

2018/19
Annual Report



*“Bringing Excellence
to the Surface”*

SAMSON INTERNATIONAL PLC

Akuressa Road, Bogahagoda, Galle

DSI Samson
group



CONTENTS

	Page		Page
1. Bringing Excellence to the Surface	01	Capital Management Reports	
2. About this Report	02	20. Financial Capital	61
3. About us	03	21. Manufactured Capital	68
		22. Human Capital	72
Synopsis and Highlights		23. Social Relationship Capital	86
4. Financial and Operational Highlights	04	24. Natural Capital	94
5. Corporate Information	06	25. Intellectual Capital	97
6. Corporate Milestones	08		
7. Monthly Operational Highlights – 2018 / 19	10	Governance and Stewardship	
8. Awards Won	11	26. Corporate Governance	100
9. Our Products	14	27. Risk Management	123
		28. Audit Committee Report	134
Reviews		29. Report of the Remuneration Committee	136
10. Chairman's Review in English	22	30. Report of the Related Party Transactions Review Committee	137
11. Chairman 's Review in Sinhala	24	31. Statement of Directors' Responsibility	139
12. Managing Director's Operational Review	25	32. Report of the Board of Directors	140
Management Profile		Financial Reports	
13. Profiles of the Directors	28	33. Independent Auditor's Report	146
14. Profile of the Executive Management	33	34. Financial Statement	149
Management Discussion and Analysis		Supplementary Information	
15. Review of the External Environment	41	35. Country Profile	183
16. Overview of the Rubber Industry	45	36. Four-Quarter Financial Summary	185
17. Review of Operating Environment	50	37. Ten- year Economic Summary	186
18. Value Creation and Stakeholder Engagement	53	38. Ten- year Financial Summary	187
19. Goals and Strategies	57	39. Foreign Currency Financial Statements	188
		40. Global Reporting Initiative	189
		41. Glossary of Financial Terms	197
		Investor Information	
		42. Investor Information	198
		43. Notice of Meeting	203
		44. Form of Proxy	



Bringing Excellence to the Surface

"This year we increased our turnover by 41% and profits five-fold over the previous year. We received many awards in every sphere of business including the NCE Gold award for the fourth consecutive year and the Silver award at the Annual Reports competition for the first time. Our turnover in the PVC segment too grew remarkably.

SIL is an ISO 9001:2015 certified Company and adopts a globally accepted quality management system that brings excellence to worldwide stakeholders. We have been practicing the Code of Conduct in Business Social Compliance Initiatives (BSCI) and also received accreditation for ISO 14001:2015 Environment Management System and ISO 50001:2011 Energy Management Systems. At present, we sell our products in 32 of the 194 countries of the world supported by a supply chain of reputable brand names. We expect increase our global presence by strengthening our Marketing and Research & Development operations.

We also aspire to become a prominent socially responsible corporate citizen in the Southern Province with ongoing commitment to contribute to the national economy, generate foreign exchange for the motherland over the last three decades, serving the rural areas in the province by using its local raw materials especially rubber, operating income-generating activities for the poor and elderly in the province, opening direct employment avenues in neighboring villages, and nurturing our indigenous heritage.

Our passion for excellence in the polymer industry has been nurtured by the culture and values of our DSI Group and WE PURSUE PERFECTION IN ORDER TO ACHIEVE EXCELLENCE".



Awards received during the year

About this Report

We present this annual report for our 31st financial year covering the period from 1st of April 2018 to 31st of March 2019. This report highlights our performances, investments, governance, risk management, CSR activities, strategic directions and the future of the Company which are important for all stakeholders to be aware of. The Company has neither subsidiaries nor associate Companies.

Scope and Boundary

This Annual Report adopted the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC). The report has been prepared in accordance with the Global Reporting Initiative G4 criteria: the core and aspects and indicators have been selected to best reflect the impacts of its diverse industry exposures. **All the write-ups and formats in this annual report were prepared in-house without outsourcing to an external party.** Therefore we have made a genuine effort to meet the expectations of all our stakeholders by providing them with balanced and relevant information on our value creation process.

Guiding Principles

We subscribe to and report under several domestic and international regulations, standards and frameworks, the more significant of which are the following:

- Sri Lanka Accounting Standards,
- Integrated Reporting Framework issued by the IIRC,
- Global Reporting Initiative- G4 Standards,
- Companies Act No 7 of 2007,
- Listing Rules of the Colombo Stock Exchange,
- Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, and
- Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka

Assurance

The independent auditor's opinion by Messrs Edirisinghe & Co., Chartered Accountants on the Financial Statements is available on page 149 of this report.

A combined assurance model is used to ensure that the credibility and integrity of our reporting. External assurance on the financial statements have been provided by Messrs. Ernst and Young. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

We received the Silver Award for previous year's Annual Report at the 54th Annual Report Awards Ceremony – 2018 organized by the Institute of Chartered Accountants of Sri Lanka. Further, we also received a certificate of compliance for the Annual Reports for five consecutive years from 2013 to 2017.

Feedback

We welcome your feedback, suggestions and other comments on our Annual Report. Please contact our Secretary, P W Corporate Secretarial (Pvt) Ltd by email at registrars@pwcs.lk

ABOUT Us

Samson International Plc is a subsidiary of the DSI Samson Group (Pvt) Ltd which was founded in 1962. DSI Samson Group has an export turnover of more than USD 42 Mn and has a workforce more than 9,000 employees. The majority of their factories in the Group are located in remote rural areas. Samson International Plc is one of them. DSI Group has a turnover of Rs 25 Bn while Samson International Plc has a turnover of Rs. 1.6 Bn. DSI Group has an export turnover of Rs. 7.6 Bn and Samson International Plc has an export turnover of Rs. 752 Mn. DSI Samson Group has received a rating of 'BBB (Ika) –Stable Outlook' by Fitch Rating Lanka Limited.

Samson International Plc started its business on 14th October 1988 at a time the open economic policies had got firmly established in the country with a great tendency among the business community to commence export-oriented projects. Accordingly, this Company was initially intended to produce rubber-based products largely for export markets. At the time of incorporating this Company, the land bought for this factory was abandoned and it was an overgrown jungle and away from human habitations. Now it developed into a popularized semi-urban area due to presence of our factory. This is the greatest deed of social responsibility Samson International Plc has delivered to the villagers in Bogahagoda. A similar programme is being carried out for the villagers in Baddegama surround our recently acquired PVC factory. Samson International Plc manufactures and exports moulded and extruded rubber products such as hot water bottles, jar sealing rings, rubber mats, rubber floorings, beadings and mud flaps mainly to international markets and also sells rubber and PVC-related products to the local market.

The Company diversified in to PVC market a four and half years back with the intention of exploiting big & new markets and growth opportunities in the midst of the boom of the construction industry and positive economic outlook of the country. Samson International Plc has 414 employees and the main factory is situated at Bogahagoda, Galle. Other two factories are in Baddegama and Kalutara.

Corporate Philosophy

Our Vision

We will be a leading polymer product manufacturer in the region.

Our Mission

We will become a versatile manufacturer of diversified polymer products in the global market by utilizing modern technology while providing optimum value to stakeholders.

Our Values

Contributing to the country's socio-economic development,
Respecting our national and religious heritage,
Protecting and safeguarding our environment,
Enhancing disciplined human resources based on the family concept.



Galle Factory

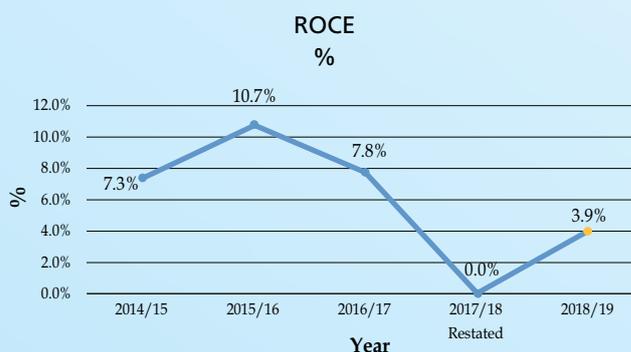
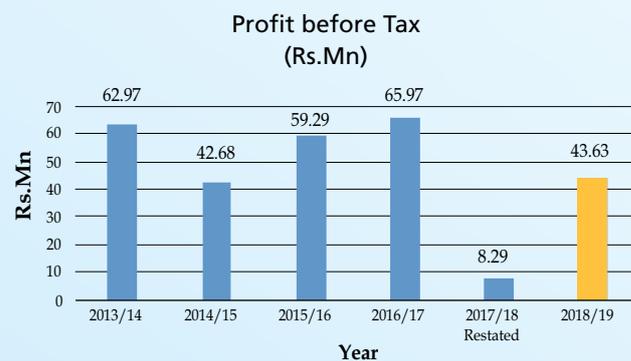
FINANCIAL and Operational Highlights

Key Performance Indicators 2018/19



The Company recorded the highest Turnover

Dividend payout percentage is 34%



FINANCIAL and Operational Highlights (Contd...)

Financial Highlights

		2018/19	2017/18 Restated*	Variance	%
Operating Results					
Revenue	Rs. 000	1,569,345	1,116,450	452,895	41
Operating profit	Rs. 000	71,532	11,322	60,210	532
Exchange gain/(loss)	Rs. 000	(17,058)	3,481	(20,539)	590
Profit before tax	Rs. 000	43,635	8,287	35,348	427
Tax on profit (including deferred tax)	Rs. 000	(18,627)	(8,124)	(10,503)	(129)
Profit after tax	Rs. 000	25,007	163	24,844	15,242
Exports earnings	US \$ Mn	4.46	3.24		
ROCE	%	3.92	0.03		
Gross profit to Sales	%	19.6	19.8		
Interest cover	Times	4.16	1.62		
Financial Position					
Dividend cover	Times	2.96	0.03		
Current ratio	Times	1.58	1.58		
Gearing	%	31	26		
Interest Cost	Rs. 000	(17,425)	(13,353)	(4,072)	(30)
Financial Investments	Rs. 000	33,669	42,906	(9,237)	(22)
Shareholder information					
Group fitch rating		BBB(lka)' S.look	BBB+(lka)'		
Dividend per share	Rs.	2.00	1.25	0.8	60
Market price per share	Rs.	97.90	88.10	9.8	
Earnings per share	Rs.	5.91	0.04	5.9	
Net assets per share	Rs.	150.76	146.30	4.5	
Price Earnings Ratio	Times	16.57	42.20		
Total assets	Rs. 000	1,195,251	1,080,385	114,866	11
Number of Shareholders	Nos.	1,235	1,222	13	1
Market Capitalization	Rs. 000	414,388	372,907	41,481	11
Shareholders' funds	Rs. 000	638,137	619,239	18,898	3

Operational Highlights

			2018/19	2017/18 Restated
Manufactured Capital	No. of factories	Nos	3	3
	Rubber compound consumed	Kg 000	1567	1534
	PVC compound consumed	Kg 000	1715	1074
	Investment in PPE	Rs. 000	56,832	43,943
	Value additions	Rs. 000	393,818	327,466
Human Capital	No. of Employees	Nos	414	415
	Retention Rate	%	97.9	97.9
	Employee Remuneration & rewards	Rs. 000	270,732	244,516
	Investment in Training & Development	Rs. 000	1,209	620
	Training	hours	1972	2296
	Gender Diversity Ratio (Male : Female)		79:21	77 : 23
	Profit per Employee	Rs.	60,404	393
Value additions per employee	Rs/ month	79,271	65,756	
Social Relationship Capital	Total Taxes	Rs. 000	18,627	8,124
	Donation in cash	Rs.	195,568	333,696
	Energy Consumption	Kwh	1,746,498	1,400,302
Natural Capital	Waste rubber reused / recycled	Kg 000	31.3	30.7
Intellectual Capital	Investment in IT development	Rs. 000	2,101	1,134
	Number of awards	Nos	4	6

* Please refer note 29 on page 182 for the reason for the restated figures.

CORPORATE Information

Name of the Company	:	Samson International Plc
Legal Form	:	A public quoted Company with limited liability. It was incorporated on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008.
Company Registration number	:	PQ 192
Stock Exchange listing	:	The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted to a public quoted Company.
Principal line of business	:	Manufacture of rubber and PVC-based products for the international and local markets.
Registered Office	:	No. 110, Kumaran Ratnam Road , Colombo 02. Te: (011) 4728 800, Fax (011) 2440 890 Email: info@samsonint.com
Directors	:	Dr D. S. Rajapaksa (Chairman) Mr D. K. Rajapaksa (Managing Director) Mr D. R. Rajapaksa Mr G. H. A. Wimalasena Mr T. K. Bandaranayake Mr D. G. P. S. Abeygunawardana (Director/ General Manager) Mr D. D. A. Rajapaksa Mr. D.C.J. Rajapaksa (Appointed on 10th August 2018)
Audit Committee	:	Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. R. Rajapaksa
Remuneration Committee	:	Mr G. H. A. Wimalasena (Chairman) Mr T. K. Bandaranayake Mr D. D. A. Rajapaksa
Related Party Transaction Review Committee	:	Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. D. A. Rajapaksa
Secretaries	:	P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08. Te (011) 4640 360

CORPORATE Information (Contd...)

Factories

Galle Factory : Akuressa Road, Bogahagoda, Galle. Te (091) 3094 469-72, Fax (091) 2224 036
Email: info@samsonint.com

Kalutara Factory : No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara. Te (034) 5622 688 Email: info@samsonint.com

Baddegama Factory : Gilcroft Estate, Kiribathwila, Ampegama, Baddegama.
Te (091) 3094 469-72, Fax (091) 2224 036 Email: info@samsonint.com

Parent Company : DSI Samson Group (Pvt) Ltd.

Auditors : Messrs Edirisinghe & Company, Chartered Accountants, No. 45, Braybrook Street, Colombo 02.

Bankers : Hatton National Bank DFCC Bank
Bank of Ceylon Commercial Bank
Seylan Bank People's Bank

Tax Registrations : Value added Tax No/Income Tax No:114049387-7000
Nation Building Tax No: 114049387-8000
Economic Service Charges Tax No:114049387-9000



Corporate Office

Contact Details:

Samson International Plc,
Akuressa Road,
Bogahagoda, Galle.
Te(091) 3094469-72,
Fax (091) 2224036,
Email: info@samsonint.com

CORPORATE

Milestones

Samson International Plc has been on a journey of continuous improvement and has marked many milestones and achievements.

Previous years

- 1988/89 –Incorporated as a private Company
- 1992/93- Became a public quoted Company
- 1994/95 - Received the first “ ISO 9001: 1994 quality management certificate” among the rubber-related product manufacturing companies in Sri Lanka
- 2007/08- Invested in the first microwave continuous line machine in Sri Lanka
- 2009/10- Purchased all assets of Aksel (Pvt) Ltd.,Kalutara which produced Rubber Mats
- 2011/12 - Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka for the first time
- 2012/13 - Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka for the second consecutive year
- 2013/14 - Received the Export Silver Award from the National Chamber of Exporters of Sri Lanka and also Business Excellence Silver Award from the National Chamber of Commerce for the first time, when the Company celebrated its Silver Jubilee
- 2014/15 -Achieved the first ever 1 billion rupee turnover, Purchased assets of Okta PVC Lanka (Pvt) Ltd., Baddegama, and stepped into manufacturing PVC products, Received the “ ISO 9001:2008 quality management certificate” for PVC pressure pipes and Issue of bonus shares on 1: 10 to shareholders
- 2015/16-Received the Export Gold Award from the National Chamber of Exporters of Sri Lanka and five more merit awards covering many different disciplines namely Business Excellence, Quality, Industrial Excellence, Human Resource, Financial Reporting

CORPORATE Milestones (Contd...)

- 2016/17 - Received nine awards including the top ten CNCI Awards and also the NCE Export Gold Award, covering many disciplines such as Business Excellence, Quality, Industrial Excellence, Human Resource and Financial Reporting.
- 2017/18 -Received ISO 9001: 2015, 14001:2015 Environmental Management Systems and 50001:2011 Energy Management System.

Managing Director Mr. Kulathunga Rajapaksa received Sri Lanka Entrepreneur of the year (hall of fame) Award from the Federation of Chamber of Commerce and Industry of Sri Lanka.

Received the Export Gold Award from the National Chamber of Exporters of Sri Lanka for the third consecutive time and five more merit awards covering many different disciplines namely Business Excellence, Quality, Industrial Excellence, Human Resource, Financial Reporting.

This year

Received the Export Gold Award from the National Chamber of Exporters of Sri Lanka for the fourth consecutive time and Silver award at the 54th Annual report competition ceremony -2018 in the category of manufacturing sector turnover up to Rs. 5 Bn.



MONTHLY

Operational Highlights - 2018/19

2018

- **April**
 - We exported Solid top mats to the Australia for the first time.
- **May**
 - Participated “Build SL 2018” exhibition held at BMICH Colombo.
- **June**
 - Declared a dividend of Rs.1.25 per share for the year ended 31st March 2018.
 - Held our 26th AGM on 29th June 2018 in Colombo 08.
 - Participated “SITEX” exhibition in Johannesburg, South Africa.
- **July**
 - We exported our new product – Electrical Resistant Mats to the Europe for the first time.
- **August**
 - Director Mr. D.C. J. Rajapaksa was appointed to the SIL Board on 10th August 2018.
 - Participated Construct 2018 exhibition held at BMICH, Colombo.
- **September**
 - Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka on 28th September 2018 for the four consecutive years.
- **October**
 - Participated “National Safety Council Congress and Export -2018” exhibition in Houston, USA for the first time.
- **November**
 - We introduced our new product – PVC gutters to the local market.
- **December**
 - Received a Silver award for the Financial Report, in the category of manufacturing companies (Turnover up to Rs. 5 Bn) from the Institute of Chartered Accountants of Sri Lanka on 04th December 2018.

2019

- **January**
 - Participated “Jaffna International Trade Fair 2019” in Jaffna.
 - Invested in a modern Generator for the Galle factory.
 - Invested in a Laboratory Mill for the R&D department.
- **February**
 - Participated “Dometex Rubber Flooring” exhibition in Atlanta, USA for the first time.
 - We introduced our new product – Scooty Mats to the local market.
- **March**
 - We exported our new product – Yoga Mat - to the Europe for the first time.
 - Participated “Build SL – 2019” held at BMICH in Colombo.

AWARDS

Won

“We received the NCE Gold Export Award consecutively for four years...”

The Company received the many awards and certifications covering many different disciplines, this year too.

This Year:

We received four awards and certification including the Gold Export Award from the National Chamber of Exporters of Sri Lanka on 28th September 2018 consecutively for four years. We will use them as a marketing tool to exploit overseas customers and to improve and streamline current operational systems and procedures.

We also received Silver award for the Financial Report from the Institute of Chartered Accountants of Sri Lanka on 4th December 2018 at Shangri-La Hotel, Colombo.

Further, SIL teams won two Silver awards at the National Quality Circle Convention on 12th August 2018.



Receiving Annual Report Silver Award

Summarized Awards Won in the Past:

- 1) **NCE Export Awards** in the category of agriculture value-added sector from the National Chamber of Exporters:
 - Export Awards 2018 – Gold Award
 - Export Awards 2017 – Gold Award
 - Export Awards 2015/16 – Gold Award
 - Export Awards 2014/15 – Gold Award
 - Export Awards 2013 – Silver Award
 - Export Awards 2012 – Gold Award
 - Export Awards 2011 – Gold Award
 - Export Awards 2010 – Silver Award
 - Export Awards 2007 – Silver Award
 - Export Awards 2006 – Silver Award
 - Export Awards 2005 – Bronze Award
 - Export Awards 2004 – Silver Award
 - Export Awards 2003 – Silver Award
 - Export Awards 2002 – Silver Award



Receiving NCE Gold Award

AWARDS Won (Contd...)

2) National Business Excellence Award in the category of manufacturing Sector (medium category) from the National Chamber of Commerce:

- National Business Excellence Merit Award in 2017
- National Business Excellence Merit Award in 2016
- Excellence in Global Reach Award in 2016
- National Business Excellence Merit Award in 2015
- National Business Excellence Award- Runners-up Award in 2014

Note: The Company did not participate for this competition in 2018

3) CNCI Achiever Award in the category of manufacturing (extra-large sector) from the Ceylon National Chamber of Industries:

- CNCI Browns Provincial Award and Merit National Award in 2017
- CNCI Top Ten Award and Browns Provincial Award in 2016
- CNCI Merit Award in 2015

Note: The Company did not participate for this competition in 2018

4) Sri Lanka National Quality Award in the category of manufacturing sector (large category) from the Sri Lanka Standards Institution:

- Merit Award in 2016 from Sri Lanka Standard Institute
- Certificate of Commendation in 2015 from Sri Lanka Standard Institute

5) National Quality Circle Awards from the Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP):

- SIL Sinha and Silent teams Participated National Quality Circle Convention on 12th August 2018 and won two Silver Awards.
- Further, SIL Sinha Team Participated National Quality Circle Convention on 14th June 2017 and won a Bronze Medal while by participating Inter-Company Quality Circle Competition on 16th June 2017 and received a Merit Award.

6) Social Dialogue and Workplace Cooperation Award in the category of manufacturing sector (medium category) from the Ministry of labour: from the Ministry of labour:

- Merit Award in 2017
- Merit Award in 2016
- Merit Award in 2015

7) Annual Report Award/Certification in the category of manufacturing Companies from the Institute of Chartered Accountants for five consecutive years:

- Silver Award -2018 (Turnover up to Rs. 5 Bn)
- Certificate of Compliance-2017 (Turnover up to Rs. 5 Bn)

We have received NCE awards during fourteen years of the 31 years of existence of our Company



AWARDS Won (Contd...)

- Certificate of Compliance - 2016
- Certificate of Compliance - 2015
- Certificate of Compliance - 2014
- Certificate of Compliance - 2013

8) Social Media Campaign Award in the category of Automotive & other Industries from Sri Lanka Institute of Marketing

- Bronze SLIM DIGIS Award - 2018

9) Presidential Export Awards:

Received in 1996 and 1997

10) Sri Lanka Entrepreneur of the Year:

- Managing Director Mr. Kulatunga Rajapaksa received "Sri Lanka Entrepreneur of the year (hall of fame) Award" from the Federation of Chamber of Commerce and Industry of Sri Lanka, on 11th December, 2017.
- He also received Provincial Bronze Award in 2000 which was organized by the Federation of Chambers of Commerce & Industry of Sri Lanka.

CHAIRMAN'S Review

"Turnover of the Company increased by 41% and operational profit went up by six-fold. PVC segment is progressing and its turnover grew by 57%..."

It is my pleasure to present the Annual Report of Samson International Plc for the year ended 31st March 2019, which is our 31st financial year.

The Company has recorded a turnover of Rs. 1.6 Bn in the current financial year which is the highest turnover in the history and this is a 41% growth as against the previous year turnover of Rs. 1.2 bn. The profit before tax for the year has been Rs. 43.6 Mn which is a five fold increase as against the previous year.

The Company was able to go beyond the expected results in this year. The main reason was the regain of the market for jar sealing sales, which is one of our highest income earners.

The Company achieved a remarkable sales growth from PVC sector which is a 57% increase as against the previous year. However we could not improve the profitability of this sector remarkably due to the introduction of tax on Resin imports and dramatic Dollar appreciation against the LKR which adversely affected by more than Rs. 8.4 Mn to the bottom-line.

In rubber sector, we have achieved a significant growth in mat sales. Bath mats have achieved 53% growth and Rubber mats have a 40% growth during the year.

CHAIRMAN'S Review (Contd...)

The operational matters have been explained in detail under Managing Director's Operational review on page 25.

Dividends

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share in the year under review. (Last year - Rs. 1.25 per share)

Change of Directorate

Mr. D. C. J. Rajapaksa was appointed to the Board on 10th August 2018 and I would like to wish him for a bright future in Samson International PLC..

Appreciation

I would like to especially thank our invaluable and loyal customers and the Board of Directors for their visionary guidance, the management and every employee of the company for the dedication and commitment extended to the Company.

I would also like to thank our bankers and all our suppliers for their support. We deeply appreciate the faith of our shareholders in our Company and we assure them of a bright and better future.



Dr. D. S. Rajapaksa

Chairman

Colombo

24th May 2019

MANAGING

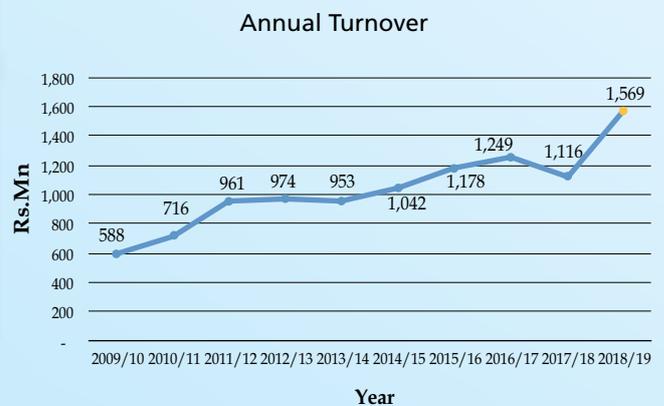
Director's Operational Review



“A wide range of SIL Products have been globalized in to all possible overseas markets. If Sri Lanka wants to survive, it has to export. We have the basic requirements for exports: shipping routes, good banking and communication systems, infrastructure, and an efficient airport and ports. A few things need to be done for us to be able to overtake other countries.”

It is pleased to inform you that the Company recorded a turnover of Rs. 1.6 Bn in the current financial year which is the highest turnover in the history as mentioned in the Chairman's Review. In fact this is a 41% growth as against the previous year turnover of Rs. 1.2 bn. The profit before tax also increased from Rs. 8.2 Mn in 2017/18 to Rs.43.6 Mn in 2018/19. We re-gained our jar sealing ring sales in the year under review.

The turnover and profit before tax over the last ten years are as shown below.



MANAGING Director's Operational Review (Contd...)



As you are aware, Samson International Plc operates in the export as well as local market with a wide range of rubber and PVC-related products. Rubber has always been one of Sri Lanka's traditional exports along with tea and coconuts. Samson International's export portfolio consists of a variety of extruded and moulded rubber products for numerous international brands. During the year, the turnover of rubber segment increased by 37% from Rs.900 Mn in 2017/18 to Rs.1.2 Bn in 2018/19.

PVC sales increased from Rs.215 Mn in 2017/18 to Rs.340 Mn in 2018/19 which is a growth of 57%. In the backdrop of rising resin material prices and exchange rate during the year, PVC segment had to contend with several challenges, far beyond what was anticipated. As a result, profitability declined especially in the third quarter of the year while the marketing efforts gathered positive momentum recording the highest ever sales in the year. The profitability however marginally improved during the last quarter based on the efforts to increase prices, control overheads and operating costs.

In order to maintain high quality products and excellent service to our customers which will result in sustainable sales growth in the long term, Samson International Plc follow the under-mentioned medium-term strategy to remain in the leadership position in all our product lines and markets in the future.

- 1) We invest more than Rs. 25 Mn per annum on Research and Development (R&D) activities and it is around 2% of our turnover. We Strengthen the R&D department in order to develop new products and widen our product range at competitive prices. We continuously obtain services from Sri Lankan universities and foreign consultants for Research and Development (R&D) work and increased the number of professionals in the R&D department. During the year we developed fifteen new products to the overseas and local market (Please see page 99).
- 2) We participated in local and foreign exhibitions to seek new customers especially in the USA and South Africa this year. We need to continuously invest in marketing extensively in order to exploit all opportunities. At present our products are available in 32 out of 194 countries. There is a scope for expansion in USA, South America and Japan markets although different approaches are required. During the year we found four new overseas markets including Ecuador, Singapore, Netherland and China.
- 3) We hope to reach the break-even in the PVC segment during the year 2019/20. In the year under review, we were able to achieve a dramatic sales increase through-out the country. We continuously widen the product range and apply for tenders of the government institutions. We maintain tight cost control in all expenditures. Constant efforts are made to find more economical sources of raw materials, which will continue to reduce cost. Efficient working capital management coupled with other cost-saving initiatives is implemented.
- 4) Providing our employees with a work environment that is conducive to genuine contentment and high motivation. We provided training to all employees to develop their talent throughout-bound training programs. Further we continuously provide overseas training for professionals. Accelerating human capital development programs with a view to unleash the potential of its talent pool at all levels along with organizational restructuring are underway to support the long-term growth needs.

The DSI Group has over 9,000 employees and Samson International Plc has 414 employees. This year we took all SIL employees for whale watching at Mirissa in a Navy Ship for the first time. Our relationship with the employees too seems sound and pleasant at present.

MANAGING Director's Operational Review (Contd...)

- 5) There are risks associated with catering to global markets as products need to be manufactured to specifications of the export market. Therefore continuous upgrading of our quality standards and service level are paramount important. We often obtain services from internationally recognized laboratories and foreign consultants. We have achieved significant international recognition in terms of product quality. We are the first rubber-related product manufacturing Company to receive the ISO 9001:1994 Quality Management Certificate. We were granted ISO 50001 on Energy Management and ISO 14001 on Environmental Management this year.

We have enjoyed ISO status for rubber since 1994 and received the British Standard (BS 1970:2006), TUV Certification and FSC Certification for our products. All raw materials used to manufacture our products conform to the "REACH" regulations of Europe. The Company was awarded the BSCI International Certificate following an evaluation of social responsibility and adherence to international and local laws.

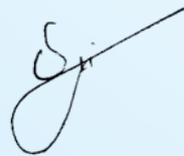
- 6) The Company is focusing on re-engineering its manufacturing processes including automation and investing in technologically advanced machinery to drive productivity up. This year we invested in a generator amounting to Rs.25 Mn in order to continue with smooth and un-interrupted production from any power failure. The Company upgrades technology by strengthening our engineering capabilities to face the demands of the sophisticated international market. We invest to improve steam distribution and the water quality every year.
- 7) We maintain an excellent rapport with our neighbours and villagers which seems to be constructive and improving. Further, our main focus is on contributing to the welfare of rural communities by offering them many more employment opportunities and uplifting their living standards. Every year we donate rice from the harvest of the Company paddy field to Samurdhi beneficiaries in Bogahagoda.

Future

If Sri Lanka wants to survive, it has to export. We have the basic requirements for exports: shipping routes, good banking and communication systems, infrastructure, and an efficient airport and ports. A few things need to be done for us to be able to overtake other countries.

"Globalization into overseas markets and penetration into local markets of SIL products will commence in all possible markets continuously. We will look at all potential for our products in South American, Russian and Japanese markets in the next financial year.

I would like to thank all the members of management and every employee of the Company for their dedication and commitment to the Company during the year.



D. K. Rajapaksa

Managing Director

Colombo

May 24, 2019

PROFILES

of the Directors

The Profiles of the Board of Directors as at 31st March 2019 is as follows.

1. Dr. D. Samson Rajapaksa

M.B.B.S (Cey), F.R.C.O.G. (U.K.), M.S. (S.L.)

Chairman

Appointed to the Board on 14th October 1988 (since the inception)

Skills & Experiences

Dr Samson Rajapaksa is a medical practitioner by profession and counts over three decades of experience with DSI Group. He serves as the Chairman of DSI Holdings (Pvt) Ltd. and is the Chairman of DSI Samson Group (Pvt) Ltd.

Other Appointments

He is also a Director of D. Samson Industries (Pvt) Ltd., D. Samson and Sons (Pvt) Ltd., and Samson Footwear (Pvt) Ltd.

In addition to being on the DSI Samson Group (Pvt) Ltd. Board, he is a Consultant Obstetrician and Gynecologist in the private sector. Dr. Samson Rajapaksa serves as a Committee Member of the Young Members Buddhist Association and of the Sri Lanka Medical Library.

Number of shares held in the Company

1 share



2. Mr. D. Kulatunga Rajapaksa

B.Sc. (Hons) (Cey)

Managing Director

Appointed to the Board on 14th October 1988 (since the inception)

Skills & Experience

Mr. Kulatunga Rajapaksa was promoted to the Chairman of DSI Samson Groups (Pvt) Ltd. on 19th November, 2018. He has over 53 years of experience in the manufacture of footwear and rubber products.

Other Appointments

He has served as a Council Member of several universities and is a past president of the National Chamber of Exporters of Sri Lanka and also of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products, Sri Lanka Footwear & Leather Products Manufacturers Association, Chairman of the Wellassa Rubber Company Limited, and a Director of the Mawbima Lanka Foundation.

He also received "Sri Lanka Entrepreneur of the year (hall of fame) Award" from the Federation of Chamber of Commerce and Industry of Sri Lanka, on 11th December, 2017.

Number of shares held in the Company

10,959 shares



PROFILES of the Directors (Contd...)

3. Mr. D. Ranatunga Rajapaksa

Dip. In Technology

Non - Executive Director

Appointed to the Board on 14th October 1988 (since the inception)

Skills & Experiences

Mr Ranatunga Rajapaksa is the Managing Director of Samson Rubber Industries (Pvt) Ltd., a Company that specializes in the designing, manufacturing and exporting of tyres and tubes. He was promoted to the Managing Director of DSI Samson Groups (Pvt) Ltd. on 19th November, 2018.

Other Appointments

He is also the Managing Director of Mount spring Water (Pvt) Ltd., Samson Reclaim Rubbers Ltd. Samson Rubber Products (Pvt) Ltd., Samson Bikes (Pvt) Ltd., Samson Engineers (Pvt) Ltd., DSI Tyre India (Pvt) Ltd. and a Director of several other subsidiary Companies of the DSI Samson Group.

Mr. Ranatunga Rajapaksa plays a major role in expanding the Group's overseas business and has more than 46 years of experience with DSI Group.

Number of shares held in the Company

11,350 shares



4. Mr. G. H. Ananda Wimalasena

B.Sc.,ACMA (UK), Higher Diploma in Management (London College of Printing, U.K.)

Independent, Non –Executive Director

Appointed to the Board on 31st March 2009

Skills & Experience

Mr. Ananda Wimalasena was the Founder-Managing Director of Asiri Hospital Group of Companies from 1980 to 2006. Mr. Ananda Wimalasena has experience and extensive exposure in management and health services.

Other Appointments

He also serves as the Chairman of the Civil Aviation Authority, Chairman in ITMC (Pvt) Ltd.. He was the previous Chairman of Airports & Aviation Services (Sri Lanka) Ltd..

Number of shares held in the Company

Nil



PROFILES of the Directors (Contd...)

5. Mr. Tissa K. Bandaranayake

B.Sc. (Cey), FCA

Independent, Non – Executive Director

Appointed to the Board on 31st March 2009

Skills & Experience

Mr. Tissa Bandaranayake has more than 50 years commercial and professional experience and was a Senior Partner of Ernst & Young from where he retired after 27 years, having serviced a large portfolio of clients, both local and multinational in various industries. Mr. Tissa Bandaranayake is a Past Chairman of the Audit Faculty of the Institute of Chartered Accountants of Sri Lanka.

Other Appointments

He currently serves as a Director in Laugfs Gas Plc, Overseas Realty (Ceylon) Plc, Renuka Foods Plc, Renuka Holdings Plc, Micro Holdings (Pvt) Ltd., Harischandra Mills Plc, Brown & Company Plc and Nawaloka Hospitals Plc. He also serves as a Consultant to the Board of Directors of Noritake Lanka Porcelain (Pvt) Ltd..

He serves as Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka comprising senior members of the accounting profession as well as representatives of public sector regulatory bodies such as the SLAASMB, CBSL, etc.

Number of shares held in the Company

Nil



6. Mr. D. G. Priyantha S. Abeygunawardana

MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at -Law

Director / General Manager

Appointed to the Board on 08th August 2013

Skills & Experience

Mr. Priyantha Abeygunawardana is a triple-qualified Accountant holding the fellowship of CA, CIMA, ACCA and also an Attorney-at-Law. He obtained his LLB degree from the Open University of Sri Lanka and took his oaths as an Attorney-at-Law in 2004, having passed the requisite examinations held by the Sri Lanka Law College.

He also holds two Master's degrees in two different fields, namely, MBA from the University of Sri Jayewardenepura specializing in Finance, and LLM from University of Colombo specializing in Company Law, Labour Law and Banking Law.

He is also member of Chartered Institute of Marketing, UK.

Previously he was at Ford, Rhodes, Thornton & Company, Hayley's, Abans and lastly at Richard Piers Exports Plc, where he worked as General Manager for six years. With regard to his sports career, he toured Malaysia and Thailand with the Mercantile Hockey Association team (Combined Companies) as vice-captain in 1992. He also toured India with the Sri Lanka Schools' Hockey team as vice-captain in 1979. He played in the CR & FC Hockey team from 1978 to 1988 and captained the CR & FC in 1986. He played Hockey and Football for Nalanda College for several years. Under his captaincy in 1979, Nalanda College Hockey team emerged champions in the under 19 All-Island inter school tournament.

Other Appointments

No other appointments.

Number of shares held in the Company

110 shares



PROFILES of the Directors (Contd...)

07. Mr. D. Dilshan A. Rajapaksa

M.Sc. (Australia), B.Sc.Hons (UK)

Director - Marketing

Appointed to the Board on 01st June 2015

Skills & Experience

Mr. Dilshan Rajapaksa has more than 9 years Management & Information Technology experience in both local and overseas Companies before joining DSI in 2007. He oversees the marketing operations of the rubber sector (export and local) in Samson International Plc.

He holds M.Sc. in Business Systems from the University of Monash, Australia and B.Sc.(Hons) in Information Systems from the University of Manchester Metropolitan, UK.

Other Appointments

He serves as a Director of D. Samson Industries (Pvt) Ltd., Samson compounds (Pvt) Ltd., Samtessi Brush Manufacturers (Pvt) Ltd, Samson Insurance Brokers (Pvt)Ltd and Samson Investments (Pvt) Ltd..

Number of shares held in the Company

Nil



08. Mr. D. Chandula J. Rajapaksa

M.Sc. (Australia), B.Sc. (UK)

Non-Executive Director

Appointed to the Board on 10th August 2018

Skills & Experience

Mr. Chandula Rajapaksa has more than 5 years Management experience in both local and overseas Companies. He currently works as a Director at Samson Compounds (Pvt.) Ltd. and has worked for the last two years. Previously he worked at Price Water House Coopers, Sri Lanka.

He holds M.Sc. in International Business from the University of Monash, Australia and B.Sc. in Business with Information Technology from the University of Staffordshire University, UK. He is also passed finalist of Chartered Management Accountants of UK.

Other Appointments

He serves as a Director of D. Samson Industries (Pvt) Ltd., Samson Compounds (Pvt) Ltd., Samson Bikes (Pvt)Ltd., Samson Engineers (Pvt) Ltd and a Director of several other subsidiary Companies of the DSI Samson Group.

Number of shares held in the Company

Nil



PROFILES of the Directors (Contd...)

The right people with the right skills ...

Analysis of Directors' Professional Background:

	Professionally qualified area	No. of Directors on the Board
1	Medical	1
2	Science	3
3	Engineering	1
4	Finance	3
5	Management	3
6	Marketing	1
7	Law	1
8	Information Technology	2

Service Analysis of Directors as 31st March, 2019:

	Service Category	No. of Directors on the Board
1	0 – 4 Years	2
2	5 – 8 Years	1
3	9– 12 Years	2
4	13– 16 Years	-
5	17– 20 Years	-
6	21 – 24 Years	-
7	25 – 28 Years	-
8	29 – 30 Years	3



Board of Directors

PROFILES

of the Executive Management



**Mr. Kulatunga
Rajapaksa**

B.Sc (Hons) (Cey)

Managing Director

Please refer page No. 28 for the profile



**Mr. Priyantha
Abeygunawardana**

MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at -Law

Director/ General Manager

Please refer page No. 30 for the profile

Marketing - Rubber Sector



**Mr. D. Dilshan A.
Rajapaksa**

M.Sc. (Australia), B.Sc.Hons (UK)

Director - Marketing

Please refer page No.31 for the profile

PROFILES of the Executive Management (Contd...)



