revive and to move forward.





FINANCIAL REVIEW

Plantation Sector
The sector ended the year by recording total revenue of Rs. 8.7 bn and continued to be the second highest contributor to the Group revenue, contributing 15.4% during the year under review.

Revenue from the palm oil segment is known as the most profitable crop in the plantation sector. The sector is poised to restructure its cost structures in the future.

Financial Services Sector
The Financial Services sector comprises of the Finance company, Life insurance, Stock broking and Margin trading. The sector continued its growth momentum in the reporting year. The sector has contributed to the Group revenue by reporting Rs. 4.3 bn contributing 7.5% of the Group revenue.

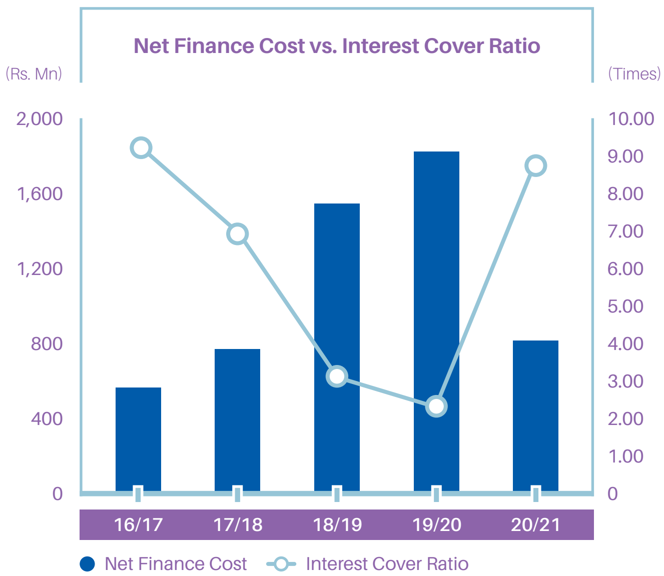
Cost of Sales and Operating Expenses
The cost of sale of the Group increased by 2.6% during the year under review which absorbed 75% of the Group revenue. The cost of sales reported to be Rs. 42.5bn in the period under review compared to Rs. 41.4bn in the corresponding year.

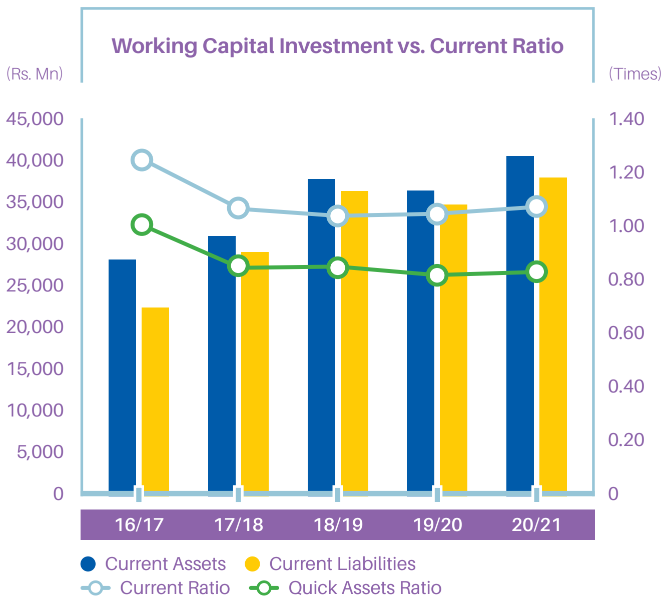
Administration costs was reported to be Rs. 5.8bn in the reporting year compared to Rs. 6.2bn in the previous year. Meanwhile, the Group's distribution costs, which include advertising and promotional costs as well as sales related expenses, commissions paid on sales volumes, decreased by 31.3% to reach Rs. 2.5 bn during the year, accounting for 4.4% of the total revenue.

Profit from Operations
The gross profit was reported to be Rs. 14.2bn for the reporting year 2020/21 compared to Rs. 12.8bn in the financial year 2019/20. Other operating income for the year was recorded at Rs.1.3 bn. Consequently, profit from operations of the Group increased by 67.3% to Rs. 7.2bn, which reflects an operating profit margin of 12.7% for the reporting financial year.

Retail Sector
Retail sector yet again pivoted to be the main contributor to group returns generated from operations which contributed 34% to the Group operating profit compared to 53.8% in the corresponding year. The operating profit of the Retail sector was Rs. 2.4 bn. The focus on producing energy through renewable energy sources in selected large format retail outlets and emphasis on key strategic initiatives in managing the cost structure backed the recorded operating profit margin of 9%. Further, margin enhancement programmes are underway which is expected to upsurge the margins of the sector in the near future.

Rubber Sector
The rubber sector emerged to be the fifth highest contributor for the Group operating profit accounting for 17.3% during the period under review. The operating profit reached to Rs. 1.2 bn for the year under review compared to Rs. 1.2bn reported in the previous financial year showcasing a stagnation.





Tyre Sector

The tyre sector reported an operational profit of Rs. 738mn for the reporting financial year contributing 10.2% to the Group operating profit. The Tyre sector to an extent was affected from increase in raw material prices in the market which influenced in escalation of the operational cost.

Plastics and Furniture Sector

The Plastic and Furniture sector reported revenue of Rs. 7.9 bn while the operating profit reached to Rs. 1.4 bn for the year under review compared to Rs. 0.7 bn reported in the previous financial year.

Plantation Sector

The plantation sector, which experienced a healthy performance previous year, and recorded an operating profit of Rs. 1.6bn and contributed by 21.6% of the operating profit of the group. The sector has recorded a Rs. 8.7 bn turnover during the year by contributing to 15.4% of the Group revenue.

Financial Services Sector

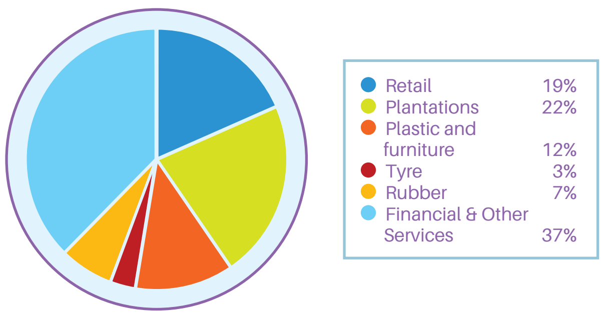
The sector reported an operating loss of Rs. 184mn for the reporting year, indicating a slowdown over the previous year. Revision of interest rate highly affects the deposit base of the Finance company.

Group Financial Position and Liquidity

Non-Current Assets

The non-current assets of the group represent Rs. 31.5 bn during the year, and as such represent 43.6% of total assets. The property, plant and equipment category, which accounts for 28.6% of the total assets, increased by 2.1% over the previous financial year.

Segmental Assets



Working Capital

During the year, the current assets of the Group increased to Rs. 40.8bn compared to Rs. 36.4bn reported during the corresponding period, whilst current liabilities also reached Rs. 37.4 bn indicating an increase of 12% and 5.7% respectively. Inventory increased by Rs. 1.3 bn and stock level reached to Rs. 9.4 bn. Trade receivables were reported to be Rs. 8.7 bn in the reporting year compared to Rs. 8.2 bn in the previous financial year. The working capital cycle expanded, which induced trade and other payables also to increased to Rs. 11.6 bn. Accordingly working capital days were managed within the controllable limits. The total current assets of the Group accounted for 56.4% of its total assets while total current liabilities accounted for 72.5% of the total liabilities. The Group's current ratio was reported to be 1.09 and the quick ratio was reported at 0.84 compared to 1.03 and 0.8 times respectively in the corresponding period.

Capital Structure

Equity

The profit attributable to the shareholders for the year was recorded at Rs. 4.5bn, which in turn induced the reserves to reach Rs. 15.4bn.

Borrowing

In terms of borrowings, the net debt including cash balance was stationed at Rs. 12.7 bn compared to Rs. 17 bn in the previous financial year, a decrease of Rs. 4.3 bn during the year mainly because the Group relied on external funding for the continuous expansion of its core businesses.

Market Capitalization

The market capitalization of the Company was Rs. 34.2 bn at the closing price of the share, increased from Rs. 15.9 bn recorded in the previous year. During the year under review, the highest traded price of the Group's share was Rs. 18.70, while the lowest price was Rs. 7.00. During the period under review 201,623,891 shares were traded and the share price closed for the year at Rs. 16.80.

RISK MANAGEMENT

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

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

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

RISK MANAGEMENT

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

STATEMENT OF VALUE ADDED

	2020/2021 Rs.'000	%	2019/2020 Rs.'000	%
Revenue	56,725,189		54,239,710	
Cost of material and services purchased	(36,958,657)		(39,544,301)	
	19,766,532		14,695,409	
Other income	1,348,129		1,365,070	
	21,114,661		16,060,479	
Distribution of value added				
To employees				
- Remuneration	8,914,048	42%	8,370,244	54%
To government				
- Duties and taxes	1,654,213	8%	2,078,742	12%
To providers of capital				
- Interest on loan capital	1,432,021	7%	2,329,271	14%
- Non controlling interest	575,701	3%	147,385	1%
- Dividend to shareholders	2,035,038	10%	-	-
Retained in the business				
- Depreciation and amortisation	2,013,379	10%	1,991,636	12%
- Profit retained	4,490,261	20%	1,143,201	7%
	21,114,661	100%	16,060,479	100%

OUR PEOPLE

The Richard Pieris Group is powered by a team of dynamic employees that drive the success of the organization. We are proud of the inclusive and equitable workplace culture we have built over nine decades, rising to the forefront of respected corporates in the country. The Group's human resource philosophy is supported by a robust framework of policies and clearly-defined governance structures.

Management Approach

As a diversified Group, our people hail from different professional and academic backgrounds, holding the requisite knowledge and skills to deliver organizational goals. The Human Resource (HR) policies of the Group focus on talent management and retention for sustainable operations. The Richard Pieris Group, with its unparalleled heritage of being one of the corporate icons in the country, continues to be a talent magnet for the most accomplished professionals and is building a team of dedicated and motivated employees. The employee-centric management strategy has enabled the Group to be known as an equal opportunity employer which does not discriminate on the grounds of race, ethnicity, religions, caste, colour or gender, while respecting the rights of its employees and adheres to all labour laws.

Engaging with Employees

Strong employee engagement boosts the morale of employees and the profitability levels of the organization. The senior management ensures all communication channels are open and used regularly to foster dialogue and discussion and extends employees, a platform to voice their ideas, suggestions and grievances.

Succession Planning

Nurturing a future pipeline of leadership is critical for the sustainability of business operations and organizational stability. RPC has in place a clear succession plan which identifies future talent and grooms employees for leadership roles. In addition, these individuals are given the requisite training opportunities to build their leadership skills. All vacant positions are advertised internally to allow employees to apply before external recruitment from the industry. Since the RPC is a Group, it has the advantage of hiring across the group companies as well. Overall, the Group offers ample opportunities for talented employees to find positions that match their skills and ambitions.

Training and development

As a Diversified Group, RPC has a wide mix of human capital that needs to be nurtured and developed to be able to meet the diverse skills and requirements of the various business units. As a result, well-structured training programmes are in place to enhance skills and update knowledge of staff at regular intervals in order for them to have the right information and training to do their job well. Training programmes are conducted by both in-house and external trainers across various disciplines at the in-house training academy built with a purpose to focus on employee training. Learning and development facilitates goal fulfillment for the organization and enhances the performance of employees, further leading to a more streamlined succession plan.

Apart from technical and managerial training, other soft skills training programmes are conducted to enhance knowledge about health, nutrition and wellness around the Group. Especially, nutritional programmes for children and pregnant mothers at our plantations have proved beneficial in raising awareness about healthy diets and nutritional needs of children.

Employee Appraisals

All our employees are subjected to a performance-linked appraisal scheme on the basis of previously communicated, objective criteria. The appraisal evaluates the employees' performance against KPIs as well as their attitudes in everyday work and attributes such as cooperation, engagement, quality, efficiency and management skills. Employees scoring high on their appraisals are remunerated as per set parameters while some who score lower are given the requisite training and support to improve in weak areas. Monthly, bi-annual and annual appraisals are conducted.

Employee innovation

As an organization that wants to constantly evolve and grow, we need employees to be nimble and innovative. Our employees are the crucible of innovation and new ideas and in order to stimulate fresh thinking, employees are regularly challenged to think outside the box and find solutions to problems by stepping out of their comfort zone. Regular brainstorming sessions are held for employees to bounce ideas off each other. Innovative ideas from employees have helped re-engineer the business and drive cost efficiencies for the organization. The management engages with employees on several forums to encourage employees to express any new ideas they may have for enhancing the business.

Work-Life balance

Working life takes up a majority of the day, but if employees feel they have little time left for other pursuits, this could lead to dissatisfaction and stress. As a result, the Company has assigned fixed working hours and encourages employees to pursue hobbies and immerse themselves in their personal lives as well without making unnecessary and unfair demands on their time. A host of recreational activities are held annually for staff to bond with each other and feel energized, thereby engendering a sense of belonging to the organization.

Promoting Wellbeing

Workplace stress and a poor work-life balance can lead to employees being dissatisfied with their workplace, which is why at RPC, employee wellbeing is prioritized across all levels across physical, mental and emotional wellbeing. The Company has evaluated all aspects of employee wellbeing to ensure they receive adequate support and encouragement from superiors and colleagues, along with industry-best incentives and welfare to feel valued and content. Financial stress is one of the key concerns that could impinge on workers' focus on work and in order to allay their concerns RPC provides comprehensive incentives such as insurance to cover medical expenses during an illness and such to minimize stress points for employees. Boosting their morale with clear directions for what is expected of them, providing them the necessary support through training and mentoring, and keeping the communications channels open at all times are measures which have facilitated our employees to feel a part of the team.

Occupational Health and Safety

The health and wellbeing of our employees was the paramount concern for the Company considering the ongoing COVID-19 pandemic in the country. In order to keep employees safe and to ensure uninterrupted operations, the Company complied with all the hygiene and safety protocols issued by health authorities for workplaces. Employees have been provided with opportunities for maintaining hand hygiene and social distancing.

At RPC we believe that a strong workplace safety and health policy results in a happier workforce and improved performance and profitability. Therefore, the Company ensures compliance with workplace health and safety standards and regularly monitors accident prevention measures, while educating employees on the same and on how they can report any unsafe practices to the management.

CORPORATE STRUCTURE

1. RUBBER SECTOR

RICHARD PIERIS EXPORTS PLC	
Business Activity	Manufacture and export of rubber mats and sealing rings
Dr. Sena Yaddehige	Chairman/CEO
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director
Mr. W J V P Perera	Director
Mr. W R Abeysirigunawardena	Director
Dr. L M K Tillekeratne	Director
Mr. A M Patrick	Director
Stated Capital	Rs. 220,262,000 represented by 11,163,745 shares
Group Holding	83.90%

ARPITALIAN COMPACT SOLES (PRIVATE) LIMITED	
Business Activity	Manufacture and export of resin rubber shoe soling sheets
Dr. Sena Yaddehige	Chairman
Mr. Fabio Piccolo	Director
Mr. W R Abeysirigunawardena	Director
Mr. Rohan Nishantha Yaddehige	Director
Mr. Manoj Pathiraja	ceased to be a Director w e f 19.10.2020
Stated Capital	Rs. 542,371,660 represented by 60,471,501 ordinary shares and 6,404,500 preferential shares
Group Holding	58.69%

RICHARD PIERIS NATURAL FOAMS LIMITED	
Business Activity	Manufacture and export of foam rubber products
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. W R Abeysirigunawardena	Director
Mr. W J V P Perera	Director appointed w e f 25.06.2020
Stated Capital	Rs. 640,822,600 represented by 64,082,260 shares
Group Holding	85.75%

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

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

2. TYRE SECTOR

RICHARD PIERIS TYRE COMPANY LIMITED	
Business Activity	Tyre retreading, re-manufacturing & trading
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. Pradeep Samaratunga	Director
Stated Capital	Rs. 50,000,000 represented by 4,000,000 shares
Group Holding	100%

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

RICHARD PIERIS RUBBER COMPOUNDS LIMITED	
Business Activity	Mixing rubber compounds
Dr. Sena Yaddehige	Chairman
Mr. W R Abeysirigunawardena	Director
Mr. Pradeep Samaratunga	Director
Stated Capital	Rs. 17,000,000 represented by 1,700,000 shares
Group Holding	100%

BGN INDUSTRIAL TYRE (PRIVATE) LIMITED	
Business Activity	Manufacturing of Industrial tyre
Mr. Shaminda Yaddehige	Director
Mr. Pradeep Samarathunga	Director
Mr. W R Abeysirigunawardena	Director
Mr. B G Nandana	Director
Ms. B G K Madhuhansika	Director
Mr. P A Rohitha Karunarathne	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 147,364,000 represented by 7,317,680 shares
Group Holding	51.00%

3. PLASTICS, FURNITURE & ELECTRONICS SECTOR

PLASTISHELLS LIMITED	
Business Activity	Manufacture of rotational molded products
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 34,160,030 represented by 3,416,003 shares
Group Holding	98.39%

ARPICO PLASTICS LIMITED	
Business Activity	Manufacture of plastic products
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. L C Wijeyesinghe	Director
Stated Capital	Rs. 29,000,000 represented by 2,900,000 shares
Group Holding	100%

ARPITECH (PRIVATE) LIMITED	
Business Activity	Manufacture of PVC pipes & fittings and polyurethane foam products
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. L C Wijeyesinghe	Director
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 35,000,020 represented by 3,500,002 shares
Group Holding	100%

R P C POLYMERS (PRIVATE) LIMITED	
Business Activity	Manufacturers, exporters and importers of all plastic products
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 187,000,020 represented by 18,700,002 shares
Group Holding	98.88%

RICHARD PIERIS RUBBER PRODUCTS LIMITED	
Business Activity	Manufacture of rubber products
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. W R Abeysirigunawardena	Director
Mr. Shaminda Yaddehige	Director
Stated Capital	Rs. 27,000,000 represented by 2,700,000 shares
Group Holding	100%

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

CORPORATE STRUCTURE

ARPICO DURABLES (PRIVATE) LIMITED	
Business Activity	Business of trading and distributing goods
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. Shaminda Yaddehige	Director
Mr. Pradeep Samarathunga	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%

4. RETAIL SECTOR

RICHARD PIERIS DISTRIBUTORS LIMITED	
Business Activity	Managing & operating a chain of retail network
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. Ravi Liyanage	Director resigned w e f 25.08.2020
Mr. Shaminda Yaddehige	Director/Alternative Director to Dr. Sena Yaddehige
Mr. W J V P Perera	Director
Stated Capital	Rs. 1,096,760,960 represented by 106,676,096 shares
Group Holding	100%

ARPICO INTERIORS (PRIVATE) LIMITED	
Business Activity	Interior decorating
Mr. S S G Liyanage	Director
Mr. Shaminda Yaddehige	Director
Mr. K A S Lasantha	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 30,000,020 represented by 3,000,002 shares
Group Holding	100%

ARPICO FURNITURE LIMITED	
Business Activity	Furniture Industry
Mr. S S G Liyanage	Director
Mr. Shaminda Yaddehige	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 40,000,000 represented by 4,000,000 shares
Group Holding	100%

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

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

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

RPC PROPERTIES (PRIVATE) LIMITED	
Mr. S S G Liyanage	Director
Mr. D I U N K Baddewithana	Director
Mr. W J V P Perera	Director appointed w e f 13.05.2020
Stated Capital	Rs. 1,000 represented by 100 shares
Group Holding	100%

5. PLANTATION SECTOR

RICHARD PIERIS PLANTATIONS (PRIVATE) LIMITED

Business Activity	Managing agents of plantations
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Shaminda Yaddehige	Director
Mr. Sriyan Eriyagama	Director resigned w e f 30.06.2020
Mr. S S G Liyanage	Director appointed w e f 25.11.20
Stated Capital	Rs. 70 represented by 7 shares
Group Holding	100%

RPC MANAGEMENT SERVICES (PRIVATE) LIMITED

Business Activity	Investment & management of the plantation companies
Dr. Sena Yaddehige	Chairman
Dr. C M P P R P Perera	Director
Mr. Shaminda Yaddehige	Director
Mr. Sudheera Epitakumbura	Director
Stated Capital	Rs. 75,000,000/- represented by 7,500,000 shares
Group Holding	100%

MASKELIYA PLANTATIONS PLC

Business Activity	Tea Plantations
Dr. Sena Yaddehige	Chairman
Dr. L S K Hettiarachchi	Director
Mr. J L A Fernando	Director
Mr. Shaminda Yaddehige	Director
Dr. Sarath Samaraweera	Director
Mr. S S G Liyanage	Director
Stated Capital	Rs. 673,720,950 represented by 53,953,490 shares
Group Holding	83.40%

KEGALLE PLANTATIONS PLC

Business Activity	Rubber, Tea and Coconut Plantations
Dr. Sena Yaddehige	Chairman
Prof. R C W M P A Nugawela	Director
Dr. S S G Jayawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director
Mr. J L A Fernando	Director appointed w e f 15.02.2021
Stated Capital	Rs. 250,000,010 represented by 25,000,001 shares
Group Holding	79.14%

EXOTIC HORTICULTURE (PRIVATE) LIMITED

Business Activity	Cultivation of fruits
Dr. Sena Yaddehige	Chairman
Mr. Sriyan Eriyagama	Director resigned w e f 30.06.2020
Mr. S S G Liyanage	Director
Mr. W J V P Perea	Director appointed w e f 25.11.20
Stated Capital	Rs. 10,000,000 represented by 1,000,000 shares
Group Holding	100%

HAMEFA KEGALLE (PRIVATE) LIMITED (Discontinued Business)

Business Activity	Manufacture & Export of furniture
Dr. Sena Yaddehige	Chairman
Mr. L C Wijeyesinghe	Director
Mr. Sriyan Eriyagama	Director resigned w e f 30.06.2020
Mr. S S G Liyanage	Director appointed w e f 25.11.20
Stated Capital	Rs. 28,000,020 represented by 2,800,002 shares
Group Holding	79.14%

CORPORATE STRUCTURE

NAMUNUKULA PLANTATIONS PLC	
Business Activity	Rubber, Tea, Cinnamon, Coconut & Oil Plantations
Dr. Sena Yaddehige	Chairman
Mr. N C Pieris	Director
Mr. B A T Rodrigo	Director (Government nominee)
Mr. Shaminda Yaddehige	Director
Mr. S G D Amerasinghe	Director
Mr. S S G Liyanage	Director
Stated Capital	Rs. 350,000,010 represented by 23,750,001 shares
Group Holding	67.48%

RPC PLANTATION MANAGEMENT SERVICES (PRIVATE) LIMITED	
Business Activity	Investment & Management of Plantations
Dr. Sena Yaddehige	Chairman
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage	Director
Mr. Sudheera Epitakumbura	Director
Stated Capital	Rs. 241,062,500 represented by 24,106,250 shares
Group Holding	100%

MASKELIYA TEA GARDENS (CEYLON) LIMITED	
Business Activity	Trading & Marketing of Value Added tea
Dr. Sena Yaddehige	Chairman
Mr. Athula Herath	Director
Mr. J L A Fernando	Director
Mr. Manoj Pathiraja	ceased to be a Director w e f 19.10.2020
Stated Capital	Rs. 15,000,070 represented by 1,500,007 shares
Group Holding	100%

6. FINANCIAL & OTHER SERVICES

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

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

RPC LOGISTICS LIMITED	
Business Activity	Freight forwarding and allied services
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 20,000,070 represented by 2,000,007 shares
Group Holding	100%