Mr. Sanjeewa Weerakkodi

BA (Hons) (Economics), ACIM

Marketing Manager

Mr Weerakkodi, is the Head of Marketing for the rubber segment and joined Samson International Plc in 2004. He holds a BA Honors degree in Economics from the University of Peradeniya. He is also an Associate Member of the Chartered Institute of Marketing, UK. Previously he worked in a rubber products manufacturing Company registered under BOI for two years.



Mr Naveendra Kumara

MBA, MAAT, Dip in Business Mgt.

Manager - Commercial

Mr. Navindra Kumara has over 27 years' experience at Samson International Plc and has served the Company since 1990. He has worked in different key positions during his career at Samson International Plc and now he is the head of the Commercial Department and also works for European market as a Manager-International Marketing. He holds an MBA from Manipal University of India, MAAT, Sri Lanka and a Diploma in Business Management from NIBM.



Ms. Piumangani Seneviratne

BMS (Sp) (OUSL), Dip. in Mgt (OUSL)

Business Development Manager

Ms Senevirathne handles the rubber-related products in the local markets while overseeing the logistic operations. She joined Samson International Plc in 1995 and has held several managerial positions in the shipping, stores and supply departments. She was in the export department from 1995 to 2010. She holds Bachelor of Management Studies (Special) Degree and a Diploma in Management from the Open University of Sri Lanka.



Mr. Chanuka Jayasinghe

MPA (Australia), BBM (India), Adv.Dip.Acc (Australia)

Assistant Business Development Manager

Mr. Chanuka Jayasinghe is responsible for developing new international markets. He previously worked for Microcells (Pvt) Ltd as a Senior Executive, international Marketing. Chanuka has over four years' experience in marketing rubber products combined with his four years' experience in the hospitality industry in Australia. He possesses a Master's degree in Professional Accounting from the University of Ballarat, Australia, and a Bachelor's degree in Business Management from the University of Bangalore, India.

PROFILES of the Executive Management (Contd...)



Mr. Saminda Madushanka
Marketing Executive

Mr. Saminda Madhusanka joined Samson international PLC on 1st of January 2019. He had 4 year experience as a Marketing Executive in the field of Construction at Geed Technologies (Pvt) Ltd.. He oversees the Local Market.

Marketing - PVC Sector



Mr. Nishantha Abeygunawardana
Business Development Manager

Mr. Abeygunawardana joined Samson International Plc in July 2014 when we stepped into the PVC business. At present, he is the Head of Marketing for the PVC segment. Previously, he worked at Associated Motorways Ltd., Central Industries Plc and Okta PVC Lanka (Pvt) Ltd. for eighteen years.



Mr. P. Weerarathna
Field Sales Manager

At present he is overseeing in the Southern, Sabaragamuwa and Eastern Provinces. He joined Samson International Plc on 15th September 2015 as Regional Sales Manager. He has worked 11 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Janashakthi Insurance PLC. He studied at Embilipitiya Maha Vidyalaya.



Mr. Janaka Sapukotana
Field Sales Manager

Mr. Sapukotana joined Samson International in October 2016 as Assistant Business Development Manager to handle the PVC projects. Previously he worked at Arpitech (Pvt) Ltd. as Sales Executive for 15 years from 2000 to 2016. At present he is overseeing in the Western, North western and Central Provinces. He studied at Prince of Wales College, Moratuwa.

PROFILES of the Executive Management (Contd...)



Mr. Pradeep Indika Somapala
Regional Manager

He has worked 14 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Apex Combine (Pvt) Ltd. He works as the regional manager for the western south. He studied at Vidyadarshi Maha Vidyalaya, Anuradhapura.



Mr. M.M.P. Kithulwatta
Regional Manager

He has worked 5 years at Kamal PVC Industries (Pvt) Ltd., 4 years at Central Industries (Pvt) Ltd. and 2 years at St. Anthony's Group (Pvt) Ltd. He works as the regional manager for the western north. He studied at Mitigahathanna Vidyalaya, Badulla.



Mr. M. Z. Ziyad
Regional Manager

He has worked 2 years at Kamal PVC Industries (Pvt) Ltd., 1 years at Central Industries (Pvt) Ltd. and 3 years at Almarai Company in Saudi Arabia. He works as the regional manager for the Eastern Province. He studied at Central College, Ampara.

Research & Development



Mr. Thusitha Indumina
Dip. in Rubber Technology
Executive, Research and Development

Mr. Indumina has over 12 years' experience in research and development including at Loadstar (Pvt) Ltd. and Polymer Products Impex (Pvt) Ltd.. He joined Samson International Plc on 15th March, 2018 as Head of Research & Development Department.

PROFILES of the Executive Management (Contd...)



Mr. Wimal Siriwardana

Dip. in Rubber Technology; Certificate in Hydraulic Technology

Executive, Research and Development, Galle and Kalutara Factories

Mr. Siriwardana has over 25 years' experience in research and development including at Samson International Plc and Samson Compounds Ltd.. He holds the Diploma in Rubber Technology and Certificate in Hydraulic Technology and is a member of the Plastic and Rubber Institute of Sri Lanka.



Mr. D.K. Dilan Madhushanka

Executive, Research and Development

Mr. Madhushanka joined as R&D Executive on 1st May 2018. He obtained his National Diploma in Technology from the University of Moratuwa in 2015. He previously worked at Samson Rubber Industries (Pvt) Ltd. as Executive in R&D Department for three years from February 2015 to January 2018.

Finance



Mr. Sisira Abeywickrama

B.Sc.(B.Ad.)Sp, ACA

Executive, Finance

Mr. Sisira Abeywickrama is a Chartered Accountant and holds a B.Sc. Business Administration (Special) degree from the University of Sri Jayewardenepura. He joined Samson International Plc recently as the Head of Finance. He did his articles at Jayasinghe & Company. Prior to joining Samson International Plc, he worked at Asoka Glass & Company and Maga Naguma Road Construction and Equipment Company. He has five years post qualifying experience as a Chartered Accountant.

Production



Mr. Asanka Dimuth Edirisinghe

Dip. in Engineering Science

Executive, Production, Galle Factory

Mr Asanka Edirisinghe is the Production Executive of the Galle Factory. He holds a National Diploma in Engineering Sciences. He joined Samson International Plc on 1st of July 2013 and previously worked at Johnson Controls, Qatar, for three years as Service Engineer and at D. Samson Industries (Pvt) Ltd. for two years as Research & Development Engineering Assistant.

PROFILES of the Executive Management (Contd...)



Mr. M. A. P. Janakantha

Dip. in Engineering Science; Dip. in Rubber Technology

Executive, Production, Baddegama and Kalutara Factories

Mr. Janakantha holds a National Diploma in Engineering Sciences from the Institute of Engineering Technology and a Diploma in Rubber Technology from the Rubber & Plastic Institute. He has more than 21 years' technical experience, of which 19 years has been at Samson International Plc. At present, he is the Production Executive at the Baddegama and Kalutara factories.



Mr. Himal Jayaranga

MBA, B.Sc. Engineering (Hons), AMIE

Executive Production Engineer

Mr. Jayaranga works as Production Engineer at Baddegama PVC Factory. He holds an MBA from Cardiff metropolitan University and a B.Sc. Eng (Hons) degree from the University of Moratuwa. He is an associate member of institute of Engineers and is responsible for all research and development activities at the PVC plant. Previously, he worked as Production Engineer at St. Anthony's Industries, Ekala.

Quality Assurance



Mr. Namal Nishantha

B.Sc., Dip. in Rubber Technology

Quality Assurance Manager

Mr. Namal works as Quality Assurance Manager and is the Management Representative of the Company for various quality-related audits. He holds a B.Sc Degree from the University of Kelaniya and also a Diploma in Rubber Technology. He Joined Samson International Plc in 1998 and has 21 years of experience working in the Quality Assurance Department of the Company.

PROFILES of the Executive Management (Contd...)

Engineering



Mr. Nilantha Jayalal Gamage

Dip. in Technology; PgDMM

Executive, Engineering

Mr. Nilantha holds a National Diploma in Technology from the University of Moratuwa and has completed his Postgraduate Diploma in Manufacturing Management at the University of Colombo. He worked at Brollo Pipes and Profile Ltd, Nigeria, as Mechanical Engineer for two years prior to joining Samson International Plc in 2012.



Mr. Sudeshpriya Gamage

Dip. in Technology

Executive, Engineering

Mr. Sudeshpriya Gamage joined as Engineer on 15th January 2017. He obtained his National Diploma in Technology from the University of Moratuwa in 2012. He previously worked at Rodrogo & Sons (Pvt) Ltd for five years from February 2012 to January 2017. He is responsible for all moulds/die designing and improvements in all three plants.

Human Resources



Ms. Nishanthi Padmakumari

Dip. in Human Resources Management

Executive, Human Resources

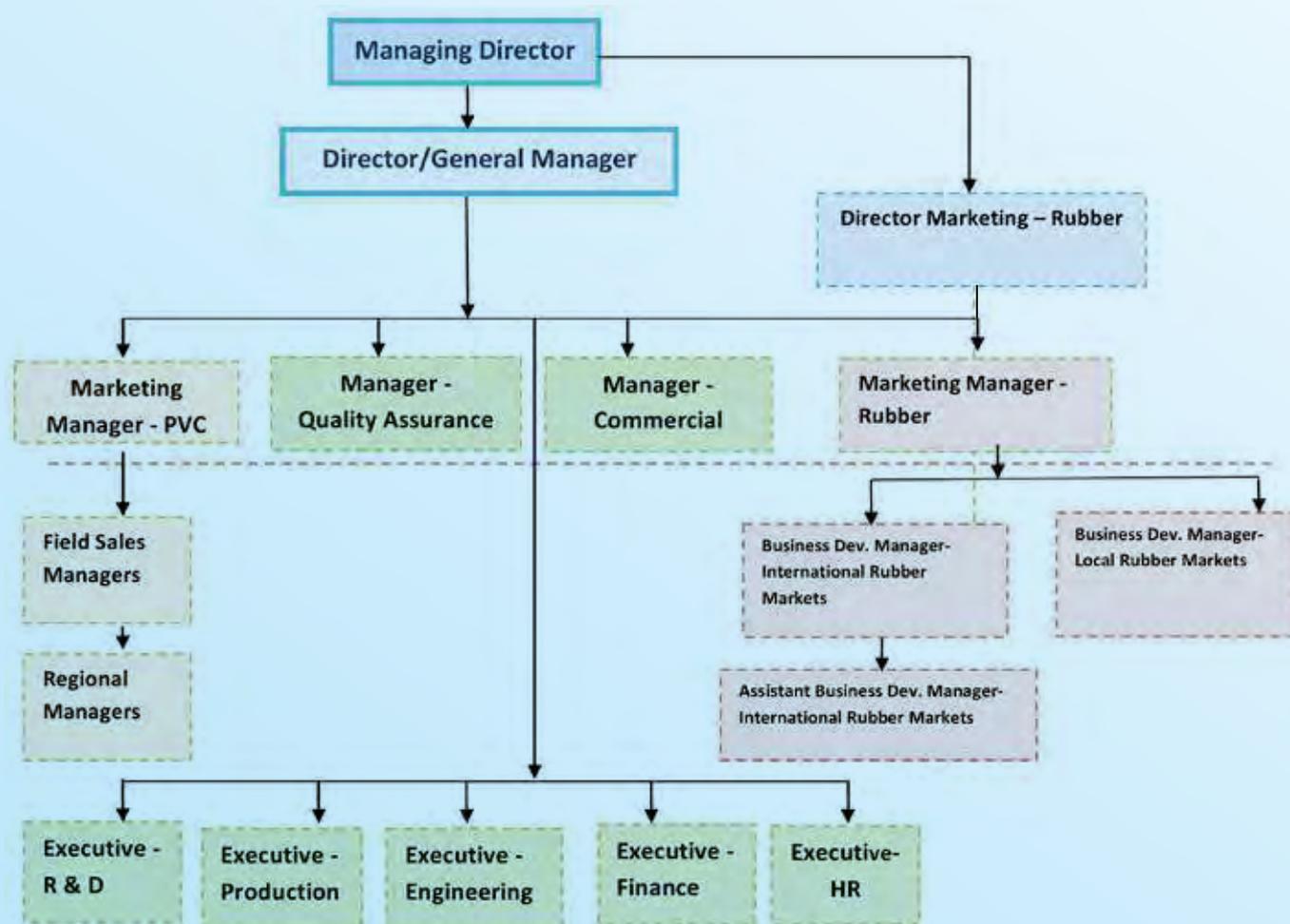
Mrs. Padmakumari joined Samson International Plc in 1993 and is the Head of the Human Resources Department at present. She holds a Diploma in Human Resource Management from NIBM and has over 25 years of experience in Human Resource Management.

PROFILES of the Executive Management (Contd...)

Analysis of Educational and Professional qualifications of the Executive Management as at 31st March, 2019

Category	Number of executives with academic qualifications	Number of executives with professional qualifications
Master's Degrees	5	-
Bachelor's Degrees	9	-
Diplomas (Engineering and Production etc.)	11	-
Professionally qualified in Accountancy		2
Professionally qualified in Law		1
Professionally qualified in Marketing		2
Professionally qualified in Human Resource		1
Total	25	6

Organization Structure



REVIEW

of the External Environment

“It is noted that Sri Lanka improved the Ease of doing business ranking from 111 to 100 out of 190 countries with a DTF score of 58.86. China has improved it tremendously and India and Pakistan also improved their positions in 2019 compared to the previous year.”

Global Economic Outlook

The global expansion has weakened and global growth for 2018 is estimated at 3.7 percent, despite weaker performance in some economies, notably Europe and Asia as stated in the October 2018 World Economic Outlook (WEO) forecast. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020. The global growth forecast for 2019 and 2020 would have a downward trend due to the following reasons,

- The negative effects of tariff increases enacted in the United States and China.
- The introduction of new automobile fuel emission standards in Germany.
- The sovereign and financial risks have weighed on domestic demand in Italy
- Weakening financial market sentiment in Turkey.
- Natural disasters in Japan

Growth in the euro area is set to moderate from 1.8 percent in 2018 to 1.6 percent in 2019 (0.3 lower than projected last fall) and 1.7 percent in 2020. Growth rates have been marked down for many economies, notably Germany (due to soft private consumption, weak industrial production following the introduction of revised auto emission standards, and subdued foreign demand); Italy (due to weak domestic demand and higher borrowing costs as sovereign yields remain elevated); and France (due to the negative impact of street protests and industrial action).

Growth in emerging and developing Asia will dip from 6.5 percent in 2018 to 6.3 percent in 2019 and 6.4 percent in 2020. Despite fiscal stimulus that offsets some of the impact of higher US tariffs, China's economy will slow due to the combined influence of needed financial regulatory tightening and trade tensions with the United States. India's economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease.

Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is expected to remain subdued at 2.4 percent in 2019 before recovering to about 3 percent in 2020. Multiple factors weigh on the region's outlook, including weak oil output growth, which offsets an expected pickup in non-oil activity (Saudi Arabia); tightening financing conditions (Pakistan); US sanctions (Iran); and, across several economies, geopolitical tensions.

Commodities and inflation

Crude oil prices have been volatile since August, reflecting supply influences, including US policy on Iranian oil exports and, more recently, fears of softening global demand. As of early January, crude oil prices stood at around \$55 a barrel, and markets expected prices to remain broadly at that level over the next 4–5 years. Consumer price inflation has generally remained contained in recent months in advanced economies but has inched up in the United States, where above-trend growth continues. Among emerging market economies, inflationary pressures are easing with the drop in oil prices. Capital flows and exchange rates

With investors generally lowering exposure to riskier assets, emerging market economies experienced net capital outflows in the third quarter of 2018. As of early January, the US dollar remains broadly unchanged in real effective terms relative to September, the euro has weakened by about 2 percent amid slower growth and concerns about Italy, and the pound has

REVIEW of the External Environment (Contd...)

depreciated about 2 percent as Brexit-related uncertainty increased. In contrast, the Japanese yen has appreciated by about 3 percent, on higher risk aversion. Several emerging market currencies including the Turkish lira, the Argentine peso,

the Brazilian real, the South African rand, the Indian rupee, and the Indonesian rupiah have staged recoveries from their 2018 valuation, lows last August-September.

Overview of the World Economic Outlook Projections

	Estimate		Projection	
	2017	2018	2019	2020
World Output	3.8	3.7	3.5	3.6
Advanced Economies	2.4	2.3	2.0	1.7
United State	2.2	2.9	2.5	1.8
Euro Area	2.4	1.8	1.6	1.7
Germany	2.5	1.5	1.3	1.6
France	2.3	1.5	1.5	1.6
Italy	1.6	1.0	0.6	0.9
Spain	3.0	2.5	2.2	1.9
Japan	1.9	0.9	1.1	0.5
United Kingdom	1.8	1.4	1.5	1.6
Canada	3.0	2.1	1.9	1.9
Other Advanced Economies	2.8	2.8	2.5	2.5
Emerging Market and Developing Economies	4.7	4.6	4.5	4.9
Commonwealth of Independent states	2.1	2.4	2.2	2.3
Russia	1.5	1.7	1.6	1.7
Excluding Russia	3.6	3.9	3.7	3.7
Emerging and Developing Asia	6.5	6.5	6.3	6.4
China	6.9	6.6	6.2	6.2
India	6.7	7.3	7.5	7.7
ASEAN	5.3	5.2	5.1	5.2
Emerging and Developing Europe	6.0	3.8	0.7	2.4
Latin America and the Caribbean	1.3	1.1	2.0	2.5
Brazil	1.1	1.3	2.5	2.2
Mexico	2.1	2.1	2.1	2.2
Middle East , North Africa, Afghanistan and Pakistan	2.2	2.4	2.4	3.0
Saudi Arabia	-0.9	2.3	1.8	2.1
Sub- Saharan Africa	2.9	2.9	3.5	3.6
Nigeria	0.8	1.9	2.0	2.2
South Africa	1.3	0.8	1.4	1.7

Source: World Economic Outlook, 2018

REVIEW of the External Environment (Contd...)

Ease of doing business ranking

It is noted that Sri Lanka improved the Ease of doing business ranking from 111 to 100 out of 190 countries with a DTF score of 58.86. China has improved it tremendously and India and Pakistan also improved their positions in 2019 compared to the previous year. The ease of doing business ranking of our competing countries for our rubber products are as follows.

DB Rank			DTF Score	
2018	2019	Economy	2018	2019
26	27	Thailand	77.44	78.45
60	43	Turkey	69.14	74.33
72	73	Indonesia	66.47	73.64
78	46	China	65.29	70.31
80	61	Kenya	65.15	67.96
100	77	India	60.76	67.23
111	100	Sri Lanka	58.86	61.22
147	136	Pakistan	51.65	55.31

Sri Lanka Economy

The World Bank expects Sri Lanka economy to grow 3.9 percent this year and 4 percent in next two years, recovering from the weather disruptions, which negatively affected agriculture, last year. Sri Lanka recorded growth of 3.3 percent in 2017, the slowest in growth rate in 16 years. According to Sri Lanka's Census and Statistics Department, the economy grew 3.6 percent in the first half. Central Bank is hopeful of achieving 4 percent economic growth for this year, although it meant the economy has to grow 4.4 percent in the second half. Both the International Monetary Fund and Asian Development Bank revised down their growth forecasts on Sri Lanka for this year and 2019. Despite Sri Lanka's moderate growth expectations, the World Bank said the growth in the South Asian region is set to top 6.9 percent this year and to accelerate to 7.1 percent next year.

As per the experts, the constitutional crisis arisen in the country in last quarter of 2018 has impacted adversely to the economy. The crisis lasted for seven weeks but had a lasting political and economic impact on the country. Due to the fragile Sri Lankan economy, the crisis cost the country a billion US dollars in reserves, dropping from \$7.991 billion in forex reserves to \$6.985 billion. The Sri Lankan rupee ultimately devalued by 3.8% during the same time, while USD \$312.9 million, in the

form of treasury bonds, and USD \$29.8 million in the form of treasury bills left the country. Sri Lanka's credit was also downgraded as a result of the crisis. While the United States and Japanese governments froze more than a billion US dollars worth of development aid. November saw industrial activity in Sri Lanka slow as a result of the crisis, falling 3.7% from October to November, the largest seen since it began in 2016. The Central Bank conducts monetary policy in an increasingly forward looking manner with the aim of maintaining inflation at low and stable levels in the medium term thereby supporting the economy to reach its potential. The Central Bank of Sri Lanka also had to consider domestic developments, such as the depreciation pressure on the currency due to capital outflows and the widening trade deficit, subpar economic growth, deceleration in monetary aggregates and credit, moderate levels of inflation as well as continuing deficit liquidity conditions in the money market.

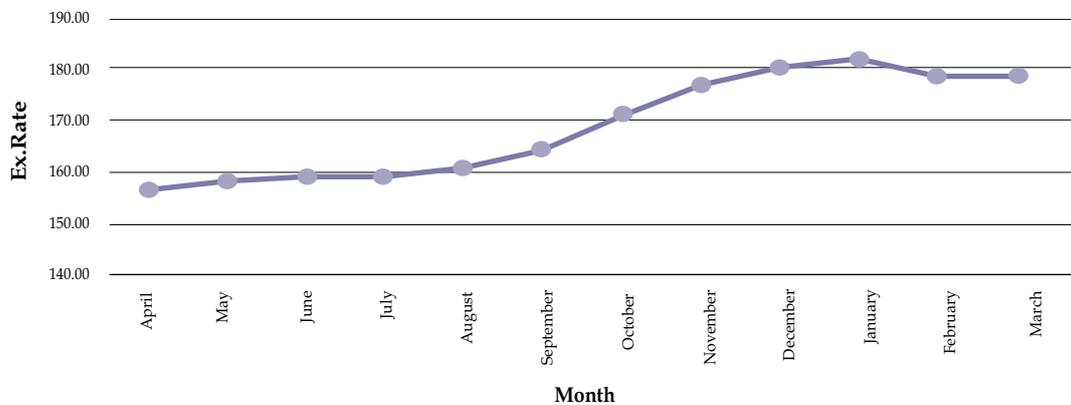
Since the announcement of the transition towards Flexible Inflation targeting (FIT), we have broadly maintained low levels of inflation in spite of some occasional upticks and downturns due to various demand and supply shocks stemming from the external and domestic fronts. Benefiting from prudent and proactive monetary policy measures that were also supported by several macro prudential measures, monetary expansion was contained at desired levels, thereby supporting the maintenance of low levels of inflation during 2018. The Central Bank has an unblemished track record of maintaining single digit inflation continuously for a decade. The inflation rate for the year 2017 and 2018 were 6.54% and 4.85% respectively. The projected rate is 4.75%.

Exchange rates

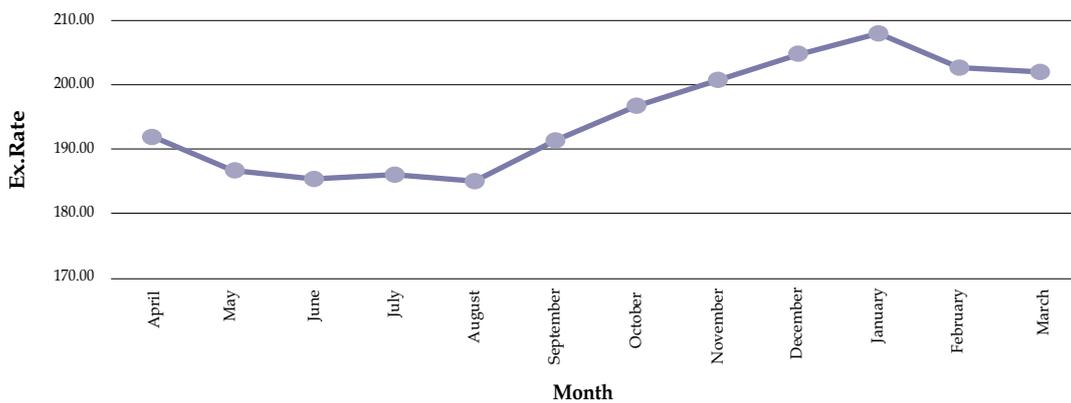
When the rupee depreciates, it will create a positive influence on our export business. At the end of financial year the rupee depreciated against US dollar significantly and against Euro marginally. We received the most of our sales proceeds from exports in Euro. The Euro rate, which was Rs.191.92 at the beginning of the year, closed at Rs.202.45 at the end of the financial year 2018/19 which have has not made the considerable impact from the revenue of exports. However US dollar rate has gone up drastically from 156.13 to 178.74 by 15% which incurred a Rs. 17 mn exchange loss on import of raw materials and packing credit loans which we have taken in US dollars.

REVIEW of the External Environment (Contd...)

Average Exchange Rate - US\$ to LKR (2018/19)



Average Exchange Rate - EUR to LKR (2018/19)



OVERVIEW

of Rubber Industry

“Since 2013, consumption of natural rubber has been more rapid than synthetic rubber every year...”

Global Rubber Consumption

Global rubber consumption is estimated to have increased by 2.9% in 2018. However it may slow down to an average of 2.3% a year during 2015-2020 as stated in the International Rubber Journal in February 2019. For this year, Vietnam Rubber Industry Group plans to produce exploited rubber of 320,250 tonnes or more, while the planned consumption volume is 395,000 tonnes. Indonesia is the world's second largest producer, after Thailand, and export more than 80% of its output. Thailand's Sri Tang Agro – industry Plc, the largest natural rubber (NR) producing company, is hoping increase rubber glove output by about 74% to 30 billion gloves annually in the next two years.

Some of the projections and observations for the coming years which are important to our industry are given below.

- Malaysia, India and Vietnam may have shown a decline in natural rubber (NR) production this year, but a relative sharp increase in Thailand and Cote d'Ivoire help to increase world output.
- Most consuming regions may show slow growth over the next two years, but Latin America and the EU is likely to perform the worst.
- Since 2013, consumption of NR has been more rapid than synthetic rubber (SR) every year except one, but there was no exception for 2018.
- As a result, SR share has estimated to have fallen to a record low of 53.1% this year, but may retain at a similar level for the next two years.
- Since 2012, growth rate of SR output has been averaging about 1% and the slow growth trend may continue over the next two years.

- NR surplus is now expected for this year, helping the global stock to break the record set last year.
- For SR, there may be a deficit for the second consecutive year in 2018, but a surplus is expected to return.
- Hence, the stock to consumption ratio for NR is expected to continue to rise and for SR to turn around from a decline to a rise by 2019.
- NR price has performed the worst of most of the major internationally traded commodities since reaching its peak in early 2011.
- SR prices also have started to decline but the relative price of NR/SR is revising very slowly.

In 2018, world production of natural rubber (NR) accounted 13.960 million tonnes, an increase of 4.6% from 13.350 million tonnes on a year-to-year basis as state in Natural Rubber Trends & Statistics, December 2018. Meanwhile, the world demand recorded an increase of 5.2%, year-to-year, amounting to 14.017 million tonnes in 2018. This resulted a deficit in demand of 57,000 tonnes of NR during the reference period. This scenario is attributed to the recent revision from Thailand.

Some recovery on NR prices spotted across physical and futures markets during December 2018. Although millions of rubber smallholders still have been affected with the low rubber prices, but this rebound was timely to close the year of 2018 with a higher low of US\$1.50 per kg (average price of block and sheet rubber for the month of December 2018).

The International Monetary Fund (IMF) retained its earlier estimate for the global growth at 3.7% despite weaker performances in some economies. Trade tension between China and the United States (US) has eased after both countries have agreed to halt the new tariffs for 90 days and allowed talks during this period. With the involvement from President Trump in the negotiations who has showed his desire for making a deal with China, the some promising results from these talks may be available in the near future.

OVERVIEW of Rubber Industry (Contd...)

Statistical Summary of World Rubber Situation

('000 tonnes)

	2016	2017				2018			
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3
NATURAL RUBBER PRODUCTION									
Asia – pacific	11563	2863	2738	3369	3382	12352	2888	2899	3402
EMEA	721	177	168	259	263	867	198	211	255
Americas	320	90	96	68	77	332	92	100	72
TOTAL	12604	3131	3002	3695	3722	13551	3178	3211	2729
NATURAL RUBBER CONSUMPTION									
Asia-Pacific	9333	2290	2460	2535	2478	9763	2476	2574	2588
EMEA	1645	424	438	438	428	1728	446	463	429
Americas	1693	420	454	419	420	1713	453	478	411
TOTAL	12670	3133	3352	3391	3326	13203	3375	3514	3429
WORLD NR SUPPLY-DEMAND SURPLUS/DEFICIT	-66	-2	-350	304	396	348	-196	-304	300
SYNTHETIC RUBBER PRODUCTION									
Asia-Pacific	7717	1976	1933	2066	2070	8045	2030	2056	2033
EMEA	4137	1096	1004	954	1019	4073	1098	1050	988
Americas	3033	785	701	720	785	2990	752	696	708
TOTAL	14887	3857	3639	3739	3874	15108	3881	3802	3730
SYNTHETIC RUBBER CONSUMPTION									
Asia-Pacific	8150	2053	2076	2110	2159	8399	2116	2136	2153
EMEA	3693	998	967	921	944	3831	1018	1010	928
Americas	3033	755	736	754	759	3004	759	727	729
TOTAL	14876	3806	3779	3786	3863	15234	3829	3873	3813
WORLD SR SUPPLY-DEMAND SURPLUS/DEFICIT	11	51	-140	-47	11	-126	-12	-71	-53
% SR IN TOTAL RUBBER CONSUMPTION	54.00	54.9	53.0	52.7	53.7	53.6	53.6	52.4	52.7

TOP FIVE COUNTRIES AND SRI LANKA RANKING

NR Consumption ranking - 2018

Rank	Country	000' tonnes	Share%
1	China	5504	39.8
2	India	1220	8.8
3	USA	1011	7.3
4	Thailand	752	5.4
5	Japan	706	5.1
16	Sri Lanka	135	1.0

NR Production ranking - 2018

Rank	Country	000' tonnes	Share%
1	Thailand	5145	37.1
2	Indonesia	3486	25.1
3	Vietnam	1110	8.0
4	China	810	5.8
5	Malaysia	603	4.4
13	Sri Lanka	81	0.6

OVERVIEW of Rubber Industry (Contd...)

Rubber Price and Related Indicators

	2016		2017				2018			
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
NATURAL RUBBER PRICE										
SGX,RSS3, US\$/tonne	1641	2543	2062	1805	1589	2000	1723	1638	1457	1394
SGX,TSR20, US\$/tonne	1378	2093	1565	1521	1427	1651	1468	1397	1332	1265
Europe, TSR 20, US\$/tonne	1424	2181	1605	1610	1516	1728	1529	1470	1408	1384
SYNTHETIC RUBBER PRICE										
Japan, SBR Export value '000 yen/tonne	224	264	298	244	247	263	245	258	275	289
France, SBR Export Value /tonne1264	1624	1831	2246	1998	1701	1944	1800	1985	1871	1924
USA,SBR Export value US\$/tonne	2024	2223	2675	2352	2321	2415	2242	2588	2748	N.A
RELEIVE NR/SR PRICE RATIO										
SGX,TSR20 Spot/USA SBR Export Unit Value	68.1	94.1	56.6	64.7	61.5	68.4	65.5	54.0	48.5	N.A
RETAILED INDICATORS										
Brent Crude Oil, US\$ per barrel	43.6	53.7	49.7	52.1	61.5	54.2	66.8	74.5	75.2	67.7
Butadiene, US cents per lb (2)	37.2	88.9	72.3	42.1	45.3	62.2	48.4	68.0	71.9	61.6

Source: ANRPC

Sri Lankan Rubber Industry

The rubber industry in Sri Lanka began way back in 1876. The country lured traders and colonizers from the west which resulted in the Portuguese, the Dutch and the British governing the island for over 150 years from the 16th century. The natural rubber industry in Sri Lanka is one of the enduring colonial legacies that is providing sustained socio- economic benefits to the country, even today. This is an industry with significant strategic importance to Sri Lankan economy since its origin. The rubber industry generates a vast number of employment opportunities for people mainly from rural areas and is providing them with economic sustenance for their livelihood. Rubber remains Sri Lanka's third largest foreign exchange earner, accounting for approximately 8 percent of export income. Sri Lanka has a strong competitive advantage in several niche export markets, mainly certain grades of latex crepe and sole crepe due to the quality of the natural rubber and distinctive competencies the industry that has accumulated over the years.

The range of value added Rubber Products made in Sri Lanka by processing raw rubber are internationally acclaimed and accepted for quality and durability. Sri Lankan rubber industry,

well linked to global rubber industry which grows at an annual average 4-6 % has the potential to grow at a higher pace being a major contributor to export revenue. We earn more than Rs. 600 Mn per year from exports of rubber- related products such as sealing rings, hot water bottles and mats & floorings etc.

Sri Lanka has a well-established natural rubber industry with a well-organized infrastructure comprising of all supporting institutes in public and private sector. Rubber Research Institute (RRI) of Sri Lanka is one of the oldest research institutes for rubber in the world.

Sri Lankan rubber sector is the third largest export earner of the country providing over 300,000 direct and indirect job opportunities to Sri Lankans across various professions and walks of life. The traditional rubber growing areas of Sri Lanka is located mainly in the wet zone in a land extent of 136,000 hectares. The country's traditional rubber growing districts include Colombo, Gampaha, Kalutara, Kandy, Matale, Galle, Matara, Kurunegala, Rathnapura, and Kegalle. A rubber tree has an economical life of about 25 – 30 years, while harvesting commences at about 7 years from planting.

OVERVIEW of Rubber Industry (Contd...)

Sri Lanka appears to be in the sixth position among the global natural rubber producers, and exported almost all types of natural rubber available in the market including ribbed smoked sheet rubber, latex crepe rubber, scrap crepe, all grades of technically specified rubber, centrifuged latex and specialty rubbers. Presently, Sri Lanka produces around 140,000 metric tons of natural rubber annually.

Sri Lanka prides itself in manufacturing a number of value added rubber products by processing raw rubber. These products include extrusion products like rubber bands, beadings, rubber latex products such as medical, industrial and household gloves, industrial products like hose, auto parts, industrial components, tyres, tubes, automotive and aviation tyres and general rubber products like rubber flooring, floor

Progressive Performance and projected outputs (Raw Rubber) - up to 2024

Indicator	Unit	2013 (Baseline)	2019	2024	CAGR %
UPSTREAM					
1. Total Rubber Extent	Ha	132,000	150,500	169,000	2
2. Mature Rubber Extent	Ha	105,000	97,930	97,000	-1
3. Average Rubber Yield	Kg/Ha	1,043	1,042	1,042	0
4. Raw Rubber Production (Projections at 4% ARP)	MT	110,000	102,000	101,070	-1
5. Raw Rubber Export	MT	23,585	18,000	15,570	-4
6. Local Raw Rubber Internal Consumption	MT	86,415	84,000	85,500	0
7. Value of Locally Consumed Local Rubber	\$M	243	273	318	3
8. Export Income from Raw Rubber	\$M	71	63	64	-1
9. Total Value of Raw Rubber Produced	\$M	314	336	382	2
IMPORTS					
10. Raw Natural Rubber	MT	9,900	55,000	65,000	21
11. Synthetic Rubber (40% for rubber products)	MT	14,355	23,000	69,000	17
12. Semi-Processed Rubber (20% of gross weight)	MT	5,224	6,000	7,000	3
DOWNSTREAM					
13. Total quantity of Rubber(NR+SR) Consumed	MT	115,894	168,000	226,500	7
14. Rubber Products value of exports	\$M	889	1700	3000	13
15. Rubber Products value of local sales	\$M	195	240	300	4
16. Rubber products – Aggregate Turnover	\$M	1,084	1,940	3300	12
17. Value of rubber wood based products sold	\$M	80	157	289	14
18. Total Industry Turn over	\$M	1,4878	2,433	3,971	10
LOCAL MARKET FOR PRODUCTS					
19. Value of rubber products imported	\$M	118	250	275	9
20. Local market for rubber products	\$M	313	490	575	6

OVERVIEW of Rubber Industry (Contd...)

mats, carpets, sports goods, footwear, hot water bottles and related components. DSI Group and Samson International Plc produces most of these products. Sri Lanka's natural rubber has a high-demand in the world market due to its unique properties. The country now has a premium quality natural rubber type known as Lankaprene which is odour free to a certain extent, light coloured, and clean which is ideally suited for medical equipment and up- market value added products. The competent workforce with right attitudes and training will be more productive resulting enhanced earnings and lower turnover making the rubber industry more attractive for employment. The rubber sector needs more investments, private and public, foreign and local, and thereby common industry infrastructure facilities will improve. Collaboration among industry players in pre-competitive areas will lead to synergistic effects in industry operations.

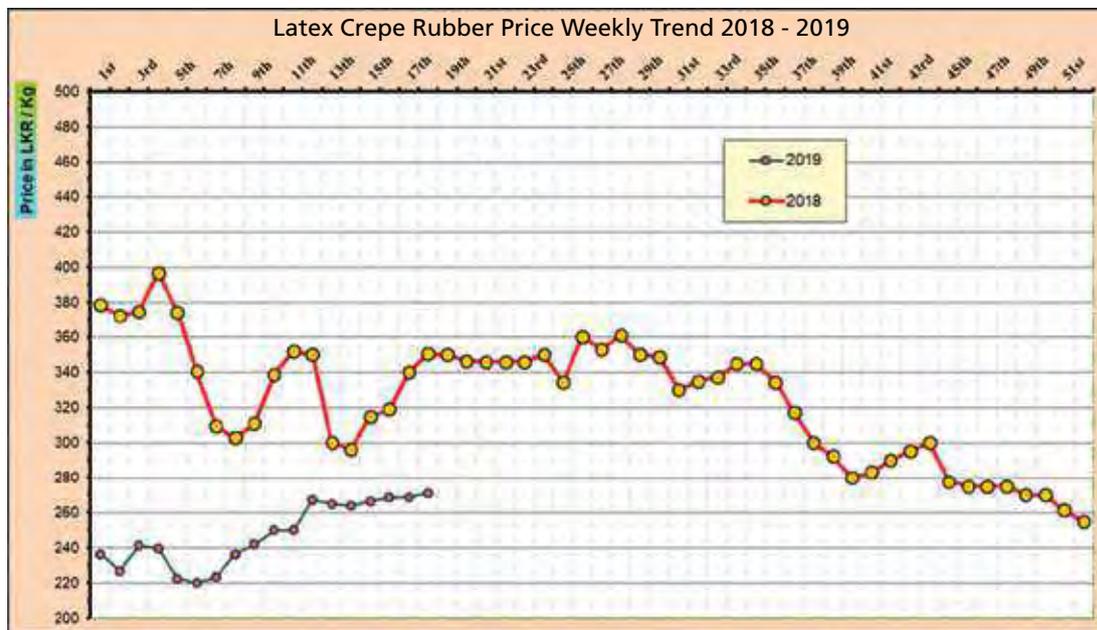
Rubber Prices

Around 60% of the total raw material cost of our products come from rubber. Therefore we always monitor rubber prices. There are fluctuations in rubber prices due to the changes in

crude oil prices which pushup the synthetic rubber. If the crude oil prices goes up, the demand for natural rubber is expected to grow as China and other major consuming countries are expected to begin limiting synthetic rubber imports and instead opt to source natural rubber for their end products. The rubber prices could also change from time to time depending on the weather pattern in Sri Lanka and other competing countries. It is noted that rubber prices had an upward trend until beginning of February in the year under review. This has unfavorable impact on our business as rubber prices are one of the most critical factor in our business.

Taxation:

The Inland Revenue Act (IRA) No. 24 of 2017 came into force on 01st April 2018 and on the same day the existing Inland Revenue Act No. 10 of 2006 was repealed, subject to certain transitional provisions incorporated into the new Act. Income tax rate on exports has been changed under the new Act. Previously, exports were taxed at 12% and under the new Act it has increased to 14 %. To qualify for 14% rate, 80% or more of the gross income has to be received from such exports. Our export turnover is around 48% of the total turnover at present.