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

ARPICO CONSTRUCTION (PRIVATE) LIMITED formerly RPC CONSTRUCTION (PRIVATE) LIMITED	
Business Activity	Business of construction nationally and internationally
Dr. Sena Yaddehige	Chairman
Mr. W J V P Perera	Director
Mr. Rohan Nishantha Yaddehige	Director
Stated Capital	Rs. 20,000,070 represented by 2,000,007 shares
Group Holding	100%

ARPICO HOMES LIMITED (Discontinued Business)	
Business Activity	Property & Real Estate Development
Dr. Sena Yaddehige	Chairman
Mr. W S Kalugala	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 70 represented by 7 shares
Group Holding	100%

ARPICO HOTEL SERVICES (PRIVATE) LIMITED (Discontinued Business)	
Business Activity	Business of national and international airline travel and trade
Dr. Sena Yaddehige	Chairman
Mr. Sanjeewa Manoj Thushara	ceased to be a Director w e f 10.01.2021
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 6,000,020 represented by 600,002 shares
Group Holding	100%

MARKRAY SYSTEMS (PRIVATE) LIMITED	
Business Activity	Carrying on IT related activities
Dr. Sena Yaddehige	Chairman
Mr. W S Kalugala	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%

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

RICHARD PIERIS FINANCIAL SERVICES (PRIVATE) LIMITED	
Business Activity	Margin providers
Mr. Shiron Gooneratne	Director
Mr. W J V P Perera	Director
Stated Capital	Rs. 35,000,000 shares represented by 3,500,000 shares
Group Holding	100%

ARPICO HOSPITAL (PRIVATE) LIMITED	
Business Activity	Relating to human health care and allied services
Dr. Sena Yaddehige	Chairman
Mr. Sriyan Eriyagama	Director resigned w e f 30.06.2020
Stated Capital	Rs. 40 represented by 4 shares
Group Holding	69.79%

ARPICO WAREHOUSE (PRIVATE) LIMITED	
Business Activity	Warehousing
Mr. S S G Liyanage	Director
Stated Capital	Rs. 30 represented by 3 shares
Group Holding	93.04%

ARPICO INSURANCE PLC	
Business Activity	Life Insurance
Mr. W J V P Perera	Chairman
Mrs. L S A Seresinhe	Director
Mr. S Sirikananathan	Director
Mr. Shiron Gooneratne	Director
Mr. Ravi Liyange	Director resigned w e f 25.08.2020
Stated Capital	Rs. 675,564,870 represented by 66,230,407 shares
Group Holding	81.59%

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

CORPORATE STRUCTURE

RICHARD PIERIS FINANCE LIMITED	
Business Activity	Carrying on leasing, hire purchasing & other financial services
Mr. J F Fernandopulle	Chairman
Mr. D P J Hewavitharana	Director resigned w e f 18.01.2021
Mr. Gamini Wijesurendra	Director resigned w e f 31.05.2020
Mr. R S Wijeweera	Director resigned w e f 05.06.2020 / Appointed w e f 07.06.2020
Mr. A P L Fernando	Director resigned w e f 31.05.2020
Mr. K B Wanigasekara	Director appointed w e f 28.08.2020
Mrs. N D Seneviratne	Director resigned w e f 12.10.2020
Mr. K B Wijeyaratne	Director appointed w e f 16.02.2021
Mr. A P U Keppetipola	Director appointed w e f 16.02.2021
Stated Capital	Rs. 1,260,830,690 represented by 121,833,069 shares
Group Holding	98.45%

ARPICO INFOSYS (PRIVATE) LIMITED	
Business Activity	Relating to information communication technology/ business process outsourcing
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%

ARPICO PHARMACEUTICALS (PRIVATE) LIMITED	
Business Activity	Relating to trading of pharmaceutical product
Dr. P M S S Pathinisekara	Director
Dr. M S Samarakoon	Director
Mr. Shiron Gooneratne	Director
Stated Capital	Rs. 100,000,020 represented by 10,000,002 shares
Group Holding	100%

ARPICO DEVELOPMENTS (PRIVATE) LIMITED	
Business Activity	Construction of shopping malls and renting it out to retail business
Dr. Sena Yaddehige	Chairman
Mr. S S G Liyanage	Director
Mr. Manoj Pathiraja	ceased to be a Director w e f 19.10.2020
Mr. W J V P Perera	Director appointed w e f 27.01.2021
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	100%

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

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

RICHARD PIERIS TRADING CO. PTE LIMITED	
Business Activity	General wholesale trade (Including General Importers and Exporters)
Mr. D P J Hewawitharana	Director
Ms. Diong Chon Loi	Director
Stated Capital	Rs. 65,349,374 represented by 618,500 shares
Group Holding	100%

ARPICO DAILY RETAIL MANAGEMENT (PRIVATE) LIMITED	
Mr. S S G Liyanage	Director
Mrs. R S K Rambodagedara	Director
Stated Capital	Rs. 20 represented by 2 shares
Group Holding	50%

KADOLANA BEACH RESORTS (PRIVATE) LIMITED	
Dr. Sena Yaddehige	Chairman
Stated Capital	Rs. 30 represented by 3 shares
Group Holding	59.71%

ARPICO NATURAL EXTRACTS (PRIVATE) LIMITED	
Mr. S S G Liyanage	Director
Stated Capital	Rs. 1,000 represented by 100 shares
Group Holding	91.43%

FINANCIAL INFORMATION

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Richard Pieris and Company PLC are pleased to present to their members the Annual Report together with the audited Financial Statements of its Group and the Company, for the year ended 31 March 2021.

The Directors approved the Financial Statements on 25th August 2021.

Principal Activities & Operational Review

Richard Pieris and Company PLC is the holding company that owns, directly and indirectly, investments in a number of companies constituting the Richard Pieris Group. The principal activities of the Group are described under the Group Structure on pages 54 – 60 of the report.

A review of the Group's business and its performance during the year, with comments on financial results and future developments, is contained in the Chairman Review, Sector Reviews and the Financial Review of this Annual Report. The measures taken by the Company to manage its risks are detailed in the report titled Risk Management on pages 48 – 50 of this report.

Future Developments

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

Group Revenue

The revenue of the Group was Rs. 57 bn. A detailed analysis of the Group's turnover identifying the contributions from different sectors is given in Note 3 to the Financial Statements. The Group's exports from Sri Lanka were Rs. 5.5 bn. Trade between Group companies is conducted at fair market prices.

Results & Dividends

Details relating to the Group profits are given in the table on Page 63. The Group reported a Profit after tax amounting to Rs. 5 bn.

Group Investments

The Group Invested Rs. 35 mn in equity shares of National Development Bank other than investments in subsidiary companies during the year. Details of this are given in Note 16 and Note 17 to Financial Statements.

Property, Plant & Equipment

Capital expenditure on property, plant, equipment and work-in-progress incurred during the year under review amounted to Rs. 1.66 bn. Information relating to this is given in Note 12 to the Financial Statements. Land is included as described in accounting policies in the financial statements. Capital expenditure approved and contracted for after the year-end is given in Note 36 to the Financial Statements. The value of property stated in the Financial Statements is not in excess of its current market values.

Freehold Property

A description of the property owned by the Group is shown under the Group Real Estate portfolio on page 148 and 149.

Stated Capital

The stated capital of the Company as at 31 March 2021 was Rs. 1.9 bn. The details of the stated capital are given in Note 24 to the Financial Statements.

Reserves

Total Group Reserves as at 31st March 2021 amount to Rs. 15.4 bn. (Rs. 12.6 bn as at 31 March 2020). The details of which, is given in the Statement of Equity in page 79.

Taxation

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

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

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

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

Share Information

Information relating to earnings, dividend, net assets and market value per share is given in the Ten Year Summary on pages 144 – 145 of this report.

Substantial Shareholdings

The twenty major shareholders and the percentage held by each one of them as at 31st March 2021 are given in page 147 under Shareholder Information.

Directors

The names of Directors who served during the year are given on pages 10 to 13 of this report, under the caption of 'Board of Directors'.

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

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

01. Mr.Sunil Liyanage of No. 40, Bellantara Road, Nedimala, Dehiwala a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom, who is 75 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

The Company has also received a letter dated 9th August 2021 from Dr. Sena Yaddehige declaring his willingness to be elected to the Directorate of the Company.

02. Mr.Shantha Kalugala of 174/G, Uthuwankanda Road, Thalawathugoda, a shareholder of the Company.

"That Dr. Henry Jayatissa De Costa of No. 496/3, Havelock Road, Colombo 06, who is 79 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Henry Jayatissa De Costa"

The Company has also received a letter dated 11th August 2021 from Dr. Jayatissa De Costa declaring his willingness to be elected to the Directorate of the Company.

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

"That Mr. Viville P Perera of 33, C 1, King's Gate, Keells Housing Scheme, Buthgamuwa Road, Kalapaluwawa, Rajagiriya who is 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said "Mr. Viville P Perera"

The Company has also received a letter dated 10th August 2021 from Mr. Viville Perera declaring his willingness to be elected to the Directorate of the Company.

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

"That Mr. Sunil Liyanage of No.40, Bellantara Road, Nedimala, Dehiwala, who is 72 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. Sunil Liyanage"

The Company has also received a letter dated 10th August 2021 from Mr. Sunil Liyanage declaring his willingness to be elected to the Directorate of the Company.

Group Profits	2020/21 Rs.'000	2019/20 Rs.'000
The net profit earned by the Group after providing for all expenses, known liabilities and depreciation on property plant and equipments was	6,500,257	2,568,087
From which the deduction of income tax and transfer to the deferred taxation account was	(1,430,780)	(1,270,135)
Leaving the Group with a profit after tax from continuing operations of	5,069,477	1,297,952
From which the loss after tax from discontinued operations deducted was	(3,515)	(7,366)
Leaving the Group with a profit for the year of	5,065,962	1,290,586
From which Non - controlling interest deducted was	(575,701)	(147,385)
Leaving a profit attributable to the equity holders of the parent was	4,490,261	1,143,201
To which the retained profits brought forward from the previous year added was	12,642,969	11,245,314
Adjustments and transfers	2,732	19,952
Subsidiary dividend to minority shareholders	64,078	55,651
Adjustments due to changes in SLFRSs	-	126,357
Other comprehensive income/(loss)	253,370	52,494
Leaving a profit available for appreciation of	17,453,410	12,642,969
Appropriations		
The amount available has been appropriated as follows	-	-
Interim Dividend 2020-21	(2,035,038)	-
Leaving a retined profit to be carried forward amounting to	15,418,372	12,642,969

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

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

Directors' interests in contracts or proposed contracts with the Company both direct and indirect are disclosed on page 143. These interests have been declared at the meetings of Directors. The Directors have no direct or indirect interest in any other contract or proposed contract of the Company. The Company maintains an interest register as required by the Companies' Act No. 07 of 2007. Information pertaining to directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

Transactions with Related Undertakings

The list of Directors at each of the subsidiary and associate companies has been disclosed in the Group structure on page 54 to 60.

Directors' Shareholding

Directors' Shareholding in Richard Pieris and Company PLC is stated in page 147.

Directors' Interest in Contracts

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

Directors' Remuneration

Directors' fees and emoluments, in respect of the Group and the Company for the financial year ended 31st March 2021 are disclosed in Note 39.6 to the Financial Statements.

Vision & Long Term Goals

The Group's Vision and Long Term Goals are given in page 4 of this report.

Environmental Protection

The Company has not engaged in any activities detrimental to the environment. The Group's efforts in relation to environmental protection are set out in the Corporate Social Responsibility Report in pages 38 to 44.

Employment Policies

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

Statutory Payments

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

Events after the Reporting Date

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

Corporate Governance / Internal Control

The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control. The practices carried out by the Company in relation to corporate governance and internal controls are explained in pages 66 to 67 of this report. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company and the Group is set out in page 71 of this report.

Compliance with Other Laws & Regulations

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

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

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

Annual General Meeting

The date of the Annual General Meeting will be notified later.

Auditors

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

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

By Order of the Board

W. J. Viville Perera
Director

S.S.G. Liyanage
Director

Richard Pieris Group Services (Pvt) Limited
Secretaries

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

25th August 2021

CORPORATE GOVERNANCE

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

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

The Board and its Operations

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

The Board comprises eight Directors, of which five are Executive Directors whilst three are Non-Executive Independent Directors, ensuring an independent outlook to temper the expediency of the experts. Brief profiles of the Directors are set out on pages 10 to 13. The Board has assessed the independence of the Non-Executive Directors.

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

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

The main functions of the Board are to:

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

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

Sub Committees of the Board

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

Audit Committee

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

The Audit Committee Report on page 69 describes the activities carried out by the Committee during the financial year.

Remuneration Committee

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

The Report of the Remuneration Committee on page 68 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 70 highlights its main activities.

Relationship with Shareholders

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

Internal Controls

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 48 to 50.

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

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

Relationship with Other Stakeholders

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

The Board also ensures that the Group policies and practices are in line with the Company's values and its social responsibilities. The Group promotes protection of the environment, health and safety standards of its employees and others within the organization. The relevant measures taken are given in detail in the Corporate Social Responsibility report on pages 38 to 44.

Compliance

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

Going Concern

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

Name of Director	Executive	Non-Executive	Independent
Dr. S. Yaddehige	×		
Mr. W. J. V. P. Perera	×		
Mr. Shaminda Yaddehige	×		
Mr. S. S. G. Liyanage	×		
Mr. Shiron Gooneratne	×		
Dr. Jayatissa De Costa P.C.		×	×
Mr. Prasanna Fernando		×	×
Mr. J. F. Fernandopulle		×	×

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

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

REPORT OF THE REMUNERATION COMMITTEE

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

25th August 2021

REPORT OF THE AUDIT COMMITTEE

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

The purpose of the Audit Committee is to:

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

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

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

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

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

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

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

The principal activities of the Committee are detailed below.

Meetings

The Audit Committee held 04 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 Ernst & Young be re-appointed as Auditors for the financial year ending 31st March, 2021 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

25th August 2021

REPORT OF RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

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

The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Richard Pieris & Company PLC and all its listed subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules.

- To advise and update the Board of Directors on the related party transactions of each of the listed companies on a quarterly basis.

- To ensure compliance with the CSE listing rules on the Related Party Transactions.

- To review policies and procedures of Related Party Transactions of the Group.

- To ensure shareholder interests are protected and that fairness and transparency are maintained.

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

The Committee held 6 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 143.

Dr. Jayatissa De Costa P.C.
Chairman

25th August 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Richard Pieris and Company PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, M/s. Ernst & Young, which are set out in their report, appearing on pages 72 to 75 of this report.

The financial statements of the Company and its subsidiaries for the year ended 31st March 2021 included in this report, have been prepared and presented in accordance with the new Sri Lanka Accounting Standards (LKAS and SLFRS), and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the financial statements exhibited on pages from 76 to 143. 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 2021, and that of the profit for the year then ended.

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

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

The Directors' have provided the Auditors M/s. Ernst & Young Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data and express their opinion which appears as reported by them on pages 72 to 75 of this report.

By Order of the Board,

Richard Pieris Group Services (Pvt) Limited
Secretaries

310, High Level Road, Nawinna, Maharagama

25th August 2021

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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Chartered Accountants
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TO THE SHAREHOLDERS OF RICHARD PIERIS AND COMPANY PLC

Report on the Financial Statements

Opinion

We have audited the financial statements of Richard Pieris and Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the income statement and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

Key Audit Matter	How our audit addressed the key audit matter

Annual Impairment of Goodwill
 	
The Group recorded goodwill amounting to Rs. 1,115 million as at 31 March 2021 which is required to be assessed for impairment annually.
 	
Annual Impairment assessment was a key audit matter due to:
• the materiality of the reported goodwill.
• the degree of underlying assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated cash flows used for value-in-use calculations.
 	
The key management judgments, estimates and assumptions used in the value-in-use calculations included amounts together with timing of estimated future cash flows, long term growth as well as discount rates and the potential impacts from COVID-19.
	Our audit procedures included the following;
	
	• We gained an understanding of how management has developed its estimated future cash flows which included consideration of the impacts of the continuing COVID-19 pandemic.
	• We checked the calculations of the estimated future cash flows and cross checked the data to relevant underlying accounting records to determine their reasonableness.
	• We engaged our internal specialized resources to assist us in:
	  • assessing the reasonableness of the significant assumptions and judgements used such as estimated future cash flows, long term growth as well as discount rates; and
	  • evaluating the sensitivity of the estimated future cash flows by considering the impact of possible changes in key assumptions.
	• We have also assessed the adequacy of the disclosures made in note 14 to the financial statements.

Key Audit Matter	How our audit addressed the key audit matter

Impairment allowance for loans & receivables and lease rentals receivable & hire purchase.
 	
As described in Note 21, financial assets carried at amortised cost net of impairment allowance amounted to Rs.13,241 million.
 	
This was a key audit matter due to:
- the materiality of the reported impairment allowance which involved complex calculations; and
- the degree of assumptions, judgements and estimation uncertainty associated with such calculations.
 	
Key areas of significant judgements, estimates and assumptions used by management in the assessment of the impairment allowance included the following:
- the probable impacts of COVID-19 and related industry responses (e.g. government stimulus packages and debt moratorium relief measures granted); and
- forward-looking macroeconomic factors, including developing and incorporating macroeconomic scenarios, given the wide range of potential economic outcomes and probable impacts from COVID-19 that may impact future expected credit losses.
	We assessed the alignment of the expected credit loss computations and underlying methodology with the requirements of SLFRS 9 with consideration of COVID 19 impacts and related industry responses based on the best available information up to the date of our report. Our audit procedures included amongst others, the following:
	
	- We evaluated the design and implementation of controls over estimation of impairment, which included assessing the level of oversight, review and approval of provision for credit impairment policies and procedures by the Board and management.
	- We assessed the completeness and relevance of the underlying information used in the impairment calculations, by carrying out the following;
	  - evaluating whether the underlying historical information was up to the reporting date;
	  - testing the accuracy of underlying calculations; and
	  - checking the completeness and accuracy of the underlying data used in the computations by agreeing significant details to source documents and relevant accounting records.
	- As relevant, we assessed the reasonableness of the basis for and data used by management to determine overlays in consideration of the probable effects of the COVID -19 pandemic including the provisions that were made with a particular focus on the impact of COVID-19 on high risk industries.
	- We also considered the reasonableness of macro-economic factors used, by comparing them with publicly available data and information sources. Our considerations included evaluating assumptions and estimates made by management, forward-looking information used, and weightages assigned to possible economic scenarios.
	- We assessed the adequacy of the related financial statement disclosures as set out in note 21 of the financial statements.

Measurement of bearer of biological assets.
 	
As at 31 March 2021, the Bearer Biological Assets classified as Mature and Immature plantations of the Group amounted to Rs. 2,597 Mn and Rs. 5,574 Mn respectively.
 	
Assessing the carrying value of the bearer biological assets was a key audit matter due to:
- The magnitude of the balance and its relative significance to the total assts (11%) of the Group;
- Degree of subjectivity and management judgments involved in Identification of;
  - the point at which transfers to be made from immature plantations to mature plantations; and
  - the indicators of impairment.
	Our audit procedures included the following amongst others;
	
	- We assessed the internal controls in place to ensure; proper identification of the expenses to be capitalized relating to immature plantations.
	- We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other supporting evidences.
	- We assessed if the timely transfers from respective immature to matured plantation categories are made focusing on the ageing profile of immature plantations.
	- We reviewed the ageing profile of the immature biological assets as at the reporting date to ensure that indicators of impairment are duly identified where relevant, assessed for probable impairment losses and duly accounted for in the financial statements.
	- We also assessed the adequacy of the related disclosures given in Note 12 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Revenue The Group derived its revenue of Rs. 56,725 Mn from diverse operating segments as disclosed in Notes 2.10.1 and 3 to the financial statements. Revenue was a key audit matter due to: • the significance of the reported balance; • diversity of operating segments that generated the Group revenue from a variety transaction and events with customers; and • the significant judgements that were used to recognise appropriate revenue from financial services operating segment relating to the determination of whether a substantial modification of contractual terms has resulted or not, based on which the related impact was reflected as an adjustment to the revenue.	Our audit procedures included the following amongst others; • We identified the operating segments that generated significant revenue amounts and performed the following key procedures to address specific risks identified, with the involvement of component auditors, where relevant: ◦ Evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to sale of goods and service arrangements; ◦ Performed inquiries of management and appropriate analytical procedures to understand reasons contributing to the increase in revenue recognised during the year; ◦ Tested the appropriateness of revenue recognised with due focus to transactions near the year-end by comparing such with relevant supporting documentation including invoices, and delivery confirmations. ◦ Assessed the revenue has been appropriately recognized according to Group accounting policy. • In respect of revenue from financial services operating segment that was impacted by moratoriums and other relief measures, we carried out the following key procedures. ◦ We gained an understanding of the process adopted to grant, record and account for moratoriums and other relief measures provided to customers. ◦ We assessed the reasonableness of judgements applied by management in determining whether or not moratoriums and other relief measures have resulted in substantial modifications to the contractual arrangements. Such included evaluating whether revenue from modified contracts have been recognized in line with stated accounting policy for interest income recognition. ◦ We tested the accuracy of underlying revenue calculations. To that extent, our procedures included testing the completeness and accuracy of the data used in related calculations, by agreeing to source documents and moratorium customer details. • We also assessed the adequacy of the disclosures in respect of revenue in Notes 2.10.1 and 3 to the financial statements.

Other Information included in the 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2199

Ernst & Young

25 August 2021
Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Notes	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Continuing operations					
Revenue from contracts with customers	3.1	52,516,917	49,718,797	605,804	599,744
Revenue from insurance contracts	3.1	2,281,639	1,641,416	-	-
Interest Income from Finance company	3.1	1,926,633	2,879,497	-	-
Dividend Income	3.1	-	-	2,139,670	714,684
Other revenue	3.1	-	-	215,732	228,457
Total Revenue		56,725,189	54,239,710	2,961,206	1,542,885
Cost of sales		(42,522,465)	(41,439,428)	-	-
Gross profit		14,202,724	12,800,282	2,961,206	1,542,885
Other operating income	4.1	1,347,340	1,364,534	36,434	3,164
Selling and distribution expenses		(2,492,740)	(3,625,910)	-	-
Administrative expenses	4.3	(5,803,558)	(6,195,171)	(354,731)	(259,184)
Other operating expenses	4.2	(48,175)	(37,636)	-	-
Operating profit		7,205,591	4,306,099	2,642,909	1,286,865
Finance costs	5	(1,432,021)	(2,329,271)	(481,115)	(690,034)
Finance income	6	609,794	501,850	82,773	66,578
Share of profit of an associate	7	116,893	89,409	-	-
Profit before tax from continuing operations		6,500,257	2,568,087	2,244,567	663,409
Tax expense	8	(1,430,780)	(1,270,135)	(280,463)	(189,374)
Profit for the year from continuing operations		5,069,477	1,297,952	1,964,104	474,035
Discontinued operations					
Loss after tax for the year from discontinued operations	9	(3,515)	(7,366)	-	-
Profit for the year		5,065,962	1,290,586	1,964,104	474,035
Attributable to:					
Equity holders of the parent		4,490,261	1,143,201		
Non-controlling interests		575,701	147,385		
		5,065,962	1,290,586		
Earnings per share					
Basic	10	Rs. 2.21	Rs. 0.56		
Earnings per share for continuing operations					
Basic	10	Rs. 2.21	Rs. 0.57		
Dividend per share	11	Rs. 1.00	-		

Figures in brackets indicate deductions.

The accounting policies and notes from page 82 to 143 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31st March	Notes	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Profit for the year		5,065,962	1,290,586	1,964,104	474,035
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods;					
Net gain/(loss) on financial instruments at fair value through other comprehensive income		45,285	(7,009)	-	-
Fair value movement of AFS reserve transferred to life fund		(45,284)	7,009	-	-
Exchange differences on translation of foreign operations		32,081	44,723	-	-
Net other comprehensive income to be reclassified to profit or loss		32,082	44,723	-	-
Other comprehensive loss not to be reclassified to profit or loss;					
Net gain/(loss) on equity instruments at fair value through other comprehensive income		110,982	(236,269)	127,269	(197,755)
Gain / (loss) on acturial valuation on defined benefit obligation	32	348,576	67,038	(3,948)	15,078
Income tax effect		(38,337)	(13,581)	948	-
Net other comprehensive loss not to be reclassified to profit or loss		421,221	(182,812)	124,269	(182,677)
Other comprehensive loss for the year, net of tax		453,303	(138,089)	124,269	(182,677)
Total comprehensive income for the year, net of tax		5,519,265	1,152,497	2,088,373	291,358
Attributable to:					
Equity holders of the parent		4,880,241	992,585		
Non-controlling interests		639,024	159,912		
		5,519,265	1,152,497		

Figures in brackets indicate deductions.

The accounting policies and notes from page 82 to 143 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31st March	Notes	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Assets					
Non-current assets					
Property, plant and equipment	12.1	20,631,673	20,207,370	203,209	205,936
Investment properties	13	295,121	295,246	1,443,062	1,213,756
Right-of-use assets	29	4,974,188	5,559,343	313,144	365,634
Intangible assets	14	1,142,658	1,142,431	-	-
Bearer biological assets	15	1,301,177	1,138,269	-	-
Investments in subsidiaries	16	-	-	4,207,433	3,810,673
Investment in associates	16	227,534	189,407	-	-
Other non-current financial assets	17	2,470,448	1,983,494	717,066	554,405
Deferred tax assets	18	458,976	500,010	6,833	-
		31,501,775	31,015,570	6,890,747	6,150,404
Current assets					
Inventories	19	9,360,624	8,081,471	-	-
Produce on bearer biological assets	15	39,388	32,239	-	-
Trade and other receivables	20	8,690,957	8,249,393	403,057	425,807
Loans and advances	21	13,240,550	13,530,073	-	-
Tax receivables		225,656	316,554	-	-
Amounts due from subsidiaries		-	-	3,567,840	2,872,277
Other current financial assets	17	2,034,638	1,230,619	-	-
Cash and short-term deposits	23	7,163,794	4,961,963	753,585	3,669,704
		40,755,607	36,402,312	4,724,482	6,967,788
Total assets		72,257,382	67,417,882	11,615,229	13,118,192
Equity and liabilities					
Equity					
Stated capital	24	1,972,829	1,972,829	1,972,829	1,972,829
Revenue reserves		15,418,372	12,642,969	1,255,550	1,329,484
Statutory reserve fund	25	76,761	76,761	-	-
Other components of equity	26	(76,996)	(213,606)	(207,291)	(334,560)
Equity attributable to equity holders of the parent		17,390,966	14,478,953	3,021,088	2,967,753
Non-controlling interests		3,315,356	2,878,055	-	-
Total equity		20,706,322	17,357,008	3,021,088	2,967,753
Non-current liabilities					
Interest-bearing loans and borrowings	28	4,061,498	4,244,760	-	-
Lease liabilities on Right-of-use Assets	29	3,851,542	4,335,774	413,760	449,434
Insurance provision	27	2,097,233	1,622,089	-	-
Provisions	30	140,054	137,283	-	-
Government grants	31	506,962	508,573	-	-
Employee benefit liabilities	32	2,700,820	2,911,082	67,922	64,293
Deferred tax liabilities	18	821,043	949,281	-	3,759
		14,179,152	14,708,842	481,682	517,486
Current liabilities					
Trade and other payables	34	11,628,128	7,853,742	1,325,059	276,627
Customer deposits	35	8,604,696	8,710,786	-	-
Interest-bearing loans and borrowings	28	4,323,362	3,843,419	-	-
Lease liabilities on Right-of-use Assets	29	495,298	600,431	35,674	24,410
Amounts due to subsidiaries		-	-	15,201	5,940
Income tax payable		770,439	423,445	260,304	77,232
Short term borrowings	22	11,549,985	13,920,209	6,476,221	9,248,744
		37,371,908	35,352,032	8,112,459	9,632,953
Total liabilities		51,551,060	50,060,874	8,594,141	10,150,439
Total equity and liabilities		72,257,382	67,417,882	11,615,229	13,118,192

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

Sudheera Epitakumbura
Group Financial Controller

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

Shiron Gooneratne
Director

W J V P Perera
Director

The accounting policies and notes from pages 82 to 143 form an integral part of these financial statements.
25th August 2021

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							
	Stated capital Rs.'000	Revenue reserves Rs.'000	Fair value reserve of financial assets at FVOCI Rs.'000	Foreign currency translation reserve Rs.'000	Statutory reserve fund Rs.'000	Total Rs.'000	Non - controlling interest Rs.'000	Total equity Rs.'000
Group								
As at 1st April 2019	1,972,829	11,245,314	(150,753)	140,611	76,606	13,284,607	2,837,869	16,122,476
Profit for the year	-	1,143,201	-	-	-	1,143,201	147,385	1,290,586
Other comprehensive income	-	52,494	(230,127)	27,017	-	(150,616)	12,527	(138,089)
Total comprehensive income	-	1,195,695	(230,127)	27,017	-	992,585	159,912	1,152,497
Adjustments due to changes in SLFRSs	-	126,357	-	-	-	126,357	52,908	179,265
Adjustments	-	19,753	-	-	-	19,753	(19,753)	-
Transfers during the year	-	199	(354)	-	155	-	-	-
Subsidiary dividend to minority shareholders	-	55,651	-	-	-	55,651	(152,881)	(97,230)
At 31st March 2020	1,972,829	12,642,969	(381,234)	167,628	76,761	14,478,953	2,878,055	17,357,008
As at 1st April 2020	1,972,829	12,642,969	(381,234)	167,628	76,761	14,478,953	2,878,055	17,357,008
Profit for the year	-	4,490,261	-	-	-	4,490,261	575,701	5,065,962
Other comprehensive income	-	253,370	113,568	23,042	-	389,980	63,323	453,303
Total comprehensive income	-	4,743,631	113,568	23,042	-	4,880,241	639,024	5,519,265
Dividends	-	(2,035,038)	-	-	-	(2,035,038)	-	(2,035,038)
Adjustments	-	2,732	-			2,732	(2,732)	-
Subsidiary dividend to minority shareholders	-	64,078				64,078	(198,991)	(134,913)
At 31st March 2021	1,972,829	15,418,372	(267,666)	190,670	76,761	17,390,966	3,315,356	20,706,322
Company								
As at 1st April 2019	1,972,829	840,371	(136,805)	-	-	2,676,395	-	2,676,395
Profit for the year	-	474,035	-	-	-	474,035	-	474,035
Other comprehensive income	-	15,078	(197,755)	-	-	(182,677)	-	(182,677)
Total comprehensive income	-	489,113	(197,755)	-	-	291,358	-	291,358
Dividends	-	-	-	-	-	-	-	-
At 31st March 2020	1,972,829	1,329,484	(334,560)	-	-	2,967,753	-	2,967,753
As at 1st April 2020	1,972,829	1,329,484	(334,560)	-		2,967,753	-	2,967,753
Profit for the year	-	1,964,104	-	-	-	1,964,104	-	1,964,104
Other comprehensive income	-	(3,000)	127,269	-	-	124,269		124,269
Total comprehensive income	-	1,961,104	127,269	-		2,088,373	-	2,088,373
Dividends	-	(2,035,038)	-	-	-	(2,035,038)		(2,035,038)
At 31st March 2021	1,972,829	1,255,550	(207,291)	-	-	3,021,088	-	3,021,088

Figures in brackets indicate deductions.

The accounting policies and notes from page 82 to 143 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31st March	Notes	2021 Rs. '000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Operating activities					
Profit before tax from continuing operations		6,500,257	2,568,087	2,244,567	663,409
Loss from discontinued operations		(3,515)	(7,366)	-	-
Profit before tax		6,496,742	2,560,721	2,244,567	663,409
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property,plant and equipment	12,13	1,227,363	1,205,811	21,792	22,236
Amortization of ROUA	29	782,771	771,329	52,490	52,490
Amortisation and impairment of intangible assets	14	3,245	14,496	-	-
Gain on disposal of property, plant and equipment		(9,991)	(4,035)	-	-
(Gain)/loss on biological assets	15.3	(7,149)	(5,385)	-	-
Net change in the fair value of financial assets at FVTPL		(5,909)	3,948	-	-
Fair value adjustment of biological assets	15.1	(147,392)	(94,167)	-	-
Finance income	06	(609,794)	(501,850)	(82,773)	(66,578)
Finance costs	05	1,432,021	2,329,271	481,115	690,034
Share of profit of an associate	07	(116,893)	(89,409)	-	-
Provision for bad debts		38,629	74,458	-	-
Provision for slow moving stocks		258,019	308,109	-	-
Provision for defined benefit plan	32	488,626	510,008	11,888	12,142
Impairment of investments		-	-	-	25,000
Provision on warranties	30	2,771	13,399	-	-
Provision for unrealised profit	19	-	(4,725)	-	-
Grants amortized	31	(31,103)	(26,990)	-	-
Impairement of loans and advances	21,20	130,325	1,094,706	-	-
Exchange differences on translation of foreign currency		79,713	186,299	(36,434)	(3,150)
		10,011,994	8,345,994	2,692,645	1,395,583
Working capital adjustments:					
(Increase) / decrease in trade and other receivables and prepayments		(480,192)	1,132,520	(750,990)	(131,064)
Increase in inventories		(1,537,172)	(1,417,057)	-	-
(Increase) / decrease in trade and other payables		3,792,981	(1,569,828)	1,039,423	(774,477)
Changes in operating assets	21	159,197	(536,995)	-	-
Changes in operating liabilities	35	(106,098)	2,030,400	-	-
Increase in insurance provision		429,860	237,592	-	-
Cash generated from operations		12,270,570	8,222,626	2,981,078	490,042
Interest paid		(1,048,284)	(1,753,234)	(408,900)	(571,308)
Gratuity paid	32	(350,398)	(374,660)	(12,207)	(3,380)
Interest received		609,794	501,850	82,773	66,577
Income tax paid		(1,099,086)	(1,309,964)	(28,853)	(3,420)
Net cash flows from / (used in) operating activities		10,382,596	5,286,618	2,613,891	(21,489)

For the year ended 31st March	Notes	Group 2021 Rs. '000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Investing activities					
Proceeds from sale of property, plant and equipment		32,385	5,393	-	-
Purchase of property, plant and equipment	12	(1,660,659)	(1,341,862)	(11,370)	(2,328)
Purchase of investment properties	13	(2,846)	(39,625)	(237,000)	(272)
Intangible assets acquired	14	(3,472)	(1,772)	-	-
Increase in biological assets due to new planting	15	(15,516)	(17,217)	-	-
Purchase of financial instruments		(798,110)	89,818	(35,392)	-
Net of purchase of financial assets		(330,461)	25,179	-	-
Dividend Received from associate		59,412	34,946	-	-
Increase in holding in a subsidiary		-	-	(396,760)	-
Receipt of government grants	31	29,490	8,793	-	-
Net cash flows used in investing activities		(2,689,777)	(1,236,347)	(680,522)	(2,600)
Net cash (outflow) / inflow before financing		7,692,819	4,050,271	1,933,369	(24,089)
Financing activities					
Proceeds from borrowings		4,444,000	1,661,149	-	-
Repayment of borrowings		(4,196,891)	(4,808,673)	-	(2,177,134)
Lease Liability - Rentals paid		(1,197,922)	(999,833)	(78,361)	(71,237)
ROUA asset		-	-	-	-
Dividends paid to equity holders of the parent	11	(2,035,038)	-	(2,035,038)	-
Dividends paid to non-controlling interests		(134,913)	(97,232)	-	-
Net cash flows used in financing activities		(3,120,764)	(4,244,589)	(2,113,399)	(2,248,371)
Net increase/(decrease) in cash and cash equivalents		4,572,055	(194,318)	(180,030)	(2,272,460)
Net foreign exchange difference		-	-	36,434	-
Cash and cash equivalents as at the beginning of the year	23	(8,958,246)	(8,763,928)	(5,579,040)	(3,306,580)
Cash and cash equivalents at the end of the year		(4,386,191)	(8,958,246)	(5,722,636)	(5,579,040)
Analysis of Cash & Cash equivalents at 31st March					
Bank and cash balances	23	7,163,794	4,961,963	753,585	3,669,704
Short term borrowings	23	(11,549,985)	(13,920,209)	(6,476,221)	(9,248,744)
		(4,386,191)	(8,958,246)	(5,722,636)	(5,579,040)

Figures in brackets indicate deductions.

The accounting policies and notes from page 82 to 143 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Reporting Entity

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

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

1.2. Principle Activities and Nature of Operations

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

1.3. Parent Entity and Ultimate Parent Entity

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

1.4. Directors Responsibility

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

1.5. Approval of Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 25th August 2021.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

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

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

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

2.3 Presentation and Functional Currency

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

2.4 Materiality and Aggregation

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

2.5 Comparative information

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

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

2.6 Rounding

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

2.7 Offsetting

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

2.8 Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

2.8.1 Consolidation of subsidiaries with different accounting periods

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

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

2.8.1 Business Combinations and Goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

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

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

2.8.2 Foreign Currencies

Foreign Currency Transactions

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

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

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

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

Foreign Operations

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

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

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

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

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

2.9 Significant Accounting Judgements, Estimates and Assumptions

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

2.9.1 Judgements

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

Going Concern

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

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Tax on Financial Statements

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

Deferred tax assets

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

Uncertainty on income tax assessments

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" The interpretation is effective for annual reporting period beginning on or after 1 April 2019.

Transfer pricing regulation

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

Impairment of receivables

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

Impairment of loans and advances

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

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

Determination of performance obligations

Significant judgments relating to determination of performance obligations in relation to Group's revenue recognition are given in note 2.10.1.1.2.

Valuation of Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

2.9.2 Estimates and Assumptions

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

Impairment of non-financial assets

a. Non-financial assets other than Goodwill

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

b. Goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.10.12. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 14 to the Financial Statements.

Defined benefit plans – Gratuity

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

Fair Value of Financial Instruments

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

Intangible Assets

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

Liability Adequacy Test (LAT)

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

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

Incremental Borrowing rate (IBR)

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

2.10 Summary of Significant Accounting Policies Applied

2.10.1 Revenue Recognition

2.10.1.1 Revenue from Contacts with Customers

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

Goods transferred at a point in time

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

Services transferred over time

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

Disaggregation of revenue

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

Reconciliation of revenue

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

2.10.1.1.1 Contract balances

Contract assets

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

Contract liabilities

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

2.10.1.1.2 Performance Obligations and significant judgements

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

Retail

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

- Loyalty points programme

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

Sale of Rubber, Tyre, Plastic, Furniture and Electronics

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

- Right to return

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

- Significant financing component

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

- Warranty obligations

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

NOTES TO THE FINANCIAL STATEMENTS

Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the controls of the goods are transferred to the customer. Black tea and Rubber produce are sold at the Colombo tea/rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer. There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Financial Services and others

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

2.10.1.2 Insurance Revenue

Gross Premium

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

Reinsurance Premium

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

Fees and Commission Income

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

Investment Income

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

f) Interest Income

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

2.10.1.3 Finance Company Revenue

Interest Income and Interest Expense

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

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

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

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

2.10.1.4 Other revenue

Dividends

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

Rental Income

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

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

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

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

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

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

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Sales tax

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

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

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

VAT on Financial Services

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

2.10.4 Non-current Assets Held for Sale and Discontinued Operations

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

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

2.10.5 Property, plant and equipment

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

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

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

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

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

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

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

2.10.6 Biological Assets

Immature and Mature Plantations

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

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

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

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

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

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

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

Infilling Cost on Bearer Biological Assets

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

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

2.10.7 Leases

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

2.10.11.1 Group as a lessee

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

Right-of-use-assets

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

Bare land	53 years
Mature plantations	30 years
Leasehold buildings	25 years
Machinery	15 years
Land improvements	30 years

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

Lease liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

a) Raw Material
At actual cost on first in first out and weighted average cost.

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

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

d) Goods in Transit
At actual cost

e) Growing Crop Nurseries
At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

f) Consumables and Spares
At actual cost

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

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

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

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

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

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

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

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

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

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

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

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

2.10.17 Post-Employment Benefits
Defined Benefit Plan
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuary using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are

NOTES TO THE FINANCIAL STATEMENTS

denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 32 to the Financial Statements. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The basis of payment of retiring gratuity as follows:

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

The basis of payment of retiring gratuity was revised for employees recruited on or after 1st August 2011 to be in line with the provisions of the Gratuity Act No.12 of 1983. In accordance with revised LKAS 19 Employee Benefits, the Group has recognized all actuarial gains and losses in the Statement of Other Compressive Income.
The actuarial valuation was carried out by a professionally qualified actuary firm Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2021. Provision made for the year is in compliance with the actuarial valuation report as at 31 March 2021.

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

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

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

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and quoted financial instruments and unquoted financial instruments.

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

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

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

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

And

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivables and short term investments.

Financial assets designated at fair value through OCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been

established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

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

Impairment of financial assets
The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables, the group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Based on the assessment performed, the Group concluded that SLFRS 9 does not have a material impact on the Group's Financial Statements.
Impairment losses were evaluated based on ECL s for debt instruments of the Group which are held to maturity. Impairment losses for Loans & advances of Richard Pieris Finance Ltd were accounted based on the modified retrospective method without restating the comparatives.

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

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

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

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

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

2.11 Significant Accounting Policies that are Specific to Other Businesses
2.11.1 Insurance Company
2.11.1.1 Actuarial Valuations of the Insurance Provisions
The valuation of long term Insurance Provision was carried out by Messrs'. Actuarial Partners Consulting Sdn Bhd and the Directors agree to the long term nature of insurance business provisions on the recommendation of the said actuary.

The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the independent external actuary. The liability for life insurance

NOTES TO THE FINANCIAL STATEMENTS

contracts is based on current assumptions or on assumptions established at inception of the contract, incorporating regulator recommended minimum requirements.

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

2.11.1.2 Reinsurance Contracts

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

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

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

2.11.1.3 Premium Receivable

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

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

2.11.1.4 Life Insurance Contract Liabilities

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

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

2.11.1.5 Liability Adequacy Test

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

2.11.2 Finance Company

2.11.2.1 Impairment of Financial Assets

The Company applies a three-stage approach to measuring Expected Credit Losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

Debt Instruments

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

ECL is not recognised on equity instruments.

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

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not Credit Impaired

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

Stage 3: Lifetime ECL – Credit Impaired

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

Determining the stage for Impairment

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

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

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

Measurement of ECLs

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

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

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

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

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

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

ECLs are recognised using a provision for impairment loss account in Statement of Profit and Loss. The Company recognises the provision charge in Statement of Profit or Loss, with the corresponding amount recognised in other Comprehensive Income, with no reduction in the carrying amount of the asset in the Statement of Financial Position.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

2.13 Changes in Accounting Policies and Disclosures
2.13.1 New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.13.1.1 Amendments to SLFRS 3: Definition of a Business
The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

2.13.1.2 Amendments to LKAS 1 and LKAS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.13.1.3 Amendments to references to the conceptual framework in SLFRS standards
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

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

2.13.2.1 SLFRS 17 - Insurance Contracts
SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, nonlife, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The amendments are effective for reporting periods beginning on or after 1 January 2023, with early application permitted. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

2.13.2.2 Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16
Interest Rate Benchmark Reform (Phase 1 & 2) The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/ or amount of benchmark-based cash flows of the hedged item or the hedging instrument. IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform. These amendments to various standards are effective for the annual reporting periods

beginning on or after 01 January 2021. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

2.13.2.2 Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 01 June 2020. This amendment is not expected to have a material impact on the Financial Statements of the Group in the foreseeable future.

2.13.2.3 Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

2.13.2.3 Property, Plant and Equipment:

Proceeds before Intended Use – Amendments to LKAS 16 In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

2.13.2.4 Amendments to LKAS 1:

Classification of Liabilities as Current or Non-current In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

NOTES TO THE FINANCIAL STATEMENTS

03. Group Segmental Reporting

Year ended 31st March 2021 Business Segment	Rubber Rs.'000	Tyre Rs.'000	Plastic and furniture Rs.'000	Retail Rs.'000	Financial Services Rs.'000	Other Services Rs.'000	Plantations Rs.'000	Total segments Rs.'000	Elimination/ Adjustments Rs.'000	Group Rs.'000
Revenue										
External customers	5,378,087	3,714,736	7,853,271	26,776,027	4,260,978	30,070	8,712,020	56,725,189	-	56,725,189
Inter- segment	137,220	15,796	698,749	12,129	-	3,257,682	1,696,511	5,818,087	(5,818,087)	-
Intra - segment	9,453	1,671,792	566,305	252,417	-	-	108,653	2,608,620	(2,608,620)	-
Total revenue	5,524,760	5,402,324	9,118,325	27,040,573	4,260,978	3,287,752	10,517,184	65,151,896	(8,426,707)	56,725,189
Results										
Segment results	1,248,796	738,293	1,418,498	2,444,924	(184,148)	2,108,501	1,556,802	9,331,666	(2,126,075)	7,205,591
Finance costs										(1,432,021)
Finance income										609,794
Share of profit of an associate										116,893
Profit before tax from continuing operations										6,500,257
Tax expense										(1,430,780)
Profit for the year from continuing operations										5,069,477
Loss after tax for the year from discontinued operations										(3,515)
Profit for the year										5,065,962
Non-controlling interests										(575,701)
Attributable to Equity holders of the parent										4,490,261
Operating assets	5,953,104	2,902,096	11,365,529	17,120,073	22,212,877	12,081,006	20,500,229	92,134,914	(20,105,066)	72,029,848
Operating liabilities	1,825,465	1,296,202	10,315,999	11,472,532	17,887,229	8,251,096	11,448,192	62,496,715	(10,945,659)	51,551,056
Other disclosures										
Investment in an associate	227,906	-	-	-	-	-	12,567	240,473	(12,939)	227,534
Capital expenditure	269,301	21,490	267,192	285,437	36,393	208,308	576,384	1,664,505	-	1,664,505
Depreciation and amortisation	121,384	35,587	239,599	951,430	105,751	78,551	477,832	2,010,134	-	2,010,134

Disaggregation of revenue - Geographical segment analysis (By location of customers)	Sri Lanka Rs.'000	USA Rs.'000	Europe Rs.'000	Other Rs.'000	Total segments Rs.'000	Elimination/ Adjustments Rs.'000	Group Rs.'000
Revenue	53,809,427	978,782	1,772,815	2,772,785	59,333,809	(2,608,620)	56,725,189

Segment Information

Year ended 31st March 2020 Business Segment	Rubber Rs.'000	Tyre Rs.'000	Plastic and furniture Rs.'000	Retail Rs.'000	Financial Services Rs.'000	Other Services Rs.'000	Plantations Rs.'000	Total segments Rs.'000	Elimination/ Adjustments Rs.'000	Group Rs.'000
Revenue										
External customers	5,313,175	3,054,241	6,164,323	27,775,361	4,540,973	18,310	7,373,327	54,239,710	-	54,239,710
Inter-segment	156,451	33,933	785,903	12,031	-	1,751,980	914,684	3,654,982	(3,654,982)	-
Intra - segment	25,780	1,803,762	349,779	249,871	-	-	159,607	2,588,799	(2,588,799)	-
Total revenue	5,495,406	4,891,936	7,300,005	28,037,263	4,540,973	1,770,290	8,447,618	60,483,491	(6,243,781)	54,239,710
Results										
Segment results	1,243,696	550,723	719,094	2,317,720	(531,857)	805,683	(84,276)	5,020,783	(714,684)	4,306,099
Finance costs										(2,329,271)
Finance income										501,850
Share of profit of an associate										89,409
Profit before tax from continuing operations										2,568,087
Tax expense										(1,270,135)
Profit for the year from continuing operations										1,297,952
Loss after tax for the year from discontinued operations										(7,366)
Profit for the year										1,290,586
Non-controlling interests										(147,385)
Attributable to Equity holders of the parent										1,143,201
Operating assets	5,458,895	2,526,916	10,418,619	16,939,169	21,419,352	10,616,726	18,871,844	86,251,521	(19,023,046)	67,228,475
Operating liabilities	1,827,180	1,164,224	9,383,021	12,136,814	17,589,685	6,842,361	11,276,496	60,219,782	(10,158,908)	50,060,874
Other disclosures										
Investment in an associate	227,906	-	-	-	-	-	12,568	240,474	(51,067)	189,407
Capital expenditure	153,723	9,913	54,397	454,902	31,929	2,735	691,104	1,398,703	-	1,398,703
Depreciation and amortisation	110,267	43,259	235,238	902,322	135,034	79,726	471,294	1,977,140	-	1,977,140