REVIEW

of Operating Environment

“We strives to meet the triple bottom line objectives of social, environmental and financial...”

Our factories are located in the city of Galle. The seaside town of Galle is 116 Km away from Colombo by road or rail, down the south coast of Sri Lanka. Anyone can also take the Southern Expressway to reach the city by one and half hours from Colombo.

All our factories operate with the environmental objectives such as Sustainability, Carbon Footprints, Renewable Energy Sources and Environmental Compliance.

Sustainability

The objective of the sustainability is to practice for creating and maintaining the conditions on humans and nature that lead to exist in productive harmony. For this, we have three aspirational goals:

- To create zero waste (Through - Reduce, Reuse, Recycle)
- Plan to operate with renewable energy
- Sell products that sustain our resources and the environment

Samson International Plc produces many products under Forest stewardship Council (FSC). These are Hot water bottles, v' Straps, soles, Jar Sealing Rings and Seed Trays which are exported to European market every year. We conduct a sustainable business, or a green business, that has minimal negative impact on the global or local environment, society, or economy and we strives to meet the triple bottom line objectives of social, environmental/ ecological and financial.

Carbon Footprints

We focus on reducing their carbon footprint for social and financial reasons. A carbon footprint means that total emissions caused by an individual, event, organization, or product, expressed as carbon dioxide equivalent. Samson International Plc planted more than 500 timber trees inside and outside the factory premises on 14th October 2018 at our 30th anniversary of the Company. We also invested in a modern and environment friendly generator amounting to Rs.25 mn for the factory.

Renewable Energy Sources

We are planning to use energy from solar for some of our production and administrative purposes in the near future. We have already obtained ISO 50001 – Energy management system. We often conduct training programmes for our employees on effective electricity consumption and educate risk prevention.

Energy consumption

	Unit	2018/19	2017/18
Non-renewable sources			
Furnace oil	Litres	861,124	817,076
Diesel	Litres	12,213	14,184
Renewable sources			
Electricity from CEB	kwh	1,746,498	1,400,302

Environmental Compliance

We are adhering to all regulatory compliances, environmental laws and standards. We received ISO 14001 on environmental management system. We have installed water purification system. Our factory noise level are within the industry & regulatory norms. We need to take a lot of certifications from internationally recognized laboratories to sell our environmental-friendly products to overseas customers. Our measures to improve quality and social compliance with international standards and continuous in-house and overseas laboratory tests will ensure a solid market share for our products. We have the following quality related certifications:

REVIEW of Operating Environment (Contd...)

- FSC Certification (Forest Stewardship Council - Chain of Custody) for hot water bottles and few other products.
- REACH Certificates for the chemicals we use
- ISO 14001 Environment Management System
- ISO 50001 Energy Management System
- British Standard (BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles
- SGS test reports for jar sealing rings according to German and French standards
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities
- ISO 9001:2015 Quality Management System for Rubber & PVC products
- BSCI Certification - This is an internationally recognized certifications we received since June 2015 which is awarded on such social responsibility practices. Please refer www.bsci-intl.org

We have the internationally recognized BSCI certification since 2015 which is awarded based on social responsibility practices

During the year under review,

- There was no significant fine for non-compliance with laws and regulations.
- There was no significant fine the Company paid for non-compliance with laws and regulations concerning the provision and use of products and services.
- The Company has not paid significant fine for non-compliance with environment laws and regulations.
- Further, there was no incident of non-compliance with regulations and voluntary codes concerning marketing communication including advertising and promotion.

Company has not paid significant fine for non-compliance with laws and regulations for the use of products and environmental & marketing communications matters



Legal Environment and Corporate Best Practices

We need to work and comply with all relevant statutory and regulatory requirements. The Group also strives to maintain its products and services at the highest standards through industry and corporate best practices.

REVIEW of Operating Environment (Contd...)

We do not recruit child workers and any employees of less than 18 years. All workers do not work overtime of more 60 hours per month as required by the national and international laws. We maintain maximum adherence to all laws applicable within

the jurisdiction of Sri Lanka. Our senior management along with the human resources department monitors strict vigilance in this regard. The following are some of the Acts we use frequently and complied with:

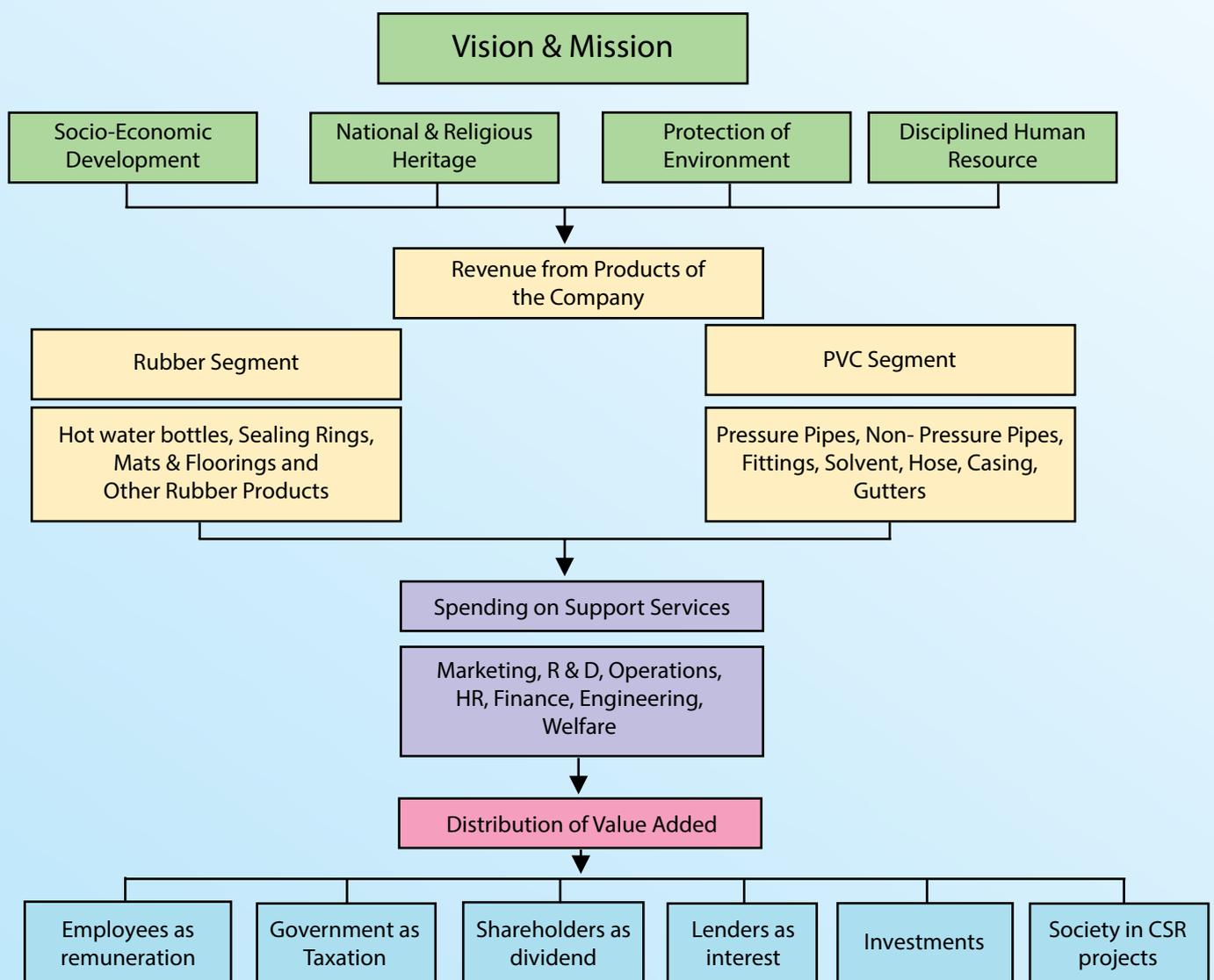
Business-related Acts	Labour-related Acts	Tax -Related Acts	Accounts and Finance-related Acts	Other Acts
1 Companies Act, 7 of 2007	Factory Ordinance, No 45 of 1942	Inland Revenue Act, No.10 of 2006 and No. 24 of 2017	Sri Lanka Accounting and Auditing Standards of 1995	Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.
2 Environmental Act, No 47 of 1980	Wages Board Ordinance, No 27 of 1941 and Wage Board No. 36.	Value Added Tax Act, No 14 of 2002	Bills of Exchange ordinance No 25 of 1927	Civil Procedure Code of 1978
3 Imports and Exports (Control) Act, No 1 of 1969	Employment Provident Fund Act, No 15 of 1958	Nation Building Tax Act No. 9 of 2009	Prescription Ordinance, No 22 of 1871	Rules of Colombo Stock Exchange on Corporate Governance
4 Exchange Control Act, No. 24 of 1953	Employees' Trust Fund Act, No. 46 of 1980	Economic Service charge Act No. 13 of 2006	Stamp Duty (Special Provisions) Act No.12 of 2006	Electronic Transactions Act, No 19 of 2006
5 Consumer Affairs Authority Act, No 9 of 2003	Payment of Gratuity Act. No 12 of 1983		Customs Act , No 9 of 2013	Notaries Ordinance of 1986
6 Intellectual Property Act, No 36 of 2003	Industrial Dispute Act, No 43 of 1950			Evidence Ordinance, No 14 of 1895
7 Industrial Promotion Act, No 46 of 1990.	Employment of Women, Young Persons and Children Act, No 47 of 1956			Sri Lanka Constitution of 1978, especially Fundamental Rights.
8 Sri Lanka Standards Institution Act (No. 6 of 1984)	Maternity Benefits Ordinance, No 35 of 1946			Prevention of Mosquito Breeding Act, 11 of 2007
9 Sale of Goods Ordinance, No 11 of 1896	Shop and Office Employees Act, No 19 of 1954			

VALUE

Creation and Stakeholder Engagement

There are two product segments in the Company namely rubber segment and the PVC segment. The revenue generated from these segments is shown in the following Company revenue distribution diagram.

Company revenue distribution diagram



Statement of Value Added and distributed

The Company has been doing value additions continuously since its inception (1988). The Company generated a value addition of Rs. 394 Mn during the year against Rs. 327 Mn in 2017/18 which was shared with the various stakeholders with a portion retained within the Company. The value addition per employee per month in the current year increased by 21% from Rs. 65,756 in the previous year to Rs 79,271 in the current year.

VALUE Creation and Stakeholder Engagement (Contd...)

	2018/19	2017/18	Increased by
Value addition per employee per month – Rs	79,271	65,756	21%

Value additions increased by 20% in the current year and 69% of the total value additions was distributed to employees.

Statement of value added and distributed

	2018/19		2017/18	
	Rs.'000	%	Rs.'000	%
			Restated	
Turnover	1,569,345	100	1,116,450	100
Less: Cost of materials and services purchased	1,175,527	(75)	788,984	(71)
Total Value additions	393,818	25	327,466	29

Value Distributed

	2018/19		2017/18	
	Rs.'000	%	Rs.'000	%
			Restated	
To Employees as remuneration and welfare	270,732	69	244,516	75
To the Government as taxation	18,627	5	8,124	2
To the Shareholders as dividend	8,465	2	5,291	2
To lenders of capital as interest	17,425	4	13,353	4
To retain in the business - as depreciation	54,380	14	54,696	17
As retained profits	24,189	6	1,486	0
	393,818	100	327,466	100

Stakeholder Engagement

We have created more channels to interact with below external and internal stakeholders to obtain their feedback which create a strong relationship and form the foundation to our sustainability journey. The Company firmly believes a sustainable business platform cannot be achieved in isolation. Therefore our strategy development process and implementations take into account the material issues of our stakeholders. As a result we carry out a constructive dialogue and other engagements with all stakeholders as described below.

External Stakeholders	Internal Stakeholders
Shareholders	Employees
Neighbouring Communities	Sister Companies
Government & industrial regulatory bodies	
Customers	
Suppliers & Financial institutions	
Associations and Certification bodies	

VALUE Creation and Stakeholder Engagement (Contd...)

Stakeholder	Key issues/concerns	Process of engagement	Frequency of engagement
Shareholders	<ul style="list-style-type: none"> • Profit and dividend rate • Sales growth • Sustainability and CSR • corporate governance 	<ul style="list-style-type: none"> • Annual general meeting • Annual report • Interim financial statements • Press release • Open-door policy 	<ul style="list-style-type: none"> • Annually • Annually • Quarterly
Neighbouring Communities	<ul style="list-style-type: none"> • Pollution free environment • Job opportunities • Up-lifting living standard • Effective waste management 	<ul style="list-style-type: none"> • Internal investment • Social gathering • CSR • Recycling 	<ul style="list-style-type: none"> • Continuously • Regularly • Regularly • Continuously
Government & industrial regulatory bodies	<ul style="list-style-type: none"> • Statutory compliances • Timely information 	<ul style="list-style-type: none"> • Committee meetings • One –to – one Communication • Regular visits 	<ul style="list-style-type: none"> • Quarterly • Regularly • Regularly
Customers	<ul style="list-style-type: none"> • Product Quality • Compliance with local and international standards and regulations • Price • On time delivery 	Exhibitions, Trade association, Advertisement, Customer visits and One – to – one communication	Regularly
Suppliers	<ul style="list-style-type: none"> • Prompt payment • Continuous orders • Price revisions 	Supplier meetings, Supplier service evaluations, Supplier registrations, Supplier audits	Regularly and Monthly
Employees	<ul style="list-style-type: none"> • Remuneration • Profit and growth • Occupational health and safety • Career stability and advancement • Welfare and sports activities • Career advancement • Good working condition 	Open- door policy, Joint consultative committee, Regular dialogues, Training programmes and HR cluster meetings	Regularly and Monthly
Sister Companies	<ul style="list-style-type: none"> • Good relationship • Mutual understanding and trust • Knowledge sharing 	Social gathering and participation of Company events, Group meetings, Group journals,	Regularly and Monthly

VALUE Creation and Stakeholder Engagement (Contd...)

The above one-to-one communication with neighbouring communities arises at the distribution of rice ceremony and timber trees, attending atavisi Bodhi pooja by all employees, pirith ceremony, helping funeral houses, university students, schools & temples in the village and interact with each other on a personal level. Such events give an opening to us to mix and get to know each villager and create better relationships.

The government departments/regulators includes Environment Authority, Health department, labour department, Water Boards to obtain reports, advice & organize training programs from time to time.

Needs and expectations of the employees can be identified through suggestion box, join consultative committee, attitude surveys, group newsletters and information obtained with regard to number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, and quality of production and services.

We follow our Quality Policy which is given below:

Quality Policy

Samson International PLC is committed to manufacture and supply quality moulded & extruded polymer products while mitigating the risks that can affect the quality management system of the company, under efficient & effective management practices. And also provide the maximum value to the customer by providing products at competitive prices with highest level of service to meet

- Customer needs and expectations all the time.
- Continual improvement of products, processes and systems by efficient utilization of its resources.
- Minimum defects in all our products & processes.
- Compliance with statutory and regulatory requirements.
- On time delivery.

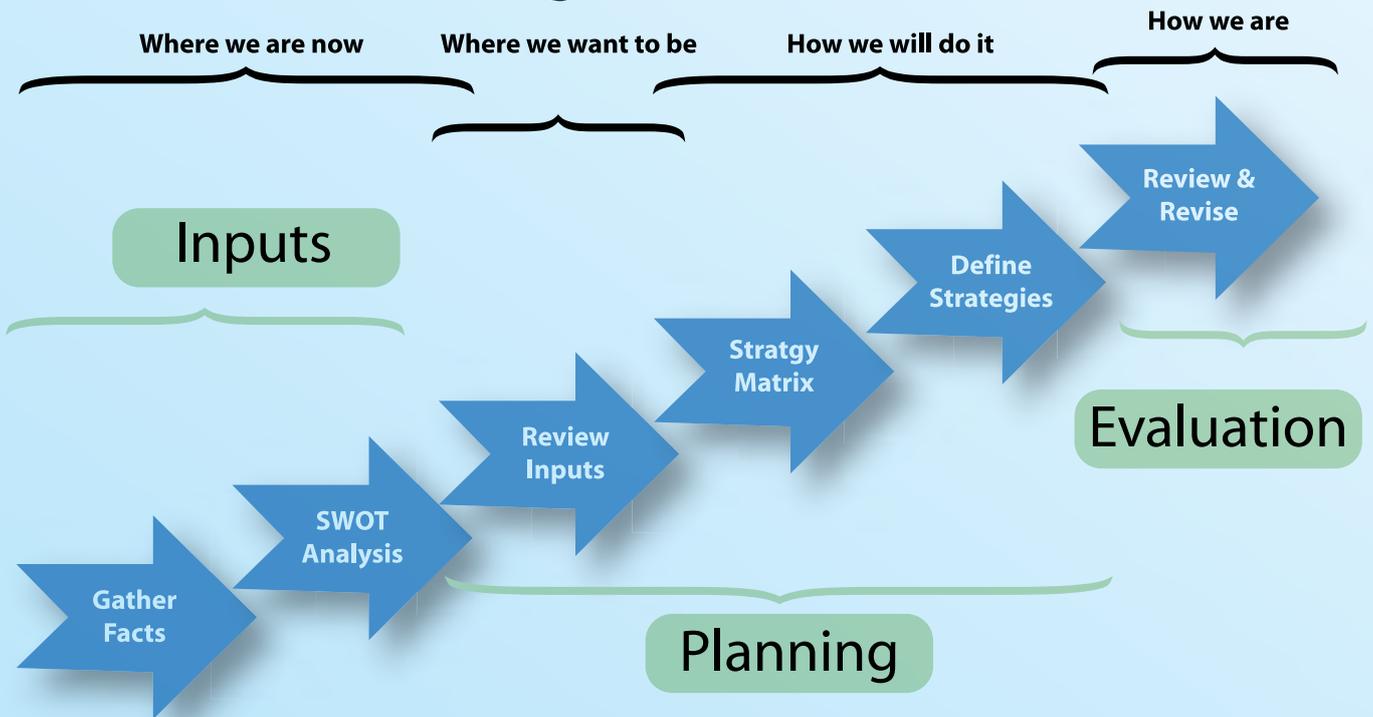
GOALS and Strategies

This year we had our strategic planning workshop at Inland Dutch Hotel in Galle. We formulate our Strategic plan and revise it annually before the commencement of a financial year. This organizational management activity is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess, and adjust the organization's direction (Mission and Objectives) in response to a changing environment. We prepare the strategic plans covering a three-year time horizon together with the critical success factors and a SWOT analysis, Business performance Analysis and PEST analysis annually.

The objectives of each functional area such as marketing, production, human resource, engineering and finance are formulated at the commencement of a financial year under the following strategic plan process.

In order to achieve our vision and mission, we have planned to achieve all functional objectives such as finance, customer, internal business process and learning & growth. We believe that just achieving our objectives in one function is not adequate to run the business in the long term. We also need to suitably balance all four functions simultaneously. For example, while achieving financial returns we also need to look at the customers' perspective, factory development and investment in human resource.

Strategic Plan Process



GOALS and Strategies (Contd...)



Corporate planning workshop at Inland Dutch Hotel in Galle

Business Performance Analysis

Key Strengths

1. Wide product range
2. Strong, loyal and old customer base
3. Being in the business for the last 31 years
4. Low cost dollar borrowing facilities
5. ISO certified since 1994 to date
6. Support from other sister Companies

Key Challenges

1. Low-cost manufacturers from India, China and Indonesia who are penetrating our low-end products.
2. Unpredictable raw material prices (especially rubber, resin) and exchange rates

3. Adverse climate changes
4. Environmental pollution issues
5. Shortage of skilled workers
6. Inability to increase selling prices immediately corresponding to increases in raw material prices

Key Opportunities

1. New market for USA, South America and Japan
2. Potential for jar sealing rings and yoga mat market
3. Investing for a roto cure to produce continues sheets.
4. Market for parking accessories.

Material Issues

During the strategic planning meetings, the followings were identified as material issues for the Company.

GOALS and Strategies (Contd...)

Material Aspects	Extend of impact or Significance	Aspect Boundary
Rubber prices	Critical	External
Skill labours	Critical	External
Exchange rate	Critical	External
Product mix	Critical	Internal
Weather	Critical	External
Wastage percentage	High Impact	Internal
Trainings	High Impact	Internal
Economic performance	High Impact	External
Energy	High Impact	Internal and External
Imported raw material prices	High Impact	External
Labour/ management relationship	High Impact	Internal
Promotions and communication	High Impact	Internal
Customer loyalty	High Impact	External
Water	Moderate Impact	Internal
Transport	Moderate Impact	Internal
Community relationship	Moderate Impact	External

Strategies

Our short and medium- term growth strategies focus on a mix of market penetration, market development, and new product development on routine basis. Over the next three years, we plan to target new export markets and new demographic segments for growth, supported by attractive new products. We look at the diversification strategy whenever an opportunity arises. In the meantime we impose stringent cost control in all our activities.

Long-term Goals

1. Establish a direct market presence in more than 50 countries.
2. Design and manufacture of new products for the global market
3. Achieve the market leadership in our PVC products lines
4. Reach our revenue and profit at a rate more than current industrial norm.
5. Attain forward and backward integration through takeovers and acquisitions.
6. Strive for the uplifting of our community whilst adhering to high ethical standard in business.

GOALS and Strategies (Contd...)

Objectives and Strategies set in 2019/20

Plans for 2019/20	Strategy
1 The Company makes every effort to introduce our products to markets such as the USA, South America, Japan and Middle –East.	Market developments
2 To reach break-even in the PVC segment	Prevent operational risk
3 Where possible, forward exchange contracts are entered into for minimizing the exchange risk.	Minimize the exchange loss risk
4 The Company continuously invests in Research and Development activities	Product developments
5 Wherever possible, we hire employees from sister Companies to cover the temporary labour shortages	Minimize the Operational risk
6 The Company continuously carries out environmental audits and invests in CSR activities	Minimize the Operational risk
7 Company will develop five new products	Product developments
8 Develop our brands to be perceived as high quality products to maintain a competitive advantage	Market penetration
9 Participate all leading exhibitions in overseas and locally	Market developments
10 Upgrade the JSR packing room	Enhance efficiency
11 We will invest in modern machinery with high productivity and plan to invest in a banbury next year.	Product developments and Cost reduction

Objectives set in 2018/19 and extend of achievements :

Objective set in 2018/19	Extend of Achievement
1 Exploit five new markets in Middle East, South America and USA	Found five countries. Mats in Norway, Ecuador, Netherland, China and Singapore.
2 Discontinue PVC business if we cannot run at a profit	We will continue it due to the huge sales growth achieved in the year under review.
3 Minimize exchange losses	Achieved to a great extent
4 Strengthens the R & D department	Done
5 Hire sister company employees for temporary labour shortages	Done
6 Carry out environmental audits and investing in CSR activities	Done
7 Invest in a banbury	Not yet done
8 Construct a new warehouse	Postponed to next financial year
9 Develop our brand name	Done
10 Participate all leading exhibitions	Done
11 Open a sales outlet in the premise of the factory	Done

FINANCIAL

Capital

Key Performance Indicators 2018/19

Rs. 17 Mn
Interest cost

Rs. 17 Mn
Exchange loss

31%
Gearing

4 times
Interest cover



Investment in a modern cutter machinery

“We want to monitor finance effectively as it is the rule of commerce”

1) Yearly Performance

Revenue

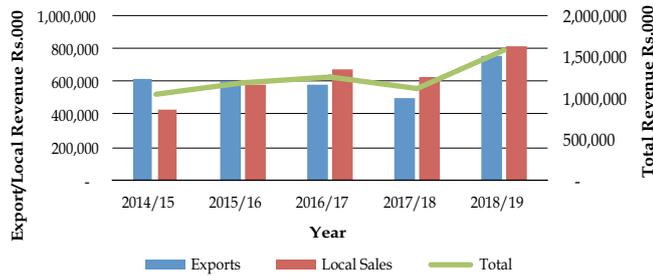
The Company recorded a turnover of Rs. 1,569 Mn in the current year as against Rs.1,116 Mn in the previous year. The growth in turnover of the Company in the year was 41%. Out of the total revenue of Rs 1,569 Mn for the year ended 31st March 2019, 52% was earned from local sales and the balance 48% was from export sales. Local sales went up by Rs

197 Mn from Rs. 620 Mn in the previous year to Rs. 817 Mn in the current year. Local sales are growing tremendously after the Company stepped into the PVC business. In local rubber sales, it is noted that sales of mats and shoe soles have gone up significantly in the current financial year.

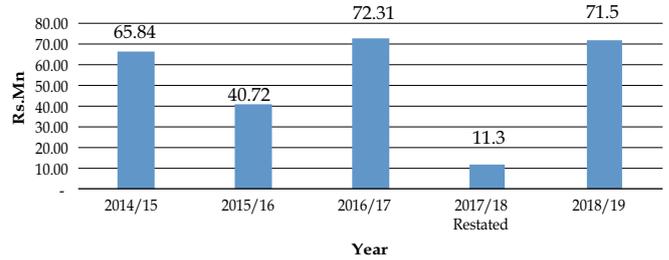
Export sales also increased by Rs. 256 Mn compared with the previous financial year. We have a significant growth in rubber mats and sealing rings. However, we have still not seen a significant sales improvement in floorings and beadings due to the availability of low-cost PVC products in the market. We are formulating new strategies to capture the market for these products.

FINANCIAL Capital (Contd...)

Revenue - Rs.000



Operational Profit
(Profit before finance cost) Rs. Mn



% of Export Sales and Local Sales
Last Five Years



Gross Profit Margin

The Company has recorded a gross profit of Rs. 307.5 Mn as against Rs. 220.5 Mn in the previous year. The Gross Profit Ratio in the current year remained at 19.6%. The reduction of production overheads and savings from the wastage levels off set with the increase in rupee cost from imported raw material during the year.

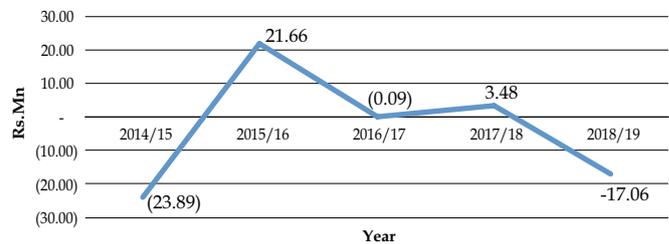
Operational Profit (Profit before Finance cost)

The Operational profit in the current financial year is Rs. 71.5 Mn as against Rs. 11.3 Mn of the restated figure in the previous year. The operational profit without making any adjustments for the restated depreciation figure (Rs. 8.7 Mn) in the previous year was Rs. 20 Mn. This depreciation in the previous year was adjusted and restated as a result of review in useful lives of fully depreciated property, plant and equipment. We have incurred Rs. 65.5 Mn for the selling and distribution cost in the current year as against Rs.48 Mn in the previous year. Administrative overheads was Rs. 176.6 Mn during the year under review as against Rs 169.5 Mn in the previous year. This is mainly due to the increase in salaries & wages and training cost.

Profit / (Loss) before Taxation

The profit before taxation in the current year is Rs. 43.6 Mn as compared to the restated profit of Rs. 8.3 Mn in the previous year. This profit in the previous year without making any adjustments for the restated depreciation figure was Rs. 16.9 Mn. The finance cost increased by Rs. 21.1 Mn from Rs. 13.3 Mn in the previous year to Rs. 34.5 Mn in the current year due to exchange loss. The exchange loss for the year is Rs. 17 Mn as against the exchange gain of Rs. 3.5 Mn in the previous year. The interest cover is 2.3 times in the year under review.

Exchange Gain / (Loss)
Rs. Mn



The Company continues to maintain a clear and coherent approach to hedging which is carried out with pre-approved financial institutions. Our company enter into such arrangements only with financial institutions we believe that they are able to perform their obligations over the entire tenor of our economic exposure.

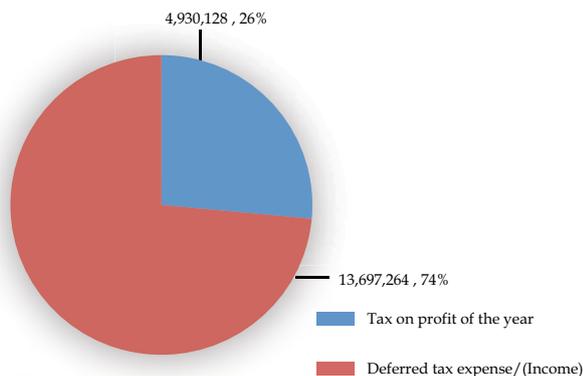
Taxation

During the year, tax provision has increased mainly due to the deferred tax adjustment. Increase in deferred tax expense resulted from the review in useful lives of fully depreciated property, plant and equipment.

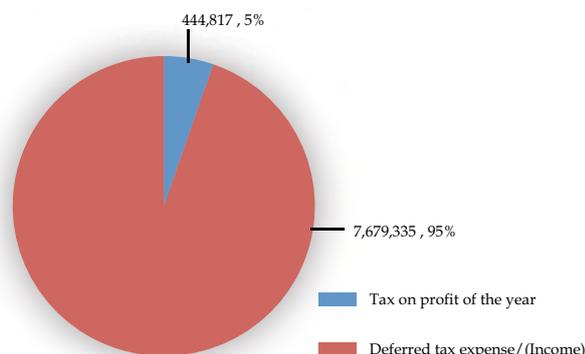
FINANCIAL Capital (Contd...)

	2018/19	2017/18
Tax on profit of the year	4,930,128	445,721
Deferred tax expense/(Income)	13,697,264	7,679,335
Total	18,627,392	8,124,056

Analysis of Taxation
2018/19



Analysis of Taxation
2017/18



The effective tax rate in the current financial year is 28%. (Refer Note 10 of the Financial Statements for a detailed explanation).

Taxation Rs. "000"

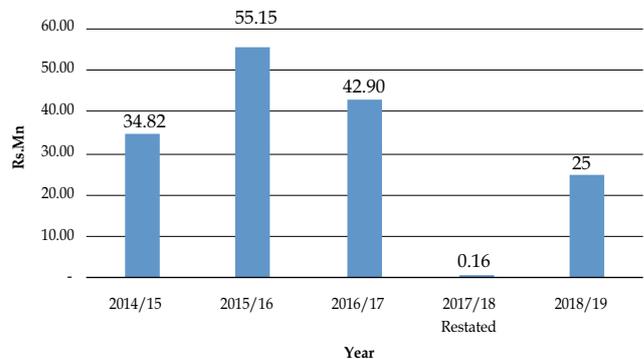


Profit for the year

During the year, the Company recorded a Rs. 25 Mn profit as against Rs. 0.2 Mn of the restated figure in the previous year. The restated profit figure of Rs. 0.2 Mn arrived after charging

additional depreciation of Rs. 8.7 Mn as a result from the review of useful lives of fully depreciated assets of property, plant and equipment.

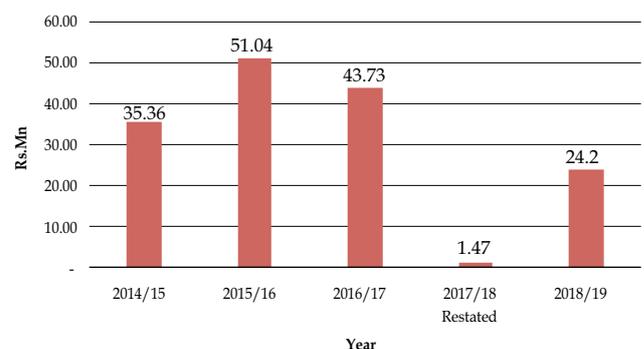
Profit for the Year (after tax)
(Rs. Mn)



Total Comprehensive Income

The total comprehensive income for the year is Rs. 24.2 Mn. This total comprehensive income includes the actuarial loss on post-employment benefit liability of Rs. 1.1 Mn and deferred tax on actuarial gain of Rs. 0.3 Mn in the current financial year. The total comprehensive income for the previous year is Rs. 1.5 Mn.

Total Comprehensive Income
(Rs.Mn)



Dividend

The Directors have proposed and approved, final dividend of Rs. 2.00 per share, amounting to Rs. 8.46 Mn for the year ended 31st March 2019. Company paid a final dividend of Rs. 1.25 per share amounting to Rs. 5.3 Mn during the year, in respect of the year ended 31st March 2018. In accordance with LKAS in which, the proposed final dividend, subsequent to the reporting date is not recognized as a liability in the Financial Statements as at 31st March 2019. The Company has necessary funds to finance the payment of the final dividend. Dividend will be paid before 15th June 2019 as per the Article of Association.

FINANCIAL Capital (Contd...)

Solvency

Section 56 of the Companies Act No. 07 of 2007, requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors obtained a Certificate of Solvency from the Auditors, prior to the date of dispatch of the final dividend payment.

The actual performance Vs predetermined targets (Budgeted)

	Predetermined targets Rs. in "000"	Actual Rs. in "000"	Variance Rs. in "000"
1 Turnover – Rubber segment	1,099	1229	130
2 Turnover- PVC segment	290	340	50
3 Total Turnover	1,389	1,569	180
4 Exports	633	752	119
5 Local sales	756	817	61
6 Gross Profit %	19.4%	19.6%	0.2%
7 Net profits (before tax)	45	44	(1)

Investments

During the year, the Company invested Rs 56.8 Mn in fixed assets including Rs. 25 Mn in a Generator, Rs. 7 Mn for an extruder and Rs 4.5 Mn in a lab mill. Total assets in the current financial year increased by 11%. Net assets value per share as at 31st March 2019 was Rs. 130.90 as against Rs. 130.50 as at 31st March 2018.

As at 31st March 2019, the Company had following financial investments.

Investment	Bank	Rs. Mn	Rs. Mn
Debentures	Commercial Bank	9	
	HNB Bank	4.7	
	Sampath Bank	5	18.7
Fixed Deposits	Bank of Ceylon	10.5	
	DFCC Bank	11.3	21.8
Treasury bills			15.0
Total			55.5

Working Capital Cycle

The Working Capital Cycle for the current year and the previous year is as follows.

	2018/2019	2017/2018	Variance
Debt Collection Period (Days)	100	101	1
RM Holding Period (Days)	35	40	5
WIP Holding Period (Days)	12	15	3
FG Holding Period (Days)	20	34	14
Credit Settlement Period (Days)	-50	-91	-41
Cash Operating Cycle (Days)	167	190	23
Operating Cycle (Days)	117	99	-18

FINANCIAL Capital (Contd...)

It is noted that there is an improvement in the cash operating cycle compared to previous year. We have created a sustainable liquidity position as is evident by the working capital ratios and the improved banking facilities to fund our operations.

Cash flows

Cash and cash equivalents decreased from a favorable balance of Rs. 8.8 Mn as at 31st March 2018 to a negative balance of Rs. 37.8 Mn at the end of the current financial year. This is due to the investment in working capital in order to facilitate for the turnover growth of 41%. Company has used Rs. 74 Mn for the operating activities during the year.

Net cash used for investing activities is Rs. 40 Mn for this year. This outflow was led by the investment in Property, plant and equipment. Net cash inflow from financing activities in the year under review was Rs. 67.5 Mn as against the negative balance of Rs. 14 Mn in the previous year.

Total Liabilities

Total liabilities of the Company increased by 21% to reach Rs. 557 Mn, compared to the 31st March 2018. This is mainly due to the investment in working capital for the turnover growth of 41% and plant and machinery. The gearing ratio including short-term debts in the current year is 31% as against 26% in the previous year. There were no long-term debts in the current financial year.

Market Capitalization

The market capitalization of the Company was Rs. 414.4 Mn at the closing price of the share, down from Rs. 372.9 Mn recorded in the previous year. During the year under review, the highest traded price of the Company's share was Rs. 118.70, while the lowest price was Rs. 74.00. PE ratio for the year ended 31st March 2019 is 16 times.

Discussion on Internal Control System

Our internal audit function has also been out-sourced to Messrs Ernst & Young, Chartered Accountants, in addition to verification carried out by our internal audit department. They continue to improve our systems of internal controls to ensure stronger procedural compliance and conformity with the Group policies and legal requirements. The internal auditors directly report to the Audit Committee in which there are independent, Non- Executive Directors. They go through the internal audit

reports quarterly and take necessary action to strengthen them. Further, the Company invested in a more advanced ERP system. The supply department obtains several quotations prior to taking a decision on purchasing any item. For all chemicals and services, there is more than one supplier in order to minimize the operational risks. Capital items valued at more than Rs. 25,000 have to be approved by the Board in the quarterly board meetings and audit committee meetings. A board paper should be submitted for all major capital expenditures with a feasibility report. When any price increase is anticipated especially for rubber and chemicals, we maintain buffer stocks. Engineering spare parts are stocked for frequently needed repairs on machinery.

We allow credit only to approved customers, which are reviewed yearly. The credit periods and limits have been established for each customer. We obtain bank guarantees, deposits, post-dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery. Adequate provision is provided for any long-outstanding dues. Internal auditors review these outstanding balances and give a report to the Audit Committee. Then the Audit Committee and the Board of Directors review and evaluate it and take necessary actions.

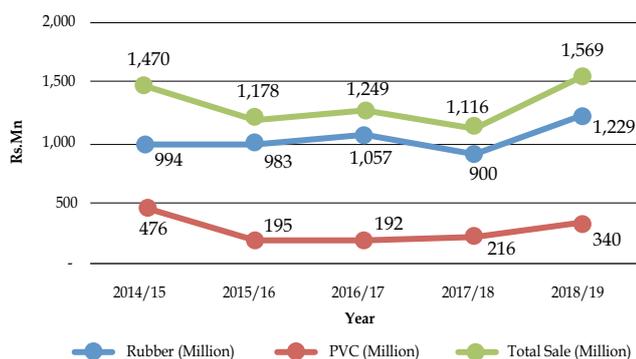
Segmental Review

We recorded the highest turnover in the both sectors this year. The turnover growth in the rubber sector was 37% while the growth of the PVC sector was 57%. As a result the Company recorded sales growth of 41%. The sales analysis segment-wise is given below.

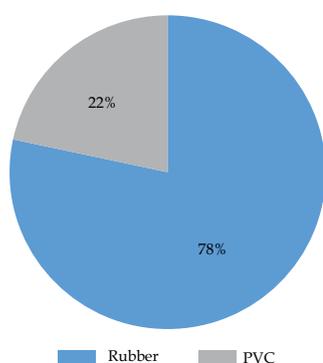
	Rs in 000's		
Year ended	Rubber	PVC	Total
31st March 2019	1,229,609	339,736	1,569,345
31st March 2018	900,474	215,975	1,116,449
31st March 2017	1,057,269	192,228	1,249,497
31st March 2016	982,878	195,460	1,178,338
31st March 2015	994,177	47,579	1,041,756

FINANCIAL Capital (Contd...)

Turnover - Rubber & PVC



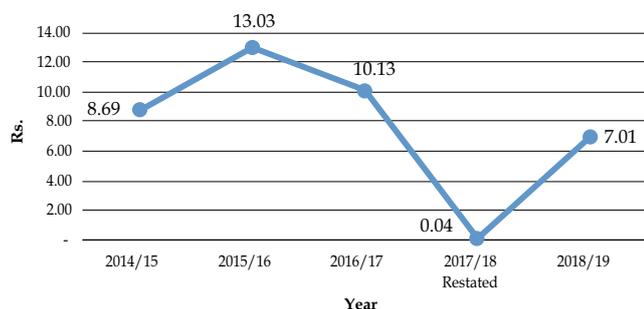
Turnover - Segment wise 2018/19



Key Ratios

Earnings per share are Rs. 5.91 in the current year as against Rs. 0.04 restated figure in the previous year. The market price as at 31st March 2019 was Rs. 97.90 (last year Rs.88.10). The Return on Capital Employed (ROCE) in the year is 4%.

Earning Per Share (EPS)



Market Price per Share Rs.



The PE ratio for the year is 16 and Dividend pay-out ratio is 34%. The current ratio as at 31st March 2019 and 31st March 2018 is 1.58. The liquidity ratio as at 31st March 2019 is 1.14 as against 1.09 as at 31st March 2018. The total assets as at 31st March 2019 is Rs. 1,195 Mn. The graphs of Dividend pay-out Ratio, Total assets, ROCE and Market capitalization have also been shown in the Financial Highlights.

2) Key Audit Matters reported in the last year auditor's report

The action taken and the current status for the key audit matters reported in the previous year's audit report is given below.

Key Audit Matter	Current status
1 VAT Refund	This has been cleared by now
2 Fully depreciated property, plant and equipment	We have reviewed the useful lives of the fully depreciated property plant and equipment and the required adjustments and steps were done in accordance with Sri Lanka accounting standards
3 Provision for deferred tax	Potential risk and errors have been eliminated as much as possible when significant management estimates, judgments and uncertainties are involved

3) Quarterly performance

The Company did well during the second and third quarters as usual. During these two quarters, we have high turnover due to the seasonally. During last quarter we have made all annual adjustments and provisions. The summarized four-quarter financial summary is shown in page 185. The annual adjustments and provisions made during the year are Rs. 8.7 Mn depreciation for fully depreciated assets due to the review of usefull lives of the property plant and equipment, a stock provision of Rs. 5.2 Mn and Rs. 1 Mn gratuity provision based on actuarial method.

FINANCIAL Capital (Contd...)

4) Financial Calendar:

	2018/19	2017/18
Interim Reports:		
Quarter ended 30th June	10th August 2018	11th August 2017
Quarter ended 30th September	12th November 2018	13th November 2017
Quarter ended 31st December	08th February 2019	09th February 2018
Quarter ended 31st March	24th May 2019	22nd May 2018

Interim Financial Statements have be published as per rule 7.4 of the Colombo Stock Exchange

Annual Report	24th May 2019	22nd May 2018
AGM:		
26th Annual General Meeting	-	29th June 2018
27th Annual General Meeting	28th June 2019	-
Date of Dividends Recommended	24th May 2019	22nd May 2018

MANUFACTURED

Capital

Key Performance Indicators 2018/19

Rs. 57 Mn

Capital
expenditure

Rs. 394 Mn

Value addition

Rs. 3.8 Mn

Turnover
per employee

3

Number of
factories



Galle Factory

We gave the priority for transforming our manufacturing operations to be leaner and more efficient during the year. Escalating costs of raw materials and intense price competition in the market compelled us to revisit and re-engineer our processes to minimize wastage, reduce utility consumption and achieve cost.

In order to bringing excellence to the surface, we produce a wide range of both rubber and PVC- related products. We aim at versatility with the intention of becoming bigger and bigger, year by year. We continuously invest in technologically advanced machinery and in Research and Development. These investments will place us on a strong footing for the years ahead. We have three factories in Galle, Kalutara and Baddagama.

Our Product Range

We are able to produce many products as we have the manufacturing facilities of compress moulding, extrusion, microwave, injection moulding, C pressing and mixing. The Company invested in modern generator in order to maintain smooth an un-interrupted production. Our PVC products are distributed through an exclusive dealer network widespread throughout the country. At present we have around 30 dealers for PVC distributions.

Production Efficiency Ratios

Employee productivity is measured through revenue and value addition per employee.

Some of the production efficiency ratios for the year are given below. We discuss these ratios with senior management and departmental heads in our monthly meetings for the continues improvements.

MANUFACTURED Capital (Contd...)

Production efficiency ratio		2018/19	2017/18
1	Turnover per employee per month - Rs.	296,299	224,184
2	Turnover / total man hours - Rs	1,454	1,083
3	Value additions per employee per month- Rs	79,271	65,756
3	Total rubber compound in Kg/total direct labour hours (Kg per hour)	4.3	4.2
4	Wages cost per direct employee per month - Rs	37,576	36,219
5	Salary cost per indirect employee per month- Rs	45,998	44,561
6	Total labour cost (including other overheads) per direct employee per month – Rs	93,875	41,267
7	Total labour cost (including other overheads) per indirect employee per month – Rs	52,983	49,030
8	Labour turnover for the year - %	2.1	2.1

Energy Efficiency Ratios

In the year under review, we received ISO 50001 on Energy Management and ISO 14001 on environmental management in addition to ISO 9001:2015. Next year we have planned to obtain ISO 18001 on Occupational Health and Safety Management.

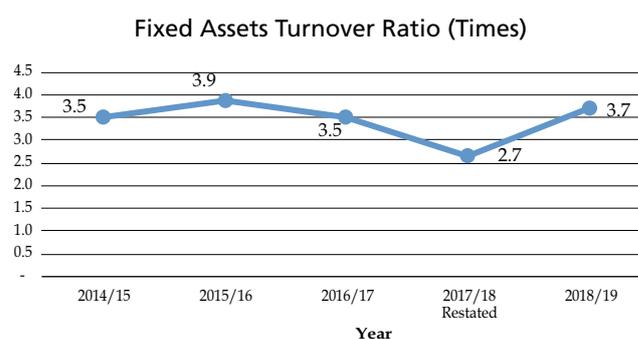
The adoption of energy efficient machinery and reducing dependence on fossil fuels continues to be one of the key priorities and during the year we invested in energy saving projects which are expected to result in significant reduction in our energy consumption in the future. We have installed meter reading units for each mill, extruder and press lines and monitored them daily. Every month we calculate the energy ratios and compare them with the budget, previous year and other manufacturing Companies in the rubber sector. From time to time, meters were checked by the Ceylon Electricity Board on our request. Capacity banks have been installed. Transparent roofing sheets were installed and steam lines were repaired to prevent steam leaks. In all plants, we monitor electricity consumption on a daily basis. All halogen bulbs have been replaced with LED or CFL bulbs. We invested for a modern generator to operate all machinery in the factory uninterrupted during the year.

Energy efficiency ratio	2018/19	2017/18
1 Electricity units per MT of rubber compound (Units per MT)	471	468
2 Fuel liters per metric ton of Rubber compound – (Liters per ton)	238	199

The Central Environmental Authority has renewed our license every year for the last 30 years continuously without any obstacle. Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checked TVOC's test and Ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution.

Plant and Machinery

During the year the Company invested Rs. 44 Mn in plant and machinery as shown under Note number 13 of the Financial Statement on page 169.



The above graph indicates that turnover generated by using fixed asset has been on the increase over the last year.

Plant Capacity

The total capacity for rubber products is 300,000 kg per month and average capacity utilization is 60%.

The total capacity for PVC products is 200,000 kg per month and average capacity utilization is 50%.

MANUFACTURED Capital (Contd...)



Baddegama Factory



Kalutara Factory

MANUFACTURED Capital (Contd...)

Location of Properties

Currently the Company owns the following properties:

Description	Address	Land		Building		Total Market Value of the property
		Extent	Market value Approx	Extent	Market value Approx	
1) Galle factory (Bought during the period from 16/9/91 to 30/11/93)	Akuressa Road, Bogahagoda, Galle.	7 A 2 R 17 P	Estimated to be Rs. 258 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.)	94,900 Sq ft	Estimated to be Rs. 300 Mn as at to date.	Current value estimated to be Rs. 558 Mn.
2) Kalutara factory (Bought in 2009)	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara	120 perches	Estimated to be Rs. 25 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.)	5,990 Sq ft	Estimated to be Rs. 15 Mn as at to date.	Current value estimated to be Rs. 40 Mn.
3) Baddegama factory (Bought in July 2014)	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	2 A 2 R 0.11 P	Rs. 20 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.)	25,191 Sq ft	Rs. 100 Mn as at to date.	Current value estimated to be Rs. 120 Mn.
4) Paddy Field, Bogahagoda (Bought in Feb 2002)	Akuressa Road, Bogahagoda, Galle.	1 A 3 R 3 P	Rs. 1.1Mn as at to date (This was valued on 27th September 2018 done by a professional valuer.)	-	-	Rs. 1.1Mn as at to date
Total		12 A 2R 20.11 P	304.1 Mn	124,541	415Mn	Rs. 719.1 Mn (Current estimated Value)

HUMAN Capital

Key Performance Indicators 2018/19

414
Employees

1972
Training in man
hours

2.1
Labour Turnover
ratio

79:21
Gender ratio
(Male: Female)



Staff of Galle Factory

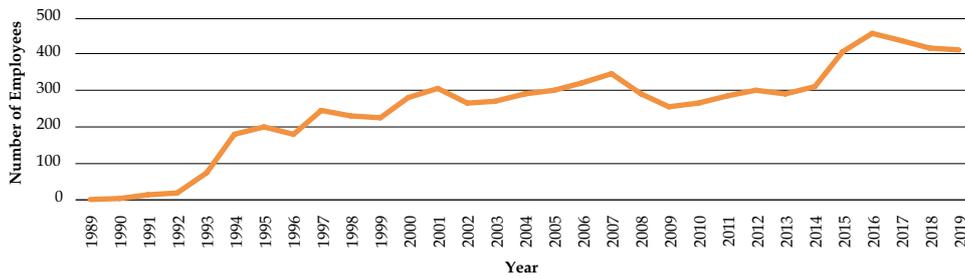
Fifty six years ago, the founder of the DSI Group the late Mr. Samson Rajapaksa envisaged that **“Employer and Employee should work as one family.”** His vision guided us to treat our human resources as the greatest asset of our Company.

In our Company, the majority of our employees have been recruited from neighboring villages since 1988, the year in which the Company was incorporated. Now, 414 villagers have

been given exposure to work in an international Company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad. We value each and every one of them. The Company's employee turnover rate is around 2.1 % is well below the industry norm which is the result of its sustainable employee policies and practices. The table given below indicates how we have increased the number of employees since inception.

HUMAN Capital (Contd...)

Number of Employees year wise



Year	Number of Employees	Year	Number of Employees
1989	1	2005	301
1990	6	2006	323
1991	14	2007	349
1992	19	2008	293
1993	72	2009	258
1994	179	2010	267
1995	201	2011	288
1996	178	2012	302
1997	246	2013	293
1998	232	2014	312
1999	224	2015	409
2000	279	2016	456
2001	306	2017	436
2002	267	2018	415
2003	272	2019	414
2004	292		

development of our staff & workers through skills and knowledge building. Training programmes are conducted by industry experts. Our human resources department is dynamic in recruiting and maintaining a well talented work force. Providing a safe and pleasant work environment is essential for a healthy and productive workforce. As guided by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system that offers the highest level of motivation. We ensure a motivated workforce by providing competitive remuneration and other benefits together with career growth opportunities.

We continue to recruit and maintain a well talented work force; providing a safe and pleasant work environment is essential for a healthy and productive workforce. As guided by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system that offers the highest level of motivation. We ensure a motivated workforce by providing competitive remuneration and other benefits.

The industry of manufacturing rubber-related products is drained by the shortage of skilled human resources and the Samson International Plc has addressed that issue to a greater extent through its best practices that focus on the personal

Now, 414 villagers have been given opportunities to work in an international Company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad

HUMAN Capital (Contd...)



Staff of Kalutara Factory



Staff of Baddegama Factory

Age-wise:

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	115	21	18	18	2	0	174
30-50 years	125	23	32	16	17	2	215
Above 50 years	14	2	6	2	1	0	25
TOTAL	254	46	56	36	20	2	414

Factory-wise:

Galle	186	37	32	33	12	2	302
Baddagama	52	6	24	3	7	0	92
Kalutara	16	3	0	0	1	0	20
TOTAL	254	46	56	36	20	2	414

HUMAN Capital (Contd...)

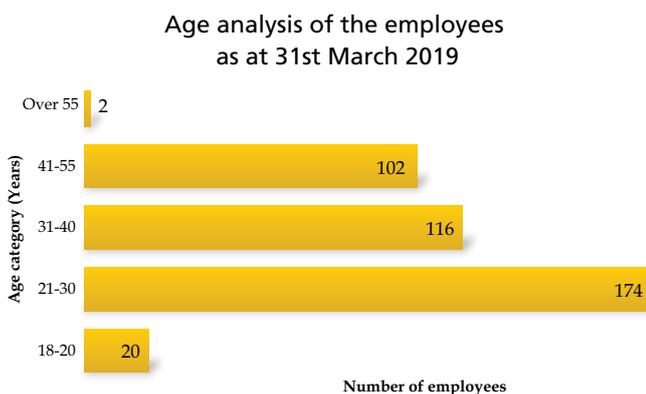
Benefits given to employee when becomes a permanent

We take casual employees for three months. During this period, if he/she performs well, we take them in to the permanent cadre with one year probation period. When a casual employee becomes a permanent, he/she is entitled to the following benefits.

1. Salary increase
2. Productivity incentives
3. Attendance bonus
4. Annual bonus
5. Medical insurance
6. Death donation
7. Gift vouchers to buy DSI shoes
8. Uniform
9. Wedding gift
10. Transport
12. Additional allowance for employees with more than three children
13. An allowance when the first child of the employee is born
14. Company Loan Scheme
15. Distribute paddy harvest of the Company at concessionary price
16. Providing financial assistance and prizes to the children of employees who excels
G.C.E.O/L and G.C.E. A/L Examinations.

Age analysis of the employees

We maintain a right mix of aged employees. We have mostly from the category of 21-30 years and next from the category of 31-40 years. These categories provide highest productivity.

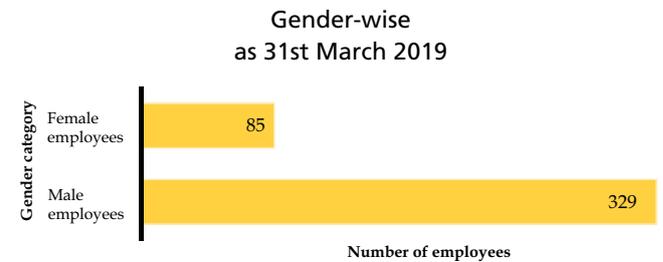


The age analysis of the employees is as follows:

Age Category	As at 31st March 2019		As at 31st March 2018	
	No	%	No	%
18-20	20	5	36	9
21-30	174	42	161	38
31-40	116	28	126	30
41-55	102	25	88	22
Over 55	2	0	4	1
Total	414	100	415	100

Analysis of employees gender-wise

We have the right mix of male and female employees to suit our production lines. Females are very efficient at packing while male employees work in the production process.

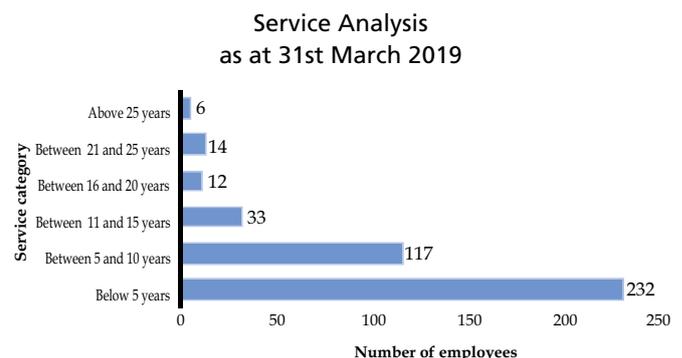


No. of employees gender-wise is as follows.

	As at 31st March 2019		As at 31st March 2018	
	No	%	No	%
Male employees	329	79	327	77
Female employees	85	21	88	23
Total employees	414	100	415	100

Service Analysis

There are employees, who started their career in the staff category, have become senior managers and head of the department now. We have a very young and dynamic cadre, e.g., 56% of our employees have worked less than 5 years. 84% of the employees have worked less than 10 years.



HUMAN Capital (Contd...)

Service analysis of the employees is as follows:

Service Category	As at 31st March 2019		As at 31st March 2018	
	No	%	No	%
1 Below 5 years	232	56	235	57
2 Between 5 and 10 years	117	28	122	29
3 Between 11 and 15 years	33	8	32	8
4 Between 16 and 20 years	12	3	14	3
5 Between 21 and 25 years	14	3	9	2
6 Above 25 years	6	2	3	1
Total	414	100	415	100

Employee and Industry relations

The Company takes all possible steps maintain good employee and industry relations. Human resource Department plays a significant role in an organization's uphold and success in this regard. The employee relations and industrial relations are a part of human resources functions which deals in maintaining a harmonious relationship between the employer and the employee. As you are aware, the consequences of good employee relations are high efficiency, ensures optimum use of scarce resources, low wastage, generate innovative ideas, facilitate change, decrease in indirect costs incurred through high labour turnover, absenteeism and bring goodwill to the Company.

In order to improve the employee relations the following strategies are used by the Company.

- 1) Having good human resource policies: We have a comprehensive human resources policies and procedures which cover recruitments & selection, promotion, transfers, compensation, performance appraisals, dispute management, grievance handling and overall employee conduct. The human resources philosophy of our company is to be an equal opportunity employer. Our recruitment philosophy is to attract employees with appropriate knowledge, skills, values and attitudes that would be in line with the culture and goals of the organization whilst catering to growth and providing opportunities for such employees. The Company does not discriminate on the basis of gender, race, nationality, age, social origin, religion, or any other basis.
- 2) To have good communication: We maintain open and two way communication, where employees are free to communicate any matter with the top management and where top management communicate information aptly to the lower level employees. This will increase trust among employees, leading to fewer disputes and grievances while creating an environment open to change. We conduct regular formal and informal organizational or departmental meetings where employers can share information with employees whilst giving employees the opportunity to share their problems, ideas, and views. We also use memos and notice boards to communicate company decisions, performance, new policies, rules and regulations, changes done to existing policies and information about meetings

All employees of the Company undergo regular appraisals to receive feedback resulting in continuous improvement of their performance. The continuing dialogue with all levels of staff further contributes to the company and commitment. The Company human resources policy requires annual formal feedback to be provided to all employees. We have created a performance-centric culture, which has been a cornerstone of the Company's success. We ensure that employees performing at the same level will be treated alike while there would be clear differentiation between those performing at different levels.

We do not employ any person below 18 years of age nor advocate any form of child labour. We do not provide overtime of more than 60 hours per month for workers as required by our national laws.

HUMAN Capital (Contd...)

and gatherings, to employees promptly and clearly. Group's newsletter is published monthly. Employees are given an opportunity to demonstrate their artistic abilities and their wedding photos through the Group newsletter, making employees feel happy and valued.

Meals are given to all employees irrespective whether he is permanent or not. Managing Director and Director/ General Manager takes the same meals with the workers in the Company dining hall in which 200 seating arrangement is available. All employees including the Director/General Manager and other Executives punch the attendance for work and there is no discrimination for administration related official work.

- 3) Recognition of joint consultative committee. These are management's and employees' joint forums, created for the discussion and settlement of employee problems such as employee grievances and work related issues. This provides employees a platform to present their grievances and problems and take necessary steps to solve them. This represents employees of all levels, all departments and genders for fair representation of problems. We believe that having constant dialogue with them, involving them

in certain decision- making, the company can create an environment of trust, cooperation, respect, a better interaction between employers and employees, creating harmonious employee relations and higher productivity, leading to good industrial relations. A fair and sound grievance handling policy and procedure is a prerequisite for good human resource practices and for healthy employee - employer relations. Our grievance practices are aimed at allowing employees to bring to the attention of the management any dissatisfaction or injustice which may exist at the work place. It is a formal process offering employees of different levels, solving grievance issues and aiding to maintain a fair and cordial working environment. We also value the opinions of our employees and welcome suggestions on how we can improve our service standards.

The Company encourages employees to express their opinions for the development both of the company and of the employees, through a joint consultative committee meetings held every month. The Director/ General Manager participates in these consultative meetings with workers, staff and executives. This committee consists of representatives from management and workers from the each section. Director/ General Manager and other senior management discuss the problems & grievances of the workers from each sections and remedial actions are taken. Each month this meeting is held and minutes are circulated to everybody including the Managing Director.

The Company encourages employees to express their opinions for the development both of the Company and of the employees, through a Joint consultative committee meetings held every month



Joint Consultative Committee

We strictly adhere the government legislations. Adherence to these various legislations helps organization to maintain harmonious employee relationships. We do not employ any person below 18 years of age nor advocate any form of child labour. We do not provide overtime of more than 60 hours per month for all employees as required by our national and international laws.

HUMAN Capital (Contd...)

Welfare activities: We give meals and uniforms to employees at a nominal fee, providing transport facilities, loan systems, insurance schemes, death donation schemes, medical insurance, gift vouchers to buy DSI shoes, wedding gift, and additional allowance for employees having more than three children. Please see on page 75 under the “Benefits given to employee when becomes a permanent” for more details.

4) Social activities: We provide an opportunity for employees and management to get-together, conducting annual inter-department softball cricket tournament, annual inter-Company volleyball tournament and interact with each other on a personal level. Such events give an opening to employees and management to mix and get to know each other, opportunity they hardly get while working which results create better relationships.

Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride

This year, for the annual get-together, we organized a four hour adventured Ship tour for Whale watching in Southern sea from Galle to Mirissa for all employees by ship of “Princess Lanka” owned to Sri Lanka Navy on 15th February 2019. There were 313 participants (76%) in this annual event, which they enjoyed very much and appreciated the management as this is a very rare chance for a worker to go on a ship and whales watching. Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride.



Ship tour for Whale watching

We organized and participated inter-Company Volley Ball tournament for the fourth consecutive time at Samson International Volley ball court on 30th September 2018. The winners were given Kulatunga Rajapaksa Challenge Trophy for the men and women tournaments.

The inter-department softball men’s and women’s cricket tournament is conducted annually. This year it was held at the Dharmika College ground at Habaraduwa, on 22nd July 2018 and 13 teams including the employees from Kalutara and Baddegama factories participated. This year, in the men’s tournament, the Quality assurance and civil section section emerged champions from among 13 teams and the Assembling & packing section team were champions in the women’s tournament. L.D. Isuru Chanchala from Quality Assurance department Section was selected as the best player and he was awarded a Samson bicycle. Disna Kumari from the Assembling & Packing section team was selected as the best player in the women’s tournament.



HUMAN Capital (Contd...)



Inter-Company Volley ball tournament at SIL Volley ball court



Inter-department soft ball Cricket tournament

- 6) Gain sharing schemes: sharing savings with employees is another method we use to improve industrial relations in organization. Such exercises result in the increase of commitment, motivation, morale and job satisfaction of employees leading to good employee-employer relationships. A wastage saving incentive scheme and production incentive scheme are a few of such exercises.
- 7) Equal treatment: Equal treatment to employees without discrimination based on gender, race, ethnicity, religion or social back ground is another way we improve employee relations. Treating all employees equally in all areas of human resource management such as recruitment, promotion, remuneration, training and recognition which result in full realization of employee potential while increasing their job satisfaction and commitment. At present we have Sinhalese, Tamils, Muslims, Christians, and Hindus in our cadre.

We believe that our current culture promotes good relations and interactions between employees and employer which leads to positive and harmonious employee relations. Ex. having meals at the same place by the senior managers and lower level of employees, open communication and close relationship between management and employees.

Samson International Plc, like the other companies of the Group, is imbued with Sinhala, Buddhist cultural values with a conservative and paternalistic outlook. For example, employees are required to commence their daily chores after reciting the Five Precepts. Liquor is not allowed even in outings and get-togethers organized by the company and any other special occasions such as the annual cricket and volley ball tournaments. Most of the staff members use Sinhala as their medium in their day-to- day work. Further, a simple, rustic and informal environment prevails both in the factory and office premises.

- 8) Training: We provide training to employees on technical as well as non-technical areas (communication, presentations, time management, leadership etc). We know that training is a cost for which an immediate result cannot be seen most of the time. Training provides higher performance as well as good industrial relations.

Out of the training programmes, training of supervisors is very important. Supervisors are the personnel who directly deal with the operational level employees and can be considered to be the crux of any organization. We know

HUMAN Capital (Contd...)

that when supervisors are not equipped with necessary technical and human resources management competencies, it could lead to a lot of grievances and disputes. Therefore it is necessary to train supervisors on both technical and human related competencies to maintain good industrial relations in the company.

We continued to invest in our employees through regular training and development programmes conducted in-house, outside and overseas which is designed to develop technical as well as soft skills. Training is an integral component of our business success as well as our strategy to achieve sustainable employee relations. Training programmes are conducted by industry experts. We strongly believe in the development of human capital, as we recognize the fact that our people are the key to our success. In an export industry where customer care makes the difference, we strive to develop the skills of our staff and workers so that we stand out from our competitions.

During the year, employees underwent many internal and external training programmes. These programmes span on the job, off the job, external, hands on and internal programmes which are designed to enhance knowledge, update skill, create an empowered workforce and managerial skills of the senior management. The annual training plan is designed based on the results of the training needs analysis, which includes competency assessments, customer expectations and developments in the rubber industry. This exercise is carried out in collaboration with the heads of departments. This forms the blueprint for training and development activities for the coming year and outcomes are assessed to monitor progress in line with the plan.



Out bound training

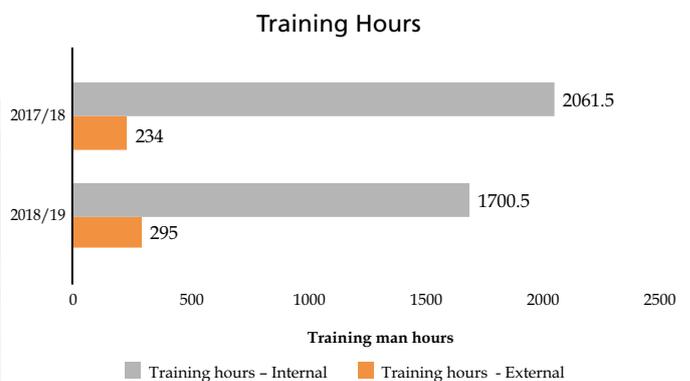
Training hours in the year 2018/19 is as follows:

All employees in the Company attended the following training programmes.

- Two days' out bound training (OBT) programmes were conducted on 12th May, 23rd June and 06th October, 2018 in Kalutara.
- Awareness Programme on Electrical safety was organized on 05th February 2019 in the Company.
- Workshop on First aid was held 19th April 2018 in the Company.
- Chemical handling programme was carried out by National Cleaner Production Centre in the Company on 31st August 2018.
- World Standard day programme was organized for all employees that lecture was carried by Senior Deputy Director Mr. Sujeewa Mahagama from Sri Lanka Standard Institute.
- Corporate planning was organized on 2nd February 2019 at Inland Dutch Villa, Karapitiya and participated all the senior management and key members.



First Aid training workshop



HUMAN Capital (Contd...)

Description	2018/19		2017/18	
	No of Hours	%	No of Hours	%
Training hours - External	271	15	234	10
Training hours – Internal	1705.5	85	2061.5	90
Total Training hours	1971.5	100	2295.5	100

The details of the training programme conducted in-house and outside for the year end of 31st March 2019 is given below.

Training Programme	No. of Participants	Training Hours	Man Hours
IN-HOUSE			
1 In Process Inspection	6	2	12
2 Incentive System	2	6	12
3 First Aid Training	23	7	161
4 How to keep your workplace tidy	13	3	39
5 FSC Training	2	2	4
6 Basic Bearing Knowledge	16	4	64
7 Awareness program of Energy Management	8	2	16
8 Safe Chemicals Management	24	2.5	60
9 Day Fire Drill Exercises	255	0.5	127.5
10 All Lab Staff	14	2	28
11 Handling of Personal File-Baddegama Plant	2	1	2
12 Awareness Program on Quality and Team Work	192	4	768
13 Knowledge of Compounds	15	2	30
14 Wastage Reduction Methods	10	3	30
15 Electrical Safety Program	210	1.5	315
16 Computer Training	7	2	14
17 IFS Training	5	2	10
18 NCQP-2018 Orientation Program	1	8	8
Total	805	54.5	1700.5
OUTSIDE			
1 Exchange Control Act & Import Business New Regulation	6	5	30
2 Forklift Operation, Safety & Maintenance	1	8	8
3 How to Communicate Effectively to Influence People	2	8	16
4 Orientation Program for NCQP 2018	1	8	8
5 Criteria for performance Excellence for SL National Quality Awards	1	16	16
6 The Power of Positive Attitude & Self-motivation	1	8	8
7 Calibration of Monitoring and Measuring Devices	1	8	8
8 "Sell to Win" Selling Motivation & Selling skill Development	2	16	32
9 Learn Brand Design with Facebook Marketing	2	12.5	25
10 Export Procedure & Documentation	2	8	16
11 Guerilla Marketing Strategies	2	8	16
12 Social Media Marketing & Brand Management	2	8	16
13 Internal Auditing for ISO 9001:2015 QMS	1	16	16
14 How to Become a Better Communicator	1	8	8
15 Digital Marketing Plan	1	8	8
16 Empowering Supervisors	1	8	8
17 Finite Element Theory Analysis & Applications	2	16	32
Total	29	169.5	271
Full Total	834	224	1971.5
OVERSEAS TRAINING			
EPDM Rubber Compounding & Processing training in India	1	24	24

HUMAN Capital (Contd...)

The number of programmes category wise is as follows

Group	Category	No. of Training Programmes	
		External	Internal
Male	Executive Staff	4	0
	Clerical Staff	6	1
	Workers	2	2
	Total	12	3
Female	Executive Staff	0	0
	Clerical Staff	4	3
	Workers	0	0
	Total	4	3
Male & Female	Executive Staff	0	0
	Clerical Staff	1	1
	Workers	0	11
	Total	1	12
Total Training		17	18

Day and night fire drills are organized for each plant. In this year it was organized on 28th March 2019, conducted by an outside consultant. This provides training to our employees and especially the fire team to prevent damage to physical and human assets of the factory and neighboring villagers in case of fire in the factory. We have recruited a fire team from among the workers representing all sections and a special T – Shirts (with yellow colour) are given to them to identify and recognize their contribution to the Company.



Fire preventive team - SIL



Fire drills at Galle Factory

HUMAN Capital (Contd...)

We also invested a significant amount in fire Hydrant system in Galle and Baddegama factories.

- 9) Employee recognition and reward: We recognize all employees for their contribution to organizational performances. Best attendance awardees, awardees for the best innovative ideas, most outstanding employees during the year, long service employees are some of the awards we present.



Best attendance awardees

We recognize long service employees and outstanding employees at our annual felicitation ceremony

We recognize long service employees and outstanding employees at our annual felicitation ceremony and a certificate and cash awards are given to them. Such recognition and reward will make employees happy, satisfied, motivated and committed leading good industrial relations.

- 10) Employee participation: participative management is the involvement of employees in the decision making of companies through methods such as suggestion boxes, join consultative committee, all CSR activities. This results in employee competency development, increase in employee satisfaction and motivation due to increased self-worth,

better settlement of production problems, lesser disputes, increased team work, better performance and easy implementation of decisions. Each employee including workers is given an opportunity to donate cash & company products on behalf of the company and these photographs are displayed on the Corporate Social Responsibility notice board of the Company.



Company CSR display notice board

- 11) Employee Assistance Programmes: We help employees to deal with their personal financial difficulties. Eg. We help employees and their children to enter university by providing financial assistance. Further, an additional allowance for employees having more than three children is given monthly.
- 12) Health and safety programme: We implement health and safety programs to safe guard employee health and safety. These results to increase employee cooperation and satisfaction, motivation, commitment due to management's concern for employees and safe and healthy work environment.

The Health and Safety Policy of the Company is as follows. "As Samson International Plc values the health and safety of all employees, the following measures are being taken with the objective of having a hazard free and healthy work environment.

HUMAN Capital (Contd...)

- 2) Awareness' creation for health and safety programme are conducted for employees.
- 3) Provision of essential protective gear and safety equipment.
- 4) Continuous upgrading of safety procedures.
- 5) Enhancing the health and well-being programmes for employees"

Safety committee has been formed by taking representatives from each section and each category and they are responsible for monitoring and implementation of the above Company's safety policy and related practices.



Safety Committee headed by Maintenance Engineer

Our employee health, safety and welfare receive constant attention in our decision making process. The services of a part-time Doctor (once a week) and a full-time Nurse are available to attend to the medical needs of our employees. Surgical and Hospitalization Insurance Cover and Personal Accident Cover are some of the facilities given to our employees.

We follow all national guidelines and laws on workplace health and safety directives. These directives set out general principles for the protection of the workers' occupational health and safety. We have initiated a range of activities, training programmes and workshops related to health and safety. During the year a training program was organized for the industrial safety which was conducted by a factory inspection engineer from the labor department. We provide safety equipment/tools and safety shoes to all our employees. We actively provide a healthy and safe work environment for our employees and have taken steps to minimize accidents and injury to workers.

A "Health Week "is organized by the Company annually and this was from 12th December 2018 to 21st December 2018 in the year under review. A work shop and Training programmes were conducted on all employees. Further a special healthy meal is given to employees during this health week.



First Aid Committee headed by Company Nurse

Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checks TVOC's test and ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution. The Central Environmental Authority has renewed our license every year for the last 30 years continuously without any obstacle.

We provide good working conditions such as proper ventilation, lighting and sanitary facilities to make employee content and satisfied. We do design of equipment, tools, furniture and different procedures in a manner that creates a comfortable, safe and efficient layout for employees to work.

Labour Turnover

We use to measure the level and nature of employee relations in the Company through attitude surveys number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, quality of production and services.

HUMAN Capital (Contd...)

It is noted that labour turnover of the Company has slightly increased especially of unskilled workers in some of the months. We have seen that during the paddy cultivation and harvesting season, there is high labour turnover and absenteeism. We have built a succession plan identifying key positions and commenced a system to groom and develop successors as part of our strategy for long-term continuity.

Employee Retention

Rate is 97.9%

The labour turnover for the year ended 31st March 2019 is as follows:

Labour Turnover Analysis - Month wise

Month	2018/19 (%)	2017/18 (%)
April	3.1	3
May	1.5	2.2
June	0.5	3.5
July	2.5	2
August	1.7	3.3
September	2	1.3
October	1	1.5
November	1.2	2.5
December	2.2	2
January	1.7	2.6
February	0.7	1
March	1.0	0.5
Year	2.1	2.1

Labour Turnover Analysis - Age-wise (2018/19)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	23	12	8	1	0	0	44
30-50 years	16	7	6	1	0	0	30
Above 50 years	1	0	0	0	1	0	2
TOTAL	40	19	14	2	1	0	76

Labour Turnover Analysis - Factory-wise (2018/19)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Galle	25	17	4	2	1	0	49
Baddegama	11	2	9	0	0	0	22
Kalutara	4	0	1	0	0	0	5
Total	40	19	14	2	1	0	76

SOCIAL and Relationship Capital

Key Performance Indicators 2018/19

32

**Global presence
(No of
countries)**

3

**Overseas
exhibitions
participated**

Rs. 1.2 Bn

**Total payments to
suppliers**

22

**No of CSR
activities**



Donation to Base Hospital - Imaduwa

The Social and Relationship Capital consists of the crucial relationships that forms the foundation for the Company's value chain. We therefore invest to maintain a strong relationship with customers, community, trade associations, employees and suppliers which form the foundation to our sustainable journey.

1) Our Customers

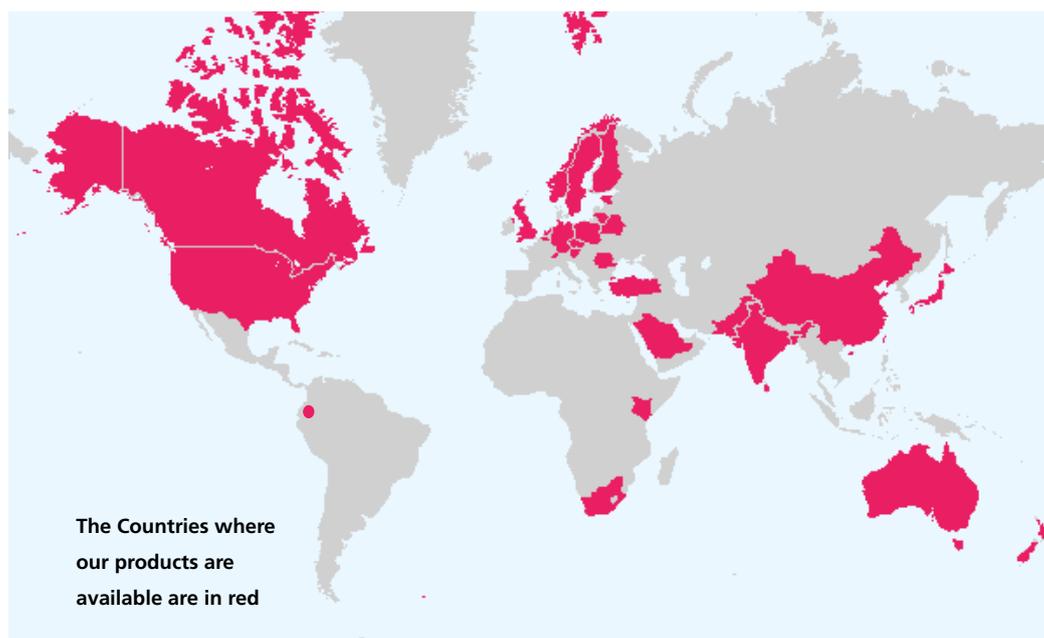
Of the 194 countries in the world our products are available in the under-mentioned 32 countries which cover 16% of the total number of countries in the world. Strategies are being followed to widen our global presence by participating in trade exhibitions, trade delegations and aggressive sales promotion.

SOCIAL and Relationship Capital (Contd...)

Global presence

EUROPE (47 Countries)	ASIA (44 Countries)	AFRICA (54 Countries)	NORTH AMERICA (23 Countries)	OCENIA (14 Countries)	SOUTH AMERICA (12 Countries)
Austria Belarus Belgium Czech Republic Estonia Finland Germany Lithuania Netherlands Norway Poland Romania Sweden Switzerland United Kingdom	Bangladesh China India Japan Maldives Pakistan Saudi Arabia South Korea Sri Lanka Turkey	Kenya South Africa	Canada United States	Australia New Zealand	Ecuador

**Our products are available
in 32 countries which
covers 16 % of countries
in the world**



Global presence analysis

Region	2018/19 (Rs.000')	2017/18 (Rs.000')
Europe	630,704	382,531
Australia and New Zealand	2,444	7,323
USA and Canada	24,337	19,328
South Africa and Middle East	38,682	32,828
Asia	873,98	674,439
Total	1,569,345	1,116,449

SOCIAL and Relationship Capital (Contd...)

Exhibitions Participated

The Company is now targeting to enter new markets in the USA, South America, Japan and Middle East. We participated the following overseas exhibitions during the year and found many potential customers.

- "SITEX" exhibition in Johannesburg, South Africa for the first time
- "National Safety Council Congress and Export -2018" exhibition in Houston, for the first time.
- "Dometex Rubber Flooring" exhibition in Atlanta, USA for the first time.

- Construct 2018 exhibition held at BMICH Colombo from 24th to 26th June 2018
- Jaffna International Trade Fair 2018 held from 25th to 27th January 2019.
- Build SL 2019 exhibition held at BMICH Colombo from 22nd to 24th March 2019



Domotex Exhibition in USA



SITEX Exhibition in South Africa

We also participated the following local trade exhibitions and displayed our rubber and PVC-related products and found many customers.

- Build SL 2018 exhibition held at BMICH Colombo from 18th to 20th May 2018



Build SL at BMICH



Construct 2018 Exhibition at BMICH



Jaffna International Trade Fair

SOCIAL and Relationship Capital (Contd...)

During the year, six new overseas customers joined the Company. Further, many of our customers visited our factory in the year using the Highway from Katunayake to Galle. Twenty customers from various parts of the world met us in our factory to discuss mutual business growth. The number of customers lost is zero. 50% of our customers have been with us for over 10 years and 10% of our customers have been with us for over 15 years.