Disaggregation of revenue - Geographical segment analysis (By location of customers)	Sri Lanka Rs.'000	USA Rs.'000	Europe Rs.'000	Other Rs.'000	Total segments Rs.'000	Elimination/ Adjustments Rs.'000	Group Rs.'000
Revenue	51,304,126	978,782	1,772,815	2,772,785	56,828,508	(2,588,798)	54,239,710

3.1 Revenue form contracts with customers

Timing of Revenue recognition	Group 2021 Rs.'000	Group 2020 Rs.'000	Company 2021 Rs.'000	Company 2020 Rs.'000
Goods transferred at a point in time	52,434,141	49,680,428	-	-
Services transferred over time	82,776	38,369	605,804	599,744
Total revenue from contracts with customers	52,516,917	49,718,797	605,804	599,744
Revenue from insurance contracts	2,281,639	1,641,416	-	-
Interest income from finance company	1,926,633	2,879,497	-	-
Dividend Income	-	-	2,139,670	714,684
Other source of revenue	-	-	215,732	228,457
Total revenue	56,725,189	54,239,710	2,961,206	1,542,885

NOTES TO THE FINANCIAL STATEMENTS

4. Other Income/Expenses and Adjustments

4.1 Other Operating Income

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Government grants	31,102	26,990	-	-
Net gain on disposal of property, plant and equipment	9,991	4,035	-	-
Space rental income	440,527	473,598	-	-
Gain on change in fair value of biological assets	154,541	99,551	-	-
Income from partnership promotions from retail business	79,720	140,710	-	-
Foreign exchange gain	146,668	134,934	36,434	3,164
Scrap sales/sales commission/mixing income	75,332	53,762	-	-
Sale of timber/rubber trees	121,407	41,043	-	-
Documentation and other service charges from financial services	61,540	72,897	-	-
Sundry income	226,512	317,014	-	-
Total other operating income	1,347,340	1,364,534	36,434	3,164

4.2 Other Operating Expenses

	Group	
	2021 Rs.'000	2020 Rs.'000
Foreign exchange loss	11,888	-
Irrecoverable VAT on management fees of plantation companies	-	12,683
Amortisation and impairment of intangible assets	2,983	14,086
Others	33,304	10,867
Total other operating expenses	48,175	37,636

4.3 Profit from operations is stated after charging following expenses

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Directors' remuneration & fees	76,503	68,100	55,023	49,485
Auditors' remuneration & fees	26,503	28,848	1,179	1,372
Depreciation and amortisation	1,227,363	1,205,811	21,792	22,236
Amortisation of right of use assets	782,771	771,329	52,490	52,490
Amortisation and impairment of intangible assets	3,245	14,496	-	-
Provision made for defined benefit plan cost	488,626	510,008	11,887	12,142
Staff costs including defined contribution plan cost	8,348,919	8,442,971	18,768	10,946
Legal fees	22,717	50,323	1,847	2,345
Donations	1,097	1,196	-	-
Allowances for impairment of receivables	168,954	1,169,164	-	25,000

5. Finance Costs

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Interest on long term borrowings	325,930	421,372	-	32,073
Interest on short term borrowings	704,090	1,331,862	427,163	601,771
Finance charge on lease liabilities	402,001	576,037	53,952	56,190
Total finance costs	1,432,021	2,329,271	481,115	690,034

6. Finance Income

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Interest income from related companies	-	-	72,740	64,734
Interest income from third parties	609,794	501,850	10,033	1,844
Total finance income	609,794	501,850	82,773	66,578

7. Share of Results of Associates

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

The Group's share of the assets and liabilities as at 31st March 2021 and 2020, and income and expenses of the entity for the years ended 31st March 2021 and 2020, which is accounted under the equity method are as follows.

	2021 Rs.'000	2020 Rs.'000
Revenue	3,740,213	3,228,607
Profit before tax	350,714	269,375
Group's share of profit before tax	116,893	89,409
(-) Tax expense	(19,354)	(14,142)
Group share of profit after tax	97,539	75,267
Associate's Statement of Financial Position		
Current assets	283,527	287,406
Non-current assets	740,210	554,313
Total assets	1,023,737	841,719
Current liabilities	(178,590)	(136,695)
Non-current liabilities	(207,486)	(181,756)
Total liabilities	(386,076)	(318,451)
Net assets	637,661	523,268
Group share of net assets	212,534	174,407
Goodwill	15,000	15,000
	227,534	189,407

Investments in Associates

	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	189,407	149,087
Share of profits	116,893	89,409
Taxation	(19,354)	(14,142)
Dividend received	(59,412)	(34,947)
At the end of the year	227,534	189,407

NOTES TO THE FINANCIAL STATEMENTS

8. Income Tax Expense

The major components of income tax expense for the years ended 31st March 2021 and 2020 are:

	Group		Company	
Income Statement	**2021 Rs.'000**	**2020 Rs.'000**	**2021 Rs.'000**	**2020 Rs.'000**
Current tax charge	1,424,672	1,044,945	227,900	-
(Over)/under provision of current tax of previous years	59,896	146,523	62,207	185,615
Irrecoverable Economic Service Charge	73,554	9,444	-	-
Tax on associate results	19,354	14,143	-	-
Withholding tax on intercompany dividend and other taxes	(19,425)	165,986	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(127,271)	(110,906)	(9,644)	3,759
Income tax expense reported in the Statement of Profit or Loss	1,430,780	1,270,135	280,463	189,374
Other Comprehensive Income				
Deferred tax:				
Relating to origination and reversal of temporary differences	38,337	13,581	948	-
Income tax expense reported in the Other Comprehensive Income	38,337	13,581	948	-
A. Taxation on current year profit				
Profit before tax from continuing operations	6,500,257	2,568,087	2,244,567	663,409
Loss before tax from discontinued operations	(3,515)	(7,366)	-	-
Profit from associate companies	(116,893)	(89,409)	-	-
	6,379,849	2,471,312	2,244,567	663,409
Disallowed items	3,527,163	6,471,677	218,093	155,927
Allowable expenses	(3,350,180)	(5,005,384)	(105,552)	(92,953)
Resident dividend	-	-		(900,112)
	6,556,832	3,937,605	2,357,108	(173,729)
Utilization of tax losses	(1,571,294)	(1,706,364)	(223,358)	-
Taxable Income	4,985,538	2,231,244	2,133,750	(173,729)
Income tax 28%	-	637,781	-	-
Income tax 24%	780,162	130,177	96,617	
Income tax 20%	67,667	53,479	-	-
Income tax 18%	223,604	38,606		
Income tax 14%	353,239	184,902	131,283	-
	1,424,672	1,044,945	227,900	-
B. Deferred tax expenses				
Income Statement				
Accelerated depreciation for tax purpose - PPE	(168,733)	528,852	(8,936)	13,835
Tax on right of use asset	33,207	(270,301)	(2,411)	(30,299)
Accelerated depreciation for tax purpose - Biological assets and others	(177,408)	(147,264)	-	-
Retirement benefits obligation	(1,048)	(82,555)	1,703	2,715
Benefit arising from tax losses	204,940	(342,143)	-	13,308
Impairment provision for loans and advances	(18,229)	-	-	-
Other provisions	121,832	202,505	-	4,200
Deferred tax charged/(reversal) directly to Income Statement	(127,271)	(110,906)	(9,644)	3,759
Other Comprehensive Income				
Retirement benefits obligation	38,337	13,581	948	-
Deferred tax charged directy to OCI	38,337	13,581	948	-

Temporary differences associated with undistributed reserves in subsidiaries for which a deferred tax liability has not been recognized. The deferred tax effect on undistributed reserves of subsidiaries has not been recognized since the parent can control the timing of the reversal of these temporary differences.

8.1 Tax losses

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Tax losses carried forward for the year ended 31st March				
Tax Losses brought forward	3,324,726	5,031,090	223,358	223,358
Tax losses arising/utilizing during the year	(1,571,294)	(1,706,364)	(223,358)	-
At the end of the period	1,753,432	3,324,726	-	223,358

8.2 Income tax rates applicable to the group

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

The tax liabilities of manufacturing companies are computed at the rate of 18%.

The taxable income of Richard Pieris Exports PLC, Richard Pieris Natural Foams Ltd and Arpitalian Compact Soles (Pvt) Ltd are liable to income tax at 14%.

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

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

Plantation companies, agro farming is exempted from income tax for a period of 5 years from 1st April 2019. Earnings from manufacturing is subjected to tax at the rate of 14%.

9. Discontinued Operations

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

The results of discontinued operations are given below.

	2021 Rs.'000	2020 Rs.'000
Revenue/Other Income	788	536
Expenses	(4,303)	(7,902)
Loss for the year from discontinued operations	(3,515)	(7,366)

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

NOTES TO THE FINANCIAL STATEMENTS

10. Earnings per share

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

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

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

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

	2021 Rs.'000	2020 Rs.'000
Profit attributable to ordinary equity holders of the parent from continuing operations	4,493,776	1,150,567
Loss attributable to ordinary equity holders of the parent from discontinued operations	(3,515)	(7,366)
Net profit attributable to ordinary equity holders of the parent for basic and diluted earnings	4,490,261	1,143,201
Weighted average number of ordinary shares for basic earnings per share	2,035,038,275	2,035,038,275
Effect of dilution:		
Effect of potential ordinary shares from share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	2,035,038,275	2,035,038,275

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

	2021 Rs.	2020 Rs.
Basic earnings per share	2.21	0.56
Earnings per share from continuing operations - Basic	2.21	0.57

11. Dividend per Share

	Company			
	2021 Per Share	2021 Rs.'000	2020 Per Share	2020 Rs.'000
Interim Dividend of Rs. 0.50 per share	0.50	1,017,519	-	-
Second Interim Dividend of Rs. 0.50 per share	0.50	1,017,519	-	-
	1.00	2,035,038	-	-

1.a First interim dividend of Rs 0.50 per share for the financial year ended 31st March 2021 was declared on 25th September 2020 and paid on 23rd October 2020.

1.b The second interim dividend of Rs.0.50 per share for the financial year ended 31st March 2021 was declared on 29th March 2021 and paid on 30th April 2021.

12. Property Plant & Equipment

12.1 Group

	As at 01.04.2020 Rs.'000	Additions Rs.'000	Disposals/ transfers Rs.'000	Effect of foreign currency translation Rs.'000	As at 31.03.2021 Rs.'000
Cost / valuation					
Land / land improvements	3,864,079	412,745	(2,854)	-	4,273,970
Buildings	5,544,320	36,286	506,209	4,425	6,091,240
Immature / mature plantations	10,132,884	517,209	-	-	10,650,093
Plant, machinery, tools & electrical installations	6,829,844	178,199	39,826	24,139	7,072,008
Office & other equipment	2,016,791	98,304	67,441	-	2,182,536
Furniture, fixtures & fittings	848,960	51,922	3,720	854	905,456
Motor vehicles	1,115,986	6,303	(11,579)	85	1,110,795
Computers	729,097	34,250	206	-	763,553
	31,081,961	1,335,218	602,969	29,503	33,049,651
Capital work in progress	1,164,393	325,441	(650,248)	-	839,586
Total gross carrying amount	32,246,354	1,660,659	(47,279)	29,503	33,889,237

	As at 01.04.2020 Rs.'000	Charge for the year Rs.'000	Disposals/ transfers Rs.'000	Effect of foreign currency translation Rs.'000	As at 31.03.2021 Rs.'000
Depreciation / amortization					
Land improvements	122,660	5,324	-	-	127,984
Buildings	1,867,654	229,731	-	1,013	2,098,398
Immature / mature plantations	2,185,349	294,094	-	-	2,479,443
Plant, machinery, tools & electrical installations	4,456,516	357,166	(12,588)	15,591	4,816,685
Office & other equipment	1,253,732	180,643	(57)	401	1,434,719
Furniture, fixtures & fittings	601,415	56,335	(102)	1,144	658,792
Motor vehicles	948,368	48,735	(11,579)	135	985,659
Computers	603,290	52,364	(110)	340	655,884
	12,038,984	1,224,392	(24,436)	18,624	13,257,564

	2021 Rs.'000	2020 Rs.'000
Net Book Values		
Land / land improvements	4,145,986	3,741,419
Buildings	3,992,842	3,676,666
Immature / mature plantations	8,170,650	7,947,535
Plant, machinery, tools & electrical installations	2,255,323	2,373,328
Office & other equipment	747,817	763,059
Furniture, fixtures & fittings	246,664	247,545
Motor vehicles	125,136	167,618
Computers	107,669	125,807
	19,792,087	19,042,977
Capital work in progress	839,586	1,164,393
Total carrying amount of property, plant & equipment	20,631,673	20,207,370

NOTES TO THE FINANCIAL STATEMENTS

Property plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 4,367 mn (2020 - Rs. 4,046 mn).

During the financial year, the Group acquired property plant and equipment to the aggregate value of Rs. 1,661 mn (2020 - Rs. 1,341 mn) for cash considerations.

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

12.2 Company

	As at 01.04.2020 Rs.'000	Additions Rs.'000	Disposals/ transfers Rs.'000	Adjustments Rs.'000	As at 31.03.2021 Rs.'000
Cost / valuation					
Land	-	6,481	-	-	6,481
Buildings	52,208	-	-	-	52,208
Plant, machinery, tools & electrical installations	96,625	2,863	-	-	99,488
Office & other equipment	35,154	70	-	-	35,224
Furniture, fixtures & fittings	24,248	220	-	-	24,468
Motor vehicles	65,988	-	-	-	65,988
Computers	51,209	1,736	-	-	52,945
	325,432	11,370	-	-	336,802
Capital work in progress	157,625	-	-		157,625
Total gross carrying amount	483,057	11,370	-	-	494,427

	As at 01.04.2020 Rs.'000	Charge for the year Rs.'000	Disposals/ transfers Rs.'000	Adjustments Rs.'000	As at 31.03.2021 Rs.'000
Depreciation / amortization					
Buildings	31,764	5,221	-	-	36,985
Plant, machinery, tools & electrical installations	80,507	4,075	-	-	84,582
Office & other equipment	31,201	1,115	-	-	32,316
Furniture, fixtures & fittings	21,500	892	-	-	22,392
Motor vehicles	65,349	251	-	-	65,600
Computers	46,800	2,543	-	-	49,343
	277,121	14,097	-	-	291,218

	2021 Rs.'000	2020 Rs.'000
Net book value		
Land	6,481	-
Buildings	15,223	20,444
Plant, machinery, tools & electrical installations	14,906	16,118
Office & other equipment	2,908	3,953
Furniture, fixtures & fittings	2,076	2,748
Motor vehicles	388	639
Computers	3,602	4,409
	45,584	48,311
Capital work in progress	157,625	157,625
Total carrying amount	203,209	205,936

Property plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 211 mn (2020 - Rs. 197 mn).

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 11.3 mn (2020 - Rs. 2.3 mn) for cash considerations.

13. Investment properties

13.1 Group

	As at 01.04.2020 Rs.'000	Additions Rs.'000	Transfers Rs.'000	As at 31.03.2021 Rs.'000
Gross carrying amounts				
Freehold land	248,758	2,768	-	251,526
Buildings	48,774	78	-	48,852
	297,532	2,846	-	300,378

	As at 01.04.2020 Rs.'000	Charge for the Year Rs.'000	Transfers Rs.'000	As at 31.03.2021 Rs.'000
Depreciation				
Buildings	2,286	2,971	-	5,257
	2,286	2,971	-	5,257

	2021 Rs.'000	2020 Rs.'000
Net Book Values		
Freehold land	251,526	248,758
Buildings	43,595	46,488
Total carrying amount of investment properties	295,121	295,246

13.2 Company

	As at 01.04.2020 Rs.'000	Additions Rs.'000	Disposals/ transfers Rs.'000	As at 31.03.2021 Rs.'000
Gross carrying amounts				
Freehold land	1,041,651	237,000	-	1,278,651
Buildings and building integrals	306,504	-	-	306,504
	1,348,155	237,000	-	1,585,155

	As at 01.04.2020 Rs.'000	Charge for the Year Rs.'000	Adjustments Rs.'000	As at 31.03.2021 Rs.'000
Depreciation				
Buildings and building integrals	134,399	7,694	-	142,093
	134,399	7,694	-	142,093

	2021 Rs.'000	2020 Rs.'000
Net Book Values		
Freehold land	1,278,651	1,041,651
Buildings on freehold land	164,411	172,105
Total carrying amount of investment properties	1,443,062	1,213,756

NOTES TO THE FINANCIAL STATEMENTS

	2021 Rs. Mn	2020 Rs. Mn
Rental income derived from investment properties	215	228
Direct operating expenses incurred	8.9	6.3

As at 31st March 2021, investment properties were valued by qualified valuer Mr. P.B. Kalugalagedara.

During the financial year, the Group acquired investment properties to the aggregate value of Rs. 2.8 mn (2020 - Rs. 39.6 mn) for cash considerations.

Fair value of investment properties are given in Group Real Estate Portfolio in page 148.

14. Intangible Assets

	Goodwill Rs.'000	Licenses Rs.'000	Other Intangibles Rs.'000	Total Rs.'000
As at 1st April 2020	1,219,937	58,735	22,128	1,300,800
Acquisition through business combinations	-	-	-	-
Acquired / incurred during the period	-	-	3,472	3,472
As at 31st March 2021	1,219,937	58,735	25,600	1,304,272
Amortisation and Impairment				
As at 1st April 2020	104,903	43,128	10,338	158,369
Amortisation/impairment for the year	-	1,451	1,794	3,245
As at 31st March 2021	104,903	44,579	12,132	161,614
Net Book Value				
As at 31st March 2020	1,115,034	15,607	11,790	1,142,431
As at 31st March 2021	1,115,034	14,156	13,468	1,142,658

(a) Goodwill

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

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

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

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

(b) Licenses

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

(c) Other intangible assets

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

Key assumptions used in value in use calculations

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

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

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

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

- Terminal growth rate of the company - 0% - 2%
- Discount rate - 10% -14 %
- Revenue growth - Based on past performance, the approved budgets and expected performance of each Cash Generating Unit.

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

Plantation Sector			**Arpico Supercenter - Kandy**			**Chillaw Finance**		
1% increase	→	VIU change by (11%)	1% increase	→	VIU change by (3%)	1% increase	→	VIU change by (3%)
1% decrease	→	VIU change by 12%	1% decrease	→	VIU change by 3%	1% decrease	→	VIU change by 3%

15. Biological Assets

15.1 Consumable Biological Assets

	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	1,138,269	1,026,885
Increase due to new planting	15,516	17,217
Decrease due to harvesting	-	-
Gain in fair value	147,392	94,167
At the end of the year	1,301,177	1,138,269

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

Key assumptions used in valuation are as followers:

1. Timber price was based on the price list of the State Timber Corporation of sawn timber logs.
2. The prices adopted are net of expenditure
3. Time period of maturity estimated at 30 years (2020 - 30 years).
4. Discount rate used was 13% (2020 - 14%)

15.2 Sensitivity Analysis

Sensitivity variation sales price

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

As at 31st March 2021	-10% Rs.'000	Rs.'000	+10% Rs.'000
Managed timber	1,173,005	1,301,177	1,429,349
Total	1,173,005	1,301,177	1,429,349

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity variation discount rate

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

As at 31st March 2021	14.50% Rs.'000	13.00% Rs.'000	11.50% Rs.'000
Managed timber	1,225,522	1,301,177	1,389,486
Total	1,225,522	1,301,177	1,389,486

15.3 Produce on Bearer Biological Assets

	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	32,239	26,854
Gain arising from changes in fair value of biological assets	7,149	5,385
At the end of the year	39,388	32,239

15.4 Fair Value Hierarchy

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

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

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

	31st March 2020 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Assets measured at fair value				
Consumable biological assets - timber	1,138,269	-	-	1,138,269
Produce on bearer biological assets	32,239	-	32,239	-
	1,170,508	-	32,239	1,138,269

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

16. Investments

A. Company investments in subsidiaries

	% Holding		No. of shares			Value Rs.'000		
	31.03.2021	31.03.2020	31.03.2021	Movement	31.03.2020	31.03.2021	Movement	31.03.2020
Quoted investments								
Richard Pieris Exports PLC (Rs. 3,503 mn) *	84	84	9,366,027	-	9,366,027	296,955	-	296,955
Kegalle Plantations PLC (Rs. 1,923 mn) * +	-	-	9,500	-	9,500	1,441	-	1,441
Arpico Insurance PLC (Rs. 1,329 mn) *	82	82	15,125,001	-	15,125,001	151,250	-	151,250
Unquoted investments								
Richard Pieris Distributors Ltd	100	100	106,673,960	-	106,673,960	812,130	-	812,130
Arpidag International (Pvt) Ltd	51	51	234,598	-	234,598	27,110	-	27,110
Richard Pieris Tyre Company Ltd	100	100	4,000,000	-	4,000,000	50,000	-	50,000
Richard Pieris Rubber Products Ltd	100	100	2,700,000	-	2,700,000	27,000	-	27,000
Richard Pieris Rubber Compounds Ltd	100	100	1,700,000	-	1,700,000	17,000	-	17,000
Arpico Furniture Ltd	100	100	4,000,000	-	4,000,000	40,000	-	40,000
Arpico Plastics Ltd	100	100	2,900,000	-	2,900,000	29,000	-	29,000
Arpico Industrial Development Company Limited								
Ordinary Shares	100	100	1,500,000	-	1,500,000	15,000	-	15,000
12% Redeemable Cumulative Preference Shares	-	-	9,140,000	-	9,140,000	91,400	-	91,400
Plastishells Ltd	98	98	3,361,000	-	3,361,000	35,615	-	35,615
Richard Pieris Natural Foams Ltd	86	86	14,022,254	-	14,022,254	143,479	-	143,479
Arpitalian Compact Soles (Pvt) Ltd								
Ordinary Shares	59	59	10,666,667	-	10,666,667	80,000	-	80,000
10% Redeemable Cumulative Preference Shares	-	-	6,404,500	-	6,404,500	64,045	-	64,045
RPC Management Services (Pvt) Ltd	100	100	7,499,999	-	7,499,999	550,250	-	550,250
Richard Pieris Group Services (Pvt) Ltd	100	100	2	-	2	-	-	-
Arp-Eco (Pvt) Ltd	100	100	2	-	2	-	-	-
RPC Logistics (Pvt) Ltd	100	100	2,000,001	-	2,000,001	20,000	-	20,000
Richard Pieris Plantations (Pvt) Ltd	100	100	1	-	1	-	-	-
R P C Real Estate Development Company (Pvt) Ltd	100	100	1	-	1	-	-	-
Arpico Homes (Pvt) Ltd	100	100	7	-	7	-	-	-
Arpico Exotica Asiana (Pvt) Ltd	100	100	2	-	2	-	-	-
Arpico Hotel Services (Pvt) Ltd	100	100	600,000	-	600,000	6,000	-	6,000
RPC Construction (Pvt) Ltd	100	100	2,000,000	-	2,000,000	20,000	-	20,000
Arpitech (Pvt) Ltd	100	100	3,500,002	-	3,500,002	285,000	-	285,000
Arpimalls Development Company (Pvt) Ltd	100	100	5,000,000	-	5,000,000	50,000	-	50,000
Arpico Interiors (Pvt) Ltd	100	100	2,500,000	-	2,500,000	25,000	-	25,000
Richard Pieris Securities (Pvt) Ltd	100	100	19,449,999	-	19,449,999	194,500	-	194,500
Richard Pieris Financial Services (Pvt) Ltd	100	100	3,499,999	-	3,499,999	35,000	-	35,000
Arpico Ataraxia Asset Management (Pvt) Ltd	51	51	2,040,002	-	2,040,002	20,400	-	20,400
Richard Pieris Finance Ltd	98	98	93,583,063	-	93,583,063	1,332,591	396,760	935,831
Arpico Durables (Pvt) Ltd	100	100	1	-	1	-	-	-
Arpico Furniture Distributors (Pvt) Ltd	100	100	1	-	1	-	-	-
Arpico Developments (Pvt) Ltd	100	100	1	-	1	-	-	-
RPC Retails Developments Company (Pvt) Ltd	100	100	1	-	1	-	-	-
Arpico Pharmaceuticals (Pvt) Ltd	100	100	10,000,001	-	10,000,001	100,000	-	100,000
Richard Pieris Trading Company (Pte) Ltd	100	100	618,500	-	618,500	65,349	-	65,349
						4,585,515	396,760	4,188,755
Provision for fall in value of the investments in;								
Arpico Furniture Ltd						(40,000)	-	(40,000)
Arpico Hotel Services (Pvt) Ltd						(6,000)	-	(6,000)
RPC Construction (Pvt) Ltd						(20,000)	-	(20,000)
Arpitech (Pvt) Ltd						(35,000)	-	(35,000)
Arpitalian Compact Soles (Pvt) Ltd						(72,082)	-	(72,082)
Arpico Pharmaceuticals (Pvt) Ltd						(100,000)	-	(100,000)
Richard Pieris Securities (Pvt) Ltd						(80,000)	-	(80,000)
Arpico Plastics Ltd						(20,000)	-	(20,000)
Arpico Atarxia (Pvt) Ltd						(5,000)	-	(5,000)
Company investments in subsidiaries						4,207,433	396,760	3,810,673

NOTES TO THE FINANCIAL STATEMENTS

B. Group investments in subsidiaries

	% Holding		No. of shares			Value Rs.'000		
	31.03.2021	31.03.2020	31.03.2021	Movement	31.03.2020	31.03.2021	Movement	31.03.2020
Investor								
Richard Pieris Distributors Ltd								
Investee								
Arpimalls Development Co (Pvt) Ltd								
Ordinary shares	76	76	16,000,000	-	16,000,000	160,000	-	160,000
6% redeemable cumulative preference shares	-	-	22,000,000	-	22,000,000	220,000	-	220,000
Arpico Interiors (Pvt) Ltd	17	17	500,000	-	500,000	5,000	-	5,000
RPC Real Estate Development (Pvt) Ltd								
Ordinary shares	50	50	1	-	1	-	-	-
6% redeemable cumulative preference shares	-	-	66,700,000	-	66,700,000	667,000	-	667,000
RPC Retail Development (Pvt) Ltd								
Ordinary shares	50	50	1	-	1	-	-	-
6% redeemable cumulative preference shares	-	-	38,700,000	-	38,700,000	387,000	-	387,000
Arpico Insurance PLC (Rs. 397 mn) *	27	27	17,790,001	-	17,790,001	177,900	-	177,900
Richard Pieris Finance Ltd	10	10	12,000,001	-	12,000,001	120,000	-	120,000
Arpico Durables (Pvt) Ltd	50	50	1	-	1	-	-	-
Arpico Furniture Distributors (Pvt) Ltd	50	50	1	-	1	-	-	-
Arpico Developments (Pvt) Ltd	50	50	1	-	1	-	-	-
Investor								
Arpico Industrial Development Company (Pvt) Ltd								
Investee								
R P C Polymers (Pvt) Ltd	31	31	5,700,000	-	5,700,000	57,000	-	57,000
Investor								
Richard Pieris Exports PLC								
Investee								
Richard Pieris Natural Foams Ltd	43	43	27,560,001	-	27,560,001	284,820	-	284,820
Micro Minerals (Pvt) Ltd	69	69	627,400	-	627,400	6,274	-	6,274
Arpitalian Compact Soles (Pvt) Ltd	49	49	29,587,667	-	29,587,667	227,905	-	227,905
Arpico Natural Latex Foams (Pvt) Ltd	44	44	3,999,999	-	3,999,999	40,000	-	40,000
Investor								
Richard Pieris Natural Foams Ltd								
Investee								
Arpico Natural Latex Foams (Pvt) Ltd	56	56	5,000,000	-	5,000,000	50,000	-	50,000
Investor								
Plastishells Ltd								
Investee								
R P C Polymers (Pvt) Ltd	70	70	13,000,001	-	13,000,001	130,000	-	130,000
Investor								
Richard Pieris Plantations (Pvt) Ltd								
Investee								
Exotic Horticulture (Pvt) Ltd	100	100	1,000,000	-	1,000,000	10,000	-	10,000
Maskeliya Tea Garden Ltd	100	100	1,500,000	-	1,500,000	15,000	-	15,000
RPC Plantation Management Services (Pvt) Ltd	100	100	24,106,249	-	24,106,249	330,000	-	330,000
Investor								
RPC Management Services (Pvt) Ltd								
Investee								
Maskeliya Plantations PLC (Rs. 495 mn) *	83	83	44,998,397	-	44,998,397	778,329	-	778,329
Kegalle Plantations PLC (Rs. 0.4 mn) * +			3,900	-	3,900	591	-	591

	% Holding		No. of shares			Value Rs.'000		
	31.03.2021	31.03.2020	31.03.2021	Movement	31.03.2020	31.03.2021	Movement	31.03.2020
Investor								
RPC Plantation Management Services (Pvt) Ltd								
Investee								
Namunukula Plantations PLC (Rs. 2,957mn) *	67	67	16,026,561	-	16,026,561	744,313	-	744,313
Kegalle Plantations PLC (Rs. 1,923 mn) *	79	79	19,770,477	-	19,770,477	336,040	-	336,040
Investor								
Kegalle Plantations PLC								
Investee								
Richard Pieris Natural Foams Ltd	35	35	2,250,000	-	2,250,000	225,000	-	225,000
Hamefa Kegalle (Pvt) Limited	100	100	2,800,000	-	2,800,000	14,000	-	14,000
Arpico Insurance PLC (Rs. 595 mn) *	40	40	26,685,001	-	26,685,001	266,850	-	266,850
Richard Pieris Finance Ltd	10	10	12,000,001	-	12,000,001	120,000	-	120,000
Investor								
Arpitech (Pvt) Ltd								
Investee								
RPC Properties (Pvt) Ltd	49	49	49	-	49	-	-	-
Investor								
Richard Pieris Tyre Company Ltd								
Investee								
BGN Industrial Tyre (Pvt) Ltd	51	51	7,319	-	7,319	84,150	-	84,150
Provision for fall in value of investment in;								
Kegalle Plantations PLC						(120)		(120)
Arpico Natural Latex Foams (Pvt) Ltd						(90,000)	-	(90,000)
						5,367,052	-	5,367,052

C. Company / Group investment in associate

	% Holding		No. of shares			Value Rs.'000		
	31.03.2021	31.03.2020	31.03.2021	Movement	31.03.2020	31.03.2021	Movement	31.03.2020
Group investments in associate;								
Unquoted Investments								
Investor								
Namunukula Plantations PLC								
Investee								
AEN Palm Oil Processing (Pvt) Ltd	33	33	699,027	-	699,027	12,568	-	12,568
Group investment in associate (at cost)						12,568	-	12,568
Share of reserves						214,966	38,127	176,839
Group investment in associates (equity basis)						227,534	38,127	189,407

* Amounts stated within brackets correspond to market value as at 31st March 2021. In the opinion of the Directors, any reduction in market value below cost is considered to be of temporary nature.

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

NOTES TO THE FINANCIAL STATEMENTS

16.1 Principal Subsidiaries with Material Non- Controlling Interest

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

For the year ended 31st March 2021	Plantations Rs.'000	Rubber Rs.'000	Financial Services Rs.'000
Summarised Statement of Profit or Loss			
Revenue	9,862,087	1,280,199	2,281,639
Operating cost	(8,312,848)	(672,336)	(2,234,614)
Finance cost	(356,128)	(1,878)	(22,813)
Finance income	99,484	18,421	249,252
Share of profit of an associate	97,539	-	-
Profit before tax	1,390,134	624,406	273,464
Income tax expense	(50,179)	(85,864)	(97,585)
Profit for the year	1,339,955	538,542	175,879
Other comprehensive income	308,384	(15,788)	-
Total comprehensive income	1,648,339	522,754	175,879
Profit attributable to NCI	350,967	86,705	32,380
Dividend paid to NCI	(86,510)	(44,934)	-

As at 31st March 2021	Plantations Rs.'000	Rubber Rs.'000	Financial Services Rs.'000
Summarised Statement of Financial Position			
Current assets	3,992,716	1,814,992	2,553,990
Non current assets	12,538,062	662,539	1,818,788
Total assets	16,530,778	2,477,531	4,372,778
Current liabilities	3,790,897	475,181	351,026
Non current liabilities	5,526,325	69,674	2,162,745
Total liabilities	9,317,222	544,855	2,513,771
Accumulated balance of material NCI	1,887,395	311,160	342,244
Summarised cash flow information for the year ending 31st March			
Cash flows from operating activities	947,507	1,382	(218,688)
Cash flows from / (used in) investing activities	(697,609)	(36,095)	(1,999,926)
Cash flows used in financing activities	944,665	(279,094)	-
Net increase / (decrease) in cash and cash equivalents	1,194,563	(313,807)	(2,218,614)

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

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

Plantation Sector

Plantation Sector	Rubber Sector	Financial Services Sector
Maskeliya Plantations PLC 16.60%	Richard Pieris Exports PLC 16.10%	Arpico Insurance PLC 18.41%
Kegalle Plantations PLC 20.86%		
Namunukula Plantations PLC 32.52%		

17. Other Financial Assets

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Fair Value Through Profit or Loss				
Unquoted equity shares				
Credit Information Bureau	593	593	-	-
Finance Houses Consortium	200	200	-	-
	793	793	-	-
Quoted equity shares				
Piramal Glass Ceylon PLC	4,703	1,398	-	-
Sampath Bank PLC	9,940	7,329	-	-
Hatton National Bank PLC (Non-voting)	208	215	-	-
	14,851	8,942	-	-
Total fair value through profit or loss investments	15,644	9,735	-	-
Fair Value Through Other Comprehensive Income				
Unquoted equity shares				
Asset Trust Management (Pvt) Limited	5,625	5,625	5,625	5,625
Asia Auto Parts LLP	-	16,061	-	-
	5,625	21,686	5,625	5,625
Quoted equity shares				
Commercial Bank of Ceylon PLC	8	6	8	6
John Keells Holdings PLC	18	14	18	14
Asian Hotel Properties PLC	23,646	18,019	23,646	18,019
Dialog Axiata PLC	142	93	142	93
National Development Bank PLC	687,627	530,648	687,627	530,648
	711,441	548,780	711,441	548,780
Total fair value through other comprehensive income	717,066	570,466	717,066	554,405
Amortized Cost				
Treasury bill investments	455,000	495,939	-	-
Treasury bond investments	-	2,746	-	-
Fixed deposits	169,009	365,179	-	-
Other loans and receivables	236,110	257,075	-	-
Total Financial Assets at Amortized Cost	860,119	1,120,939	-	-
Available for sale investments				
Government securities				
Treasury bond investments	363,090	329,285	-	-
Total available for sale investments of fair value	363,090	329,285	-	-
Loans and receivables				
Investments in corporate debts	796,790	823,129	-	-
Investment in repurchase agreement	1,407,210	360,559	-	-
Fixed Deposit	345,167	-	-	-
Total loans and receivables	2,549,167	1,183,688	-	-
Total other financial assets	4,505,086	3,214,113	717,066	554,405
Total current	2,034,638	1,230,619	-	-
Total non-current	2,470,448	1,983,494	717,066	554,405

NOTES TO THE FINANCIAL STATEMENTS

17.1 Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group that are carried in the financial statements.

The following methods and assumptions were used to estimate the fair value;

- Cash and short term deposits, trade receivables, trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Interest bearing borrowings, loans and other receivables are evaluated by the Group Treasury based on parameters such as interest rates, credit risk and other relevant risk factors. Based on the evaluation, allowances are taken to account for the expected losses of these receivables where the carrying amounts of which are not materially different from their calculated fair values.
- Fair Value Through Other Comprehensive Income financial assets is derived from quoted market prices in active markets where unrealized gains/losses recognized in Other Comprehensive Income.
- Fair value of unquoted Fair Value Through Other Comprehensive Income financial assets is estimated using appropriate valuation techniques.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value	31st March 2021 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair Value Through Other Comprehensive Income				
Equity Shares - Quoted	711,441	711,441	-	-
Unquoted	5,625	-	-	5,625
	717,066	711,441	-	5,625
Fair value through profit or loss				
Equity Shares - Quoted	14,851	14,851	-	-
Unquoted	793	-	-	793
	15,644	14,851	-	793
Amortized Cost				
Treasury bill investments	455,000	455,000	-	-
Treasury bond investments	-	-	-	-
Fixed deposits	169,009	-	169,009	-
Other loans and receivables	236,110	-	236,110	-
	860,119	455,000	405,119	-
Available for sale financial assets				
Treasury bond investments	363,090	-	363,090	-
	363,090	-	363,090	-
Loans and receivables				
Investments in corporate debts	796,790	-	796,790	-
Investment in repurchase agreement	1,407,210	-	1,407,210	-
Fixed deposits	345,167	-	345,167	-
	2,549,167	-	2,549,167	-
	4,505,086	1,181,292	3,317,376	6,418

Assets measured at fair value	31st March 2020 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair Value Through Other Comprehensive Income				
Equity Shares - Quoted	548,780	548,780	-	-
Unquoted	21,686	-	-	21,686
	570,466	548,780	-	21,686
Fair value through profit or loss				
Equity Shares - Quoted	8,942	8,942	-	-
Unquoted	793	-	-	793
	9,735	8,942	-	793
Amortized Cost				
Treasury bill investments	495,939	495,939	-	-
Treasury bond investments	2,746	-	2,746	-
Fixed deposits	365,179	-	365,179	-
Other loans and receivables	257,075	-	257,075	-
	1,120,939	495,939	625,000	-
Available for sale financial assets				
Treasury bond investments	329,285	-	329,285	-
	329,285	-	329,285	-
Loans and receivables				
Investments in corporate debts	823,129	-	823,129	-
Investment in repurchase agreement	360,559	-	360,559	-
	1,183,688	-	1,183,688	-
	3,214,113	1,053,661	2,137,973	22,479

Set out below is a comparison by class of the carrying amounts and the fair values of the Group that are carried in the financial statements.

Group	Carrying amount 2021 Rs.'000	Carrying amount 2020 Rs.'000	Fair Value 2021 Rs.'000	Fair Value 2020 Rs.'000
Financial assets				
Fair Value Through Other Comprehensive Income	717,066	570,466	717,066	570,466
Fair value through profit or loss	15,644	9,735	15,644	9,735
Available for sale investments	363,090	329,286	363,090	329,286
Loans and receivables	2,549,167	1,183,688	2,549,167	1,183,688
Total	3,644,967	2,093,175	3,644,967	2,093,175
Financial liabilities				
Interest bearing loans and borrowings	8,384,860	8,088,179	8,384,860	8,088,179
Total	8,384,860	8,088,179	8,384,860	8,088,179

The fair values of cash and short term deposits, trade receivables, trade payables, customer deposits, short term borrowings and lease liabilities approximate their carrying amounts largely due to the short term maturities.

NOTES TO THE FINANCIAL STATEMENTS

18. Deferred Tax (Assets) / Liability

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Deferred tax				
Accelerated depreciation for tax purposes -PPE	1,010,947	1,179,680	42,178	51,114
Accelerated depreciation for tax purposes -Biological assets	856,535	1,033,943	-	-
Other deferred liabilities	469,462	530,642	-	-
Retirement benefit obligations	(502,804)	(540,093)	(16,301)	(17,056)
Un-utilised tax losses	(738,687)	(943,627)	-	-
Tax on right of use asset	(237,094)	(270,301)	(32,710)	(30,299)
Other provisions	(496,292)	(540,973)	-	-
Deferred Tax Assets /(Liabilities)	362,067	449,271	(6,833)	3,759
Reflected in the statement of financial position as follows;				
Deferred tax assets	(458,976)	(500,010)	6,833	-
Deferred tax liabilities	821,043	949,281	-	3,759
Net deferred tax liability / (asset)	362,067	449,271	6,833	3,759
Recognition of deferred tax liabilities, net				
At the beginning of the period	449,271	541,644	3,759	-
Transfer to Statement of Profit and Loss	(127,271)	(110,906)	(9,644)	3,759
Transfer from/(to) the Statement of Other Comprehensive Income	38,337	13,581	(948)	-
Effect of changes in exchange rates	1,730	4,952	-	-
At the end of the period	362,067	449,271	(6,833)	3,759

Deferred tax assets amounting to Rs. 161 mn (2020 - Rs. 343 mn) for the Group and Rs. 100 mn for 2020, the Company has not recognized since the companies do not expect these assets to reverse in the foreseeable future.

19. Inventories

	Group	
	2021 Rs.'000	2020 Rs.'000
Raw materials	2,294,090	1,700,099
Growing crop-nurseries	50,163	81,372
Work in progress	167,940	171,720
Finished goods	4,933,245	4,083,907
Produce inventories	775,482	753,982
Land Stock	1,431,002	1,604,897
Goods in transit	48,562	18,111
Other inventories	165,000	152,841
	9,865,484	8,566,929
Provision for slow moving inventories	(483,860)	(468,316)
Provision for unrealized profits	(21,000)	(17,142)
Net inventory	9,360,624	8,081,471

Inventories are net of allowances for slow moving and obsolete inventories.

The amount of write-down of inventories recognised as an expense is Rs. 225 mn (2020 Rs. 173 mn) which is recognised under administrative expenses.

Provision for slow moving inventories as an expense is Rs. 286 mn (2020 - Rs. 308 mn).

Inventories carried at net realisable value as at 31st March 2021 amounted Rs. 2,886 mn (2020 Rs. 1,690 mn).

Inventories with a carrying amount of Rs. 880 mn (2020 Rs. 838 mn) are pledged as security for loans obtained, details of which are disclosed in Note 28.2 to the Consolidated Financial Statements.

20. Trade and Other Receivables

As at 31 March, the ageing analysis of trade receivables is as follows:

20.1

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Net trade receivables	5,187,314	4,768,961	-	-
Advances and deposits	1,330,608	1,148,735	-	-
Loans to employees	25,234	23,604	15,825	15,882
Premium Receivable	92,391	58,210	-	-
Reinsurance Receivable	19,592	60,512	-	-
Other receivables	801,695	691,648	28,067	36,500
Repossessed Stock	700,780	835,801	-	-
Less - Provision for repossessed stock	(600,915)	(661,409)	-	-
	7,556,699	6,926,062	43,892	52,382
Other non financial receivables	1,134,258	1,323,331	359,165	373,425
	8,690,957	8,249,393	403,057	425,807

20.2 Movement in Provision for impairment

		Individual	Collective	
	Total	Fully Impaired Rs.'000	Fully Impaired Rs.'000	Partially Impaired Rs.'000
As at 1st April 2020	575,890	324,962	23,676	227,252
Charge for the year	40,111	11,988	76	28,047
Unused amounts reversed	(4,430)	(3,537)	(137)	(756)
Provisions written off	3,736	3,736	-	-
As at 31st March 2021	615,307	337,149	23,615	254,543

20.3 The aging analysis of Trade Receivables is as follows;

	Group					
	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
2021	5,802,620	2,920,352	1,338,951	169,597	72,716	1,301,004
2020	5,344,851	2,098,864	1,169,820	741,027	215,750	1,119,390

NOTES TO THE FINANCIAL STATEMENTS

21. Loans and Advances

	2021 Rs.'000	2020 Rs.'000
Finance lease/ Ijarah rental receivables	7,418,243	7,084,548
Hire purchase/ Muraba rental receivables	41,503	58,933
Term Loans/ Mortgage loans/ Wakala rental receivables	5,236,666	5,795,060
Short term loans/ Trading Muraba rental receivables	385,180	496,457
Other loans and advances	1,579,618	1,324,918
	14,661,210	14,759,916
Less: Impairment losses - Collective	(1,420,660)	(1,229,843)
Net loans and advances receivables (Note 21.1)	13,240,550	13,530,073

21.1 Analysis of rental receivables on loans and advances

	2021				2020			
	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000
Finance Lease/ Ijarah rental receivables								
Gross rental receivables	436,110	9,091,385	57,383	9,584,878	298,933	9,036,359	90,764	9,426,056
(-) Unearned income	(17,790)	(2,130,066)	(18,779)	(2,166,635)	(8,374)	(2,293,979)	(39,155)	(2,341,508)
Net rental receivables	418,320	6,961,319	38,604	7,418,243	290,559	6,742,380	51,609	7,084,548
(-) Allowance for impairment loss - Collective	(620,026)	-	-	(620,026)	(549,592)	-	-	(549,592)
Total net rental receivables	(201,706)	6,961,319	38,604	6,798,217	(259,033)	6,742,380	51,609	6,534,956
Hire purchase/ Muraba rental receivables								
Gross rental receivables	4,037	46,051	-	50,088	6,672	70,397	-	77,069
(-) Unearned income	(60)	(8,525)	-	(8,585)	(63)	(18,073)	-	(18,136)
Net rental receivables	3,977	37,526	-	41,503	6,609	52,324	-	58,933
(-) Allowance for impairment loss - Collective	(7,942)	-	-	(7,942)	(7,973)	-	-	(7,973)
Total net rental receivables	(3,965)	37,526	-	33,561	(1,364)	52,324	-	50,960
Loans and Advances								
Term loans/ Mortgage loans/ Wakala								
Gross rental receivables	598,108	5,783,052	430,252	6,811,412	694,125	6,820,190	299,241	7,813,556
(-) Unearned income	(11,275)	(1,412,300)	(151,171)	(1,574,746)	(15,296)	(1,856,187)	(147,013)	(2,018,496)
Net rental receivables	586,833	4,370,752	279,081	5,236,666	678,829	4,964,003	152,228	5,795,060
(-) Allowance for impairment loss - Collective	(682,495)	-	-	(682,495)	(579,530)	-	-	(579,530)
Total net rental receivables	(95,662)	4,370,752	279,081	4,554,171	99,299	4,964,003	152,228	5,215,530
Short term loans/ Trading Muraba								
Gross rental receivables	279,756	134,552	-	414,308	390,748	162,267	-	553,015
(-) Unearned income	(2,079)	(27,049)	-	(29,128)	(13,965)	(42,593)	-	(56,558)
Net rental receivables	277,677	107,503	-	385,180	376,783	119,674	-	496,457
(-) Allowance for impairment loss - Collective	(66,259)	-	-	(66,259)	(24,732)	-	-	(24,732)
Total net rental receivables	211,418	107,503	-	318,921	352,051	119,674	-	471,725

	2021				2020			
	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000	Within one year Rs.'000	1-5 years Rs.'000	More than 5 Year Rs.'000	Total Rs.'000
Other loans and advances								
Gross rental receivables	333,627	1,439,104	115,577	1,888,308	368,172	1,160,571	118,363	1,647,106
(-) Unearned income	(392)	(262,426)	(45,872)	(308,690)	(1,992)	(268,026)	(52,170)	(322,188)
Net rental receivables	333,235	1,176,678	69,705	1,579,618	366,180	892,545	66,193	1,324,918
(-) Allowance for impairment loss - Collective	(43,938)	-	-	(43,938)	(68,016)	-	-	(68,016)
Total net rental receivables	289,297	1,176,678	69,705	1,535,680	298,164	892,545	66,193	1,256,902
Total net loans and advances	199,382	12,653,778	387,390	13,240,550	489,117	12,770,926	270,030	13,530,073

21.2 Collective Assessment of Impairment

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped considering credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from year-to-year such as changes in;

- Changes in unemployment rate
- Property prices
- Commodity prices
- Payment status
- Inflation rates
- Changes in laws and regulations
- Interest rates
- Recent lending portfolio growth and product mix

The methodology and assumptions used for estimating provision for impairment including assumptions for projecting future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

21.4 Analysis of Maximum Exposure to Credit Risk and Movement in Allowance for ECL

As at 31 March 2021	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Finance Lease/ Ijarah rental receivables				
Maximum exposure to credit risk				
Gross lease receivables- subject to collective impairment	4,463,711	1,928,684	1,025,848	7,418,243
Allowance for expected credit losses (ECL)	(14,550)	(118,047)	(487,429)	(620,026)
	4,449,161	1,810,637	538,419	6,798,217
Movement in allowance for expected credit losses				
Balance as at 31st March 2020	18,627	158,822	372,143	549,592
Charge/ (Reversal) to income statement	(4,077)	(40,775)	115,286	70,434
Balance as at 31st March 2021	14,550	118,047	487,429	620,026

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	Total Rs.
Hire purchase/ Muraba rental receivables				
Maximum exposure to credit risk				
Gross hire purchase receivables- subject to collective impairment	11,124	5,198	25,181	41,503
Allowance for expected credit losses (ECL)	(107)	(146)	(7,689)	(7,942)
	11,017	5,052	17,492	33,561
Movement in allowance for expected credit losses				
Balance as at 31st March 2020	117	245	7,611	7,973
Charge/ (Reversal) to income statement	(10)	(99)	78	(31)
Balance as at 31st March 2021	107	146	7,689	7,942
Loans and Advances				
Maximum exposure to credit risk				
Gross lease receivables- subject to collective impairment	2,220,327	1,552,089	3,429,048	7,201,464
Allowance for expected credit losses (ECL)	(15,798)	(122,658)	(654,236)	(792,692)
	2,204,529	1,429,431	2,774,812	6,408,772
Movement in allowance for expected credit losses				
Balance as at 31st March 2020	15,243	143,778	513,256	672,277
Charge/ (Reversal) to income statement	555	(21,120)	140,979	120,414
Balance as at 31st March 2021	15,798	122,658	654,235	792,691

22. Short Term Borrowings

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Import loans (a)	21,252	36,750	-	-
Bank overdrafts (b)	6,660,818	6,690,105	859,721	2,844,034
Other short term borrowings (c)	4,867,915	7,193,354	5,616,500	6,404,710
	11,549,985	13,920,209	6,476,221	9,248,744

(a) Import loans have been obtained for the purpose of business operations and is repayable within 30-90 days.
(b) Bank overdrafts are repayable on demand and bank balances which are coming under a common overdraft facility has been pooled together.
(c) Loans obtained to fulfill working capital requirements.