Customer Complaints

Year	Number of Customer complaints
2012/13	29
2013/14	14
2014/15	17
2015/16	12
2016/17	14
2017/18	12
2018/19	25

The numbers of customer complaints we received for the last seven years are shown in the table below. During the year the number of customer complaints has increased by thirteen compared to the previous year mainly due to the fact that the Company has increased turnover by 41% and the number of transactions was greater. The objective of the Company is to have continuous reduction in customer complaints year by year. Therefore, the target for each year is to have a lesser number of customer complaints compared to the previous year. In response to customers' complaints, the management process has been designed to listen to customers earnestly and take necessary remedial action. We resolve these complaints in order to provide a quick solution to customers and also preventive measures to avoid or minimize repetitions of such complaints. Our Quality Assurance department strengthened by recruiting experienced staff and graduates.

2) Our Community

The communities we operate in are significant stakeholders in our business. Therefore, we make every endeavour to establish mutually beneficial relationships especially with villagers, temples and schools by contributing towards their development whom we consider as a part of our family. Our Company is situated a few miles away from the city of Galle in a rustic

environment of calm and tranquility among lush greenery and vegetation. Social and environmental responsibility has become an integral part of our wealth creation and it is a continuous process. In appreciation of our contribution to the community, for the benefit of villagers, temples and schools in the Southern province in particular, initiatives taken are as follows:

2.1 CSR activities to villagers:

Distribution of paddy to Samurdhi beneficiaries

Paddy was distributed to a hundred Samurdhi Dorape beneficiaries at free for the 5th consecutive year at 5kg per



Donation of rice from the Company paddy field to the Samurdhi beneficiaries



SOCIAL and Relationship Capital (Contd...)

person after reaping the harvest from the Company's paddy field on 01st August 2018. The balance paddy was distributed among the employees at concessionary price. Further a pair of slippers and a food voucher were also distributed to them. Mr. Kulatunga Rajapaksa, Managing Director and other management staff members participated for this function and distributed it. Villagers were extremely happy and appreciate the effort taken by the Company. This created a strong bond between the Company and villagers.

Donation of Company products to temples, schools, needy people & institutions in the village

Company's rubber mats, hose, other PVC- related and rubber-related products were donated to neighboring schools, temples, Bona Vista Elders' Home, hospitals, government institutions and police stations in the current year. Each employee including workers is given a chance to donate either in kind or cash which is a part of human resources policy of the Company thereby all employees are motivated and our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride.

Each employee including workers is given a chance to donate either in kind or cash which is a part of human resources policy of the Company

List of Donations made in the year 2018/19:

Date	Description
1 2018-05-25	Donation DSI Gift vouchers to Keththarama Temple, Harumalgoda
2 2018-08-21	Donation Cash & Rubber Slippers to Praja Police unit Dorape Temple
3 2018-08-24	Donation cash to Ankokkawala Temple
4 2018-08-29	Donation coin boxes to Dorape Temple

5 2018-09-19	Donation Cash, Mat, Rubber Slippers to Sri Maha Viharaya, Pilana
6 2018-09-20	Donation Cash to Art Magazine of Dharmika College, Katukurunda
7 2018-10-17	Donation Cash to Kabaragala Temple
8 2018-11-23	Donation Cash to Cancer patient of Welikonda area
9 2019-01-05	Donation Cash & Mats to Sri Dharmaramaya Puswelkada, Imaduwa.
10 2019-01-18	Donation Cash to a child with financial difficulty in Welikonda area for his education.

We have made donations in cash, kind and our products to deserving institutions throughout the country

Income generation activities for poor, elderly, disabled and house-bound people:

There are 45 trimming operation centers in proximity to the factory. We have arranged these trimming operations and assigned to

- Elderly and poor disabled people who are unable go to a factory for work
- People (house-bound) whose presence is necessary at their homes as they need to look after their infant children or elderly parents or invalid inmates.

We have been doing this corporate social responsibility activity for the last 31 years. Total amount paid to such people is approximately Rs. 2Mn per month. We give them more than 7Mn of V straps, 650,000 hot water bottles, 100,000 bath mats, 500,000 soles for trimming for a year. In these 45 trimming operation centers work more than 200 of such poor elderly, disabled and house-bound people. These products of Samson International Plc are delivered to and collected from their operation centers daily. Necessary training is given

SOCIAL and Relationship Capital (Contd...)

and also help them to arrange for facilities such as aluminum roofing, cement, bricks etc. for their work. Income for such poor elderly, disabled and house-bound people are generated and paid them out the sales proceeds of exports and local sales. These trimming centers enable them to earn an income while being at home.

Sub-Contract Week was held during the week ended 24th June 2018. During this meeting we discuss the Quality issues, productivity improvements and their welfare matters. Usually all 45 Sub-Contractors participate for this discussion and meeting. We also donate company products for their usage. In the meantime, able young villagers are taken into the factory as full time employees of the Company. More than 80% such employees have come from neighbouring villagers. Total number of employees at present is 414.



Sub-contract team

We have arranged income generation activities for poor, elderly, disabled and house-bound people in the village

In summary, the Company incurred Rs. 25 Mn which is equivalent to 2% of the turnover, in Corporate Social Responsibility Activities towards the villagers in a year.

2.2) Training facilities to outside students

We provided training facilities to students from universities, technical institutions and private and public accountancy institutions in the Southern province.

3) Trade associations

In order to meet the challenges in the business easily and as a mitigating step, we have obtained the member of the following associations and obtained their services regularly.

1. National Chamber of Exporters (NCE)
2. Sri Lanka Association of Manufacturers & Exporters of Rubber Products (SLAMERP)
3. Sri Lanka Chamber of Small & Medium Industries (SLCSMI)
4. Plastic & Rubber Institute (PRI)
5. Ceylon National Chamber of Industries (CNCI)
6. Fullerton Industrialists and Investors Association - Kalutara

We participate in the award competitions organized by above institutions.

4) Employees

Employees commence their daily chores after reciting the five precepts. Liquor is not allowed even in outings and get-to-gathers organized by the company and other special occasions such as the annual cricket and volley ball tournaments. We have Tamil and Muslim employees who follow their religion without having any obstacles.

Employees commence their daily chores after reciting the five precepts

5) Suppliers

Our major supplier is Samson Compounds (Pvt) Ltd. who provides compounds to our rubber products. So we have a strong relationship as it is a sister Company which is also situated in Galle. For all suppliers, we carry out semi-annual survey for their services and regular one – to - one communication. We frequently visit suppliers locations and our Quality Assurance Department inspect the quality of all raw material and compounds. All capital expenditure amount exceeding Rs. 25,000 are approved by the Board of Directors. Traditional customs and practices were observed by employees who presented betel leaves to the Managing Director and paid last obeisance to him on 24th April 2018. On the first working day after new year, machinery in all three factories are

SOCIAL and Relationship Capital (Contd...)

switched on during the Pirith ceremony and all employees have traditional meals with the top management simultaneously after wishing each other for the new year. All employees including the top management presents betel leaves to the Managing Director and Managing Director gives cash (first ganu denu) to employees at the end of the new-year ceremony. The Company has a Buddhist Association comprising workers and staff members from each section. They organizes all religious activities of the Company.



On the first working day after New Year



Buddhist Association

The following financial rewards were also given to the children of the employees who excelled in their examination.

Date	Description
1 2018-07-22	Financial reward to the best G.C.E. ordinary level results (son of Mr.Dilip & son of Mr.Mangala)
2 2018-10-17	Financial reward to the best G.C.E. Advanced level results and selected to the universities of medicine, food science and art. (son of Mr. Mangala and daughter of Ms. Kusum and Mr. Dammika)



Financial rewards to employees' children

Further information and analysis on employees are given under Human Capital on page 72.

SOCIAL and Relationship Capital (Contd...)

5) Suppliers

Our major supplier is Samson Compounds (Pvt) Ltd. who provides compounds to our rubber products. So we have a strong relationship as it is a sister Company which is also situated in Galle. For all suppliers, we carry out semi-annual survey for their services and regular one - to - one communication. We frequently visit suppliers locations and our Quality Assurance Department inspects the quality of all raw material and compounds.

The details of purchases from sister companies in the Group have been given under Note 27.4 to the Financial Statemtn on page 180.

The Company owes to the bank Rs. 284 Mn as at March 31, 2019. (Rs. 193 Mn as at March 31, 2018). We have received the banking facilities from well-established and having high credit rating banks and their credit ratings are as follows:

Bank	Rating
Hatton National Bank	AA-(lka)
DFCC Bank	AA-(lka)
Bank of Ceylon	AA+(lka)
Commercial Bank	AA-(lka)
Seylan Bank	A-(lka)
People's Bank	AA+(lka)

NATURAL Capital

Key Performance Indicators 2018/19

400

**Timber trees
planted**

104

**Organic Paddy
harvest in
“kuruni”**

12

**No. of FSC
products
produced**

Rs. 25 Mn

**Investment in
sound proofing
generator**



Tree planting ceremony

We adopt environmentally friendly processes and practices and Samson International Plc is committed to meeting the requirements of customers by conducting its operations in compliance with legal and other environment requirements. Mitigating environmental impact has become a key factor during our investment decision making process.

Environment Policy

“Samson International PLC is committed to minimize the adverse impact of its operations on the environment, utilizing the best environmental practices, instilling the highest environment values in all its employees & continual improvement process”

The Company makes every endeavour to protect the environment as well as our cultural values. Some of the initiatives taken are as follows:

1) Tree planting ceremony

We know that trees contribute to their environment by providing oxygen, improving air quality, climate amelioration, conserving water, preserving soil, and supporting wildlife. During the process of photosynthesis, trees take in carbon dioxide and produce the oxygen we breathe. Therefore we celebrated our 30th anniversary of the Company on 14th October 2018, our employees planted timber trees on the Company premises. Further we also distributed more than 400 timber plants to villagers at Bogahagoda on this day.

2) Obtaining ISO 50001 and ISO 14001

We obtained ISO 50001 on Energy Management and ISO 14001 on Environmental Management.

Environmental friendly products

The Company gives high priority to produce FSC (Forest Stewardship Council) products and we have so far produced twelve such products. They are hot water bottles, jar sealing rings, V' Straps, bath mats, flip flop sheets, gum boots, menstrual cups, seed trays, foldable cups and rubber strips. These FSC products are manufactured by using rubber from organic plantations. We have obtained the following certificates for our products, to protect our customers and the environment.

- Forest Stewardship Council – Chain of Custody (FSC-COC) Certification
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities
- British Standard (BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles

The eco- friendly non- hazardous chemicals under REACH certification are used for all products in the Company.

3) Sustainability work-stream

We adopt the 3R method of Reduce- Reuse- Recycle. This method covers in waste rubber and water management. Our water management policy focuses on recycling and re-use with state of the art recycling plants established

at our factory. We persistently monitor the quality of the water discharged from our operations, and these continue to be within the parameters specified by the Central Environmental Authority. We all our waste rubber is recycled and given to another sister Company to manufacture reclaimed rubber products. Solid waste generated from our operations are segregated at source and disposed with minimal environmental damage. Energy consumption has been minimized by eliminating energy waste, installing capacity banks, using transparent roof sheets and energy saving bulbs. We monitor electricity consumption on a daily basis with sub-meters and energy audits are carried out from time to time. We invested Rs.25 Mn for modernized sound proof Generator. A training programme was carried out to all employees on electrical safety on 05th February 2019 by an external electrical engineer.

Our policy on waste management stems from the philosophy and culture for the reduction of waste. Accordingly, to Reduce paper waste; we encourage communication via electronic or digital mediums, and generate e-reports as much as possible. Printing of hard copies is restricted and done strictly on a need basis only and then too using double-sided printing. We encourage Reuse; of single-side printed documents, while common reports are made available for sharing among users.

The details of present sustainability measures of work – stream of the Company is on the next page.

NATURAL Capital (Contd...)

Sustainability work – stream	Causes / Consequences	Examples of sustainability measures from the case study	Monetary savings (yes/No)
Emission Management	<ul style="list-style-type: none"> Exhaust gases from boiler, generator, etc Emission from manufacturing process e.g – Dust, Fumes 	<ul style="list-style-type: none"> Use dust extractors & collectors Use fume extractors Use pelatise chemicals 	Yes
Noise Management	<ul style="list-style-type: none"> Noise generated out of machinery operations e.g : Air compressors, power generators, banburies mills – heavy duty machines 	<ul style="list-style-type: none"> Replace reciprocating air compressors with screw type which save energy cost Use proper exhaust “silencers” for generator outlet maintain heavy machinery with proper lubrication 	Yes
Water Management	<ul style="list-style-type: none"> Waste water from manufacturing processes 	<ul style="list-style-type: none"> In-house waste water treatment Re-use for gardening and cooling purposes 	Yes
Waste Management	<ul style="list-style-type: none"> Solid waste discharged from manufacturing process 	<ul style="list-style-type: none"> Recycle reject rubber waste and get reclaim rubber from the process Recycle rubber flash and get buffing dust for the process Waste segregation and recycle through government approved Recyclers while generating income 	Yes
Chemical Management	<ul style="list-style-type: none"> Chemical discharged from rubber products manufacturing process 	<ul style="list-style-type: none"> Comply to REACH standards. Eliminate Polycyclic Aromatic Hydrocarbons (PAHs) from manufacturing processes. 	Yes
Energy Management		<ul style="list-style-type: none"> Maximum demand control, staggered basis starts and shut down of machinery. Power factor correction, power usage analysis and recording 	Yes

4) Developing the Southern province

We also continue to be committed to contributing to the national economy, serving the rural areas in the Southern Province by using local raw materials. Out of our total raw

materials cost, 60% is from rubber and it comes from the plantation estates in the Southern Province. Further this will open direct employment avenues for neighbouring villages of the plantation estates.

INTELLECTUAL Capital

Key Performance Indicators 2018/19

15

No of new
Products
launched

Rs. 28 mn

Investment in
R & D

5

No of Products
in pipeline

3

No of owned
brands



Receiving SLIM DIGIS Bronze Award

The intellectual of the Company includes organizational capitals, Strength of the SIL and Samson PVC brands and tacit knowledge, systems and processes. Our research and development capabilities are able to develop and manufacture a wide range of products catering for the customer needs.

The collective knowledge, expertise and experience of our employees provide a considerable contribution to our intellectual capital and also gives the Company a significant

competitive advantage in the market. Over 25 employees have worked for the Company for over twenty years and account for a vast data base of tacit, accumulated knowledge, including highly specialized expertise in the core business domain, capital management and risk management.

It is not possible to assign monetary values to most internally generated intangible assets. However they need to be considered as drivers of the value creation process of the

INTELLECTUAL Capital (Contd...)

Company. Value can be generated by intangibles but is not always reflected in financial statements. The value of our business is enhanced by the knowledge of our employees, value inherent in our relationships and our systems, processes and procedures.

We have strengthened our Research & Development Department and given a professional value to it. During the year we recruited another two professionals. We also obtain the services of outside foreign consultants who have a doctorate in polymer and rubber. Samson International Plc with Samson Compounds (Pvt) Ltd. signed an agreement with the Chemical & Process Engineering Dept, University of Moratuwa, on for Research & Development activities in rubber products. From time to time, we obtain services from University of Ruhuna and Colombo. We believe that in order to be competitive and sustainable in the market, Research & Development is the crucial factor in our business.

Company also conducts a competition for innovative ideas among the employees. Innovation starts even from the factory workers and recognise them well. This year we received fourteen innovative ideas and cash awards and certificates were granted for five best ideas by the Managing Director on 24th April 2018 in the presence of all employees.



Best Innovative workers

Patent rights

The Company received the patent right to manufacture One Unit Rubber Hot Water Bottle. Further we have already applied for the patent right for dry rubber open cell yoga mat.

We fundamentally believe that success comes from innovative products and processes, high quality manufacturing in all our products to the markets around the globe



The Company and University of Moratuwa incubator innovated dry rubber open cell yoga mat. A patent right has been applied by us now for this product. National Science Foundation given a grant for the open cell yoga mat project. We also invested Rs. 1.9 Mn in this project. Demand for dry rubber open cell product is being rapidly increased in countries like United Kingdom & Japan. Company is receiving frequent request for open cell dry rubber products. Because of this huge demand in locally and internationally, development of machine for production of open cell dry rubber product is very important. We are going for commercial production in 2019/20.

Branding

In the local market, we sell all our products under the "SIL" brand. For exports, we take every possible step to sell our own "SIL" brand. However, there are some customers who place orders under their reputed and established brands. The Company has invested a significant amount in branding and promotional activities with the aim of "globalization of SIL rubber products" and "penetration of Samson PVC products into the local market". The Company will invest in branding & other promotional activities heavily in next year as well. Advertising in electronic media, newspapers, journals, printing calendars, dealer boards and point of sale materials are some

INTELLECTUAL Capital (Contd...)

of them. Further, we printed " Samson PVC "brand name on this year's uniforms. This year, SAMSON PVC brand received the Bronze award for the Social Media campaign , in the category of Automotive & other Industries at the SLIM DIGIS 2018 Award Ceremony held on 26th March 2019 at Water's Edge, Battaramulla.

New products introduced during the year:

Industry	Products introduced
Pharmaceutical	Rubber comb Moon cup
Food and packaging	Foldable cup
Matting and Flooring	Electrical Resistant Mats Dome Mat Yoga Mat
Automotive Industry	Convolut hose Scooty Mats
Construction	Silicon ball PVC Gutters Industrial Plug Bridge bearing pad Anicket beading
Agricultural	Root Trainer Seed Tray



CORPORATE Governance

“The Board believes that a comprehensive corporate governance framework enables us to achieve ethical and stewardship obligations while supporting the creation of long-term sustainable stakeholder value...”

As you are aware, corporate governance is to ensure to have an effective, transparent and accountable management of affairs by the board of directors, which is the highest governing body with the ultimate objective of protecting the interest of all stakeholders. The Governance structure ensures that the directors take all necessary steps to avoid conflicts of interest in their activities and obligations to related parties by disclosure at the board meetings in the presence of independent directors. Our corporate governance policies have the clear description of duties and responsibilities among Board of Directors, clear business roles and strategies, ethical business conduct, engagement with stakeholders through risk mitigation, upholding corporate responsibility and disclosure of material information in a timely and accurate manner. We are committed to a culture that values ethical behaviour and integrity. Our approach to governance is based on the belief that high quality corporate governance supports long term value creation.

The Company's corporate governance framework is expected to ensure a transparent and good governance system leading towards enhancing profitability and long-term sustainability. The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices.

Role of the Chairman:

Role of the Chairman and Managing Director (who is the Chief Executive Officer) is distinct and the division of responsibility has been clearly established. The Chairman is non-executive

and is responsible for leading the board and ensures to meet directors obligations and responsibilities for the effectiveness of the board. He ensures that Board procedures are followed and all members are effectively participated during meetings. The CEO is responsible to the Board for day-to-day management of the business, leadership of the executive team and the execution of the Company's strategic & Operational plans. Chairman and CEO meet regularly to discuss any issues pertaining to the Company's performances.

Role of the Board of Directors

The Board of the Company is responsible for formulating Company policy and overall business strategy. The implementation of policy and strategy is done within a framework that requires compliance with existing laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large. The Directors are committed to maintaining the highest standards of corporate governance in the interest of stakeholders having regard to the requirements of the Companies Act No.7 of 2007, Securities and Exchange Commission of Sri Lanka and Colombo Stock Exchange and to this end, inter alia, have established internal control systems, including a comprehensive risk identification, measurement and mitigation process which is in place designed to carry out the business of the Company in an orderly manner, to safeguard its assets and secure as far as possible the accuracy and reliability of the records and protect the rights and interests of shareholders and be accountable to them for the overall management of the Company.

The Board approves all material contracts, investments, disposal fixed assets, annual revenue budgets, strategies and long term plans in line with technological developments, major capital project, acquisition, financial structure, quarterly accounts and shareholder communications, system of internal control and risk management, senior management structure and their responsibilities and succession plan. They are also responsible

CORPORATE Governance (Contd...)

to protect the untarnished reputation of the company from employees.

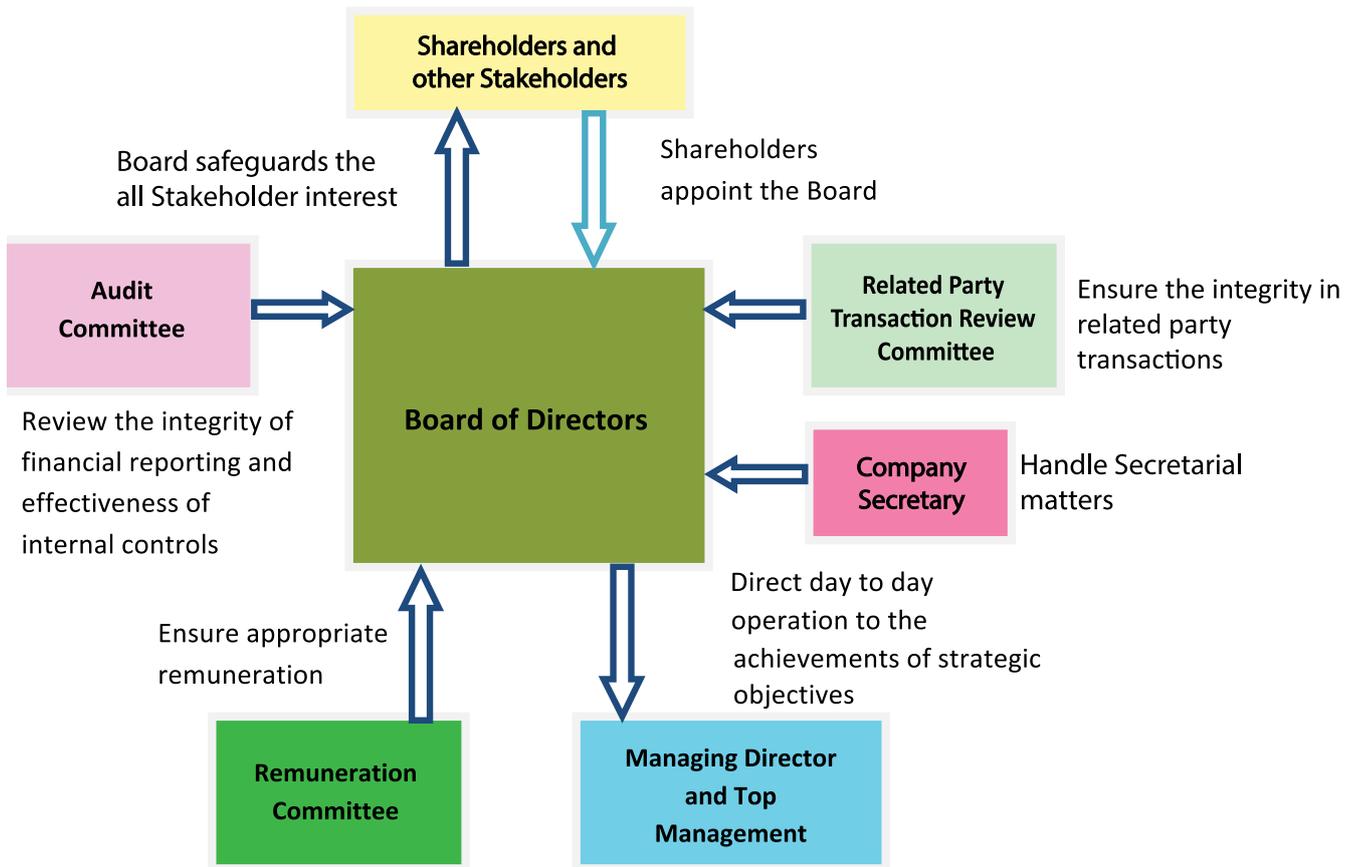
The Board has delegated responsibility to the Managing Director who is also the Chief Executive Officer for planning and guiding the business towards meeting set objectives. As previously stated, there is a clear demarcation of responsibilities and authority between the Chairman and the Chief Executive Officer/ Managing Director, which ensures a balance of power. The Board is responsible for the overall conduct of the Company's business and has powers, authorities and duties vested in it by and pursuant to the relevant laws of the country and Article of Association of the Company.

Other specific responsibilities are delegated to the Board Committees which operate clearly defined under terms of reference. Under this Audit Committees and Remuneration Committees have been formed.

Statement of Compliance

Samson International Plc is fully-compliant with the Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange.

Governance framework



CORPORATE Governance (Contd...)

Governance Structure

External Regulations	Internal Regulations
Companies Act No. 07 of 2007	Vision and Values
Code of Best Practice on Corporate Governance issued in year 2013 jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka	Articles of Association of the Company
Continues Listing Requirements of the Colombo Stock Exchange	Internal manuals, standing instructions on policy and procedures
G4 Standards for Sustainability reporting issued by the Global Reporting Initiative	Board Procedures and Board Sub Committee Terms

Business Ethics

The employees are bound to adhere to the following business ethics in order to promote good corporate governance in our business culture.

Business Ethics of the Company

- Safeguard the Company's assets and Company image.
- Work within applicable laws and regulations.
- Avoid situations where personal interest might conflict with the interest of the Company
- Exercise honesty, objectivity and diligence when performing one's duties.
- Maintain confidentiality of commercial and price-sensitive information.
- Strictly avoid giving or accepting any kind of a bribe, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.
- Strictly avoid making contributions for political funds, either directly or indirectly.

The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects misconduct at work, whether by management, peers or any other employee, to raise their concerns.

Transparency is encouraged in all public disclosures, as well as in the way business and communication take place with all stakeholders.

Code of Best Practice on Corporate Governance:

One of the most important responsibilities of the board is to monitor the Company's compliance with all applicable laws, rules, codes and standards

There are two ways that we adopt the Corporate Governance Practices. namely,

- 1) The Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- 2) The Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

CORPORATE Governance (Contd...)

The extent of adoption of the above code of best practices on Corporate Governance is explained under the following categories.

- | | |
|-----------------------------------|--|
| A. Directors | E. Institutional Investors |
| B. Directors' Remuneration | F. Other Investors |
| C. Relationship with Shareholders | G. Internet of things and Cyber security |
| D. Accountability and Audit | H. Environment, Society and Governance (ESG) |

Here the following fundamental aspects of corporate governance are described in the below table.

1) The Code of Best Practice on Corporate Governance issued in year 2017 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka:

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
A. DIRECTORS			
(1) Effective Board	A.1	The Board of Directors comprises 8 Directors of whom 5 are Non-Executive Directors including the Chairman. The three Executive Directors are the Managing Director and Director/General Manager and Director Marketing who are also part of the Corporate Management to whom the day to day running of the organization has been delegated. The Board has appointed Board Sub Committees to assist in discharge of their collective duties and also approves policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company. The Board is closely involved in developing strategy and setting the short, medium and long term goals of the Company and regularly monitors performance against pre-determined Key Performance Indicators which include both quantitative and qualitative measures on a regular basis.	Complied
(2) Regular Meetings	A.1.1	Board meetings are held quarterly whilst special Board meetings are convened as the need arises. During year ended 31st March 2019, the Board held 4 scheduled meetings. The following Board Sub Committees met quarterly: Board Audit Committee Board Related Party Transactions Review Committee However, Board Remuneration Committee held one meeting during the year under review. Attendance of Board Meetings and Sub Committee Meetings are given on pages 122, 134, 136 & 137 of this report.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(3) Ensure the formulation and implementation of sound business strategy	A.1.2	The Board is responsible for setting strategy, policies and for monitoring performance against agreed goals and KPIs. During the year, the Board reviewed the Corporate Plan and proposals of the Corporate Management and approved it.	Complied
(4) Ensure that the Chief Executive Officer (CEO) / Managing Director (MD) and Management team possess the skills, experience and knowledge to implement the strategy	A.1.2	The Board has delegated responsibility to the Managing Director who is also the Chief Executive Officer for planning and guiding the business towards meeting set objectives and reviews it regularly. The Board also reviews the performance of Key Management personnel and their skills, experience and knowledge to implement strategy.	Complied
(5) Ensure effective CEO/MD and Senior Management succession strategy	A.1.2	A procedure on selection and appointment of CEO and Key Management Personnel approved by the Board is in place.	Complied
A. DIRECTORS			
(6) Ensure effective systems to secure integrity of information, internal controls and risk management	A.1.2	Board Audit Committee reviews Internal Audit reports submitted by the Internal Auditors and monitors follow up action. The Internal Audit function of the Company is carried out by Ms Ernst & Young, Chartered Accountants. They directly report to the Chairman of the Audit Committee. The Audit Committee Charter gives guidelines on audit-related matters.	Complied
(7) Ensure compliance with laws, regulations and ethical standards	A.1.2	The Board and the Audit Committee reviews our compliance statements in addition to verifications carried out by our internal audit assistant.	Complied
(8) Ensure all stakeholder interests are considered in corporate decisions	A.1.2	The Articles of Association of the Company require the Directors to take decisions, taking into account the interests of customers, shareholders, employees and the community. Additionally, the Group Finance Committee and Group HR Committee as well as the Board Related Party Transactions Review Committee are in place in order to uphold the interests of these key stakeholders.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(9) Ensure that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations	A.1.2	The Board Audit Committee and the Board review accounting policies annually or as and when required to ensure that they are in line with the business model of the Company and evolving international and local accounting standards and industry best practices.	Complied
(10) Fulfill such other Board functions as are vital, given the scale, nature and complexity of the business concerned	A.1.2	The Board is committed to fulfill its functions in line with the laws, regulations and good governance practices adopted by the Company.	Complied.
(11) Act in accordance with laws relevant to the organization and procedure for Directors to obtain independent professional advice at company expense	A.1.3	The Board has put in place a framework of policies, procedures and a risk management framework to ensure compliance with relevant laws, other statutory guidelines and international best practices with regard to the operations of the Company. The Board obtains independent professional advice as and when necessary in accordance with the Board approved policy on Obtaining Independent Professional Advice and these functions are coordinated through the Company Secretary.	Complied.
(12) Access to and appointment or removal of Company Secretary	A.1.4	<p>All Directors have the opportunity to obtain the advice and services of the Company Secretary, Messes. PWC, is responsible for ensuring follow up of Board procedures, compliance with relevant rules and regulations, directions and statutes, keeping and maintaining Minutes and relevant records of the Company.</p> <p>The Articles of Association of the Company specify that the appointment and removal of the Company Secretary should be by resolution involving the entire Board.</p>	Complied.

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(13) Independent Judgment	A.1.5	The Directors of the Company have no vested interests and take decisions on matters before them using independent judgment.	Complied
(14) Dedication of adequate time and effort of the Directors	A.1.6	The Board of Directors were allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues consequent to the meeting. Therefore, they are able to familiarize with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.	Complied
(15) Training for Directors	A.1.7	The MD in consultation with the Chairman recommends Directors to attend training sessions/seminars.	Complied
A.2 DIVISION OF RESPONSIBILITIES BETWEEN CHAIRMAN AND MANAGING DIRECTOR			
(16) Conducting the business of the Board separately; to the executive responsibilities of the management of the Company	A.2	The positions of the Chairman and the MD have been separated in line with best practices in order to maintain a balance of power and authority. The Chairman is a Non-Executive Director whilst the MD is an Executive Director.	Complied
A.3 CHAIRMAN'S ROLE			
(17) Chairman's role in preserving good corporate governance	A.3	The Chairman's Functions and Responsibilities which include all aspects specified in the Code and the continuing listing requirements of the CSE.	Complied
(18) Conduct Board proceedings in a proper manner	A.3	Board proceedings are conducted according to the Agenda. The papers for discussion and the Agenda are circulated Seven (07) days prior to the meeting.	Complied
A.4 FINANCIAL ACUMEN			
(19) Availability of financial acumen and knowledge to offer guidance on matters of finance	A.4	Financial acumen has been a key attribute of the successful careers of the following Directors Mr. T.K. Bandaranayake Mr. G.H. Wimalasena Mr. D.G.P.S. Abeygunawardana Their profiles are on the pages 29 and 30.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
A.5 BOARD BALANCE			
(20) Non Executive Directors of sufficient calibre and number	A.5.1 & A.5.2	The Board comprises the 5 Non-Executive Directors including the Chairman and 3 Executive Directors who are the CEO / MD, the Director/General Manager and Director Marketing. The Non-Executive Directors are professionals/ academics/business leaders, holding senior positions in their respective fields and are therefore deemed to be of sufficient calibre. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board decisions.	Complied
(21) Independence of Non-Executive Directors	A.5.3	2 of the Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied
(22) Annual declarations of independence from Directors	A.5.4	Annual declarations of independence or non-independence have been obtained from the Independent Directors for 2018/19.	Complied
(23) Annual evaluation of independence	A.5.5	The Board makes an annual evaluation of independence of the Directors based on the submission of the annual declarations. Based on these, the following Directors are deemed to be independent: Mr. T.K. Bandaranayake Mr. G.H. Wimalasena There were no Directors deemed Independent where all criteria were not met.	Complied
(24) Senior Independent Director	A.5.6 & A.5.7	If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied. In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent. Non-Executive Directors to be the 'Senior Independent Director' (SID) and disclose this appointment in the Annual Report. At present Chairman and CEO are no the Same person.	Complied
(25) Senior Independent Director (SID) meeting with other Directors	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company. At present SID is not appointed.	Complied
(26) Chairman to hold meetings with Non-Executive Directors, without Executive Directors being Present	A.5.9	Chairman met Non-Executive Directors without the Executive Directors being present, on a need basis.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(27) Recording of Directors' concerns in Board Minutes	A.5.10	Board Minutes are prepared in order to record any concerns of the Board as a whole or those of individual Directors regarding matters placed for their approval/guidance/action. These Minutes are circulated and formally approved at the subsequent Board meeting, Additionally, Directors have access to the past Board papers and Minutes in case of need at all times. If a Director resigns over an unresolved issue, the Chairman will bring the issue to the attention of the Board. The Director concerned is also required to provide a written statement to the Chairman for circulation to the Board.	Complied
A.6 SUPPLY OF RELEVANT INFORMATION			
(28) Provision of appropriate and timely information	A.6.1	The management provides comprehensive information including both quantitative and qualitative information for the quarterly Board Meetings, generally 7 days prior to the Board / Sub Committee meetings. The Directors also have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. As described above, they also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it.	Complied
(29) Chairman to ensure all Directors are properly briefed on issues arising at Board meetings	A.6.1	All Directors are adequately briefed on matters arising at Board meetings through comprehensive Board papers. Additionally, the relevant members of the Management team are on standby for further clarifications as may be required by Directors or will make presentations at Board meetings. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through formally documented Minutes of meetings. A separate Board paper is prepared highlighting the items which need to be completed and need follow-up action of the previous meetings. This is taken up immediately after confirmation of Minutes.	Complied
(30) Board papers and agenda to be circulated 7 days prior to meetings.	A.6.2	As described above, Board papers are generally circulated 7 days before the meeting. There is provision for circulation of urgent papers within a shorter time frame and also for approval of matters by circulation, but such instances are the exception and not the rule.	Complied
A.7 APPOINTMENTS TO THE BOARD			
(31) Formal and transparent procedure for new Appointments through an established Nomination Committee	A.7.1	New Directors including Executive and Non-Executive Directors are appointed by the Board. To support this process a Board approved Policy on Selection, Nomination, Appointment and Election of Directors is in place.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(32) Annually assess Board composition	A.7.2	The Board annually assesses its composition to ascertain whether the combined knowledge and experience of the Board match the strategic demands facing the Company and is satisfied that it complies with the criteria.	Complied
(33) Disclosure of information to shareholders upon appointment of new Directors	A.7.3	All new appointments are communicated to the shareholders via the Colombo Stock Exchange in the English language. The profiles of the current Directors are given on page 28 to 32 in this report.	Complied
A.8 RE-ELECTION			
(34) All Directors should submit themselves for reelection at regular intervals	A.8	As per the Articles of Association of the Company, 1/3rd of the Directors and also those who are more than 70 years old, should retire at each Annual General Meeting and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election / re-appointment. In accordance with this provision, all the Directors other than following retire and offer themselves for re-election: Mr. D.G.P.S. Abeygunawardana, Mr. D.D.A Rajapaksa The Board is actively engaged in succession planning for both Executive and Non-Executive roles to ensure that Board composition is periodically renewed and that the Board retains its effectiveness at all times.	Complied
(35) Non Executive Directors are appointed for specified terms subject to reelection	A.8.1	Non-Executive Directors are appointed for re-election at Annual General Meetings in terms of Articles of Association.	Complied
(36) All Directors including Chairman to be subject to re-election at first opportunity after appointment and re-election at least every 3 years thereafter	A.8.2	All Non-Executive Directors including Chairman stand for re-election at Annual General Meetings.	Complied
(37) Resignation	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied
A.9 APPRAISAL OF BOARD PERFORMANCE			
(38) Appraisal of Board Performance	A.9.1	The Board annually appraises their own performance to ensure that they are discharging their responsibilities satisfactorily.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(39) Appraisal of Board Sub Committees	A.9.2	The Board Sub Committees follow the same process.	Complied
(40) Disclosure of the method of appraisal of the Board and Board Sub Committee Performance	A.9.3	As explained in A.9.1 & A.9.2 above	Complied
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS			
(41) Annual Report to disclose specified information regarding Directors	A.10.1	Information specified in the Code with regard to Directors are disclosed within this Annual Report as follows: Name, qualifications, expertise, material business interests and brief profiles are given on page 28 to 32 Details of whether a Director is Executive, Non- Executive / or Independent, Non Independent are given on page 28 to 32. Related Party Transactions are given on page 180 under note 27. Membership of Board Sub Committees is given on page 134 to 138 and attendance at Board Meetings and Board Sub Committee meetings are given on pages 122, 134, 136 & 137.	Complied
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR			
(42) Set reasonable financial and nonfinancial targets to be met by the CEO / MD	A.11.1	The Board discussed and set financial and non-financial targets to be achieved during the year by the MD with reference to the short, medium and long term objectives of the Company at the beginning of 2018/19.	Complied
(43) Evaluate performance of the CEO/MD with reference to targets	A.11.2	The performance evaluation of the Managing Director was carried out by the Board, HR & Remuneration Committee with reference to targets and goals achieved by the Company which was reported to the Board.	Complied
B. DIRECTORS' REMUNERATION			
B.1 REMUNERATION PROCEDURE			
(44) Appointment of a Remuneration Committee	B.1.1	The Board has established a Board Remuneration Committee to develop policies and determine remuneration for the Directors and Key Management Personnel respectively. No Director is involved in deciding his own remuneration. The Terms of Reference of this committee complies with Schedule C of the Code and other investor guidelines. In support of this requirement, a Board approved Reward Management Policy for Key Management Personnel is in place. Further information regarding the Board Remuneration Committee is given in the Board Remuneration Committee Report on page 136.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(45) Remuneration Committee to comprise exclusively Non Executive Directors	B.1.2 & B.1.3	The Board Remuneration Committee comprises the following Directors who are all Non-Executive Directors. Mr. G.H. Wimalasena (Chairman) Mr. T.K. Bandaranayake	Complied
(46) Remuneration for Non- Executive Directors	B.1.4	Remuneration of Non-Executive Directors is recommended by the Board Remuneration Committee for approval of the Board in line with market practice. A Board approved Policy on Directors' Remuneration is in place.	Complied
(47) Remuneration of Executive Directors	B.1.5	Remuneration of Executive Directors is determined by the Board Remuneration Committee who has access to professional advice from within or outside the company in formulating their proposals which are then discussed with the Chairman. A Reward Management Policy for Key Management Personnel approved by the Board is in place.	Complied
B.2 THE LEVEL AND MAKE UP OF REMUNERATION			
(48) Remuneration for Executive Directors should attract, retain and motivate	B.2.1 & B.2.2	Remuneration for Executive Directors is designed to attract, retain and motivate the Executive Directors as determined by the Board Remuneration Committee. Their remuneration comprises a fixed salary component, which includes perquisites and allowances, The Board Remuneration Committee takes into account market practices and seeks professional advice when required in order to discharge its responsibilities.	Complied
(49) Positioning company remuneration levels relative to other companies	B.2.3	The Board Remuneration Committee reviews the Company's remuneration levels in relation to other Companies in the country annually.	Complied
(50) Performance related elements of remuneration for Executive Directors	B.2.4	A performance related element of remuneration for Executive Directors has been implemented.	Complied
(51) Share option Schemes	B.2.5	There was no share option scheme during the year under review.	Complied
(52) Designing schemes of performance related remuneration	B.2.6	A scheme of performance related remuneration is in place.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(53) Early termination of Directors	B.2.7	Not applicable to the Board except for the MD and the Director/General Manager who are employees of the Company and their terms of employment are governed by the respective contracts of service.	Complied
(54) Dealing with early termination	B.2.8	Refer to B.2.7 above	Complied
(55) Levels of remuneration for Non -Executive Directors	B.2.9	The Board & Remuneration Committee determines the levels of remuneration for Non-Executive Directors taking into account the time commitment and responsibilities of their role and market practices. A Board approved policy on Directors' Remuneration is in place.	Complied
B.3 DISCLOSURE OF REMUNERATION			
(56) Composition of Board & Remuneration Committee, Remuneration Policy and disclosure of aggregate remuneration paid to Directors	B.3.1	The composition of the Board & Remuneration Committee and its report is given on page 140 & 136. The aggregate remuneration to Executive and Non-Executive Directors are given in Note No. 8 to the Financial Statements on page 166. Names of the Directors of the Board & Remuneration Committee are disclosed on pages 28 and 136 the Annual Report.	Complied
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
(57) Constructive use of the AGM & Other General Meetings	C.1	The Annual General Meeting is the main forum of contact between small shareholders and the Board. The Annual Report is circulated to all shareholders 15 working days prior to the AGM. Additionally, the Chairman's Review is translated into Sinhala each year.	Complied
(58) Count of all proxy votes lodged	C.1.1	All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.	Complied
(59) Separate resolutions for each substantially separate issue	C.1.2	A separate resolution is proposed at the AGM for each substantially separate issue. The adoption of the report and accounts is proposed as a separate resolution.	Complied
(60) Availability of Board Sub Committee Chairperson at AGM	C.1.3	All Board Sub Committee Chairpersons are present at the AGM to answer any questions raised at the AGM and will respond when requested to do so by the Chairman.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(61) Circulation of Notice of AGM and related documents to shareholders	C.1.4	Notice of the AGM and related papers are sent to shareholders at least 15 working days prior to the meeting in accordance with the regulations.	Complied
(62) Summary of procedures governing voting at the AGM	C.1.5	A summary of the procedures governing voting at the AGM is provided in the Proxy Form, which is circulated to shareholders 15 working days prior to the AGM.	Complied
C.2 COMMUNICATION WITH SHAREHOLDERS			
(63) Channel to reach all shareholders of the Company	C.2.1	The AGM is also a key forum for contact with shareholders and the Company has a proud history of well attended AGMs where shareholders take an active role in exercising their rights. The Chairman's review is translated into Sinhala as well to facilitate greater communication with shareholders. The Company posts on its website (www.samsonint.com) & CSE website copies of annual reports, interim reports etc.	Complied
(64) Policy and methodology for communication with shareholders	C.2.2	The Company provides fair disclosure with emphasis on the integrity, accuracy, timeliness and relevance of the information provided. A Board approved Policy on Communication is in place, in which provisions for communication with shareholders are contained.	Complied
(65) Implementation of the Policy and methodology for communication with shareholders	C.2.3	Shareholders are consulted on their preference to receive the Annual Report from the Company either by means of a Compact Disk or in printed form. Shareholders may elect to receive Annual Report from the Company in printed form free of charge at any time.	Complied
(66) Contact person in relation to shareholder matters	C.2.4 & C.2.6	Shareholders may, at any time, direct questions to and request for publicly available information from the Directors or management of the Company. They may also provide their comments and suggestions to the Directors or management through the Company Secretary.	Complied
(67) Process to make all Directors aware of major issues and concerns of shareholders	C.2.5	The Company Secretary maintains a record of all correspondences received. They direct as soon as practicable such correspondences to the Board, individual Directors or the relevant officers as applicable.	Complied
(68) Process of responding to shareholder matters	C.2.7	Please refer C.2.5 above.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
C.3 MAJOR AND MATERIAL TRANSACTIONS			
(69) Disclosure of major transactions	C.3.1	During the year 2018/19, the Company did not engage in or commit any "Major Related Party Transaction" which materially affected the Company's net asset base. This has been disclosed in the report of the directors.	Complied
D. ACCOUNTABILITY AND AUDIT			
D.1 ASSESSMENT OF THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE			
(70) Balance and understandable information to shareholders	D.1	The Company's position and prospects have been discussed in detail in the following sections of this Annual Report. Chairman's Review is given on pages 22 to 23. Managing Director's Review is given on pages 25 to 27. Financial capital is given on pages 61 to 67.	Complied
(71) Presence of a balanced and understandable assessment of Company's financial position, performance and prospects in the Annual report	D.1.1	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. In the preparation of Financial Statements, company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission.	Complied
(72) Interim reports, price-sensitive public reports, regulatory reports and statutory information requirements	D.1.2	Interim reports were published within 45 days of each quarter end which included information to assist shareholders gain an understanding of the state of affairs of the Company. Price sensitive information was disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by the regulators including Inland Revenue, Registrar of Companies, Colombo Stock Exchange and Central Bank were all filed in a timely manner in compliance with their requirements and these provided sufficient information for the user to obtain a balanced assessment of the Company's operations.	Complied
(73) MD's & Head of Finance's approval on financial Statements prior to Board approval	D.1.3	Head of Finance and two other Directors (MD & Director/General Manager) have signed the Financial Statements on behalf of the Board.	
(74) Declaration in Annual Report of the Board of Directors on the Affairs of the Company	D.1.4	The Annual Report of the Board of Directors on the Affairs of the Company on pages 140 to 145 contains the declarations as required by the Code.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(75) Responsibilities of the Board for the preparation and presentation of Financial Statements and statement by the Auditors about their reporting responsibilities	D.1.5	The Statement of Directors' Responsibility for Financial Reporting and Report of the Auditors which includes a statement about their reporting responsibilities are provided on pages 139 & 146 respectively.	Complied
(76) Include a Management Discussion & Analysis	D.1.6	The Management Discussion and Analysis contained in pages 61 to 99 (Capital Management Report) and covers the information specified in the Code as given below; Global Impact, Industry structure and development, opportunities and threats, Risks, Internal control systems and their adequacy, Social and environmental protection activities carried out by the Company, Financial performance & analysis, Material developments in human resource/industrial relations and prospects for the future.	Complied
(77) Summon on EGM to notify serious loss of capital	D.1.7	This situation has not risen	Complied
(78) Related Party Transactions	D.1.8	There is an approved documented process identifying related parties, type of related party transaction and the mechanism to ensure that no favourable treatment is granted to said parties in order for related parties to avoid any conflict of interest in this regard. An effective and comprehensive system of Internal Control for identifying, recording and disclosing related party transactions too is in place. Directors and KMPs submit declarations declaring their transactions to the Company on a annual basis. All related party transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note No. 27 to the Financial Statements on page 180.	Complied
D.2 RISK MANAGEMENT AND INTERNAL CONTROL			
(79) Maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets	D.2.1	The Board is responsible for formulating and implementing appropriate and adequate internal control systems. The Board Audit Committee has responsibility to the Board to ensure that the system of internal controls is sufficient and effective.	Complied
(80) Review need for Internal Audit Function	D.2.2	The Company has established an Internal Audit function carried out by in-house staff as well as outsourced to Messrs Ernst & Young Chartered Accountants.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
D.3 AUDIT COMMITTEE			
(81) Establish arrangements for selection and application of accounting policies, financial reporting and internal control principles	D.3	The Company has established its Board Audit Committee in keeping with good governance. The principal responsibilities of the Board Audit Committee include oversight over financial reporting, internal controls and monitoring auditor independence. Its duties include gaining assurance on control over financial processes, integrity of the Company's financial reports, monitoring performance, objectivity and independence of the External Auditor and reviewing work of the internal Auditor. The Board Audit Committee Report is given on page 134 in the Annual Report.	Complied
(82) Composition and Terms of Reference for Board Audit Committee	D.3.1	The Board Audit Committee consists of three Non-Executive Directors and is chaired by an Independent Non-Executive Director. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives. The Executive Director/General Manager, Head of Finance, representatives of the External Auditors are invited to attend the meetings.	Complied
(83) Review of External Audit function and relationship with External Auditors and terms of reference	D.3.2	The Committee has a key oversight role in relation to the External Auditor Messrs Edirisinghe & Co, whose primary relationship is with the Committee. The Company's Auditor Independence Policy ensures that the independence and objectivity of the Auditor is not impaired. The Committee has responsibility for recommending to the Board the appointment / re-appointment of the External Auditors and reviewing the nature, scope and results of the annual External Audit.	Complied
(84) Disclosures regarding Board Audit Committee	D.3.3	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 140 to 145 provides the disclosures such as the composition of the Board Audit Committee & a statement regarding the independence of the Auditors.	Complied
D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
(85) Related Party Transactions	D.4.1	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in note 27 to the financial statements (page 178).	Complied
(86) Composition of Related Party Transactions Committee	D.4.2	The Related Party Transactions (RPT) Review Committee of Samson International PLC acts as the company's RPT review committee and consists of Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. D. A. Rajapaksa	Complied
(87) Terms of Reference	D.4.3	Related Party Transactions Review committee has written terms of reference dealing with its authority and duties. RPT review committee report describing the duties, task and attendance of the committee appear on page 137.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
D.5 CODE OF BUSINESS CONDUCT AND ETHICS			
(88) Code of business conduct and ethics for Directors and staff	D.5.1	Codes of Conduct and Ethics are in place for the Directors and employees.	Complied
D.6 CORPORATE GOVERNANCE DISCLOSURES			
(89) Disclosure of adherence to Corporate Governance	D.6.1	The Corporate Governance Report given on pages 100 to 122 provides information regarding Corporate Governance practices in the Company which are in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.	Complied
E. SHAREHOLDERS – INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDER VOTING			
(90) Encourage voting at AGM	E.1	The Company has a history of active shareholder involvement at general meetings and all shareholders are regularly encouraged to state their intentions to vote.	Complied
(91) Regular structured dialogues with institutional investors	E.1.1	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
(92) Encourage institutional investors to give due weight to relevant governance arrangements	E.2	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and any new initiatives are highlighted at regular meetings to ensure that due weightage is given to good corporate governance.	
F. OTHER INVESTORS			
F.1 INVESTING / DIVESTING DECISION			
(93) Individual shareholders are encouraged to do their own analysis or seek independent advice	F.1	The Annual Report contains sufficient information for a potential investor to carry out their own analysis. This, together with the interim financial statements provided each quarter, provide sufficient information to enable retail investors to make informed judgments regarding the performance of the Company. Shareholders can contact, the Company Secretary for further information if required.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
F.2 SHAREHOLDER VOTING			
(94) Encourage shareholders to participate and vote at the AGM	F.2	It is a tradition at Company to encourage retail investors to participate and vote at the AGM. Additionally, they are encouraged to participate in the Company's affairs by way of submitting proposals.	Complied
G. INTERNET OF THINGS AND CYBERSECURITY			
(95) Cyber security risk of sending and receiving information	G.1	Disaster recovery plan is implemented with hardware infrastructure. All the data backups are maintained by Group IT.	Complied
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
(96) Provide Sufficient information relating to ESG risks	H.1.1	Annual report contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognized, managed, measured and reported in pages 123 to 133.	

2. The Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance:

This section reflects the Company's level of conformity to CSE's Listing Rules. This comprises the following fundamental principles and their application has been explained in the table under the following categories.

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee
- Related Party Transaction Review Committee

CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.1(a)	Non- Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Compliant 5 out of the 8 Board members are Non- Executives.
7.10.2(a)	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Compliant There are 2 Independent Directors and 5 Non- Executive Directors.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant Independence of Directors has been determined in accordance with CSE.
7.10.3(a)	Disclosure relating to Directors	a. The Board shall make a determination annually as to the independence or non independence of each Non-Executive Director b. Names of independent Directors should be disclosed in the Annual Report	Compliant All Independent, Non-Executive Directors have submitted declarations for their independence. Compliant This was disclosed on page 28.
7.10.3(b)	Disclosure relating to Directors	In the event a Director does not qualify as independent, but if the Board is of the opinion that the Director is nevertheless independent, shall specify the criteria not met and the basis for the determination in the Annual Report	Not Applicable this year
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise	Compliant Please refer the Profile of the Directors in the Annual Report on page 28.
7.10.3(d)	Disclosure relating to Directors	Upon appointment of a new Director to the Board, a brief resume of each Director should be provided to the CSE.	Compliant
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant
7.10.5(a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent	Compliant 2 out 3 Non-Executive directors are independent.

CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.5(b)	Report of Remuneration	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Compliant
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out: a. Names of Directors comprising the Remuneration Committee b. Statement of remuneration policy c. Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant Compliant Compliant
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant
7.10.6.(a)	The composition of Audit Committee	a. Shall Comprise Non-Executive Directors, a majority of whom can be independent b. Chief Executive officer and the chief Financial Officer should attend Audit committee meetings c. The Chairman of the Audit committee or One member should be a member of a professional Accounting body	Compliant 2 out of 3 Non-Executive directors are independent. Compliant He is a member of Institute of Chartered Accountants of Sri Lanka
7.10.6.(b)	Audit Committee functions	Overseeing of the (i) Preparation, Presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. (ii) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements (iii) Processes to ensure that the internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Compliant Audit Committee oversees the integrity of the financial statements. Compliant Audit Committee oversees the requirement of the Companies Act and other regulations. Compliant Audit Committee oversees effectiveness of internal control and risk management.

CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
		(iv) Assessment of the independence and performance of the external auditors.	Compliant Audit Committee oversees independence and performance of the external auditors.
		(v) Make recommendation to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors	Compliant Audit Committee makes such recommendations.
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee.	Compliant
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.	Compliant
9.2.2	Disclosure relating to Related Party Transactions Review Committee	Combination of non-executive directors and independent non-executive directors	Compliant The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director
9.2.3		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Compliant A separate Related Party Transactions Review Committee was formed for the Company.
		Function of the Committee	Compliant The Related Party Transactions Review Committee Report sets out the functions of the Committee on page 137.

CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
9.3.2. (c)	Disclosure in the Annual Report	The Annual report shall contain a Report of the Related Party Transactions Review committee in the prescribed manner.	Complied Please refer Related Party Transactions Review committee report on page 137.

The Attendance of the Board of Directors:

Name of Director	Status	22nd May 2018	10th Aug 2018	12th Nov 2018	08th Feb 2019	No of Attendance
Dr. D S Rajapaksa	NE	√	√	√	√	4/4
Mr. D K Rajapaksa	E	√	√	√	√	4/4
Mr. D R Rajapaksa	NE	√	√	√	X	3/4
Mr. T K Bandaranayake	NE/I	√	√	√	√	4/4
Mr. G H A Wimalasena	NE/I	√	√	√	√	4/4
Mr. D G P S Abeygunawardana	E	√	√	√	√	4/4
Mr. D D A Rajapaksa	E	√	√	√	√	4/4
Mr. D C J Rajapaksa (Appointed on 10.08.2018)	NE	-	-	√	X	1/4

Please also note that under status column "E" = Executive, " NE" = Non – Executive and " I" = Independent

The Attendance of Audit Committee, Remuneration Committee and Related Party Transactions Review Committee:

The attendance of the Audit Committee Report, Remuneration Committee Report and Related Party Transaction Review Committee are on page 134, 136 and 137 respectively with their individual committee reports.

RISK

Management

“The Company reviews and assesses the significant risks on a regular basis to ensure identification of any situation or circumstance that would adversely affect the achievement of the Company’s objectives.

Risk could arise in all our business activities. The Company reviews and assesses the significant risks on a regular basis and ensures that there is a system of internal control in place. We have to proactively identify the risk, assess it and respond to it by allocating required resources. This could elaborate in the areas of risk identification, risk assessment, risk response and risk reporting methodologies under five risk categories namely Macroeconomic, Competitor and Market, Operational, Financial and Others. The risk management process has been designed to ensure identification of any situation or circumstance that would adversely affect the achievement of the Company’s objectives.

At present the following reviews the risks regularly.

- 1) The Group Directors reviews Company’s risk profile and provide guidance on required risk responses on a monthly basis at the time reviewing the monthly accounts.
- 2) The Audit Committee reviews and monitors the internal controls. The audit reports are prepared by Messrs Ernst and Young, Chartered Accountants are reviewed by the audit committee along with the risk reports and compliance reports on quarterly basis.
- 3) The Company Board of Directors reviews strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to risks on a quarterly basis in the Board meetings.
- 4) Further Corporate finance and Group Treasury also advise on a regular basis.

At a strategic level, our risk management objectives are

- To identify the Company’s significant risks and formulate the Company’s Risk Appetite and ensure that business profile and the plans are consistent with it.
- To optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.
- To ensure that business growth plans are properly supported by effective risk infrastructure.
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- To help employees improve the control and co-ordination of risk taking across the business.

Internal and external audits are crucial in the risk management process. Reports on these audits are reviewed and action taken to manage any risks that have been identified. Significant audit findings by the Auditors are immediately reviewed by the Board appointed Audit Committee. The Company’s system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed. The internal audit team meets with the Finance Department every quarter share information and exchange perspectives. Issues identified at these discussions as being a potential risk are immediately subjected to a fuller investigation.

The Company has a proactive approach to business and aimed to control this uncertainty and thereby enhancing shareholder value. The risk management framework of the Company could be shown in the following manner.

RISK Management (Contd...)



The potential risks are identified from the risk workshops, risks reviews, control checklists and risks reporting. The risk management policy of Samson International Plc is to proactively manage risk to ensure continued growth of our business and to protect our employees, assets and reputation. Our

ongoing assessment process takes into account the likelihood of an event, its potential impact on the business, the need for mitigation and to take corrective action. We identify and assess material risks associated with our business, then monitor it, manage and mitigate these risks.

RISK Management (Contd...)

The Risk Management Table below explains the Risk identification, Risk assessment and Risk management under five risk categories.

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Macroeconomic Risk				
1) Market Specific Characteristics Risk	Seasonality period generates a substantial proportion of revenue and operating profit during the third financial quarter. Adverse trading in this relatively short period is likely to impact significantly the full year's results.	Financial and manpower planning takes into account expected peak period and the business is run accordingly. Contacting sister companies to obtain excess workers. Increase attendance bonus during the peak time. Maintain a buffer stock	Medium	Medium
2) Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	Exchange rate movements are taken in to consideration before conversion and pricing. Practicing effective hedging techniques. Continuous evaluation of the impact of Central Bank regulations.	High	High
3) Socioeconomic Risks	Sri Lanka's socioeconomic and political environment has an impact on the local sales	Management reviews prices in comparison to inflation and negotiates with suppliers for lower prices and credit terms. Export grade two products to low-end markets such as India & Pakistan	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Competitor and Market Risk				
4) Risk of Competition	Risk of losing our market share and sales growth to Chinese low quality products and to other substitute products, e.g. PVC Hot water bottles.	<p>Ensuring high standards of quality in the eyes of the customer and branding all our products.</p> <p>Participate in trade fairs both local and foreign to attract new customers.</p> <p>Identify the products which are in the decline stage of the Product life cycle and take corrective action.</p> <p>Sourcing new markets and developing new products.</p> <p>Make necessary investments to upgrade the facilities.</p> <p>Corporate plan is prepared every three years and monitored closely.</p> <p>Increasing productivity and efficiency in order to ensure our prices remain competitive.</p> <p>Carrying out Research and Development activities to identify needs.</p> <p>The provision of various value added services for our key customers.</p> <p>Manufacture PVC- related products where there is high demand, e.g., PVC hose</p>	High	High
5) Technological risk	Risk of low productivity and high maintenance costs compared to the products manufactured by competitors.	<p>Frequent visits of overseas exhibitions and continuous investment in modern machinery.</p> <p>Continuous competitor analysis is carried out.</p> <p>Investing in Research and Development activities throughout the year.</p> <p>Investing in ERP system, hardware and developing software in-house.</p>	Medium	Medium

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Competitor and Market Risk contd...				
6) Reputation Risk	Adverse impact on the corporate image and brand which is likely to diminish shareholder value. This will finally lead to a decline in market share and customer base.	<p>Maintenance of highest ethical standards at all times in all business activities and make compliance audit as part of internal audit scope.</p> <p>Proper adherence to the statutory, health and safety concerns by obtaining appropriate quality certification standards.</p> <p>Continuous review of customer comments in order to exceed customer expectations and ensure quality standards are adhered to and improved upon.</p> <p>The Company plays a corporate citizen role through CSR initiatives.</p>	Low	Low
7) Product Risk	<p>Products could turn out to be defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In such instances, the Company is exposed to market risks arising from consumer dissatisfaction and consequent rejection of its products.</p>	<p>The Company's plant and machinery are rigorously maintained and upgraded whenever necessary.</p> <p>Established quality control measures as well as product testing through sampling are performed on all product lines.</p> <p>The in-house Quality Surveillance Unit tests samples of new products or components from external suppliers before order placement.</p>	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Operational Risk				
8) Process Risk	Internal process failures, fraud, pilferage and breakdown of internal controls	<p>The Company sources its products and services from approved suppliers</p> <p>Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee.</p> <p>Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</p> <p>Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures.</p> <p>Carrying out mandatory preventive maintenance programmes.</p>	Medium	Medium
9) Supply Chain Risk	Risk of non-availability of raw materials and excessive prices.	<p>Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over dependency on a single supplier/brand.</p> <p>Store raw materials when the prices are low and enter into forward contracts for raw material purchases.</p> <p>Consume energy in the most efficient way.</p> <p>Re-order level and economic order quantity are established.</p>	Medium	Medium
10) Inventory Risk	Risk of having non-moving stock	<p>Identifying slow-moving stocks and sell them in a different market.</p> <p>Offering discount for bulk orders.</p>	Medium	Medium

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Operational Risk contd...				
11) People Risk	Risk of losing skilled and trained human capital	<p>Provide focused and structured training to staff at all levels to aid personal and professional development.</p> <p>Establish career development programmes and succession plans in order to retain and motivate them.</p> <p>Maintaining good relationships with employees through regular dialogue.</p> <p>Top priority is given to automation of manual work.</p>	Medium	Medium
12) Fraud, Compliance and Internal Controls Risk	As the business grows in size and geographical scope, the potential for fraud and dishonest activity by our suppliers, customers and employees increase.	<p>Clear behavioral guidance given to employees through operational manuals.</p> <p>Appropriate procedures and controls set out and audited across the business to reduce fraud risks; internal Audit and external Audit undertake detailed investigations into all business areas and report their findings to the Audit Committee.</p> <p>Regular update and new introduction of relevant policies and procedures.</p> <p>Whistle-blower policy.</p> <p>Periodical review of the internal controls by outsourced consultants.</p>	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
13) Asset Risk	Risks associated with the physical assets of the Company include the destruction, loss or theft as well as technical and other defects.	<p>All such assets are insured against all identifiable risks.</p> <p>The relevant insurance policies are subject to a comprehensive annual review, with modifications made as deemed necessary.</p> <p>Procedures in place to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based quality assurance at all manufacturing facilities.</p> <p>Provisioning is also made against obsolete inventory, warranty claims and doubtful debtors.</p>	Low	Low
14) Governance Risk	Risk of non-compliance with changes in legal and regulatory environment, taxation, labour and other laws will result in judiciary actions.	<p>Create awareness of statutory obligations at all levels.</p> <p>Seek advice from external consultants on all matters relating to litigation and contracts.</p> <p>Product liability insurance is taken for hot water bottles.</p> <p>Have a central record room to keep all our important documents for 10 years.</p> <p>Continuous dialogue with statutory bodies to meet updated reporting requirements.</p>	Low	Low

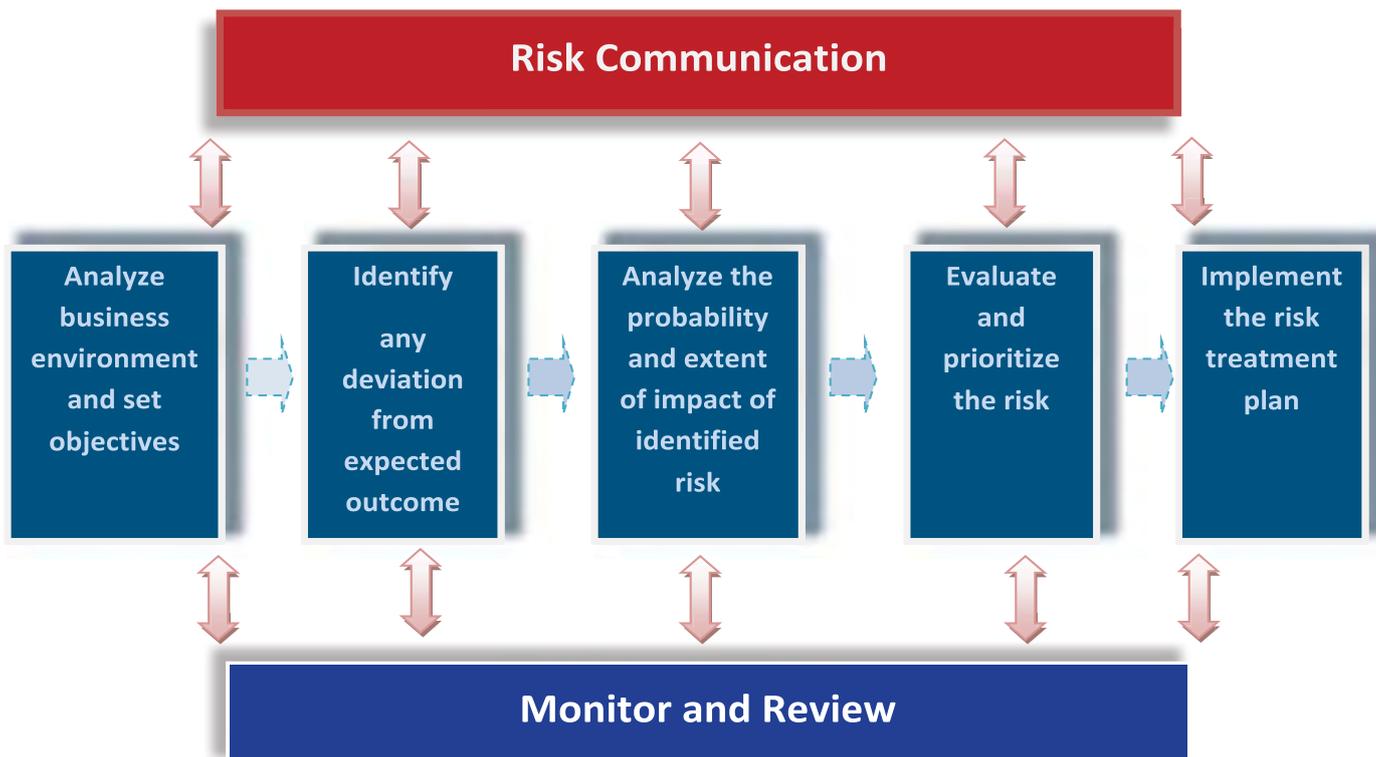
RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Financial Risk				
15) Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <p>Credit is allowed only for the approved customers which is reviewed yearly.</p> <p>Obtaining bank guarantees, deposits, post- dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</p> <p>Closely monitoring the debtor balances and laying down action plans accordingly.</p>	Medium	Medium
16) Interest rate and Finance risk	Inability to satisfy debt repayments and obtain the best interest rates.	<p>To have adequate facilities for obtaining loans and borrowings in foreign currency to bring down finance charges.</p> <p>Funding of long- term assets through equity and long- term loans.</p> <p>To have adequate short term borrowing facilities available at all times.</p> <p>Low gearing is maintained (30%).</p>	Low	Low
17) Investment Risks	<p>New projects/Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns.</p> <p>Failure of major projects will affect profitability, capital structure and reputation.</p>	<p>Conduct a PESTEL analysis and feasibility study before initiating the projects.</p> <p>Board approval should be received for all investments.</p> <p>Post-evaluation of the projects is carried out for each investment.</p>	Low	Medium

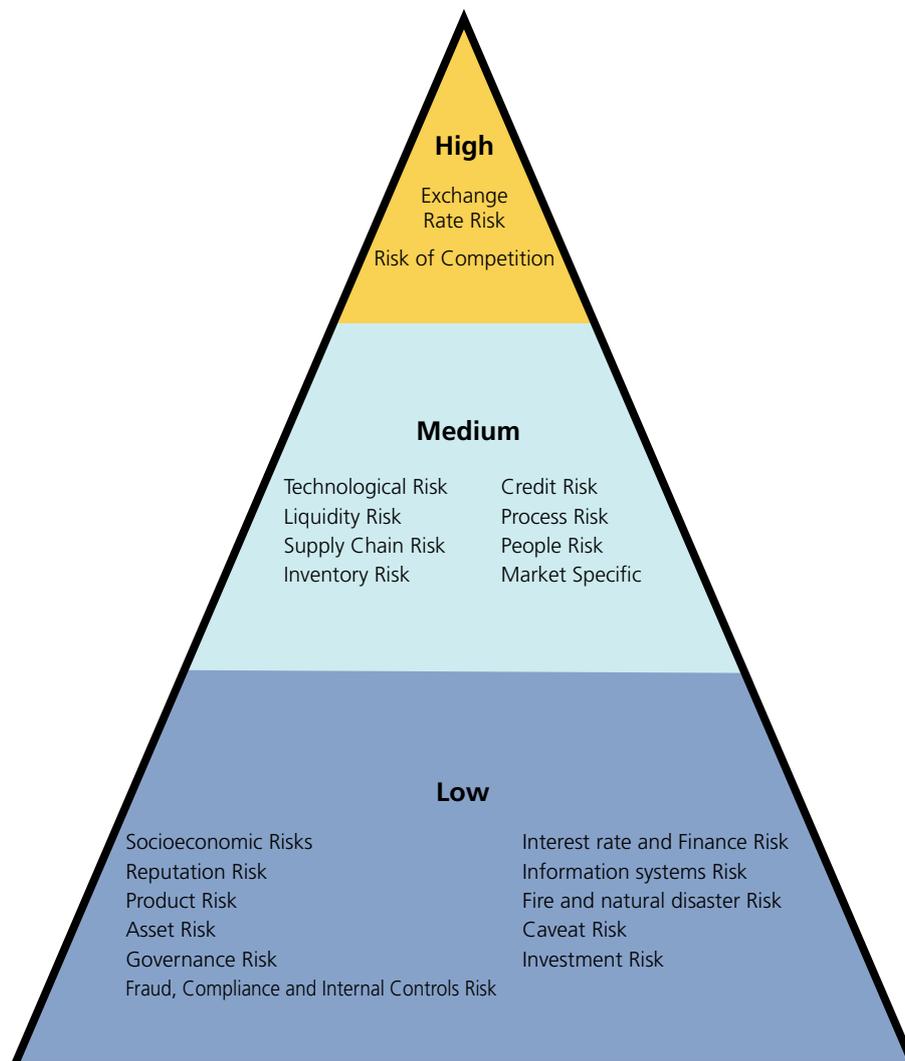
RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2019	Risk Ranking as at 31st March 2018
Financial Risk contd...				
18) Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<p>The liquidity position of the Company is regularly reviewed and reported to the Board.</p> <p>Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</p> <p>The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</p>	Medium	Medium
Other Risk				
19) Information systems risk	To minimize risk associated with data security, hardware & communication and software.	<p>Data back-ups stored in off- site locations.</p> <p>Maintaining of spare servers.</p> <p>Vendor agreements for support service and regular maintenance.</p>	Low	Low
20) Caveat Risk	Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. The best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impacts in a timely manner at multiple levels.	The Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuance of the business.	Low	Low
21) Fire and natural disaster risk	Fire and natural disasters can halt or cease operations	<p>Obtaining comprehensive insurance cover for fire and natural disasters.</p> <p>Fire safety drills and training is given to ensure the occurrence of fire is kept to a minimum.</p> <p>The Company is equipped with fire fighting equipment at all strategic locations in the factory.</p>	Low	Low

RISK Management (Contd...)



The summarized risk ranking of the Company is as follows.



AUDIT

Committee Report

Members of the Audit Committee and Details of Meetings held:

The Audit Committee comprises two Non-Executive Independent Directors and one Executive Director as at 31st March, 2019. The Committee is chaired by Mr T.K. Bandaranayake, who is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and former Senior Partner of Messrs Ernst & Young.

The Audit Committee held four meetings during the year under review. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

The attendance of the members of the Audit Committee was as follows:

Name of Director	Status	22nd May	10th August	12th November	08th February	No of Attendance
		2018	2018	2018	2019	
Mr. T. K. Bandaranayake	NE/I	√	√	√	√	4/4
Mr. G. H. A. Wimalasena	NE/I	√	√	√	√	4/4
Mr. D. R. Rajapaksa	NE	√	√	√	-	3/4

Please also note that under status column, "E" = Executive, "NE" = Non- Executive and "I" = Independent

The attendance of Executive Director/ General Manager and Head of Finance in the Audit Committee meetings is as follows.

Name	Status	22nd May	10th August	12th November	08th February	No of Attendance
		2018	2018	2018	2019	
Mr. D. G. P. S. Abeygunawardana	Executive Director/GM	√	√	√	√	4/4
Mr. A. P. Sisira Kumara	Head of Finance	√	√	√	-	3/3

The Role of the Audit Committee

The functions of the Audit committee are in line with the requirement of the Securities & Exchange Commission of Sri Lanka, Companies Act, No. 7 of 2007, and the best practices of Corporate Governance. These included, inter alia, ensuring the effectiveness of internal controls and procedures for financial

reporting purposes and the integrity of financial statements as well as the independence of the external auditors.

The Audit Committee was responsible for the following:

1. Meetings with the auditors to discuss any problems and reservations arising from the audit and any other matters that the auditor may wish to discuss independent of the management.
2. Reviewing the integrity and adequacy of the disclosures in the financial statements of the company in accordance with the Companies Act, No.7 of 2007, the Sri Lanka

Accounting Standards and Accounting Policies which are consistently applied.

3. Reviewing the financial reporting system to ensure the accuracy and timelines of the financial statements produced.

AUDIT Committee Report (Contd...)

4. Reviewing and ensuring the adequacy and effectiveness of the Company's internal control systems and risk management.
5. Oversight on the compliance by the company with the requirements of the statutory and regulatory framework. Compliance is monitored quarterly through the 'Company Reports'.
6. Making recommendations to the Board of Directors on the appointment/ re-appointment and the remuneration of the external auditors based on their performance.
7. Examining any non-audit work performed by the auditors to ensure that their independence is not impaired.

Internal Audit Function

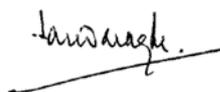
The Audit Committee reviews the Quarterly Internal Audit Reports. The internal audit function is carried out by Messrs Ernst & Young. The internal audit reports are reviewed thoroughly and recommendations are made for rectification.

Conclusion

The committee reports to the Board of Directors, identifying the matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management practices provide reasonable assurance that the affairs of the Company are managed in accordance with the Company policies and that the Company assets are properly accounted for and adequately safeguarded.

The Committee has recommended to the Board of Directors that Messrs Edirisinghe & Co., Chartered Accountants, be re-appointed as the Auditors for the financial year ending 31st March 2020, subject to the approval of the shareholders at the Annual General Meeting at a fee to be determined by the management.



T. K. Bandaranayake
Chairman
Audit Committee
Colombo
24th May 2019

REPORT OF the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent, Non- Executive Directors, Mr. G.H.A. Wimalasena and Mr.T.K. Bandaranayake. The committee is chaired by Mr. G.H.A. Wimalasena.

Role of the Committee

The Remuneration Committee reviews and recommends to the Board of Directors the policy on remuneration for the executive staff, specific remuneration packages for the Executive Directors and revision of fees for the Non- Executive Directors. The aggregate remuneration received by the Directors was shown under Note 8.1 in the Financial Statement.

Remuneration Policy

In a highly competitive environment, attracting and retaining high caliber executives is a key challenge faced by the Group. In this context, the Committee took into account competition, market information and performance evaluation methodology in declaring the overall remuneration policy.

The Remuneration Committee held one meeting during the year under review.



G.H.A. Wimalasena

Chairman

Remuneration Committee

Colombo

24th May 2019

REPORT OF THE RELATED Party Transactions Review Committee

Composition of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) was established in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Related Party Transactions Review Committee comprises 2 Non-Executive Directors and an Executive Director. The following Directors serve on the Committee chaired by Mr.T. K. Bandaranayake.

Mr T. K. Bandaranayake – Chairman	Independent, Non- Executive Director
Mr G.H. Wimalasena	Independent, Non- Executive Director
Mr D.D.A. Rajapaksa	Executive Director

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee. Brief profile of the members is given on pages 28 to 32 of the Annual Report.

Meetings

This Committee held four meetings during the year under review.

Name of Director	Status	22nd May	10th August	12th November	8th February	No of Attendance
		2018	2018	2018	2019	
Mr. T.K. Bandaranayake	NE/I	√	√	√	√	4/4
Mr. G.H.A. Wimalasena	NE/I	√	√	√	√	4/4
Mr. D.D.A. Rajapaksa	E	√	√	√	√	4/4

The attendance of Chief Executive Officer and Head of Finance in the Related Party Transaction Review Committee meetings is as follows.

Name	Status	22nd May	10th August	12th November	8th February	No of Attendance
		2018	2018	2018	2019	
Mr. D.G.P.S. Abeygunawardana	Executive Director/ GM	√	√	√	√	4/4
Mr. A.P. Sisira Kumara	Head of Finance	√	√	√	√	4/4

REPORT OF THE RELATED Party Transactions Review Committee (Contd...)

Role and Responsibilities

The mandate of the Committee is derived from the Code and the Rules and includes the following:-

1. Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company.
2. Reviewing in advance all proposed Related Party Transactions in compliance with the provisions of the Code.
3. Advising the Boards on making immediate market disclosures and disclosures in the Annual Report where necessary, in respect of Related Party Transactions, in compliance with the provisions of the Code and the Rules.

Policies and procedures adopted by the Committee for reviewing Related Party Transactions

1. Relevant information to capture Related Party Transactions is fed into the Company Related Party data base.
2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of Related Party Transactions.
3. Key Management Personnel (KMPs) and their Close Family Members (CFM's) are identified quarterly together with their NIC numbers and business registration numbers.
4. Details are verified and validated regularly.

5. All Managers are advised to report Related Party Transactions to the Company Secretary who has been identified as the crucial Point, for this purpose.
6. Details are shared with the Company Secretary to meet the regulatory requirements if required.

Review Function of the Committee

It has communicated its observations to the Board on the Related Party Transactions published in the Note 27 to the Financial Statements on pages 180 to 181.

Reporting to the Board

The Minutes of the RPTRC meetings are tabled at Board meetings enabling all Board members to have access to same.

On behalf of the Related Party Transactions Review Committee.



T. K. Bandaranayake

Chairman

Related Party Transactions Review Committee

Colombo

24th May 2019

STATEMENT of Directors Responsibility

The following statement, which should be read in conjunction with the Auditor's responsibilities, as set out in their report, is made with a view to distinguish between the respective responsibilities of the Directors' and the Auditor's, in relation to Financial Statements.