23. Cash and Cash Equivalents

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Cash at banks and in hand	7,163,794	4,961,963	753,585	3,669,704
Short term borrowings (Note 22)	(11,549,985)	(13,920,209)	(6,476,221)	(9,248,744)
Cash and cash equivalents for the purpose of the statement of cash flows,	(4,386,191)	(8,958,246)	(5,722,636)	(5,579,040)

24. Stated Capital

	No. of Shares in '000	Value of Shares Rs.'000
As at 1st April 2020	2,035,038	1,972,829
As at 31st March 2021	2,035,038	1,972,829

25. Statutory Reserve Fund

	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	76,761	76,606
Transfers during the year	-	155
At the end of the year	76,761	76,761

In accordance with the Finance Companies (Capital Funds) Direction No.1 of 2003 issued by the Central Bank of Sri Lanka, 5% of the net profit has been transferred to the Statutory Reserve Fund.

Accordingly, Arpico Finance Limited has transferred 5% of it's net profit after taxation to the Statutory Reserve Fund.

26. Other Components of Equity

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Fair value reserve on Financial Assets at FVOCI	(267,666)	(381,234)	(207,291)	(334,560)
Foreign currency translation reserve	190,670	167,628	-	-
	(76,996)	(213,606)	(207,291)	(334,560)

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan Rupees.

Fair value reserve of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI.

27. Insurance Provision

	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	1,622,089	1,391,506
Re-classification of opening balance	16,037	-
Net increase in life insurance fund	413,823	234,282
Movement in fair value reserve on financial assets at FVOCI transferred to life fund	45,284	(3,699)
At the end of the year	2,097,233	1,622,089

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional non-participating Life Insurance products.

The actuarial reserves have been established based upon the following;

- Interest rates which vary by product and as required by regulations issued by the Insurance Regulatory Commission of Sri Lanka.
- Mortality rates based on published mortality tables adjusted for actual experience as required by regulations issued by the Insurance Regulatory Commission of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS

According to solvency margin rules (Risk Based Capital) effective from 1st January 2016, Life Insurance Policy Liabilities are valued as per the Gross Premium Valuation (GPV) method. The change in the valuation method from Net Premium Valuation (NPV), which was applicable under the previous Solvency Margin Rules and GPV as per the new rules resulted in a one off release in Liabilities. The external actuary, Actuarial Partners Consulting Sdn Bhd has reworked the one off surplus which is amounting to Rs. 320 Mn on the RBC Basis. The one off surplus is applicable only for the non-participating businesses. The Company does not engage in participating business. As company has adopted a distribution basis for the insurance contract liability valuation, the one off surplus will not be transferred to the shareholder fund as a restricted reserve.

As per the valuation, the Life Insurance Fund included in the financial statements exceed the required actuarial reserves by Rs. 199 Mn as at 31st December 2020 before any transfers to shareholders. Accordingly based on the recommendations made by the Actuary a sum of Rs. 199 Mn has been transferred to Shareholders fund from the Life Insurance Fund in 2020.

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for Life Insurance contract Liability was carried out by Actuarial Partners, as at 31st December 2020 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the Company discounted all contractual cash flows and compared this amount with the carrying value of the liability. According to the consultant actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2020. No additional provision was required against the LAT as at 31st December 2020.

28. Interest Bearing Loans and Borrowings

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Non current portion of interest bearing loans and borrowings				
Interest bearing loans	4,061,498	4,244,760	-	-
Total Non current interest bearing loans and borrowings	4,061,498	4,244,760	-	-
Current portion of interest bearing loans and borrowings				
Interest bearing loans	4,323,362	3,843,419	-	-
Total Current interest bearing loans and borrowings	4,323,362	3,843,419	-	-

28.1 Interest Bearings Loans & Borrowings

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	8,088,179	11,063,116	-	2,170,944
Cash movement				
New loans obtained	4,444,000	1,661,149	-	-
Repayments	(4,196,891)	(4,808,673)	-	(2,177,134)
Non Cash movement				
Amortisation of debenture issue cost	-	146	-	146
Effect of foreign currency translation	49,572	172,441	-	6,044
	8,384,860	8,088,179	-	-
Repayable within one year	4,323,362	3,843,419	-	-
Repayable after one year	4,061,498	4,244,760	-	-
	8,384,860	8,088,179		

28.2 Interest bearing loans and borrowings repayable after one year

Company	Lender /Instrument	31.03.2021 Rs.'000	31.03.2020 Rs.'000	Repayment	Security
Richard Pieris Distributors Limited	IFC Loan	1,365,533	1,746,074	US$ 1.131 mn semi annual w.e.f. February 2019	Mortgage over land and buildings at Dehiwala, Negambo, Kadawatha , Matara , Panadura and Solar Panels at all Super Centres.
Arpico Interiors (Pvt) Ltd.	National Development Bank PLC - Saubagya Loan	10,000	-	Rs. 0.555 mn monthly From 01st April 2021 to 01st Sep 2022	Clean basis.
Richard Pieris Natural Foams Ltd.	HSBC	-	47,750	US $ 27,777/77 per month w.e.f. January 2018	Clean basis.
	National Development Bank PLC - Saubagya Loan	19,445	-	Rs.1.388888 mn monthly From 25th Dec 2020 to 08th June 2022	Clean basis.
BGN Industrial Tyre (Pvt) Ltd.	Sampath Bank	2,510	10,081	Rs. 0.947 mn per month	Primary mortgage over land & machinery at Horana.
	National Development Bank PLC - Saubagya Loan	10,000	-	Rs. 0.555555 mn monthly From Apr 2021 to Sep 2022	Clean basis.
Arpidag International (Pvt) Ltd.	National Development Bank PLC - Saubagya Loan	20,000	-	Rs. 1.111111 monthly From Apr 2021 to Sep 2022	Clean basis.
Richard Pieris Rubber Compounds Limited	National Development Bank PLC - Saubagya Loan	25,000	-	Rs. 1.388888 mn monthly From Apr 2021 to Sep 2022	Clean basis.
Richard Pieris Finance Limited	Sampath Bank PLC	533,929	700,143	Rs. 16.6 mn per month	Assignment over Lease & hire purchase receivables.
	Sampath Bank PLC	32,436	116,254	Rs. 8.35 mn per month	Assignment over Lease & hire purchase receivables.
	Trust Certificates	640,588	1,066,325	Monthly payments in varied instalments	Assignment over Lease & hire purchase receivables.
	Trust Certificates	413,588	779,201	Monthly payments in varied instalments	Securitization of Lease & hire purchase receivables.
	Trust Certificates	412,091	-	Monthly payments in varied instalments	Assignment over Lease receivables.
	Trust Certificates	967,792	-	Monthly payments in varied instalments	Assignment over Lease receivables.
	Seylan Bank PLC	299,933	47,154	Rs. 5.21 mn per month w.e.f. December 2016	Assignment over Lease & hire purchase receivables.
	Seylan Bank PLC	313,861	501,646	Rs. 15.625 mn per month	Assignment over Lease & hire purchase receivables.
	Seylan Bank PLC	300	-	Bullet payment	Assignment over Lease receivables.
	Indian Bank	12,292	61,845	Rs. 4.167 mn per month	Assignment over Lease & hire purchase receivables.
	Indian Bank	-	5,635	Rs. 4.44 mn per month w.e.f. March 2017	Assignment over Lease & hire purchase receivables.
	Commercial Bank of Ceylon PLC	375,554	500,000	Rs. 10.41 mn per month w.e.f. March 2020	Assignment over Lease & hire purchase receivables.
	Cargills Bank	133,519	185,074	Rs. 4.6 mn per month w.e.f. November 2019	Assignment over Lease & hire purchase receivables.
	Peoples Bank	22,649	150,029	Rs. 20.8 mn per month w.e.f. November 2016	Assignment over Lease , hire purchase & Loan receivables.
	Nations Trust Bank PLC	83,468	222,307	Rs. 13.9 mn per month w.e.f. March 2017	Assignment over Lease , hire purchase & Loan receivables.
	Nations Trust Bank PLC	333,617	476,668	Rs. 14.0mn	Assignment over Lease & loan receivables.
	Muslim Commercial Bank	24,890	45,497	Rs. 1.67 mn per month	Assignment over lease, hire purchase and loan receivables.
	HDFC Bank	39,728	200,920	Monthly payments in varied instalments	Assignment over Lease, hire purchase & Loan receivables.
	Bank of Ceylon	194,793	292,340	Monthly payments in varied instalments	Securitization of Lease & hire purchase receivables.
Maskeliya Plantations PLC	Hatton National Bank PLC	41,810	108,451	Rs. 8.3mn per month	Primary mortgage over leasehold rights of Ampittiakande ,Craig ,St.Clair and Glenugei estates
	Hatton National Bank PLC	121,040	154,321	Rs. 4.1 mn per month	Primary mortgage over leasehold rights of Ampittiakande ,Craig ,St.Clair and Glenugei estates
	Tea Board - (Government Loan)	-	5,939	Rs. 1.22 mn per month w.e.f. August 2017	Clean Basis.
	Tea Board - (Government Loan)	-	4,866	Rs. 2.16 mn per month w.e.f. August 2017	Clean Basis.
	Tea Board - (Government Loan)	-	27,833		Clean Basis.
	Union Bank of Ceylon PLC	43,333	53,334	Rs. 3.33 mn per month	Primary mortgage over leasehold rights of Moray estate.
	Nations Trust Bank PLC	25,000	-	Rs. 1.388904 mn per month w.e.f. 30.04.2021	Clean Basis.
	Commercial Bank PLC	700,000	-	Rs. 14.583333 mn per month from Sep 2021	Clean Basis.
Kegalle Plantations PLC	Commercial Bank of Ceylon PLC	19,444	-	Rs. 1.666667 mn per month from March 2021	Clean Basis.
	Commercial Bank of Ceylon PLC	311,717	417,811	US$ 104,167 per month	Secondary mortgage over leasehold rights of Etana and Kirklees estates and Negative Pledge over leasehold rights of Allagolla, Eadella and Doteloya estates.
	Commercial Bank of Ceylon PLC	700,000	-	Rs. 1.041666 mn monthly from 25.10.2021	
	Indian Overseas Bank	-	149,362	54 monthly payments in varied instalments	Primary mortgage over leasehold rights of Ambadeniya,Hathbawa and Udapola estates.
	Tea Board - (Government Loan)	-	2,556	Rs. 0.638 mn per month w .e .f. August 2017	Clean Basis.
	Tea Board - (Government Loan)	-	959	Rs. 0.892 mn per month w.e.f. May 2017	Clean Basis.
Namunukula Plantations PLC	National Development Bank PLC	-	4,258	Final Instalment of Rs 390 mn in April 2019	Primary mortgage over plant & machinery
	Nations Trust Bank PLC	25,000	-	Monthly Instalments Rs 1.66 .w.e.f. 03.05.2021	Clean Basis.
	Tea Board - (Government Loan)	-	2,333	Rs. 0.58 mn per month w.e.f. August 2017	Clean Basis.
	Tea Board - (Government Loan)	-	1,213	Rs. 1.22 mn per month w.e.f. May 2017	Clean Basis.
Arpitech (Pvt) Ltd.	National Development Bank PLC - Saubagya Loan	25,000	-	Rs.1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Richard Pieris Rubber Products Ltd	National Development Bank PLC - Saubagya Loan	25,000	-	Rs.1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Plastishells Ltd.	National Development Bank PLC - Saubagya Loan	25,000	-	Rs.1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
RPC Polymers (Pvt) Ltd .	National Development Bank PLC - Saubagya Loan	25,000	-	Rs.1.388888 mn monthly From 30th April 2021 to 30th Sep 2022	Clean Basis.
Maskeliya Tea Gardens Ceylon Limited	National Development Bank PLC - Saubagya Loan	10,000	-	Rs. 0.555 mn monthly From 01st April 2021 to 01st Sep 2022	Clean basis.
	Total Term Loans	8,384,860	8,088,179		
	Transferred to Current Liabilities	(4,323,362)	(3,843,419)		
		4,061,498	4,244,760		

NOTES TO THE FINANCIAL STATEMENTS

29 Right of use assets and lease liabilities

29.1 Amounts recognised in the statement of financial position and income statement Set out below, are the carrying amounts of the Group's right of use assets and the movements for the year ended 31 March 2021.

29.1.1 Right of use assets

	Group				Company	
	Lease hold Properties	Immovable Biological Assets	Total		Leasehold Properties	
			2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	5,423,700	135,643	5,559,343	4,726,788	365,634	418,124
Additions	197,616	-	197,616	186,012	-	-
Transfers (SLFRS 16 initial recognition)	-	-	-	1,369,295	-	-
Amortisation expense	(755,863)	(26,908)	(782,771)	(722,752)	(52,490)	(52,490)
At the end of the year	4,865,453	108,735	4,974,188	5,559,343	313,144	365,634

29.1.2 Lease liability

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,936,205	4,506,991	473,844	488,891
Additions	46,663	854,752	-	-
Transfers	-	-	-	-
Interest expense	402,001	576,037	53,952	56,190
Payments	(1,046,969)	(999,833)	(78,362)	(71,237)
Exchange difference	8,940	(1,742)	-	-
At the end of the year	4,346,840	4,936,205	449,434	473,844

29.1.3 Maturity Analysis

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Within one year	495,298	600,431	35,674	24,410
After one year but not more than three years	1,322,244	1,335,129	112,301	84,823
After three years but not more than five years	711,879	1,049,615	170,932	138,381
More than five years	1,817,419	1,951,030	130,527	226,230
	4,346,840	4,936,205	449,434	473,844
Following are the amounts recognized in profit or loss for the year ended 31 March 2021				
Amortisation of right-of-use asset	(782,771)	(722,752)	(52,490)	(52,490)
Interest expense on lease liability	402,001	576,037	53,952	56,190
Total amount recognised in profit or loss	(380,770)	(146,715)	1,462	3,700

30. Provisions

	Maintenance Warranties Warranties	
	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	137,283	123,884
Arising during the year	2,771	13,399
(-) Reversal during the year	-	-
At the end of the year	140,054	137,283

Maintenance Warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales level and current information available about returns based on the respective warranty period of products sold.

31. Government Grants

	2021 Rs.'000	2020 Rs.'000
At the beginning of the period	508,573	526,770
Received during the year	29,491	8,793
Released in the statement of profit or loss	(31,102)	(26,990)
At the end of the period	506,962	508,573

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

32. Post Employee Benefit Liabilities

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
At the beginning of the year	2,911,082	2,842,772	64,293	70,609
Current service cost	177,086	186,892	5,459	4,375
Interest cost on benefit obligation	311,540	323,116	6,429	7,767
Payments	(350,398)	(374,660)	(12,207)	(3,380)
(Gain)/losses arising from changes in assumptions	(348,490)	(67,038)	3,948	(15,078)
At the end of the year	2,700,820	2,911,082	67,922	64,293

Actuarial valuation of the defined benefit plan / gratuity was carried out on 31st March 2021 by Messrs'. Actuarial and Management Consultants (Pvt) Limited.

NOTES TO THE FINANCIAL STATEMENTS

Appropriate and compatible assumptions were used in determining the cost of retirement benefits and the key assumptions used are as follows:

Assumptions	2020/21	2019/20
Demographic assumptions		
In respect of non-plantation companies,		
Retiring age:		
Executives	55-60 years	55-60 years
Non-Executives	55-60 years	55-60 years
Average future working life time:		
Executives	4.6	5.4
Non-Executives	2.4	2.5
Staff turnover rates:		
Executives	0.00-0.31	0.00-0.34
Non-Executives	0.00-0.69	0.00-0.75

Assumptions	2020/21	2019/20
In respect of plantation companies,		
Retiring age:		
Workers (male and female)	60 years	60 years
Other categories of staff (male and female)	55-58 years	55-58 years
Staff turnover rates	0.02-0.07	0.02-0.07
Average future working life time:		
Workers	7.95 years	8.10 years
Staff	6.94 years	6.01 years
In respect of the Insurance company,		
Retiring age:	55 years	55 years
Financial assumptions		
In respect of non-plantation companies,		
Rate of discount	7.50%	10.00%
Rate of salary increment (average)	4.00%	4.00%
In respect of plantation companies,		
Rate of discount	8.81%	10.00%
Rate of salary increment:		
Workers	5.68% per annum	16% every two years
Staff employees	7% per year	7% per year
In respect of the Insurance company,		
Rate of discount	6.00%	10.00%
Rate of salary increment:	5%	5%

32.1 Sensitivity Analysis
Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used. The sensitivity was carried for both the salary escalation rate and discount rate. Simulation made for retirement benefit obligation show that an increase or decrease by 1% of salary escalation rate and discount rate has the following effect of the retirement benefit obligation.

	Present value of Defined Benefit Obligation			
	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Discount Rate				
1% increase	(152,772)	(196,238)	(3,144)	(3,115)
1% decrease	205,849	195,463	3,449	3,428
Salary Increment Rate				
1% increase	197,026	101,647	3,030	3,160
1% decrease	(147,551)	(121,138)	(2,819)	(2,924)

32.2 Maturity Profile
Maturity profile of the defined benefit obligation as at 31st March 2021 is as follows.

	Defined Benefit Obligation	
	Group Rs.'000	Company Rs.'000
Future Working Life Time		
Within the next 12 months	517,671	15,584
Between 2-5 years	838,115	30,287
Beyond 5 years	1,345,034	22,051
Total	2,700,820	67,922

33. Contingent Liabilities
There are no corporate guaranties issued by the Company on loans obtained by subsidiary companies as at 31st March 2021. Guarantees given by subsidiaries on loans obtained amounted to Rs. 89 Mn.

Namunukula Plantation PLC
High Court of Badulla Case No's: HCRA 59/2015 to HCRA 88/2015
There were 30 cases outstanding filed at Magistrate court Passara and Bandarawela by the Commissioner of Labour (Badulla) against Tusker Bottling Co. (Pvt) Ltd, the Company and the Superintendents of these Estates regarding the payment of employees' statutory dues for the amounts which the Sub Lessee has failed to pay in respect of the sub leased 6 estates. The Company has filed objections that the Company is not liable to pay such dues. However Magistrate has ordered the Company to pay.

The Company filed revision to that in High Court and further Company deposited 14.75 mn as refundable security deposit in the Court. The Company has won the case No: 59/2015 at HC Badulla and then the Commissioner of Labour has made an appeal against the judgment given by the High Court Judge in favour of Company and the case is yet to be listed at Court of Appeal. The dates of the balance 29 cases (Case No: 60/2015 to 88/2015) are being moved forward pending a decision from a higher court. Next day of hearing is 24 July 2021.

Court of Appeal Case No CA WRIT 143/2021
In the past wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently The Wages Board without considering objections of the RPC's decided the daily wage rate of Tea / Rubber workers as Rs 1,000/- per day and gazetted its decision on 05th March 2021.

NOTES TO THE FINANCIAL STATEMENTS

Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon. Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal and, therefore the final decision is pending.

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavourable to the Company/Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 183 mn and of which Rs. 11 mn need to be charged to Profit or Loss and Rs. 172 mn to be charged under Other Comprehensive Income for the year ended 31 March 2021. However no provisions have been made in the financial statements for the year ended 31 March 2021 in this regard.

Richard Pieris Exports PLC
There are no contingent liabilities as at 31st March 2021 except for the following:

- The company has two individual matters following the termination of services of 160 employees in 2007.
- One matter which had been filed by a single employee against the Company was before the Court of Appeal whilst the other matter filed by 159 employees was in the Arbitration upto June 2020 and February 2020 respectively.
- The Order of the Application which had been heard by the Court of Appeal was delivered on 23rd June 2020 and the Award of Arbitration was published in the Government Gazette on 10th August 2020 and both were against the Company. The initial amount demanded by the Union on behalf of the workers is Rs. 136 mn, which is still being denied by the Company because the Company is of the view that the strike is unjustifiable.
- The Company has already taken steps to make an Appeal against the Order given by the Court of Appeal to the Supreme Court and also to make an appeal against the Award of Arbitration before the Court of Appeal. The Company is rigorously contesting both matters.

Therefore, no provision has been made in the accounts.

Richard Pieris & Company PLC
The contingent liability of Richard Pieris & Company PLC as at 31st March 2021, relates to the following:

Richard Pieris and Company PLC and Richard Pieris Distributors Limited, a subsidiary of the Group, is contesting certain claims made by a former employee in a case filed before the Commercial High Court, Colombo.

34. Trade and Other Payables

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Trade payables	6,898,005	4,985,772	-	-
Accrued expenses	1,741,751	1,319,536	-	-
Other financial liabilities	1,797,208	603,467	1,247,574	228,195
Reinsurance Payables	106,002	98,656	-	
Contract Liabilities	445,293	427,096	-	-
	10,988,259	7,434,527	1,247,574	228,195
Other non-financial liabilities	639,869	419,215	77,485	48,432
Total trade and other payables	11,628,128	7,853,742	1,325,059	276,627

35. Customer Deposits

	2021 Rs.'000	2020 Rs.'000
Fixed deposits	8,519,736	8,634,382
Savings deposits	84,960	76,404
	8,604,696	8,710,786

36. Capital and Lease Commitments

36.1 Capital Commitments

The capital commitments for property, plant and equipment incidental to the ordinary course of business as at 31st March , approved by the Board are as follows:

	Group	
	2021 Rs.'000	2020 Rs.'000
Contracted but not provided for	145,902	325,387
Approved but not contracted for	840,375	777,520
	986,277	1,102,907

36.2 Lease Commitments

Future minimum rentals payable under non-cancellable operating leases as at 1st April, are as follows:

	Group
Undiscounted future minimum lease rentals payable as at 1st April 2020	646,711
Discounted future minimum lease rentals payable as at 1st April 2020	623,475

37. Financial Risk Management Objectives and Policies

The Group has loans and other receivables, trade receivables and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, public deposits and financial guarantees. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors guide the Group Treasury which is centralized to provide assistance to the Group's senior management that the Group's financial risk taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and stipulates policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk:

- Interest rate risk
- Currency risk
- Commodity price risk
- Equity price risk

Financial instruments affected by market risk include loans and borrowings, deposits, available for sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters in order to optimize the return.

Interest rate risk

Interest rate risk is the risk that the company is exposed to due to the changes in the absolute level of market interest rates. Country's yield curve reflecting public borrowings in the domestic market, the policy rates, market liquidity, reforms in fiscal policies, credit ceilings on lending, average deposit rates, etc. are considered to be the main determining factors on the quoted interest rates for short term and long term lending facilities. These external factors stresses the market lending rates inserting pressure on the finance cost of the Group in turn having a down beating effect on the profit attributable to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on borrowings as follows:

Group	Increase/decrease in interest rate by basis points	Effect on profit before tax Rs. Millions
2019/20	+100 bps	(220.07)
	-100 bps	220.07
2020/21	+100 bps	(199.35)
	-100 bps	199.35

Company	Increase/decrease in interest rate by basis points	Effect on profit before tax Rs. Millions
2019/20	+100 bps	(92.49)
	-100 bps	92.49
2020/21	+100 bps	(64.76)
	-100 bps	64.76

Following measures and actions are usually undertaken in order to manage interest rate risk of the Group.

- Based on the studies and research on interest rate risk, the treasury division advises and takes appropriate measures to capitalize on the interest rate movements to be beneficial to the Group profitability where the facilities will be fixed for longer tenors when the market lending rates are in lower bound and take short term positioning when the market lending rates are in the higher bound.
- Structuring the loan portfolio to combine foreign currency and local currency denominated borrowings to the mix of export and local revenue of the Group.
- Using fixed and variable rate borrowings to strike a balance.
- Centralized Treasury that coordinates Group funding requirements thus ensuring more effective borrowing terms.
- Practicing effective hedging techniques as and when required.
- Centralized cash management system to get the advantage of the total pooling of funds.

Foreign Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings of the Group, primarily in US Dollars (USD), and also in EURO, Singapore Dollars (SGD) and Pound Sterling (GBP) especially with regards to trade related transactions. The imported materials are mainly billed in USD, EURO and SGD. The Group Treasury Division continuously monitors the exchange rate movement of the above currencies.

Effects of Currency Translation

For the consolidated financial statements of the Group, income and expenses and the assets and liabilities of the subsidiaries outside Sri Lanka are converted into Sri Lankan Rupees, Therefore period-to-period changes in average exchange rates may cause currency translation effects for the Group. However, exchange rate translation risk doesn't affect future cash flows. The group equity position reflects changes in book value caused by exchange rates.

Commodity Price Risk

The Group is affected by the volatility of certain commodities. The volatility in prices of tea, rubber etc. in the auctions would trigger greater uncertainty in the contribution towards Group turnover from the plantation sector.

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

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all credit clients are subject to credit verification procedures who wish to trade on credit. Furthermore, the Group continuously monitors the receivables through the segregation of the duties of controlling the receivables through SBU credit controllers. It is the responsibility of the credit controller to continuously monitor the receivables and the receipts and recoveries are done promptly according to the credit period. Furthermore age analysis is carried out along with monthly provisioning to smooth out the unrecoverable debtor balances across the periods.

With respect to credit risk arising from other financial assets such as short term deposits, cash and cash equivalents, investments, derivative instruments etc., the credit risk exposure arises due to counterparty risk. The Group manages its operations to avoid any excessive concentration of counterparty risk and takes every possible step to ensure counterparties fulfill their obligations.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always maintains sufficient leeway's in the short term facilities and structuring new credit lines for short and long term tenors to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Capital Management
Capital includes only the equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and re-structures the capital base time to time in light of changes in economic conditions as per the directives given by the Board of Directors. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital through share buy backs or infuse capital through new share issuance.

The Group monitors capital using indicative leverage ratios preferably through gearing ratio, which is net debt as a percentage of total equity and net debt. The Group includes within net debt, interest bearing loans & borrowings, short term borrowings less Cash & Cash Equivalents, excluding discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

Year ended 31st March 2021	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Interest bearing borrowings	28	-	936,925	3,371,996	4,075,939	-	8,384,860
Net liability to the lessor	29	-	123,825	371,474	2,034,122	1,817,419	4,346,840
Trade and other payables	34	12,059	11,614,838	1,231	-	-	11,628,128
Customer Deposits	35	84,952	3,045,242	4,592,614	881,888	-	8,604,696
Import loans	22	-	21,252	-	-	-	21,252
Bank overdrafts	22	6,660,818	-	-	-	-	6,660,818
Other short term borrowings	22	-	4,867,915	-	-	-	4,867,915
		6,757,829	20,609,997	8,337,315	6,991,949	1,817,419	44,514,509

Year ended 31st March 2020	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Interest bearing borrowings	28	-	1,069,934	3,409,286	3,608,959	-	8,088,179
Net liability to the lessor	29	-	150,107	450,324	2,384,744	1,951,030	4,936,205
Trade and other payables	34	219,997	7,518,309	68,865	46,571	-	7,853,742
Public deposits	35	76,404	1,967,698	4,144,118	2,522,566	-	8,710,786
Import loans	22	-	36,750	-	-	-	36,750
Bank overdrafts	22	6,690,105	-	-	-	-	6,690,105
Other short term borrowings	22	-	4,452,039	2,741,315	-	-	7,193,354
		6,986,506	15,194,837	10,813,908	8,562,840	1,951,030	43,509,121

Company

Year ended 31st March 2021	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Trade and other payables	34	1,325,059	-	-	-	-	1,325,059
Bank overdrafts	22	859,721	-	-	-	-	859,721
Other short term borrowings	22	-	-	5,616,500	-	-	5,616,500
		2,184,780	-	5,616,500	-	-	7,801,280

Year ended 31st March 2020	Notes	On demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	> 5 Years Rs.'000	Total Rs.'000
Trade and other payables	34	276,627	-	-	-	-	276,627
Bank overdrafts	22	2,844,034	-	-	-	-	2,844,034
Other short term borrowings	22	-	-	6,404,710	-	-	6,404,710
		3,120,661	-	6,404,710	-	-	9,525,371

Risk Exposure of Arpico Insurance PLC

The Insurance industry revolves around risk acceptance. Hence, prudent risk management policies that evolve with changing dynamics play a central role in our short, medium and long term success and effectiveness. The current macro-economic environment poses multiple, interlinked challenges, which require consistent evaluation, innovative strategies and revisiting of risk mitigating approaches. As such, risk management strategy of Arpico Insurance revolves around the core approaches of timely risk identification, in depth evaluation and adaptation to market realities and mitigation of future risks.

Board of Directors and Senior Management of the Company play a proactive role in shaping and implementing the risk management framework of Arpico Insurance.

We have carefully laid out precautionary measures to effectively navigate external risks beyond our control. Meanwhile, the Company consistently aligns our growth and expansion strategies with an evolving risk management framework.

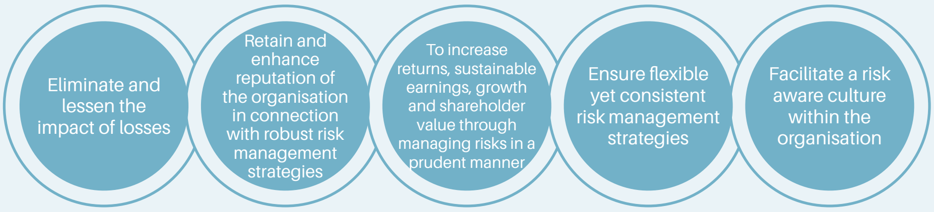
Moreover, Arpico Insurance PLC promotes a risk sensitive and prudent culture at all levels of the Company. We have created a transparent culture that is conducive to all employees to comprehend potential risk and act in a timely and effective manner to mitigate such risks. All employees receive opportunities to engage in risk identification training and acquire knowledge about the industry and external environment. The Board of Directors oversees the risk culture in the organisation to steer the risk management process in the right direction.

RISK MANAGEMENT PROCESS

Our risk management process makes allowances to the constant flux of the external environment and rising external uncertainties. We strive consistently to manage risk impact within acceptable levels. The risk management process comprise of interrelated steps that work in unanimity to ensure a sound risk framework. The Board of Directors remains responsible for the robustness and effectiveness of the risk management process.

RISK MANAGEMENT OBJECTIVES

We are well aware of the fact that well-defined and clear risk management objectives play a pivotal role in facilitating the implementation of risk strategies. As such, we have identified and laid out a set of clear objectives, which we constantly revisit during our risk management process.



NOTES TO THE FINANCIAL STATEMENTS

RISKS

The insurance industry has to contend with various industry-specific and generic risks. With the objective of better comprehending risks to manage each risk effectively, we have categorised risks.

Economic risk

- Price competition in the saturated insurance industry
- Macro-economic conditions that affect the disposable income of customers to negatively impact their interest in insurance products
- Volatile insurance rates, which can have a negative impact on the Life Insurance business due to the increase in the liability of insurance fund

Social risk

- Competition for talent in the insurance industry (employee turnover)
- The aging population in Sri Lanka
- Socio-political tensions and prevailing uncertainty

Technological risks

- Cyber security threat to the data base of the Company
- Challenges in digital transformation

Legal risks

- Inconsistent regulatory changes
- The new Inland Revenue act
- Complexities of the compliance requirements

Environmental risks

- The impact of climate change
- The propensity of the country towards large scale natural disasters

Arpico Insurance further breaks down the above categories to broader categories in order to prioritise risks and effectively address each risk accordingly. These broader risk categories go hand in hand with our risk prioritisation process.

RISK CATEGORIES AND PRIORITISATION

Broader Risk Categories

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Compliance risk
- Underwriting risk
- Reinsurance risk

RISK PRIORITISATION PROCESS

Risk Category	Risk Description	Risk Rating	Risk Mitigation
Underwriting Risk	The premium received not sufficient enough to cover the claims, the insurer is confronted with the probability of loss	High	Ensuring a sufficient level of segregation between duties of sales and underwriting functions while centralizing function at head office. Maintaining a robust manual of financial to offer guidance to underwriting staff. Frequent audits and verification to ensure the smooth function of the process. Timely consultation and feedback from Consultant Actuary and Reinsurer to adequately price products. The medical reports are only generated from the registered and well-respected laboratories monitor by the management to ensure quality service. Carrying underwriting as per the set guideline given by the reinsurer.
Reinsurance Risk	Reinsurance risk refers to the inability of the ceding company to obtain insurance from a reinsurer at the right time and at an appropriate cost	Moderate	The Company only works with reinsurers with 'A' or above ratings and monitors their ratings consistently. Conducting frequent reviews of outstanding reinsurance receivables. Maintain close relationship with all reinsurers.
Credit Risk	The risk of financial losses in case of the counter party failing to meet contractual payment obligations.	Moderate	Periodical reviews into the creditworthiness and financial stability of all entities. The Company only places corporate debt investment exposure with counter parties that retain a credit rating of or above BBB+, given by well-known rating companies. Imposing strict credit limitations on all such entities, upon reviewing their stability. Maintaining a structured and standardized credit approval process, based on the size and nature of the organisation. Employing only senior and experienced staff to carry our credit approval.
Market Risk	Risk of changes in the interest rates, which might affect the Company's investment portfolio.	High	The Company uses prudent tools to manage investment risk by diversifying investments. In addition, a considerable portion of the Company's investments are held in Government Securities to minimise credit default risk. The Company has established and maintains a clear investment policy with guidance from the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

Risk Category	Risk Description	Risk Rating	Risk Mitigation
Compliance Risk	Risk arising from non-compliance with existing regulations or complications arising from unexpected regulatory changes.	Moderate	Strict adherence to relevant rules and regulations. Periodical reviews on major regulatory developments and employing a mechanism to anticipate potential impact on the Company. Consistent participation in industry forums such as events organised by the Insurance Association of Sri Lanka. The Company's business process invariably goes through timely analyses and updates of policies and procedures.

RISK MANAGEMENT OUTLOOK FOR 2020

The year 2020 is set to pose a unique set of challenges. The insurance industry will have to re-evaluate its risk management strategies, change the core approach and prepare to manage risk using innovative tools. At Arpico Insurance, we remain committed to identifying risk, remaining market sensitive and upgrading our risk management approach with focus on long-term growth.

Risk Exposure of Richard Pieris Finance Limited

Credit risk

Credit risk arises principally from the Company's loans and advances to customers/other Companies and investments in debt securities. Credit risk constitutes the Company's largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

Default risk

Default risk is the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the company's loans and advances to customers.

Concentration risk

Concentration risk is the credit exposure being concentrated as a result of excessive buildup of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Settlement risk

Settlement risk is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis.

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

Exposure to credit risk of finance companies of the Group

As at 31 March 2021	Maximum exposure to credit risk Rs.'000	Net Exposure Rs.'000
Cash and bank balances	1,189,336	1,189,336
Investments in fixed deposits	169,009	169,009
Lease Receivable at Amortized Cost	6,802,854	-
HP Receivable at Amortized Cost	32,587	-
Loans and Receivables at Amortized Cost	6,498,666	920,781
Financial investments - at Fair Value through OCI	474,557	474,557
Total financial assets	15,167,009	2,753,683

Credit quality by class of financial assets of finance companies of the Group

As at 31 March 2021	Neither past due nor impaired Rs.'000	Past due but not impaired Rs.'000	Individually impaired Rs.'000	Total Rs.'000
Assets				
Cash and bank balances	1,189,336	-	-	1,189,336
Investments in fixed deposits	169,009	-	-	169,009
Lease Receivable at Amortized Cost	2,871,506	4,566,963	-	7,438,469
HP Receivable at Amortized Cost	-	41,579	-	41,579
Loans and Receivables at Amortized Cost	1,876,754	5,389,146	-	7,265,900
Financial investments - at Fair Value through OCI	474,557	-	-	474,557
Collective impairment provision	-	-	-	(1,411,843)
Total financial assets	6,581,162	9,997,688	-	15,167,007

Aging Analysis of past due (i.e. facilities in arrears of 1 day and above) but not impaired loans, by class of financial assets.

	Past due but not impaired				
	Less than 31 days Rs.'000	31 to 60 days Rs.'000	61 to 90 days Rs.'000	More than 90 days Rs.'000	Total Rs.'000
Lease Receivable at Amortized Cost	1,137,371	725,800	580,005	2,123,787	4,566,963
HP Receivable at Amortized Cost	11,200		4,831	25,549	41,580
Loans and Receivables at Amortized Cost	711,395	419,073	273,948	3,984,731	5,389,147
	1,859,966	1,144,873	858,784	6,134,067	9,997,690

Liquidity risk and funding management
In the context of a financial institution liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; transactions liquidity, a property of assets or markets, and funding liquidity, which is more closely related to creditworthiness.

Transaction liquidity risk is the risk of moving the price of an asset adversely in the act of buying or selling it. Company's transaction liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Company's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Company's credit quality is perceived to be deteriorating and the financial conditions as a whole is deteriorating.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the company regularly analyses and monitors liquidity positions and, maintain an adequate margin of safety in liquid assets.

Interest rate risk
Interest rate risk is a key constitute of the market risk exposure of the finance companies due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the companies, the impact of interest rate risk is mainly on the earnings of the company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arising due to differences in the bases of interest rates.

NOTES TO THE FINANCIAL STATEMENTS

Excessive movements in market interest rate could result in severe volatility to Companies' net interest income and net interest margin. Companies' exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the companies conducts periodic reviews and re-prices its assets accordingly.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Companies' net interest income.

Net Interest Income (NII) sensitivity by interest rate change

	2021	
Parallel Increase / Decrease of Basis Points (bps)	+/- 100 bps	+/- 200 bps
Impact on NII (Rs.'000)	7,081	14,162
	(7,081)	(14,162)

Interest rate risk exposure on financial assets and liabilities

The table below analyses the Companies' interest rate risk exposure on financial assets & liabilities. The Companies' assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Company As at 31st March 2021	Up to 03 Months Rs.	03-12 Months Rs.	01-03 Years Rs.	03-05 Years Rs.	Over 05 Years Rs.	Non Interest Bearing Rs.	Total as at 31/03/2021 Rs.
Assets							
Cash and bank balances	-	-	-	-	-	1,189,336	1,189,336
Investments in fixed deposits	11,612	157,397	-	-	-	-	169,009
Lease Receivable at Amortized Cost	1,733,688	1,533,543	2,872,484	854,580	444,176	-	7,438,471
HP Receivable at Amortized Cost	17,569	3,195	9,046	338	11,431	-	41,579
Loans and Receivables at Amortized Cost	2,430,260	865,200	1,817,661	833,075	1,319,705	-	7,265,901
Financial investments - at Fair Value through OCI	425,796	30,100	18,660	-	-	-	474,556
Other debtors & prepayments	-	-	-	-	-	192,455	192,455
Total Financial Assets	4,618,925	2,589,435	4,717,851	1,687,993	1,775,312	1,381,791	16,771,307
Financial Liabilities							
Bank Overdraft	580,878	-	-	-	-	-	580,878
Due to Customers	3,130,194	4,592,606	797,306	84,582	-	-	8,604,688
Interest bearing borrowings	1,282,389	2,241,274	1,330,112	-	580,000	-	5,433,775
Trade and other payables	-	-	-	-	-	575,350	575,350
Total Financial Liabilities	4,993,461	6,833,880	2,127,418	84,582	580,000	575,350	15,194,691
Interest Sensitivity Gap	(374,536)	(4,244,445)	2,590,433	1,603,411	1,195,312	806,441	1,576,616

38. Events After the Reporting Date

There have been no material events occurring after the reporting date that require adjustments or disclosures in the Financial Statements.

39. Related Party Disclosures

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
39.1 Amount due from/to related parties - Subsidiaries				
Amounts receivable as at 31 March	-	-	3,567,840	2,872,277
Amounts payable as at 31 March	-	-	15,201	5,940
39.2 Transaction with related parties - Subsidiaries				
Allocation of common personnel and administration expenses	-	-	163,690	180,306
Rendering of services	-	-	68,421	89,461
Rent income	-	-	215,774	228,457
Royalty income	-	-	455,384	433,820
Corporate expenses	-	-	60,000	60,816
Interest income	-	-	26,315	33,561
Post employment benefit plan				
Contribution to the provident fund	105,375	162,968	89,630	105,330
39.3 Associates				
Amounts receivable as at 31 March	12,227	14,863	-	-
Sale of goods/services	1,230,214	1,047,796	-	-

39.4 Terms and Conditions
Outstanding balances at the year end are unsecured, and not interest bearing. Interest is charged based on the purpose for which funds are used.

Non-recurrent related party transactions
There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31st March 2020 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the Security Exchange Commission directive issued under section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions
There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2020 audited financial statements, which required additional disclosures in 2020/21 Annual Report Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the Security Exchange Commission directive issued under section 13(c) of the Security Exchange Commission Act.

39.5 Off Balance Sheet Items
Guarantees given by the Company to Banks on behalf of related parties are disclosed in Note 28.1 (Interest bearing borrowings) to the Financial Statements.

39.6 Transactions with key management personnel of the company or its parent
The Key Management Personnel include members of the Board of Directors of Richard Pieris and Company PLC.

a) Key management personnel compensation

	Group		Company	
	2021 Rs.'000	2020 Rs.'000	2021 Rs.'000	2020 Rs.'000
Short-term employee benefits	74,203	77,187	55,023	49,485

b) Other transactions with key management personnel
Richard Pieris and Company carries out transactions with Key Management Personnel (KMPs) and their close family members on an arm's length basis except any concessions which have been availed under concessionary schemes uniformly applicable to all staff. This is mainly evident in the Arpico sales outlets island wide.

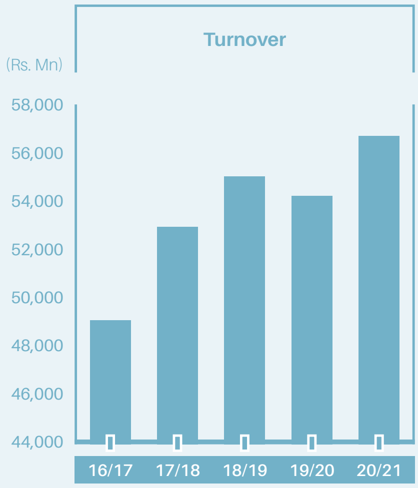
39.7 Other related party disclosures
a) Rentals amounting to Rs. 45.1 mn were paid by the Group to related parties of a key management personnel.
b) Fees amounting to Rs. 15 mn were paid by the Group to entities in which a key management personnel is a Director.
c) Rentals amounting to Rs. 16.4 mn were paid by the Group to an entity in which a key management personnel is a Director.
d) Fees amounting to Rs. 32.9 mn were paid by the Group to a related party of a key management personnel.
e) Purchases amounting to Rs. 0.3 mn were made by the Group from an entity in which a key management personnel is a Director.