The Directors are required by the Companies Act, No 07 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these Financial Statements on the going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has the resources to continue its business for the foreseeable future, the Financial Statements continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements, the Company has used appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are also required to ensure that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Rules of the Colombo Stock Exchange and also complied with the related party transaction rules by section 9.3.2.(d) of the CSE Listing rules.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the Financial Statements comply with the Companies Act, No.07 of 2007.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are of the opinion that the Financial Statements of the Company set out on pages 149 to 182 have been

prepared in accordance with the above requirements and that they have appropriately discharged their responsibilities as set out in this Statement.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company, as at the Balance Sheet date have been paid, or where relevant are being provided for.

As required by Section 56 (2) of the Companies Act and the Articles of Association of the Company, the Board of Directors has authorized the payment of dividends, being satisfied based on information available to it that the Company would satisfy the Solvency Test after such distributions in accordance with Section 57 of the Companies Act No. 07 of 2007. Accordingly, the Board of Directors has signed the Certificate of Solvency. In respect of the authorized final dividend, the Company shall forward to CSE, prior to the date of dispatch of the dividend payment, a Certificate given by the Auditors to the effect that the Company able to satisfy the Solvency Test immediately after the distribution.

Messrs Edirisinghe & Co, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders' and Directors' meetings and express their opinion in their Report on page 146 of this Annual Report.

On behalf of the Board



D. K. Rajapaksa
Managing Director



D. G. P. S Abeygunawardana
Director / General Manager

Colombo

24th May 2019

REPORT

of the Board of Directors

The Directors of Samson International Plc have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31st March 2019, which was approved by the Directors at a meeting held on 24th May 2019.

Samson International Plc is a public limited liability Company, incorporated in Sri Lanka on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008 under registration number PO 192. The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted into a public quoted company.

This Report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance.

The Vision, Values and Corporate Conduct

The vision and values of the Company are given on page 03 of the Annual Report. The business activities of the Company are conducted at a high level of ethical standards in achieving its vision.

The Principal Activities of the Company

The principal activity of the Company is to manufacture of rubber and PVC-based products for the international and local markets.

Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on page 94 of this report as required by Section 168 (1) (d) of the Companies Act No. 7 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

Review of the year

The Chairman's review and the Managing Director's operational review together with the Financial Statements highlight the Company's performance during the period under review and the state of affairs as at 31st March 2019.

Turnover

Turnover of the Company is Rs.1,569 Mn in 2018/19 as compared to Rs. 1,116 Mn in the last year.

Turnover by segment:

Rs in 000'

Segment	2018/19	2017/18
Rubber-related items	1,229,609	900,474
PVC-related items	339,736	215,975
Total	1,569,345	1,116,449

REPORT OF THE Board of Directors (Contd...)

Profits:

Rs in 000'

	2018/19	2017/18 Restated
Profit for the year (after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	43,634	8,287
Tax on profits	(18,627)	(8,124)
Profit after taxation	25,007	163
Actuarial gain/(loss) on Post-Employment Benefit Liability	(1,136)	1,837
Diferred tax on Actuarial gain / (loss)	318	(514)
Total Comprehensive income net of tax	24,189	1,486

Retained Earnings:

Rs in 000'

	2018/19	2017/18 Restated
Balance brought forward	399,639	406,618
Profit for the year	25,007	163
Other Comprehensive income	(818)	1,323
Proposed final dividend	5,291	(8,465)
Balance carried forward	418,537	399,639

Segment Reporting

The revenue and results of the Company Segment-wise is provided in Note 28 to the Financial Statements on page 181.

Taxation

Under of the Inland Revenue Act No (IRA) 24 of 2017, tax profit on export sales, local sales and interest income are taxed at the rate of 28%.

Investments in Property, Plant & Equipment

During the year 2018/19, the Company invested Rs. 57 Mn (2017/18 -Rs.44 Mn) in property, plant & equipment. The total investments in property, plant & equipment as at 31st March 2019 amounted Rs. 815 Mn as opposed to Rs. 832 Mn as at 31st March 2018. The information relating to the movement in property, plant & equipment is given in Note 13 to the Financial Statement.

Stated Capital & Reserves

Stated Capital

The movement of the stated capital is as follows:

Rs in 000'

	2018/19	2017/18
Stated capital- Rs	109,600	109,600
No. of Ordinary shares	4,232,771	4,232,771

REPORT OF THE Board of Directors (Contd...)

Details of the Stated capital are given in Note 21 to the Financial Statements on page 176 of this Annual Report. The rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

Reserves

The Group reserves as at 31st March were as follows:

Rs in 000'

	2018/19	2017/18 Restated
General reserves	110,000	110,000
Revenue reserves	418,537	399,639
Total reserves	528,537	509,639

Directorate

The names of the Directors who held office at the end of the financial year are given below and their brief profiles appear on pages 28 and 32.

- 1) DR D.S. Rajapaksa (Chairman)
- 2) Mr D. K. Rajapaksa (Managing Director)
- 3) Mr D. R. Rajapaksa (Non - Executive Director)
- 4) Mr G. H. A. Wimalasena (Independent, Non - Executive Director)
- 5) Mr T. K. Bandaranayake (Independent, Non - Executive Director)
- 6) Mr D. G. P. S. Abeygunawardana (Director/ General Manager)
- 7) Mr D. D. A. Rajapaksa (Executive Director)
- 8) Mr. D. C. J. Rajapaksa (Non - Executive Director) (Appointed on 10th August 2018)

The Board of Directors recommends that a resolution be passed by the shareholders declaring that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr D. S. Rajapaksa, Mr D. K. Rajapaksa, Mr D R Rajapaksa Mr T. K. Bandaranayake and Mr G. H. A. Wimalasena and that, notwithstanding them having attained the age of more than 70 years, they be appointed to the Board of Directors for a period of one year in terms of Section 211 of the Companies Act No. 07 of 2007.

The attendance of the directors in the Board meetings are given on page 122 under Corporate Governance.

Directors' interest in shares

Directors' holdings of ordinary shares in the Company are given below:

	No of Shares as at 31.03.2019	No of shares as at 31.03.2018
Dr. D. S. Rajapaksa	1	1
Mr. D. K. Rajapaksa	10,959	10,959
Mr. D. R. Rajapaksa	11,350	11,350
Mr. G. H. A. Wimalasena	Nil	Nil
Mr. T. K. Bandaranayake	Nil	Nil
Mr. D. G. P. S. Abeygunawardana	110	110
Mr. D. D. A. Rajapaksa	Nil	Nil
Mr. D. C. J. Rajapaksa (appointed on 10.08.2018)	Nil	-
Mr. D. M. Rajapaksa (resigned on 30.10.2017)	-	10,224
Mr. C. Cumaratunga (resigned on 24.01.2018)	-	2,468
Total	22,420	35,112

REPORT OF THE Board of Directors (Contd...)

The Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholdings in compliance with Section 200 of the Companies Act.

Directors' Remuneration and Other Benefits

The details of the Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2019 is given in Note 8 to the Financial Statements on page 166 of this Report, as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007. Directors' remuneration for the financial year 2018/19 is Rs. 12,229,666 (last year 13,717,618).

Directors' interest in transactions:

The Directors of the Company have made a disclosure as required under Section 192(2) of the Companies Act No. 07 of 2007. Note 27 to the financial statements dealing with related party disclosures include their interests in transactions.

Interest Register

The Interests Register is maintained by the Company, as per the Companies Act, No. 7 of 2007. All Directors have made declarations as provided for in Section 192 (1) & (2) of the Companies Act aforesaid. The related entries were made in the Interests Register during the year under review. The Interests Register is available for inspection as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.

Board Committees

The Board while assuming the overall responsibility and accountability in the management of the company has also appointed Board Committees to ensure oversight and control over certain affairs of the Company, conforming to the corporate governance code and adopting the best practices. Accordingly, the following Committees have been constituted by the Board:

Audit Committee

Mr. T. K. Bandaranayake – Chairman,	Independent, Non- Executive Director
Mr. G. H. Wimalasena	Independent, Non- Executive Director
Mr. D. R. Rajapaksa	Non -Executive Director

The Report of the Audit Committee is given on pages 134 and 135, which forms part of the Annual Report.

Remuneration Committee

Mr G. H. A. Wimalasena – Chairman,	Independent, Non-Executive Director
Mr T.K. Bandaranayake	Independent, Non -Executive Director

The Report of the Remuneration Committee is given on page 136, which forms a part of the Annual Report.

Related Party Transactions Review Committee

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee which is in compliance with the Section 09 of the CSE Listing Rules.

Mr T. K. Bandaranayake – Chairman,	Independent, Non- Executive Director
Mr G.H. Wimalasena	Independent, Non- Executive Director
Mr D.D. A. Rajapaksa	Executive Director

The Report of the Related Party Transaction Review Committee is given on pages 137 and 138, which forms part of the Annual Report.

Employment Policies

The Company continues to invest in human resource development and implements effective practices to develop and build an efficient and effective workforce to ensure optimum contribution toward the achievement of its corporate goals. The Company employment policies are based on recruiting the best people, providing them training to enhance their skills, and recognition of the innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Company as long as possible. The number of persons employed by the Company at year-end was 414 (last year 415).

System of internal controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable and accurate. Monthly Management Accounts are prepared, giving management

REPORT OF THE Board of Directors (Contd...)

relevant, reliable and up -to-date Financial Statements and key performance indicators. The internal control systems across the organization are regularly evaluated by the internal auditors to the audit committee. The findings of the internal audit are reviewed first by the audit committee and significant issues are thereafter reported to the Board. The Statement on Directors' responsibility for financial reporting of the Company is set out on page 139 of this Report.

The Audit Committee reviews, on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place.

Financial Risk

The finance and interest rate risks associated with the operation of the company are discussed in detail under risk management on page 123 of this report.

Donations

The total amount of donations in cash was Rs 195,568 in the year 2018/19 (2017/18 – Rs.333,696). This has not exceeded the amount approved by shareholders at the last Annual General Meeting.

No donation was made for political purposes.

Major Transactions

There have been no transactions during the year under review which fall within the definition of "Major Transactions" in terms of Section 185 of the Companies Act, No. 07 of 2007. The total assets of the Company are Rs. 1.2 Bn and 50% of the total assets is Rs. 600 Mn. The Company has not bought any assets or undertaken any liabilities greater than Rs. 600 Mn during the year under review.

Share information

The information pertaining to earnings per share, dividend per share, net assets per share and market value per share is given in the Financial highlights on page 04 and in the Ten-year summary on page 188 of this Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2019 are given on page 201 of the Annual Report.

Public holding of shares in the Company

As at 31st March 2019, the public held 42.408% (in 2017/18-42.195%) of the shares of the Company.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the government, other regulatory institutions and in relation to employees have been made within the stipulated period and have been accounted for during the financial year.

Market Value of Properties

The information on value of lands and buildings owned by the Company is shown on page 71.

Compliance with laws and regulations

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activities contravening the laws and regulations of the country.

Social and Environmental Responsibility

As a responsible corporate body, the Company has taken all necessary steps and precautions to minimize any adverse impact of the Company's activities on the environment. When introducing new business, products, methods and machines, maximum care is taken to ensure that these conform to accepted environmental and safety regulations and standards. The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

Corporate Governance

The Company maintains and practices high principles of good corporate governance. The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long-term adopting good governance in managing the affairs of the Company. The practices adopted by the Company in relation to corporate governance are set out on pages 100 and 122 of this Report.

Auditor's Report

The Company's external auditor, Messrs Edirisinghe & Company, performed the audit on the Financial Statements for the year ended 31 March 2019. The Auditor's Report on the Financial Statements is given on page 146 of this Report as required by Section 168 (1) (c) of the Companies Act.

REPORT OF THE Board of Directors (Contd...)

Appointment of Auditors

The retiring Auditors Edirisinghe & Company, Chartered Accountants, have expressed their willingness to continue in office. A resolution to re-appoint them as auditors and authorize the Directors to fix their remuneration will be proposed at the Annual General Meeting in terms of the Companies Act, No. 7 of 2007.

Auditor's Remuneration and Independence

The Company paid audit fees to the external auditors for the year 2018/19 amounting to Rs. 389,600 (2017/18 - Rs. 354,500). Based on the declaration provided by Messrs Edirisinghe & Co. and as far as the Directors are aware, the Auditors do not have any relationship with or interests in the Company that may have a bearing on their independence, within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

Outstanding litigation

In the opinion of the Directors, in consultation with the Company lawyers, there is no litigation currently pending against the Company which will have a material impact on the reported financial results or future operations of the Company.

Post Balance sheet events

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

Going Concern

The Board of Directors has reviewed the Company's business and corporate plans and are satisfied that the Company has adequate resources to continue its operations in the foreseeable future after considering the financial position, operating conditions, regulatory and other factors required to be addressed in the Corporate Governance Code. The Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

Financial Statements of the Company

The Financial Statements of the Company, duly certified by the Head of Finance and approved by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act No. 7 of 2007, are given from pages 149 to 182 of the Annual Report.

Secretaries

P W Corporate Secretarial (Pvt) Ltd. continues to work as Secretaries to the Company.

Dividends

During the year under review, the company contributed to our shareholders providing income gains in the form of dividends.

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share base on the profit of 2018/19. (Dividend for 2017/18 is Rs. 1.25 per share). This is to be paid before in the month of 12th June 2019.

The Company maintains a consistent dividend policy in line with profitability and market expectations. The total dividends declaration for the financial year will amount to Rs. 8.4Mn

Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting on page 203.

27th Annual General Meeting

The 27th Annual General Meeting of the Company will be held on Friday the 28th day of June 2019 at the Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists at No 112, Model Farm Road, Colombo 08, which was the same venue for the previous year.

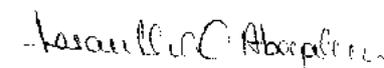
For and on behalf of the Board of Directors,



D. K. Rajapaksa
Managing Director



D. G. P. S Abeygunawardana
Director / General Manager



P W Corporate Secretarial (Pvt) Ltd.

Secretaries

Colombo

24th May 2019

INDEPENDENT Auditor's Report



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Chartered Accountants
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Sri Lanka

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W: www.bakertilly.lk

TO THE SHAREHOLDERS OF SAMSON INTERNATIONAL PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Samson International PLC (the Company), which comprise the Statement of financial position as at March 31, 2019, 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 give a true and fair view of the financial position of the Company as at March 31, 2019, 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 Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter

01) Provision for deferred tax

Provision for deferred tax has been calculated considering financial statement areas such as Retirement benefit obligation and Property, plant and equipment, where significant management estimates, judgments and uncertainties are involved.

How Our Audit Addressed the Key Audit Matter

Our procedures included the following:

Our audit procedures included verification of controls over the appropriateness of models used to calculations, the process of determining key assumptions and the identification of figures to be included within the calculations. The appropriateness of management's judgments was also independently considered in respect of calculation methodologies and individual calculations were also performed.

Partners: P.P. Edirisinghe FCA ACIM MBA Ms. M.K.K. Karunaratne FCA ACMA P.K.A.M. Alahakoon ACA MAAT
S.A. Harischandra ACA ACMA CGMA MBA Bcom (Sp.)
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayasena FCA

Edirisinghe & Co., trading as Bakertilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

INDEPENDENT Auditor's Report (Contd...)

EDIRISINGHE & CO.
Chartered Accountants

Other Information

Management is responsible for other information. The other information comprises Synopsis and highlights, Chairman's Review, Managing Director's Operational Review, Management Profile, Management Discussion and Analysis, Capital Management Reports, Governance and Stewardship Reports, Supplementary Information and Investor Information included in the annual report, which we obtained prior to the date of this auditor's report.

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.

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 misstatements, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Managements' 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 Company'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 Company to cease to continue as a going concern.

INDEPENDENT Auditor's Report (Contd...)

EDIRISINGHE & CO. Chartered Accountants

- 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's 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.

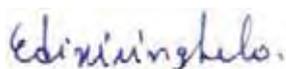
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and 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 3534.



Edirisinghe & Co.

Chartered Accountants

Colombo

24-May-2019

STATEMENT

of Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH	NOTE	2019 Rs.	2018 Rs. Restated
Revenue	06	1,569,344,864	1,116,449,958
Cost of sales		(1,261,795,596)	(895,959,431)
Gross profit		307,549,267	220,490,527
Other income	07	6,133,005	8,379,022
Distribution cost		(65,507,068)	(48,005,668)
Administrative expenses		(176,642,955)	(169,541,454)
Profit from operations	08	71,532,250	11,322,427
Finance income	09.1	6,585,773	10,317,766
Finance cost	09.2	(34,483,468)	(13,352,749)
Net finance cost		(27,897,695)	(3,034,983)
Profit before income taxation		43,634,555	8,287,444
Income tax expenses	10	(18,627,392)	(8,124,056)
Profit for the year		25,007,162	163,388
Other comprehensive income / (expense), net of tax:			
Actuarial gain / (loss) on post employment benefit liability		(1,136,247)	1,837,202
Deferred tax on actuarial gain/(loss)		318,149	(514,417)
Total comprehensive income / (loss) for the year, net of tax		24,189,064	1,486,173
Basic earnings per share	11	5.91	0.04
Dividend per share	12	1.25	2.00

All values are in rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 153 to 182 are an integral part of these financial statements.

STATEMENT of Financial Position

As at 31st March	Note	2019 Rs.	2018 Rs. Restated	2017 Rs. Restated
Assets				
Non current assets				
Property, plant and equipment	13	423,723,870	421,271,309	432,094,162
Intangible assets	14	5,324,828	6,196,664	7,068,500
Financial assets at fair value through profit and loss	15	18,703,210	29,131,625	30,159,190
Financial assets at amortized cost	16	14,965,959	13,773,664	12,532,111
Deferred tax assets	17.1	11,221,917	16,828,487	6,195,699
		473,939,784	487,201,749	488,049,662
Current assets				
Inventories	18	198,337,225	182,733,669	203,931,604
Trade and other receivables	19	471,814,451	338,479,880	323,576,059
Income tax refund		7,247,468	4,711,816	-
Cash and cash equivalents	20	43,912,089	67,258,464	85,572,038
		721,311,233	593,183,829	613,079,701
Total assets		1,195,251,017	1,080,385,578	1,101,129,363
Equity and liabilities				
Equity				
Stated capital	21	109,600,211	109,600,211	109,600,211
General reserve		110,000,000	110,000,000	110,000,000
Retained earnings		418,537,041	399,638,940	406,618,310
Total equity		638,137,252	619,239,151	626,218,521
Non current liabilities				
Deferred tax liability	17.2	59,691,217	51,918,673	33,092,133
Retirement benefit obligation	22	40,078,274	33,701,039	29,701,179
		99,769,491	85,619,712	62,793,312
Current liabilities				
Trade and other payables	23	173,082,055	182,389,046	230,949,462
Short term borrowings	24	284,262,219	193,137,669	180,739,728
Income tax payable		-	-	428,340
		457,344,274	375,526,715	412,117,530
Total liabilities		557,113,765	461,146,427	474,910,842
Total equity and liabilities		1,195,251,017	1,080,385,578	1,101,129,363

The significant accounting policies and notes on pages 153 to 182 are an integral part of these financial statements. The above financial statements comply with the requirements of Companies Act No.07 of 2007.



A.P. Sisira Kumara
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements on pages 05 to 39 were approved by the board of directors and were signed in Colombo on 24th May 2019 on its behalf by:



D. K. Rajapaksa
Managing Director



D. G. P. S. Abeygunawardana
Director / General Manager

STATEMENT of Changes in Equity

FOR THE YEAR ENDED 31ST MARCH 2019

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
For the year ended 31st March 2018				
Balance as at 1st April 2017 - As previously stated	109,600,211	110,000,000	332,781,180	552,381,391
Prior year adjustment (Note 29)	-	-	73,837,130	73,837,130
Balance as at 1st April 2017 - Restated	109,600,211	110,000,000	406,618,310	626,218,521
Profit for the year - 2017/18	-	-	163,388	163,388
Other comprehensive income	-	-	1,322,785	1,322,785
Dividends paid	-	-	(8,465,542)	(8,465,542)
Balance as at 31st March 2018	109,600,211	110,000,000	399,638,940	619,239,151
For the year ended 31st March 2019				
Balance as at 1st April 2018	109,600,211	110,000,000	399,638,940	619,239,151
Profit for the year - 2018/19	-	-	25,007,162	25,007,162
Other comprehensive income	-	-	(818,098)	(818,098)
Dividends paid	-	-	(5,290,964)	(5,290,964)
Balance as at 31st March 2019	109,600,211	110,000,000	418,537,041	638,137,252

General reserve represents the amount set aside by the Directors for future expansion and to meet any contingencies.

Figures in brackets indicate deductions. All values are in Rupees, unless otherwise stated.

The significant accounting policies and notes on pages 153 to 182 are an integral part of these financial statements.

STATEMENT of Cash Flows

FOR THE YEAR ENDED 31ST MARCH		2019	2018
	NOTES	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(Loss) before taxation		43,634,555	8,287,444
Adjustment for :			
Depreciation	13	54,379,750	54,695,690
Amortization of intangible assets	14	871,836	871,836
(Profit) / loss on available for sale financial assets		(986,325)	1,027,565
Loss on disposal property plant and equipment		-	70,305
Exchange (gain) / loss on borrowings		(4,920,976)	13,940,777
Increase in provision for retirement benefit obligation	22	6,991,516	7,164,992
Interest income	09.1	(6,585,773)	(6,836,673)
Interest cost	09.2	34,483,468	13,352,749
Profit Before Working Capital Changes		127,868,051	92,574,686
Changes in Working Capital :			
Increase in inventories	18	(15,603,556)	21,197,935
Decrease / (increase) in trade and other receivable	19	(133,334,571)	(14,903,820)
Increase / (decrease) in trade and other payable	23	(9,306,990)	(48,560,417)
Cash generated from/(used in) operations		(30,377,066)	50,308,384
Interest paid	09.2	(34,483,468)	(13,352,749)
WHT paid		(72,382)	(237,218)
ESC paid		(7,393,398)	(5,347,660)
Retiring gratuity paid	22	(1,750,528)	(1,327,930)
Net cash generated from /(used in) operating activities		(74,076,842)	30,042,827
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(56,832,311)	(43,943,141)
Investment in treasury bills	16	(1,192,295)	(1,241,553)
Net proceeds from withdrawal of fixed deposits	16	11,414,740	-
Interest income	09.1	6,585,773	6,836,673
Net cash used in investing activities		(40,024,093)	(38,348,021)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(5,290,964)	(8,465,542)
Proceeds from short term borrowings	24	419,982,063	475,618,731
Repayment of short term borrowings	24	(347,174,473)	(482,051,651)
Net cash generated from/(used in) financing activities		67,516,626	(14,898,462)
Net decrease in cash and cash equivalents		(46,584,309)	(23,203,656)
Cash and cash equivalents at the beginning of the year		8,780,856	31,984,512
Cash and cash equivalents at the end of the year		(37,803,454)	8,780,856

All values are in Rupees, unless otherwise stated. Figures in brackets indicate deductions.

The significant accounting policies and notes on pages 153 to 182 are an integral part of these financial statements.

NOTES

to the Financial Statements

1. General Information

1.1 General

The Company is a public limited liability Company incorporated and domiciled in Sri Lanka. The address of its registered office is No. 110, Kumaran Ratnam Road, Colombo 02 and the principle place of business is situated at Akuressa Road, Bogahagoda, Galle.

1.2 Principal activities and nature of operations

During the year, the principal activities of the Company were manufacture unhardened vulcanized rubber and PVC based products to the international and local markets.

1.3 Parent enterprise and ultimate parent enterprise

The Company's parent undertaking is DSI Samson Group (Pvt) Ltd which holds effectively (collectively inclusive of Company holding) 57% of shares of Samson International PLC.

1.4 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on 24th May 2019.

1.5 Number of employees

The number of employees of the Company at the end of the year was 414 (2017/18 - 415 Employees)

2. Basis of Preparation

2.1 Statement of compliance

The Company prepares the financial statements in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 19 of 1995.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except that the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective notes to the financial statements.

2.2.1 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading. Therefore, the financial statements continued to be prepared on the going concern basis.

2.3 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees which is the Company's functional currency.

2.4 Use of Estimates and Judgments

The preparation of financial statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although the judgments and estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is provided in Note 04.

NOTES to the Financial Statements (Contd...)

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements of the company.

3.1 Foreign Currency

3.1.1 Foreign currency transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

3.2 Assets and the Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1 Property, Plant and Equipment

3.2.1.1 Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.2.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

3.2.1.3 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition of the asset are determined by comparing the proceeds from disposal with the carrying amount of property, plant & equipment and are recognized within other income in the Statement of comprehensive income.

3.2.1.4 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Asset category	Useful life (Years)
Buildings	20 years
Plant and machinery	10 years to 29 years
Machine accessories	10 years to 26 years
Furniture and fittings	10 years
Office equipment	10 years to 23 years
Motor vehicles	05 years to 19 years

NOTES to the Financial Statements (Contd...)

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2.2. Intangible Assets

3.2.2.1. Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the Statement of financial position under the category of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

3.2.2.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.2.2.3 Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Category of Asset	Useful Life (Years)	Depreciation Rate (%)
ERP Computer Software	10	10%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

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 amortization period or method, as appropriate, and are treated as changes in accounting estimates.

3.2.2.4 Derecognition

Gains or losses arising from derecognizing 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 income statement when the asset is derecognized.

3.2.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.2.4 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred

NOTES to the Financial Statements (Contd...)

in bringing the inventories to their present location and condition.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a) All inventory items except manufactured inventories and work-in-progress are measured using first in, first out basis.
- b) Manufactured inventories and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate shares of production overhead based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.2.4.1 Allowance for impairment

All inventory items are tested for impairment periodically.

3.2.5 Trade Receivables

3.2.5.1 Recognition and measurement

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

3.2.5.2. Provision For Impairment

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial

reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Statement of comprehensive income.

3.2.5.3 Trade receivables write off

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution expenses in the Statement of comprehensive income.

3.2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits, and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.3 Financial Instruments

3.3.1 Financial assets

3.3.1.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 09 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the

NOTES to the Financial Statements (Contd...)

date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short term deposits, trade receivables, loans and other receivables.

3.3.1.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

3.3.1.2.1 Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets designated as such at fair value through profit or loss at initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Subsequent to initial recognition, financial assets at fair value through profit loss are carried at fair value in the Statement of financial position with fair value gains or losses recognized through the Statement of comprehensive income.

3.3.1.2.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include financial assets designated as such at fair value through other comprehensive income at initial recognition. However as at 31st March 2019, there were no financial assets at fair value through other comprehensive income.

3.3.1.2.3 Financial assets at amortized cost

Financial assets at amortized cost include financial assets designated as such at amortized cost through other comprehensive income at initial recognition. The Company have been classified investments in treasury bills and trade receivables under this category considering the objective is to hold such investments and receivables in order to collect contractual cash flows.

3.3.1.3. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset, or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

3.3.2 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

NOTES to the Financial Statements (Contd...)

3.3.3 Financial liabilities

3.3.3.1 Initial recognition and measurement

Financial liabilities within the scope of SLFRS 09 are classified as financial liabilities at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, transaction costs that are directly attributable to the acquisition or issue of such financial liability.

The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

3.3.3.2 Subsequent measurement

3.3.3.2.1 Financial liabilities at amortized cost

Financial liabilities at amortized cost include financial liabilities designated upon initial recognition as at amortized cost.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method unless the effect of discounting would be insignificant in which case they are stated at cost.

Amortized 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 amortization is included in finance costs in the Statement of comprehensive income.

3.3.3.3 De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.4. Post Employment Benefits

3.4.1. Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the "Projected Unit Credit Method".

Past service costs are recognized immediately in the profit or loss while the actuarial gains and losses are charged or credited to profit or loss in the period in which they arise. The liability is not externally funded.

3.4.2 Defined contribution plans - EPF and ETF

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Company contributes 12% of gross emoluments of Executive and Other employees respectively to the Employees' Provident Fund and 3% of gross emoluments of all employees to the Employees' Trust Fund respectively. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

3.5 Stated Capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

3.6 Provisions

A provision is recognized if, as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

NOTES to the Financial Statements (Contd...)

3.7 Statement of Comprehensive Income

3.7.1 Revenue

3.7.1.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Company. The following specific criteria are used for the purpose of recognition of revenue.

3.7.1.1.1 Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

3.7.1.1.2 Other income

Interest income

For all financial instruments measured at amortized 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 comprehensive income.

3.7.2 Expenditure recognition

3.7.2.1 Operating expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of comprehensive income in arriving at the profit for the year. Provision has also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on property, plant and equipment.

3.7.2.2 Borrowing costs

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

3.7.3 Net finance income / (expenses)

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.7.4 Taxation

3.7.4.1 Current taxes

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax on Sri Lankan operation is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in the respective notes to the financial statements.

3.7.4.2 Deferred taxation

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available

NOTES to the Financial Statements (Contd...)

against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

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 the related tax benefit will be realized.

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

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

3.8 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the financial statements.

3.9 Cash Flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

3.10 Earnings Per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

3.11 Events Occurring After the Reporting Date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the

financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3.12 Application of New Accounting Standards Effective from 1st January 2018

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies adopted by the Company and have been applied in these financials accordingly as appropriate .

"Sri Lanka Accounting Standard (SLFRS 9) – "Financial Instruments"

SLFRS 9 replaced the previous guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 01st January 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. Accounting policies adopted by the Company based on this standard have been elaborated in above Note 3.3.

Sri Lanka Accounting Standard (SLFRS 15) – "Revenue from contracts with customers"

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including Sri Lanka Accounting Standard (LKAS 18) – "Revenue", Sri Lanka Accounting Standard (LKAS 11) "Construction Contracts" and IFRIC 13 – "Customer Loyalty Programmes". Accounting policies adopted by the Company based on this standard have been elaborated in above Note 3.7.1.

3.13 Segment Reporting

Segment information is provided for the different business segments of the Company. Business segmentation has been determined based on the

NOTES to the Financial Statements (Contd...)

nature of goods provided by the Company after considering the risks and rewards of each type of product.

The activities of the segments are described in note 28 to the financial statements.

4. Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

4.1 Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of Property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the property, plant and equipment balance.

4.2 Estimated useful lives of intangible assets

The Company reviews annually the estimated useful lives of intangible assets based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of intangible assets would increase the recorded amortization charge and decrease the intangible assets balance.

4.3 Defined benefit obligations

The present value of the gratuity obligations depends

on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

4.4 Allowance for doubtful debts

The Company assesses at the reporting date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

5. Financial Risk Management

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework, including policies and procedures. In discharging its governance responsibility it operates through the Board of Directors and the Audit Committee.

The Company has exposure to the following risks from its use of financial instruments

Credit Risk
Finance and Interest rate risk
Foreign Exchange rate risk
Operational Process risk
Investment risk / Project Management
Liquidity risk

5.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

NOTES to the Financial Statements (Contd...)

5.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

As at 31 March	2019	2018
	Rs.	Rs.
Trade receivables	429,253,679	305,007,534
	429,253,679	305,007,534

5.1.1.1 The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty is as follows:

As at 31 March	2019	2018
	Rs.	Rs.
Trade receivables from related parties	115,908,531	83,403,280
Trade receivables - others	313,345,148	221,604,254
	429,253,679	305,007,534

Amounts due from related companies were given on normal credit terms.

5.1.1.2 The maximum exposure to credit risk for net trade receivables as at the reporting date by geographic was as follows:

As at 31 March	2019	2018
	Rs.	Rs.
Domestic	269,343,889	200,055,024
European Region	146,998,969	95,371,375
Asian Region	14,391,096	9,511,567
American Region	613,498	5,260,118
	431,347,452	310,198,083

5.1.2 The Company has received bank guarantees of Rs. 38.7 Mn from authorized distributors for PVC products.

5.2 Finance and interest rate risk

Finance risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

5.2.1 As at 31 March 2019, Company has unutilized banking facilities amounting to Rs. 137 million representing 33% of the total bank facilities from the consortium of banks.

NOTES to the Financial Statements (Contd...)

5.2.2 The following are the contractual maturities of financial liabilities within 12 months :

As at 31 March	2019 Rs.	2018 Rs.
Carrying amount		
Trade Creditors - Related Companies	96,311,652	97,071,955
Trade Creditors - Direct Import	330,611	30,559,107
Trade Creditors - Other	26,428,460	25,068,124
Expenses Creditors	27,334,452	23,139,820
Bank borrowings - Overdrafts	81,715,543	58,477,608
Bank borrowings - Short Term Borrowings	202,546,676	134,660,061
	434,667,394	368,976,675

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

5.3 Foreign Exchange rate risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than Sri Lankan Rupees (LKR), The foreign currencies in which the set transactions primarily denominated are United State Dollars (USD) and Euro.

5.3.1 The Company's exposure to foreign currency risk based on notional amounts was as follows:

As at 31 March (in Rs)	2019		2018	
	USD	EUR	USD	EUR
Foreign currency advances paid	1,636	1,457	1,633	1,325
Trade and other receivables	952,078	847,773	710,298	576,346
Cash and cash equivalents	4,156	3,701	4,103	3,329
Short term borrowings and other payables	(1,149,984)	(1,023,997)	(863,372)	(700,552)
Gross statement of financial position exposure	(192,114)	(171,066)	(147,337)	(119,552)

5.3.2 The following significant exchange rates were applicable during the year:

	Average rate		Reporting date spot rate	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
USD	168.72	153.45	176.13	155.97
EUR	195.25	179.03	197.80	192.22

5.3.3 Sensitivity analysis

A strengthening or weakening of the LKR, as indicated below, against the USD and Euro as at 31st March 2018 would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES to the Financial Statements (Contd...)

	Increase / (decrease) Revenue Rs.000's	Increase / (decrease) Profit & loss Rs.000's
10% increase in exchange rate	75,263	1,411
10% decrease in exchange rate	(75,263)	(1,411)

5.4 Risk Management

The approach to mitigate the exposure of the above risks by the management is as follows;

Risk identification	Risk assessment	Risk Management	Risk Ranking
5.4.1 Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>The following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <ul style="list-style-type: none"> a) Credit is allowed only to approved customers which is reviewed yearly. b) Obtaining bank guarantees, deposits, post- dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery. c) Closely monitoring the debtor balances and laying down action plans accordingly. 	Medium
5.4.2 Operational process Risk	Internal process failures, fraud, pilferage and breakdown of internal controls	<ul style="list-style-type: none"> a) The Company sources its products and services from approved suppliers. b) Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee. c) Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness. d) Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures. e) Carrying out mandatory preventive maintenance programmes. 	Medium

NOTES to the Financial Statements (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking
5.4.3 Financing and Interest rate risk	Inability to satisfy debt repayments and obtain the best interest rates.	<ul style="list-style-type: none"> a) To have adequate facilities for obtaining USD loans and borrowings in foreign currency to bring down finance charges. b) Funding of long- term assets through equity and long- term loans. c) To have adequate short term borrowing facilities available at all times. d) Low gearing is maintained. 	Low
5.4.4 Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	<ul style="list-style-type: none"> a) Exchange rate movements are taken in to consideration before conversion and pricing. b) Practicing effective hedging techniques. c) Continuous evaluation of the impact of Central Bank regulations. 	High
5.4.5 Investment/ Project Management Risks	New projects / Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns. Failure of major projects will affect profitability, capital structure and reputation.	<ul style="list-style-type: none"> a) Conduct a PESTEL analysis and feasibility study before initiating the projects. b) Board approval should be received for all investments. c) Post-evaluation of the projects is carried out for each investment. 	Low
5.4.6 Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<ul style="list-style-type: none"> a) The liquidity position of the Company is regularly reviewed and reported to the Board. b) Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained. c) The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds. 	Medium

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2019	2018
	NOTE	Rs.	Rs.
06. Revenue			
Sale of goods	Note 06.1	1,569,344,864	1,116,449,958
		1,569,344,864	1,116,449,958
6.1 - Composition of Revenue			
Export turnover		752,629,633	496,656,449
Local turnover		816,715,231	619,793,509
		1,569,344,864	1,116,449,958
07. Other Income			
Recovery of bad debts written off		-	201,605
Reversal of over provided specific provision for receivables		3,511,026	672,847
Payables written back		-	265,382
Reversal of over provided provision for slow moving inventory		-	5,921,084
Profit on sale of financial assets		986,325	-
Other income		1,635,654	1,318,104
		6,133,005	8,379,022
08. Profit from Operations is Stated after charging all expenses including following:			
Cost of purchase		903,669,481	615,032,920
Employee benefit expenses	Note 08.1	270,732,275	244,516,190
Other overheads		7,436,611	7,054,343
Depreciation		54,379,750	54,695,690
Amortization of intangible assets		871,836	871,836
Export expenses		13,461,728	10,761,235
Machinery maintenance		22,809,358	17,980,305
Sub contract wages		16,016,763	11,721,625
Auditors remuneration - Assurance services		389,600	354,500
Auditors remuneration - Non assurance services		75,600	69,000
Others		214,102,617	150,448,909
Total cost of purchase, distribution and administrative expenses		1,503,945,619	1,113,506,553
8.1 Employee Benefit Expenses			
Directors emoluments		12,229,666	13,717,618
Bonus and other allowances		2,816,511	1,940,961
Salaries, wages, overtime and other staff costs		230,158,152	204,403,820
Post employment benefit - Gratuity		6,991,516	7,164,992
EPF and ETF		18,536,430	17,288,799
		270,732,275	244,516,190

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2019	2018
	NOTE	Rs.	Rs.
9. Net Finance Income			
9.1 Finance Income			
Interest income from fixed deposit		1,808,497	992,184
Interest income from foreign currency deposits		569,178	582,637
Interest income from treasury bills		1,290,931	1,379,990
Interest income from debentures		2,817,228	3,809,984
Interest income - Staff loans		99,939	71,878
Foreign exchange gain		-	3,481,093
		6,585,773	10,317,766
9.2 Finance Cost			
Interest expenses on bank borrowings		10,933,049	7,747,613
Foreign exchange loss		17,058,039	-
Overdraft interest		6,492,380	5,605,136
		34,483,468	13,352,749
Net finance cost		(27,897,695)	(3,034,983)
10. Income Tax Expenses			
Income tax provision for the year	Note 10.1	4,692,909	444,817
(Over) /under provision in previous years		237,219	(96)
Origination and reversal of temporary differences of deferred tax assets and liabilities	Note 17	13,697,264	7,679,335
		18,627,392	8,124,056
10.1 Reconciliation between Income Tax Expenses and the Accounting Profits			
Profit before income tax		43,634,555	16,973,525
Tax effects of:			
– Total disallowable expenses		68,535,926	55,927,704
– Total allowable expenses		(68,023,068)	(93,320,673)
Taxable income / (taxable loss) from ordinary activities		44,147,413	(20,419,444)
Income not part of adjusted business profit / (loss)		(4,085,753)	(6,836,673)
Adjusted business profit / (loss)		40,061,660	(27,256,117)
Tax loss claimed on adjusted business profit		(26,400,699)	-
Taxable business profit		13,660,961	(27,256,117)
Interest on fixed deposits and treasury bills		3,099,428	2,444,052
Tax loss claimed on interest income		-	(855,418)
Total taxable profit		16,760,389	1,588,634
Tax @ 28%		4,692,909	444,817
Tax for the year		4,692,909	444,817

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH	2019	2018
	Rs.	Rs.
11. Earnings per Share		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at year end.		
Amount Used as the Numerator		
Profit for the year	25,007,162	163,388
Profit attributable to equity holders of the Company	25,007,162	163,388
Number of Ordinary Shares Used as the Denominator		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
Weighted average number of ordinary shares for earnings per share	4,232,771	4,232,771
Basic Earnings Per Share (Rs.Cts)	5.91	0.04
12. Dividend Per Share		
Dividend paid	5,290,964	8,465,542
Number of ordinary shares used as the denominator		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
Dividend per share (Rs. Cts.)	1.25	2.00

NOTES to the Financial Statements (Contd...)