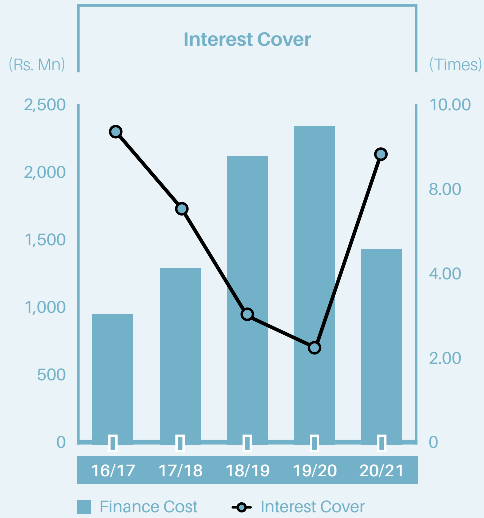
TEN YEAR SUMMARY

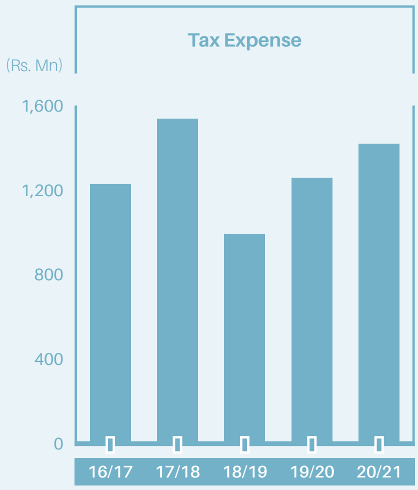
	2020/21 Rs.'000	2019/20 Rs.'000	2018/19 Rs.'000	2017/18 Rs.'000	2016/17 Rs.'000	2015/16 Rs.'000	2014/15 Rs.'000
TRADING RESULTS							
Revenue	56,725,189	54,239,710	55,045,358	52,972,873	49,149,395	43,018,502	37,802,243
Profit from operations	7,205,591	4,306,099	4,879,021	5,396,771	5,290,459	3,955,303	3,103,509
Finance cost	(1,432,021)	(2,329,271)	(2,109,249)	(1,291,017)	(955,768)	(826,092)	(811,166)
Finance income	609,794	501,850	556,240	515,641	383,695	233,759	244,304
Profit from operations after finance cost and finance income	6,383,364	2,478,678	3,326,012	4,621,395	4,718,386	3,362,970	2,536,647
Income from associates before tax	116,893	89,409	27,580	10,157	83,028	35,944	42,299
Profit before tax from continuing operations	6,500,257	2,568,087	3,353,592	4,631,552	4,801,414	3,398,914	2,578,946
Income tax expense	(1,430,780)	(1,270,135)	(1,006,764)	(1,549,776)	(1,237,426)	(1,137,461)	(747,009)
Profit for the year from continuing operations	5,069,477	1,297,952	2,346,828	3,081,776	3,563,988	2,261,453	1,831,937
Loss after tax from discontinued operations	(3,515)	(7,366)	(4,561)	(4,380)	(5,018)	(3,536)	(3,457)
Profit for the year	5,065,962	1,290,586	2,342,267	3,077,396	3,558,970	2,257,917	1,828,480
Non controlling interest	575,701	147,385	332,699	390,416	388,875	110,232	176,388
Profit attributable to equity holders of parent	4,490,261	1,143,201	2,009,568	2,686,980	3,170,095	2,147,685	1,652,092
Gross dividend	2,035,038	-	1,729,783	2,238,542	1,221,023	1,017,519	508,760
Balance Sheet							
Assets							
Property, plant and equipment/Leasehold properties	20,631,673	20,207,370	20,209,899	20,673,193	17,635,423	16,491,231	15,819,465
Investment properties	295,121	295,246	236,253	216,623	166,709	165,209	165,152
Intangible assets	1,142,658	1,142,431	1,155,155	1,166,434	1,140,835	1,147,321	1,158,307
Right-of-use assets	4,974,188	5,559,343	1,293,525	-	-	-	-
Biological assets	1,301,177	1,138,269	1,026,885	951,252	865,762	824,557	794,128
Investments in associates and other investments	227,534	189,407	149,087	125,562	117,278	241,302	88,962
Other non current financial assets	2,470,448	1,983,494	2,316,579	1,741,475	1,683,037	1,112,049	606,839
Deferred tax assets	458,976	500,010	433,396	91,901	75,918	109,937	-
Current assets	40,755,607	36,402,312	37,999,390	31,020,053	28,244,173	23,593,348	19,450,377
	72,257,382	67,417,882	64,820,169	55,986,493	49,929,135	43,684,954	38,083,230
Equity and liabilities							
Stated Capital	1,972,829	1,972,829	1,972,829	1,972,829	1,972,829	1,972,829	1,972,829
Capital and revenue reserves	15,418,372	12,642,969	11,245,314	11,136,984	10,807,381	8,786,806	7,861,271
Statutory reserve fund/Inestment fund reserve	76,761	76,761	76,606	60,204	46,024	23,190	2,478
Foreign currency translation	-	-	-	-	-	-	-
Other components of equity	(76,996)	(213,606)	(10,142)	109,388	104,969	89,903	75,826
Non controlling interest	3,315,356	2,878,055	2,837,869	2,612,630	2,614,195	2,412,573	2,431,421
Term loans payable after one year	4,061,498	4,244,760	5,876,070	5,070,978	6,924,988	6,272,108	6,224,424
Lease liabilities on right-of-use assets	3,851,542	4,335,774	562,035	-	-	-	-
Insurance provision	2,097,233	1,622,089	1,391,506	1,154,177	814,633	501,933	307,092
Deferred income and deferred tax	1,328,005	1,457,854	1,501,810	1,393,635	1,027,096	938,493	800,429
Provisions and other liabilities	2,840,874	3,048,365	2,966,656	2,816,141	2,543,376	2,545,350	2,725,406
Net liability to the lessor payable after one year	-	-	-	571,393	583,654	595,444	606,780
Current liabilities	37,371,904	35,352,032	36,399,616	29,088,134	22,489,990	19,546,325	15,075,274
	72,257,382	67,417,882	64,820,169	55,986,493	49,929,135	43,684,954	38,083,230
Ratios & Other Information							
Earnings per share (Rs.)	2.21	0.56	0.99	1.32	1.56	1.05	0.82
Market value per share (Rs.)	16.80	7.80	9.20	12.80	8.30	7.20	7.40
Price earnings ratio (No. of Times)	7.60	13.92	9.29	9.69	5.32	6.86	9.00
Net assets per share (Rs.)	8.55	7.11	6.53	6.53	6.35	5.34	4.87
Return on equity (%)	28.17	8.24	15.13	20.50	26.64	20.67	17.84
Dividend per share (Rs.)	1.00	-	0.85	1.10	0.60	0.50	0.25
Dividend cover (No. of Times)	2.21	-	1.16	1.20	2.60	2.11	3.29
Interest cover (No. of Times)	8.76	2.36	3.14	6.96	9.25	6.68	5.47
Current ratio (No. of Times)	1.09	1.03	1.04	1.07	1.26	1.21	1.29
Gearing ratio (%)	38.15	49.55	55.15	49.05	45.03	41.55	40.49

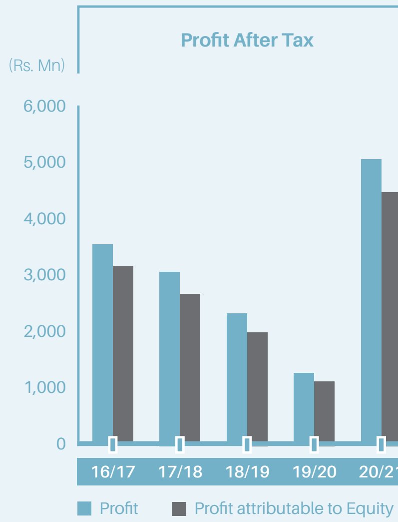
* All figures are based on Sri Lanka Accounting Standards.

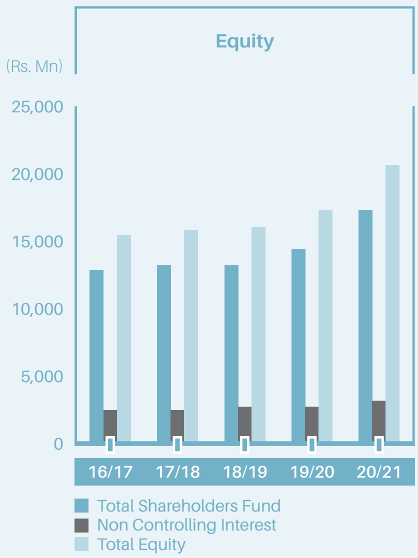
2013/14 Rs.'000	2012/13 Rs.'000	2011/2012 Rs.'000
34,699,111	34,690,340	32,005,182
2,807,127	3,599,997	3,952,638
(922,062)	(1,031,521)	(798,277)
389,584	302,054	301,991
2,274,649	2,870,530	3,456,352
27,902	63,765	62,436
2,302,551	2,934,295	3,518,788
(643,970)	(737,082)	(644,540)
1,658,581	2,197,213	2,874,248
(2,396)	(581)	(4,374)
1,656,185	2,196,632	2,869,874
238,970	360,297	294,813
1,417,215	1,836,335	2,575,061
886,270	387,848	1,550,621
14,247,201	12,330,580	11,600,282
140,698	140,404	139,628
507,192	508,893	518,494
-	-	-
619,519	568,037	507,191
39,708	24,990	74,143
559,332	590,002	503,922
-	-	-
16,462,737	13,110,630	10,381,632
32,576,387	27,273,536	23,725,292
1,814,824	1,637,236	1,633,853
6,712,869	6,234,927	4,603,788
6,852	2,222	-
-	-	-
73,390	75,057	68,692
2,150,514	2,217,100	1,994,660
4,166,767	3,368,878	2,177,814
-	-	-
193,371	67,575	9,390
774,843	792,831	704,126
2,196,023	1,912,450	2,032,691
617,679	628,159	638,237
13,869,255	10,337,101	9,862,041
32,576,387	27,273,536	23,725,292
0.72	0.95	1.33
6.60	6.60	7.50
9.17	6.95	5.64
4.34	4.10	3.25
17.12	25.76	45.56
0.45	0.20	0.70
1.60	4.75	1.90
5.27	4.94	7.96
1.19	1.27	1.05
37.69	29.50	34.17

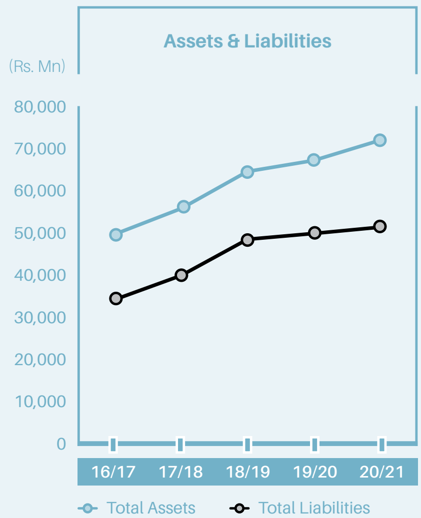












SHARE INFORMATION

Share Information
The Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

As at the financial year ended 31st March 2021

Distribution of Shareholders

Range of shareholding		No. of share holders as at 31.03.2021	No. of shares	% of Shareholding	No. of share holders as at 31.03.2020	No. of shares	% of Shareholding
1	1,000	4,641	1,564,404	0.08%	4,362	1,507,776	0.07%
1,001	10,000	2,659	10,342,461	0.51%	2,705	10,693,776	0.53%
10,001	100,000	926	29,050,466	1.43%	1,016	31,831,632	1.56%
100,001	1,000,000	217	66,649,147	3.28%	233	74,570,617	3.66%
1,000,001	& above	59	1,927,431,797	94.71%	52	1,916,434,474	94.17%
		8,502	2,035,038,275	100.00%	8,368	2,035,038,275	100.00%

Composition of Shareholders

Category	No. of share holders as at 31.03.2021	No. of shares	% of Shareholding	No. of share holders as at 31.03.2020	No. of shares	% of Shareholding
Institutional Investors	298	1,747,597,122	85.88%	305	1,740,180,028	85.51%
Individual Investors	8,204	287,441,153	14.12%	8,063	294,858,247	14.49%
Total	8,502	2,035,038,275	100.00%	8,368	2,035,038,275	100.00%
Resident shareholders	8,407	844,667,870	41.51%	8,271	846,018,963	41.57%
Non-resident shareholders	95	1,190,370,405	58.49%	97	1,189,019,312	58.43%
Total	8,502	2,035,038,275	100.00%	8,368	2,035,038,275	100.00%

The percentage of shares held by the public as at 31st March 2021 was 42.15% represented by 8,495 public shareholders. (Public shareholding as at 31st March 2020 was 42.15% represented by 8,361 public shareholders)

The Company complies with option 1 of the Listing rules 7.13.1 (a) - Rs 10 Bn - Float Adjusted Market capitalization which requires 500 minimum public shareholders and no minimum Public shareholding percentage.

Market Activity

	31.03.2021	Date	31.03.2020	Date
Highest Price (Rs.)	18.7	19-Feb-21	12.5	28-Nov-19
Lowest Price (Rs.)	7.00	12-May-20	7.6	20-Mar-20
Year End Price (Rs.)	16.8	31-Mar-21	7.8	20-Mar-20
No of Transactions	34,427		5,846	
No of shares traded	201,623,891		35,606,417	
Share turnover (Rs.)	3,040,122,553		389,337,184	

Major Shareholders

	Name of the Shareholder	As at 31.03.2021	%	As at 31.03.2020	%
1	Skyworld Overseas Holdings Limited	516,388,590	25.37%	516,388,590	25.37%
2	Camille Consulting Corp.	327,805,656	16.11%	327,704,846	16.10%
3	Deutche Bank AG Singapore A/C 2 (DCS CLT ACC)	224,653,787	11.04%	224,853,787	11.05%
4	Sezeka Limited	201,626,981	9.91%	199,678,548	9.81%
5	Employees Provident Fund	169,899,520	8.35%	169,899,520	8.35%
6	Rockport Limited	112,306,713	5.52%	111,372,919	5.47%
7	Dr. Sena Yaddehige	104,375,732	5.13%	104,375,732	5.13%
8	J.B. Cocoshell (Pvt) Ltd	34,785,449	1.71%	33,602,514	1.65%
9	Dhanasiri Recreation Pvt Ltd	34,009,920	1.67%	33,655,437	1.65%
10	The Executor of the Estate of Late Mrs L.B. S. Pieris	22,782,045	1.12%	22,782,045	1.12%
11	Investment Resource Company (Private) Limited	20,000,000	0.98%	20,000,000	0.98%
12	Kalday (Pvt) Ltd.	12,126,030	0.60%	12,126,030	0.60%
13	Seylan Bank PLC/Channa Nalin Rajahmoney	10,648,592	0.52%	12,009,874	0.59%
14	Est. of Late M.D. Rutnam	8,586,500	0.42%	25,759,500	1.27%
15	Ms. J.F. Rutnam	7,971,500	0.39%	-	-
16	Mr. D.W.R. Rutnam	7,784,000	0.38%	-	-
17	Sri Lanka Insurance Corporation Ltd - Life Fund	7,230,819	0.36%	-	-
18	Dr. C.M. Fernando	6,660,570	0.33%	6,660,570	0.33%
19	SSBT-Retail Employees Superannuation Trust	5,682,268	0.28%	5,682,268	0.28%
20	Northern Trust Company S/A Hosking Global Fund	5,414,807	0.27%	8,768,703	0.43%
		1,840,739,479	90.45%	1,835,320,883	90.19%

Directors Shareholding

	Name of the Director	Number of shares as at 31st March 2021	Number of shares as at 31st March 2020
1	Dr. Sena Yaddehige	104,375,732	104,375,732
2	Mr. W J V P Perera	4,500	4,500
3	Mr. S S G Liyanage	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	107,623
8	Mr. Shiron Gooneratne	-	-

Ratios - Company

	31.03.2021	31.03.2020
Debt/Equity Ratio	2.29	3.28
Quick Asset Ratio	0.58	0.72
Interest Cover	6.63	2.06

GROUP REAL ESTATE PORTFOLIO

Freehold Land & Buildings

Owning Company	Location	Land in Perches	Building in (Sq. Ft)	No. of Buildings	Market Value 2021 Rs. Mn
Richard Pieris & Company PLC	Hyde Park Corner	783	85,000	2	14,714
	Maharagama	1,773	289,509	10	3,245
	Kundasale	208	-	-	60
	Pelwatte	99			160
	Arachchikattuwa	1,600	-	-	17
RPC Real Estate Development Company (Pvt) Limited	Kandy	162	52,500	1	1,000
Arpico Industrial Development Company (Pvt) Limited	Mattegoda	1,112	149,700	1	620
	Siyambalagoda	467	57,130	1	255
Richard Pieris Distributors Limited	Maharagama	183	28,726	1	523
	Moratuwa	85	-	-	86
	Mulleriyawa	192	-	-	7
	Matara	362	38,000	1	509
	Panadura	-	18,800	1	
RPC Retail Development (Pvt) Limited	Negambo	226	47,542	1	525
	Kadawatha	99	21,850	1	386
	Wattala	101	-	-	165
	Kelaniya	102	-	-	67
Arpimalls Development (Pvt) Limited	Dehiwala	166	44,616	1	663
	Battaramulla	124	67,134	1	745
Plastishells Limited	Mattegoda	340	45,825	2	51
	Dambulla	284	12,494	1	29
Arpitech (Pvt) Limited	Horethuduwa	488	-	-	33
	Kudamaduwa	104	-	-	11
	Mattegoda	514	233,181	3	55
Richard Pieris Exports PLC	Ja-Ela	640	73,190	5	279
Micro Minerals (Pvt) Limited	Bandaragama	320	16,800	1	42
Richard Pieris Tyre Company Limited	Kurunagala	413	22,566	1	75
Arpidag International (Pvt) Limited	Maharagama	80	10,040	1	105
RPC Plantation Management Services (Pvt) Limited	Panadura	333	10,760	1	456
Richard Pieris Finance PLC	Chilaw	172	-	-	22
	Nattandiya	160	1,021	1	3
	Mahawewa	38	-	-	2
	Chilaw	76	17,487	1	145
	Chilaw	30	-	-	17
	Chilaw - Bazzar Street	10	2,335	1	33
	Elpitiya	40	-	-	3
RPC Properties (Pvt) Limited	Polgasovita	1,047	-	-	619
	Maskeliya	7,629	-	-	55
	Mattegoda	529	88,000	3	293
	Kiribathgoda	292	-	-	179
	Boraluwewa	1,623	-	-	18
	Kiribathgoda 2	28	-	-	60

Owning Company	Land in Hec	Building in (Sq.Ft)
(A) Leasehold Land of Plantations		
Maskeliya Plantations PLC	10,561	7,112,890
Kegalle Plantations PLC	9,757	3,507,810
Namunukula Plantations PLC	11,779	4,585,874

	Location	Land in Per	Building in (Sq.Ft)
(B) Leasehold Land of other subsidiaries			
Plastishells Limited	Koggala	160	4,027
	Pallekale	160	4,211
Arpitech (Pvt) Limited	Pallekale	37.80	3,000
	Matara	342	92,979
	Polgahawela	-	88,983
	Orient Premises	480	40,900
	Dampe	12,782	-
RPC Polymers (Pvt) Limited	Horana	68,339	10,000
Arpitalian Compact Soles (Pvt) Limited	Biyagama	246	36,363
Richard Pieris Natural Foams (Pvt) Limited	Biyagama	1,502	126,508
Richard Pieris Tyre Company Limited	Pallekale	252	34,936
	Weligama	432	9,030
	Polonnaruwa	540	27,185
BGN Industrial Tyre (Pvt) Limited	Horana	320	21,668
Richard Pieris Distributors Limited	Kegalle	215	60,900
	Minuwangoda	140	43,102
	Katugastota	265.5	57,800
	Kochchikade	90	25,764
	Kurunegala	138.85	99,680
	Kundasale	140.17	-
	Thalawathugoda	100	25,364

GLOSSARY OF FINANCIAL TERMS

A

Associate Company:
An entity over which the investor has significant influence.

AWPLR
Average Prime Lending Rate published periodically by the Central Bank of Sri Lanka.

C

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

D

Debt to Equity Ratio:
Total interest bearing borrowings as a percentage of shareholder's funds and non-controlling interest.

Deferred Taxation:
Sum set aside for tax in the financial statements that will become payable in a financial year other than the current financial year.

Diluted Earnings Per Share (DPS):
Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period adjusted for the effects of all dilutive potential ordinary shares.

Dividend Cover:
Profit attributable to ordinary shareholders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

Dividend per Share:
Gross dividend divided by the number of ordinary shares in issue as at the balance sheet date.

Dividend Payout:
Dividends paid or declared during the period as a proportion of company earnings for the period.

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

E

Earnings Per Share (EPS)
Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

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

EBITDA
Earnings before interest, tax, depreciation & amortisation.

Effective Tax Rate:
Tax expenses divided by profit before tax.

G

Gearing Ratio:
Proportion of net interest bearing liabilities to total capital employed.

Gross Dividend:
Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

I

Interest Cover:
Profit before finance cost & tax (PBIT) divided by net finance cost. Measure of entity's debt service ability.

Investment Property:
Property held to earn rentals or for capital appreciation or both, rather than for;
a) Use in the production, supply of goods or services or for administrative purposes.
b) Sale in the ordinary course of business.

M

Market Capitalization:
Number of shares in issue at the end of the period multiplied by the market price at the end of the period.

N

Net Assets
Total assets after deducting current liabilities, long term liabilities & non-controlling interests.

Net Assets per Share:
Total Equity less the Minority interest divided by total number of ordinary shares outstanding as at the balance sheet date. A basis of relative share valuation.

NSA
Net Sales Average
Average sale price obtained (over a period of time, for a kilo of produce) after deductions such as brokerage, etc.

Non-Controlling Interest:
The equity in a subsidiary not attributable directly or indirectly, to a parent

P

PBIT
Profit before interest & tax inclusive of other operating income

Price Earnings Ratio:
Market price of a share divided by earnings per share as reported at that date. A key multiple for relative share valuation.

Price to Book Value:
Market price of a share divided by net assets per share. A key multiple for relative share valuation.

Public Shareholding:
Shares of a listed entity held by any person other than those directly or indirectly held by;
a) Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; and
b) Its directors who are holding office as directors of the entity, their spouses and children under 18 years of age; and
c) Chief Executive Officer, his/her spouse and children under 18 years of age; and
d) Any single shareholder who holds 10% or more of the shares.

R

Related Parties:
Parties or Entities that is related to the entity that is preparing its financial statements.

Return on Total Capital Employed:
Profit before finance cost & tax (PBIT) divided by average total capital employed for the period.

Return on Equity:
Profit attributable to equity holders of the parent expressed as a percentage of average ordinary shareholders' fund for the period.

Revenue Reserves:
Reserves considered as being available for distributions.

S

Segmental Analysis:
Analysis of financial information to segments of an enterprise specifically, the different industries and the different geographical areas in which it operates.

Shareholders' Fund:
Stated capital plus revenue reserves and other components of equity.

Stated Capital:
The total of all amounts received by the entity or due and payable to the entity by shareholders in respect of the issue of shares and calls on shares.

Subsidiary Company:
An entity that is controlled by another entity.

T

Total Capital Employed:
Total equity plus net interest bearing borrowings

V

Value Addition:
The quantum of wealth generated by the activities of the Group measured as the differences between net revenue (including other income) and the cost of materials and services bought in.

W

Working Capital Investment:
Capital required for financing the day-to-day operations computed as current assets exclusive of liquid funds and interest earning financial receivables less operating liabilities.

NOTES

NOTES

CORPORATE INFORMATION

Name of the Company
Richard Pieris and Company PLC

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

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

Board of Directors
Dr. Sena Yaddehige - Chairman/ Managing Director/ CEO
Mr. W. J. Viville P. Perera - Director
Mr. S.S.G. Liyanage – Director
Mr. Shaminda Yaddehige - Director/COO
Dr. Jayatissa De Costa P.C. - Director
Mr. Prasanna Fernando - Director
Mr. Joseph Felix Fernandopulle - Director
Mr. Shiron Gooneratne - Director

Head/Registered Office
No. 310, High Level Road, Nawinna, Maharagama,
Sri Lanka.
Telephone : + (94) 114310500
Fax : + (94) 114310777
Website : www.arpico.com
E-mail : cpu@arpico.com

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

Auditors
Ernst & Young
Chartered Accountants
No. 201, De Saram Place, Colombo 10,
Sri Lanka.

Bankers
Bank of Ceylon
Cargills Bank
Commercial Bank of Ceylon
Deutsche Bank of Ceylon
DFCC Bank
Hatton National Bank
Hongkong and Shanghai Banking Corporation
Indian Bank
Indian Overseas Bank
Nations Trust Bank
National Development Bank
Pan Asia Banking Corporation
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank
State Bank of India
Union Bank of Colombo
Muslim Commercial Bank
HDFC Bank
Habib Bank

Legal Advisors
Paul Ratnayeke Associates
International Legal Consultants,
Solicitors and Attorneys-at-Law,
No. 59, Gregory's Road,
Colombo 7, Sri Lanka.

Nithya Partners
Attorneys-at-Law,
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