13. Property, Plant and Equipment - Restated

	As at 01.04.2017	Additions	Disposals	Transfers	As at 31.03.2018
COST/VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets					
Freehold land	19,365,655	-	-	-	19,365,655
Buildings	193,309,338	-	-	-	193,309,338
Plant and machinery	364,770,933	31,172,697	-	32,467,817	428,411,447
Machine accessories	145,090,188	11,686,245	-	-	156,776,433
Furniture and fittings	1,471,790	-	-	-	1,471,790
Office equipment	21,476,093	1,084,199	(186,760)	210,143	22,583,675
Motor vehicles	9,749,324	-	-	-	9,749,324
Sundry assets	32,677,960	-	-	(32,677,960)	-
	787,911,281	43,943,141	(186,760)	-	831,667,662
ACCUMULATED DEPRECIATION					
Freehold assets					
Freehold land	-	-	-	-	-
Buildings	70,365,213	10,020,684	-	-	80,385,897
Plant and machinery	166,249,517	29,108,591	-	15,164,219	210,522,327
Machine accessories	86,448,056	10,381,983	-	-	96,830,040
Furniture and fittings	1,024,563	93,694	-	-	1,118,257
Office equipment	13,098,161	1,261,018	(116,456)	210,144	14,452,867
Motor vehicles	5,619,471	1,467,494	-	-	7,086,965
Sundry assets	13,012,137	2,362,226	-	(15,374,363)	-
	355,817,119	54,695,690	(116,456)	-	410,396,353
WRITTEN DOWN VALUE					
Freehold assets					
Freehold land	19,365,655				19,365,655
Buildings	122,944,125				112,923,441
Plant and machinery	198,521,416				217,889,120
Machine accessories	58,642,132				59,946,393
Furniture and fittings	447,227				353,533
Office equipment	8,377,932				8,130,808
Motor vehicles	4,129,853				2,662,359
Sundry assets	19,665,823				-
Net book value	432,094,162				421,271,309

Please refer Note 29.1 for the details of prior year adjustment in property, plant & equipment.

NOTES to the Financial Statements (Contd...)

13. Property, Plant and Equipment Contd...

COST/VALUATION	Balance as at	Additions	Disposals	Balance as at
	01.04.2018			31.03.2019
	Rs.	Rs.	Rs.	Rs.
Freehold assets				
Freehold land	19,365,655	-	-	19,365,655
Buildings	193,309,338	4,532,909	-	197,842,247
Plant and machinery	428,411,447	44,187,656	(52,393,526)	420,205,576
Machine accessories	156,776,433	4,975,916	(11,679,134)	150,073,216
Furniture and fittings	1,471,791	687,672	(432,878)	1,726,585
Office equipment	22,583,674	2,203,159	(8,736,254)	16,050,578
Motor vehicles	9,749,324	245,000	(413,500)	9,580,824
	831,667,662	56,832,311	(73,655,292)	814,844,681
ACCUMULATED DEPRECIATION				
Freehold assets				
Freehold land	-	-	-	-
Buildings	80,385,897	10,303,322	-	90,689,219
Plant and machinery	210,522,327	31,316,766	(52,393,526)	189,445,567
Machine accessories	96,830,040	9,748,459	(11,679,134)	94,899,365
Furniture and fittings	1,118,257	128,467	(432,878)	813,846
Office equipment	14,452,867	1,411,706	(8,736,254)	7,128,319
Motor vehicles	7,086,965	1,471,030	(413,500)	8,144,495
	410,396,353	54,379,750	(73,655,292)	391,120,811
WRITTEN DOWN VALUE				
Freehold assets				
Freehold land	19,365,655			19,365,655
Buildings	112,923,441			107,153,028
Plant and machinery	217,889,120			230,760,010
Machine accessories	59,946,393			55,173,850
Furniture and fittings	353,534			912,739
Office equipment	8,130,806			8,922,259
Motor vehicles	2,662,359			1,436,329
Net book value	421,271,309			423,723,870

NOTES to the Financial Statements (Contd...)

13 (a) Fully depreciated property, plant and equipment

A class wise analysis of the initial cost of fully depreciated property, plant and equipment of the Company which are still in use as at the reporting date is as follows,

As at	2019 Rs.	2018 Rs.
Furniture and fittings	-	432,878
Motor vehicles	-	3,282,668
Office equipment	-	9,276,704
Plant and machinery	-	168,848,432
Sundry assets	-	9,422,064
Tools and accessories	-	76,557,374
Total	-	267,820,120

(b) Temporarily idle property, plant and equipment

There were no property, plant and equipment idle from active use as at the reporting date.

(c) Property, plant and equipment retired from active use

There were no property, plant and equipment retired from active use as at the reporting date.

(d) Title restriction of property, plant and equipment

There were no restrictions on the title of property, plant and equipment as at the reporting date.

(e) Land holdings

The value of factory lands situated at Akuressa Road, Bogahagoda, Galle was valued by independent incorporated valuer at a value of Rs. 258 Mn as at 27th September 2018. Paddy field at Akuressa Road Bogahagoda was valued at Rs. 1.1Mn. PVC factory at Gilcroft Estate, Kiribathwila, Ampegama, Baddegama was purchased in 2014/15 and its market value is Rs. 20 Mn. The factory at No: 57B, Industrial Processing Zone, Nagoda, Kaluthara was purchased in 2010/2011 and its current market value is Rs. 25 Mn.

Location	Address	No. of Buildings	Extent of land	Extent of Building
Galle Factory	Akuressa Road, Bogahagoda, Galle.	10 Buildings	7 Acres 2 Roods & 17 Perches	94,900 Sq ft
Kalutara Factory	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara.	03 Buildings	120 Perches	5,990 Sq ft
Baddegama Factory	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	01 Building	2 Acres 2 Roods & 0.11 Perches	25,191 Sq ft
Paddy Field Bogahagoda	Akuressa Road, Bogahagoda, Galle.	-	1 Acres 3 Roods & 3 Perches	-
Total			12 Acres 2 Roods & 20.11 Perches	124,541 Sq ft

The above lands were valued by Mr. D. L. Pathmasiri, Bsc.(Sp) Estate Management and valuation, Associate Member of Institute of Values of Sri Lanka, of Pathmasiri Liyanage and Associates Private Limited, No 06, 1st Floor, City View Shopping Complex, Talbat Town, Galle in September 2018.

NOTES to the Financial Statements (Contd...)

As at 31st March	2019 Rs.	2018 Rs.
14. Intangible Assets		
Cost		
Balance at the beginning of the year	8,812,172	8,812,172
Additions during the year	-	-
Balance at the end of the year	8,812,172	8,812,172
Amortisation		
Balance at the beginning of the year	2,615,508	1,743,672
Charge for the year	871,836	871,836
Balance at the end of the year	3,487,344	2,615,508
Net book value	5,324,828	6,196,664

15. Financial Assets at Fair Value through Profit and Loss

Quoted debentures	Note 15.1	18,703,210	29,131,625
		18,703,210	29,131,625

15.1. Quoted Debentures	No of Debentures	Market Price Rs. Cts	Market Value As at 31.03.2019 Rs.	Market Value As at 31.03.2018 Rs.
National Development Bank PLC	-	-	-	4,973,168
Hatton National Bank PLC	-	-	-	6,441,571
Commercial Bank PLC	100,000	90.01	9,000,950	8,140,000
Hatton National Bank PLC	50,000	94.00	4,700,000	4,625,005
Sampath Bank	50,000	100.05	5,002,260	4,951,880
			18,703,210	29,131,625
15.2 Movement in the Carrying Value of Financial Assets at Fair Value Through Profit and Loss:				
Balance at the beginning of the year			29,131,625	30,159,190
Disposals during the year	Note 15.3		(11,414,740)	-
Gain/(Loss) from disposal			986,325	(1,027,565)
Balance at end of the year			18,703,210	29,131,625

15.3 Disposal of Financial Assets at Fair Value Through Profit and Loss during the Year

Quoted Debentures - National Development Bank PLC	Amount Rs.	Amount Rs.
Balance at the beginning of the year 50,200 Debentures @ Rs.99.07 per debenture	4,973,168	
Disposal proceeds 50,200 Debentures @ Rs 100/- per debenture	(5,020,000)	
Disposal gain		(46,832)
Quoted Debentures - Hatton National Bank PLC		
Balance at the beginning of the year 63,343 Debentures @ Rs.101.69 per debenture	6,441,571	
Disposal proceeds 63,343 Debentures @ Rs 100/- per debenture	6,334,300	
Disposal loss		107,271
Net disposal loss identified in the profit during the year 2018/19		60,440

NOTES to the Financial Statements (Contd...)

As at 31st March	2019 Rs.	2018 Rs.
16. Financial Assets at Amortized Cost		
Investment in treasury bills	14,965,959	13,773,664
	14,965,959	13,773,664

Based on available Auction market information, the fair value of investments in treasury bills equals to its carrying value as at 31 March 2019.

17. Deferred Tax Assets and Liabilities

17.1 Deferred tax assets		
Balance at the beginning of the year	16,828,487	6,195,699
Recognized in profit and loss	(5,924,719)	11,147,205
Recognized in other comprehensive income	318,149	(514,417)
Balance at the end of the year	11,221,917	16,828,487
17.2 Deferred tax liabilities		
Balance at the beginning of the year	51,918,673	33,092,133
Recognized in profit and loss	7,772,544	18,826,540
Balance at the end of the year	59,691,217	51,918,673
Net deferred tax liability	48,469,300	35,090,186
17.3 Composition of net deferred tax liability is as follows;		
Deferred tax liability on property, plant and equipment	59,691,217	51,918,672
Deferred tax asset on retirement benefit obligation	(11,221,917)	(9,436,291)
Deferred tax asset on carried forward income tax loss	-	(7,392,196)
	48,469,300	35,090,186

18. INVENTORIES

Raw materials	85,620,271	58,758,968
Work in progress	40,241,600	37,635,490
Finished goods	69,738,121	83,829,551
Stationery, consumable maintenance and energy	8,666,161	8,365,927
	204,266,153	188,589,936
Provision for inventories	(5,928,928)	(5,856,267)
	198,337,225	182,733,669
18.1 Movements on the provision for inventory is as follows:		
Balance at the beginning of the year	5,856,267	11,777,352
Provision / (reversal) for inventory impairment	72,661	(5,921,085)
Balance at the end of the year	5,928,928	5,856,267

18.2 Reclassification

The Company has classified Stationery, consumable, maintenance and energy inventory as raw material inventory during the year ended 31st March 2018.. These inventory items were correctly reclassified in the prior year column of the above note.

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2019 Rs.	2018 Rs.
19. Trade and Other Receivables			
Trade receivables - Local		147,749,421	116,009,646
Trade receivables - Foreign		167,689,500	110,785,157
Trade receivables - Related parties	Note 19.1	115,908,531	83,403,280
Less: Specific Provision for doubtful trade receivables	Note 19.2	(2,093,773)	(5,190,549)
Trade receivables - net		429,253,679	305,007,534
Other receivables		2,944,689	2,471,216
Deposits and prepayments		7,689,173	6,745,490
Advances		28,367,425	23,677,817
VAT receivable		3,559,485	577,823
		471,814,451	338,479,880
19.1 Trade Receivables - Related parties			
D. Samson Industries (Pvt) Ltd.		101,441,648	80,133,241
Samson Engineers (Pvt) Ltd.		67,913	1,883
Samson Trading (Pvt) Ltd.		3,830,792	1,138,946
Samson Rubber Products (Pvt) Ltd.		1,610,345	1,158,780
Samson Compounds (Pvt) Ltd.		8,948,587	802,727
Samson Rubber Industries (Pvt) Ltd.		9,246	3,082
D. Samson & Sons Pvt Ltd.		-	56,359
Samson Rajarata Tiles Pvt) Ltd.		-	108,262
		115,908,531	83,403,280
19.2 Movement in provision for doubtful trade receivables			
Balance at the beginning of the year		5,190,549	5,863,396
Provision / (reversal) for the year		414,250	(672,847)
Written off during the year		(3,511,026)	-
Balance at the end of the year		2,093,773	5,190,549

As of 31st March 2019, Trade Receivables of Rs.378,784,897/- (as of 31st March 2018 was Rs. 286,348,488/-) were fully performing.

As of 31st March 2019, Trade Receivables of Rs. 50,468,782/- (as of 31st March 2018 was Rs18,659,046/-) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2019 Rs.	2018 Rs.
3 to 6 months	40,210,331	6,679,418
over 6 months	10,258,451	11,979,628
	50,468,782	18,659,046

As of 31 March 2019, trade receivables of Rs 2,093,773/- (as of 31 March 2018 Rs 5,190,549/-) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that no portion of the impairment provision for receivables is expected to be recovered.

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2019 Rs.	2018 Rs.
19.3 Analysis of current financial instruments by category			
Financial assets at amortized cost			
Trade and other receivables excluding prepayments, statutory payments and advances		432,198,368	307,478,750
Cash and cash equivalents	Note 20	43,912,089	67,258,464
		476,110,457	374,737,214
Financial liabilities at amortized cost			
Trade and other payables (Excluding statutory liabilities and advances)	Note 23	150,405,175	175,839,006
Borrowings	Note 24	284,262,219	193,137,669
		434,667,394	368,976,675

19.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

Trade receivables	Note 19	431,347,452	305,007,534
		431,347,452	305,007,534

The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty is as follows:

Trade receivables from related parties	Note 19.1	115,908,531	83,403,280
Trade receivables - others		315,438,921	221,604,254
		431,347,452	305,007,534

Amounts due from related companies were given on normal credit terms.

20. Cash and Cash Equivalents

Cash at bank	21,208,093	52,085,854
Cash on hand	875,900	675,595
Short term deposits	21,828,096	14,497,015
	43,912,089	67,258,464

20.1 For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank	21,208,093	52,085,854
Cash on hand	875,900	675,595
Short term deposits	21,828,096	14,497,015
Bank overdrafts	(81,715,543)	(58,477,608)
	(37,803,454)	8,780,856

The Company held cash and cash equivalents with reputed commercial banks.

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2019 Rs.	2018 Rs.
21. Stated Capital			
4,232,771 Number of Ordinary shares issued and fully paid		109,600,211	109,600,211
		109,600,211	109,600,211
22. Retirement Benefit Obligation			
Movement in the Present Value of Defined Benefit Obligation			
Balance at the beginning of the year		33,701,039	29,701,179
Current service cost		3,621,412	3,452,345
Interest cost		3,370,104	3,712,647
Actuarial (gain) / loss on obligation		1,136,247	(1,837,202)
Benefit paid		(1,750,528)	(1,327,930)
Balance at the end of the year		40,078,274	33,701,039

As at 31st March 2019, the gratuity liability was actuarial valued under the Projected Unit Credit (PUC) by a professionally qualified actuary Mr. Munisamy Poopalanathan of Actuarial and Management Consultants (Pvt) Ltd, 1st floor, 434, R.A. De Mel Mawatha, Colombo 03 who is a qualified actuary, A.I.A (London). A required account provision of the Company as at 31st March 2019 has been determined based on the recommendation on this report.

22.1 Actuarial assumptions:	2019	2018
Salary incremental rate	10.00%	10.00%
Rate of discount	11.00%	10.00%
Staff turnover rate	4% to 42%	4% to 42%

Staff turnover rate varies ranging from 4% to 42% per annum based on the category on the age level.

Provision has been made for retirement gratuities in conformity with LKAS 19 - Employee Benefits.

22.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation and discount rate used in the actuarial valuation as at 31st March 2019, sensitivity analysis has been carried out as follows;

Discount Rate	Salary Escalation Rate	Staff Turnover Rate	Present Value of Defined Benefit Obligation - (Rs.)
1% Increase	As per Note 22.1	As per Note 22.1	38,240,590
1% Decrease	As per Note 22.1	As per Note 22.1	42,091,501
As per Note 22.1	1% Increase	As per Note 22.1	42,108,497
As per Note 22.1	1% Decrease	As per Note 22.1	38,192,107
As per Note 22.1	As per Note 22.1	10% Increase	40,063,085
As per Note 22.1	As per Note 22.1	10% Decrease	40,089,029

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2019 Rs.	2018 Rs.
23. Trade and Other Payables			
Trade creditors - Related Companies	Note 23.1	96,311,652	97,071,955
Trade creditors - Direct Import		330,611	30,559,107
Trade creditors - Other		26,428,460	25,068,124
Customer advances		6,274,033	3,084,053
Expense creditors		27,334,452	23,139,820
Statutory payables		16,402,847	3,465,987
		173,082,055	182,389,046
23.1 Trade Creditors - Related Companies			
D. Samson Industries (Pvt) Ltd.		181,099	321,919
Samson Rubber Industries (Pvt) Ltd.		1,363,872	139,976
Samson Engineers (Pvt) Ltd.		-	74,523
Samson Reclaim Rubbers Ltd.		158,900	938,870
Samson Rubber Products (Pvt) Ltd.		-	158,372
Samson Group Corporate Services (Pvt) Ltd.		214,301	324,907
Samson Compounds (Pvt) Ltd.		94,034,122	94,829,912
D S I Welfare Shop		31,050	55,513
Mount Spring Water (Pvt) Ltd.		2,400	20,267
D S I Factory Outlet		10,000	12,000
D Samson & Sons (Pvt) Ltd		-	25,518
D Tech (Pvt) Ltd		315,908	170,179
		96,311,652	97,071,955
24. Short Term Borrowings			
Bank overdrafts		81,715,543	58,477,608
Other short term borrowings	Note 24.2	202,546,676	134,660,061
		284,262,219	193,137,669

24.1 - Securities for the above facilities are as follows:

Nature of Asset	Nature of the Loan Facility	Bank/Institution	Securities
Inventory	Overdraft	Hatton National Bank PLC	Finished Good Stocks & Debtors and Promissory note 14.30 Mn
Confirmed order confirmation	Term Loan	Hatton National Bank PLC/ DFCC Bank	Confirmed Order Confirmation.
Inventory	Overdraft	Seylan Bank PLC	Finished Good Stocks & Debtors.
Inventory	Overdraft	Bank Of Ceylon	Fixed deposit of Rs. 4,000,000/-.
Inventory	Overdraft	Bank Of Ceylon	Raw Material Stocks
Financial assets	Overdraft	DFCC Vardhana Bank PLC	Treasury bills of Rs. 14,965,969.42/-
Inventory	Overdraft	Commercial Bank PLC	Finished Good Stocks & Debtors.
Inventory	Overdraft	Nations Trust Bank PLC	Raw Material Stocks.

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2019 Rs.	2018 Rs.
24.2 Other short term borrowings			
Balance at the beginning of the year		134,660,061	127,152,203
Obtained during the year		419,982,063	475,618,731
Exchange gain/(loss)		(4,920,976)	13,940,777
Repayments during the year		(347,174,473)	(482,051,651)
Balance at the end of the year		202,546,676	134,660,061

25. Commitments and Contingencies

There were no commitments and contingencies existing as at the reporting date.

26. Events Occurring after the Reporting date

No circumstances have arisen, since reporting date, which would require adjustments to, or disclosure, in the financial statements other than disclosed below.

At the Board Meeting held on 24th May 2019, Final dividend of Rs. 2.00 per share amounting to Rs. 8,465,542 has been proposed for the year ended 31st March 2019 by the Board of Directors.

27. Related Party Disclosures

Details of significant related party disclosures are as follows:

27.1 Key Management Personnel of the Company

The Key Management personnel (KMP) comprise the members of its Board of Directors. Directors' remuneration for the financial year ended March 31, 2019 is given in note 8.1 to the financial statements.

Dr. D.S. Rajapaksa - (Chairman)
 Mr. D.K. Rajapaksa - (Managing Director)
 Mr. D.R. Rajapaksa
 Mr. G.H.A. Wimalasena
 Mr. T.K. Bandaranayake
 Mr. D.G.P.S. Abeygunawardana - (Director/General Manager)
 Mr. D.D. A. Rajapaksa
 Mr. D.C.J. Rajapaksa (Appointed on 10th August 2018)

27.2 Transactions with Key Management Personnel of the Company

27.2.1 Key Management Personnel Compensation

For the year ended 31 March	2019 Rs.	2018 Rs.
Short-term employee benefits	12,229,666	13,717,618
	12,229,666	13,717,618

The Company has not incurred any amount as termination benefits or post employment benefits on account of the key managerial personnel during the year.

NOTES to the Financial Statements (Contd...)

27.3 Directors Interest In Contracts with the Company

None of the directors of the Company had any direct or indirect interests in any existing or proposed contracts with the Company other than those stated below:

Dr. D.S. RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson plantations (Pvt) Ltd.	Director

Mr. D.K RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
DSI Samson Group (Pvt) Ltd.	Chaitman
Samson Rajarata Tiles (Pvt) Ltd.	Director
D Samson & Sons (Pvt) Ltd.	Director
Samson Apparel Makers (Pvt) Ltd.	Director
Samson (Exports) Ltd.	Director
Samson Plantations (Pvt) Ltd	Director

Mr. D.R. RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Mount Spring Water (Pvt) Ltd.	Director
Samson Engineers (Pvt) Ltd.	Director
Samson Rubber Industries (Pvt) Ltd.	Director
Vechenson (Pvt) Ltd	Director
Samson Bikes (Pvt) Ltd.	Director
SRG Holdings (Pvt) Ltd	Director
Samson Rajarata Tiles (Pvt) Ltd.	Director
Samson Reclaim Rubbers Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd.	Managing Director
Samson Compounds (Pvt) Ltd.	Director
Samson (Exports) Ltd.	Director

Mr. D.D.A Rajapaksa who is a Director of the company is also holding directorships in the following companies within the group.

Name of Company	Relationship
Samson Insurance Broker (Pvt) Ltd	Director
Samtessi Brush Manufacturers (Pvt) Ltd.	Director
Samson Investments (Pvt) Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director

NOTES to the Financial Statements (Contd...)

Mr. D.C.J Rajapaksa who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Group Corporate Services (Pvt) Ltd	Director
Samson Bikes (Pvt) Ltd.	Director
Samson Engineers (Pvt) Ltd.	Director
Hydro Trust Lanka (Pvt) Ltd	Director
Werapitiya Hydro Power (Pvt) Ltd	Director
Loggal Oya Hydro Power (Pvt) Ltd	Director
Samson Plantations (Pvt) Ltd	Director

27.4 The Company has entered into transactions during the year with following Companies in which some of the directors of the Company are also directors.

Name of Company	Relationship	Nature of Transactions			
		2019		2018	
		Sales Rs.	Purchases Rs.	Sales Rs.	Purchases Rs.
D. Samson Industries (Pvt) Ltd. (Note 27.4.1)	Affiliate	325,756,526*	2,068,022	306,970,697	1,201,508
D Samson & Sons (Pvt) Ltd	- do -	140,042	2,001,918	765,745	765,745
Samson Rubber Industries	- do -	475,374	585,510	873,884	466,139
Samson Trading Company	- do -	9,916,310	-	2,653,573	-
Samtessi Brush Manufacturers	- do -	16,624	-	-	-
Samson Compounds (Pvt) Ltd. (Note 27.4.1)	- do -	57,406,743	472,320,742*	17,568,426	380,736,131
Samson Engineers (Pvt) Ltd	- do -	530,763	81,500	454,051	1,464,885
Samson Reclaim Rubbers Ltd.	- do -	282,120	3,889,157	861,853	10,161,312
Samson Sportswear (Pvt) Ltd	- do -	-	-	-	-
Samson Group Corporate Services (Pvt) Ltd.	- do -	-	-	-	2,317,050
Samson Manufactures (Pvt) Ltd	- do -	-	-	-	-
Samson Rubber Products	- do -	10,000,032	10,992,018	5,270,071	8,302,029
Mount Spring Water (Pvt) Ltd	- do -	-	47,282	-	34,809
Samson Bikes (Pvt) Ltd	- do -	-	23,285	-	165,014
Samson Information Technologies (Pvt) Ltd.	- do -	-	-	-	314,000
Samson Rajarata Tiles (Pvt) Ltd	- do -	1,556,897	-	1,201,802	-
D Tech (Pvt) Ltd	- do -	-	608,800	-	2,783,608
DSI Welfare Shop	- do -	3,375	361,240	-	-
Samson Manufactures Ltd	- do -	-	-	9,900	-
DSI Factory Outlet	- do -	-	10,000	-	-
SRG Holding	- do -	6,266	-	-	-

27.4.1 Transactions with D. Samson Industries (Pvt) Ltd and Samson Compounds (Pvt) Ltd are necessary for day-to day operations of the Company and in the opinion of Related party transactions review committee, terms are not favorable to them than those generally available to the public. Therefore these transactions come under section 9.5 (a) of Exempted related party transaction of the CSE Listing rules.

NOTES to the Financial Statements (Contd...)

27.5 Outstanding Amounts due from and to related parties are disclosed in Note 19.1 and 23.1 respectively.

27.6 Terms and conditions of transactions with related parties

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Transactions with related parties were carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement will be made in cash subject to normal credit terms of 2 months.

28. Segmental operating results for the year ended 31st March 2019

(Rs.'000)

DESCRIPTION	RUBBER ITEMS		PVC ITEMS		COMPANY	
	2019	2018	2019	2018	2019	2018
Total Turnover	1,229,609	900,474	339,736	215,975	1,569,345	1,116,450
Segmental Expense	(1,119,049)	(843,091)	(378,763)	(262,037)	(1,497,813)	(1,105,128)
Profit\ (Loss) from operations	110,560	57,383	(39,027)	(46,062)	71,532	11,322
Geographical segment						
Europe	630,704	382,531		-	630,704	382,531
Australia and New Zealand	2,444	7,323		-	2,444	7,323
America and Canada	24,337	19,328		-	24,337	19,328
Africa and Middle East	38,662	32,828		-	38,662	32,828
Asia / Sri Lanka	533,462	458,464	339,736	215,975	873,198	674,439
Total	1,229,609	900,474	339,736	215,975	1,569,345	1,116,449
Financial Position segment						
Property, plant and equipment	270,564	268,111	153,160	206,648	423,724	421,271
Inventories	166,762	151,159	31,575	46,425	198,337	182,734
Trade and other receivables	379,362	246,028	92,452	97,517	471,814	338,480
Trade and other payables	157,009	166,316	16,073	38,288	173,082	182,389

NOTES to the Financial Statements (Contd...)

29. Prior Year Adjustment

29.1 Property, plant and equipment

A detailed review of the depreciation policy applied for property, plant & equipment revealed that the estimated periods of useful lives of certain property, plant & equipment under current context are longer than the previously estimated periods of useful lives. This resulted in an over charge of depreciation in the financial statements up to year ended 31 March 2018 from the date of initial recognition of such assets. The accumulated depreciation balance as at 01 April 2017 was overstated and the retained earnings was understated by Rs.74,989,099/-. Further the Company has not recognized a depreciation charge of Rs 8,686,081/- during the financial year ended 31 March 2018.

Considering the significance of the resultant amounts, the Statement of financial position as at 31 March 2018 and the Statement of changes in equity as at 01 April 2017 were restated as follows in accordance of section 41 of LKAS - 08 - "Accounting Policies, Changes in Accounting Estimates and Errors",

	2018
	Rs
Statement of financial position	
Property, plant and equipment as at 01 April 2017 (Increased by)	74,989,099
Statement of changes in equity	
Property, plant and equipment as at 01 April 2017 (Increased by)	74,989,099
Statement of comprehensive income	
Depreciation for the year ended 31 March 2018 - (Increased by)	8,686,081
Profit for the year ended 31 March 2018 - (Decreased by)	8,686,081

29.2 Trade and other receivable

The Company has recognized a cash receipt from a customer, for a receivable balance as an income in the prior period. This resulted the trade receivable balance as at 01 April 2017 and retained earnings to be overstated by Rs 1,151,969/-.

The Statement of financial position as at 31 March 2018 and the Statement of changes in equity as at 01 April 2017 were restated as follows for fair presentation .

	2018
	Rs
Statement of financial position	
Trade and other receivables as at 01 April 2017 (Decreased by)	1,151,969
Statement of changes in equity	
Balance as at 01 April 2017 - (Decreased by)	1,151,969

COUNTRY Profile

96,306

**Private
Companies**

4,015

**Public
Companies**

297

**Public Quoted
Companies**

1,576

**Foreign
Companies**



Sri Lanka is the one of the few places in the world where it has a remarkable combination of stunning landscapes, pristine beaches, captivating cultural heritage and unique experiences within such a compact location. Within a mere area of 65, 610 kilometers Sri Lanka has the following:

- a) 8 UNESCO World Heritage Sites,
- b) 1,330 kilometers of coastline (much of it pristine beach)
- c) 15 national parks showcasing an abundance of wildlife
- d) nearly 500,000 acres of lush tea estates
- e) 250 acres of botanical gardens
- f) 350 waterfalls and 25,000 water bodies
- g) culture that extends back to over 2,500 years

It is a place where the original soul of Buddhism still flourishes and where nature's beauty remains abundant and unspoilt. This is an island of magical proportions, once known as Serendib, Taprobane, the Pearl of the Indian Ocean, and Ceylon. Discover refreshingly Sri Lanka!

Colombo, the present commercial capital, is an interesting blend of varying influences and is over 600 years old. Almost one million out of the entire 21.2 million strong population of Sri Lanka resides in Colombo, and the country prides itself on having one of the highest literacy rates in Asia. The people of Sri Lanka are of diverse races and faiths, with the majority being Sinhalese who are mainly Buddhists but who harmonize

COUNTRY Profile (Contd...)

with the Tamils, Muslims, Burghers and other ethnic groups. Although well on the road to modernization, the country and its people still cherish their traditional values and take pride in their rich culture, an aspect that continues to attract visitors.

City of Galle

Our factories are located in the city of Galle. The seaside town of Galle is 116 Km away from Colombo by road or rail, down the south coast of Sri Lanka. We can also take the Southern Expressway to reach the city by one and half hours from Colombo.

The Fort is the heart of the Galle’s history. The walled city has stood since the early sixteenth century, through the Colonial periods of the Portuguese, Dutch and British and in our present times is proclaimed as an Archaeological Reserve and has been identified as a living World Heritage Site.

Unawatuna bay in Galle provides safe swimming and snorkeling, since it is protected by a reef. Rhumassala Kanda is also associated with the legend of the traditional Ramayana story. The drive to Baddegama is a delightful experience and leads out to the fine church consecrated in 1825, by Bishop Heber – Bishop of Calcutta.

Today, Galle is a tourist resort which is also a historical city in Sri Lanka.

“The Sri Lanka’s population has a literacy rate of 92%, higher than that expected for a third world country; it has the highest literacy rate in South Asia and overall, one of the highest literacy rates in Asia.”

1	Land area	: 65,610 sq km
2	Commercial capital	: Colombo
3	Climate	: Tropical (10c – 32 c)
4	Population	: 21.2 mn
5	Labour force	: 8 mn
6	Languages	: Sinhala, Tamil and English as the link language.
7	Currency	: Sri Lankan Rupee
8	Legal system	: Roman- Dutch and English
9	Literacy rate	: 92%
10	Main Religions	: Buddhism, Christian, Islam, Hindu



FOUR-QUARTER Financial Summary

PROFIT AND LOSS ACCOUNTS	For the Quarter ended 30th June		For the Quarter ended 30th September		For the Quarter ended 31st December		For the Quarter ended 31st March	
	2018	2017	2018	2017	2018	2017	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue								
Export	187,983	116,260	184,844	139,521	216,839	120,889	162,966	119,989
Local	165,223	117,307	228,416	158,061	184,353	137,863	238,723	206,649
Total revenue	353,206	233,567	413,259	297,582	401,192	258,752	401,689	326,638
Cost of sales	(276,876)	(190,652)	(335,565)	(237,996)	(318,208)	(208,980)	(331,147)	(252,273)
Gross profit	76,330	42,915	77,693	59,586	82,984	49,772	70,542	74,365
Other operating income	1,772	1,630	1,601	1,739	2,474	2,197	5,874	10,514
Exchange gain / (loss)	(10,715)	7,163	(1,196)	2,738	(4,944)	851	(203)	(7,271)
Selling & distribution cost	(13,763)	(11,394)	(17,888)	(11,436)	(14,827)	(13,168)	(19,029)	(11,696)
Administrative expenses	(42,232)	(35,751)	(42,381)	(43,685)	(41,434)	(40,427)	(49,598)	(46,854)
Operating profit	11,392	4,563	17,830	8,942	24,254	(775)	7,586	19,058
Finance costs	(3,079)	(2,959)	(3,886)	(3,783)	(4,552)	(3,645)	(5,908)	(2,968)
Profit before income tax	8,313	1,604	13,945	5,159	19,703	(4,420)	1,678	16,090
Income tax expense	(3,002)	(3,425)	(2,806)	(1,434)	(3,927)	(1,182)	(8,892)	(2,311)
Profit for the period	5,311	(1,821)	11,138	3,725	15,775	(5,602)	(7,214)	13,779
BALANCE SHEETS	As at 30th June		As at 30th September		As at 31st December		As at 31st March	
	2018	2017	2018	2017	2018	2017	2019	2018
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Assets								
Non-current assets								
Property plant & equipment	349,312	347,715	348,041	367,287	366,688	358,172	423,724	354,968
Financial assets at amortized cost	13,774	17,114	13,774	17,114	14,358	17,774	14,966	13,774
Financial assets at fair value through profit and loss	22,816	30,160	22,731	38,898	18,068	39,150	18,703	29,132
Intangible assets	5,979	6,851	5,761	6,632	5,543	6,415	5,325	6,197
Deferred tax assets	16,621	6,159	15,843	6,410	14,943	6,646	11,222	16,601
	408,502	407,999	406,150	436,341	419,600	428,157	473,940	420,672
Current assets								
Inventories	180,231	199,021	216,384	183,021	258,677	205,415	198,337	182,734
Trade & other receivables	397,732	236,355	366,928	285,850	372,968	230,985	471,814	339,632
Income tax refund due	5,346	894	5,069	1,926	4,791	3,205	7,247	4,712
Cash and cash equivalents	56,328	84,556	59,302	43,671	33,317	108,954	43,912	67,260
	639,637	520,826	647,683	514,468	669,753	548,559	721,311	594,338
Total Assets	1,048,139	928,825	1,053,833	950,809	1,089,353	976,716	1,195,251	1,015,010
Equity and liabilities								
Stated capital	109,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600
General reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Available for Sale Reserve	18	-	-	(1,262)	290	(1,262)	-	-
Retained earnings	334,452	322,494	345,587	326,221	360,961	320,620	418,537	335,071
Total equity	554,070	542,094	565,187	544,559	580,851	538,958	638,137	554,671
Liabilities								
Non-current liabilities								
Deferred tax liabilities	53,737	36,365	53,736	37,925	54,441	39,150	59,691	51,919
Retirement benefit obligations	34,840	30,795	35,959	32,047	37,209	33,232	40,079	33,702
	88,577	67,160	89,695	69,972	91,650	72,382	99,770	85,621
Current liabilities								
Trade and other payables	211,310	103,868	175,378	117,298	153,098	139,007	173,082	181,578
Short term borrowings	194,182	215,703	223,573	218,980	263,754	226,369	284,262	193,140
Income tax Payables	-	-	-	-	-	-	-	-
	405,492	319,571	398,951	336,278	416,852	365,376	457,344	374,718
Total liabilities	494,069	386,731	488,646	406,250	508,502	437,758	557,114	460,339
Total equity and liabilities	1,048,139	928,825	1,053,833	950,809	1,089,353	976,716	1,195,251	1,015,010

TEN - YEAR Economic Summary

Economic Indicators		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GDP Indicators:											
GDP growth	Percent	3.2	3.1	4.4	4.0	4.9	3.4	9.1	8.4	8.0	3.5
GDP (current prices)	Rs. billion	14,450	13,289	11,839.0	11,183.0	10,448.0	9,592.0	8,732.0	7,219.0	6,413.0	4,835.0
GDP (current prices)	USD billion	88.9	87.2	81.3	80.5	79.3	74.3	68.4	65.3	56.7	42.1
GDP per capita (USD) Growth	Percent	-	-3.1	(0.21)	0.58	5.9	7.7	7.2	13.9	33.6	2.1
GDP per capita (market prices)	Rs "000"	667	603	558.4	533.0	503.0	466.0	427.0	346.0	310.0	236.4
GDP per capita (market prices)	USD	4,102	3,956	3,835.0	3,843.0	3,821.0	3,609.0	3,351.0	3,125.0	2,744.0	2,054.0
Fiscal policy Indicators :											
Budget deficit	Per cent of GDP	-5.3	-5.5	-5.4	-7.4	-5.7	-5.9	-6.5	-6.9	-8.0	-9.9
Monetary policy Indicators :											
12 month T-Bill yield (year - end)	Percent	10.4	8.9	10.2	7.3	6.0	8.3	11.7	9.3	7.6	9.3
Prime lending rate (year - end)	Percent	12.21	11.6	11.5	7.4	6.4	10.1	14.4	10.8	9.3	10.9
M2b money supply growth	Percent	17.6	16.7	18.4	15.2	13.3	16.7	17.6	19.1	15.8	18.6
Other Economic Indicators:											
Inflation annual average (CCPI 2006/07 = 100)	Percent	4.3	7.3	4.0	4.8	3.3	6.9	7.6	6.7	6.2	3.5
Unemployment rate	Percent	4.1	4.2	4.4	4.6	4.3	4.4	4.0	4.2	4.9	5.8
All share index (year - end)	Points	5,643	6,369.3	6,228.3	6,894.5	7,299.0	5,913.0	5,643.0	6,074.0	6,636.0	3,386.0
Population	Million	21.6	21.4	21.2	21.0	20.8	20.5	20.3	20.9	20.7	20.5
External Sector Indicators:											
Export USD	Billion	11.8	10.5	10.3	10.5	11.1	10.4	9.8	10.6	8.6	7.1
Import USD	Billion	22.2	20.3	19.4	18.9	19.4	18.0	19.2	20.3	13.5	10.2
Balance of payments	Percent of GDP	-1.1	2.4	2.4	2.3	4.3	1.5	0.3	-1.9	1.9	6.5
Current account balance	USD billion	-2.8	-2.3	-1.9	2.0	2.0	-2.5	-4.0	-4.6	-1.1	-0.2
Current account % of GDP	Per cent	-3.2	-2.6	-2.4	2.4	2.5	-3.8	-6.7	-7.8	-2.2	-0.5
Foreign Currency Indicator :											
Exchange rate (annual average)	Rs/USD	162.54	152.46	145.6	135.9	130.5	129.1	127.6	110.6	113.1	114.9
	RS/Euro	197.80	171.73	161.2	150.8	173.5	171.5	164.0	153.9	150.1	160.2
	Rs/Yen	1.59	1.35	1.3	1.1	1.2	1.3	1.6	1.4	1.3	1.2
	Rs/INR	2.55	2.34	2.2	2.1	2.1	2.2	2.4	2.4	2.5	2.4
Exchange rate change USD (annual average)	Percent	4.8	4.7	7.1	4.2	1.1	1.2	15.4	-2.2	-1.6	6.1
Rubber Sector Information:											
Production	Kg mn	102	83.1	79.1	88.6	98.6	130.4	152.0	158.2	152.9	136.9
Total extent	Hectares '000'	150.5	137	136.0	135.0	134.0	134.0	131.0	129.0	126.0	124.0
Yield	Kg/hectares	1,042	809	851.0	950.0	889.0	1,247.0	1,459.0	1,566.0	1,561.0	1,437.0
Average price :											
Colombo Auction	Rs/Kg	286.58	336.72	239.3	248.2	286.1	376.9	416.6	508.8	403.0	211.7
Export (FOB)	Rs/kg	374.95	343.56	294.3	342.0	362.8	389.8	420.7	535.4	377.5	202.3

TEN - YEAR

Financial summary

Year ended 31st March		2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
	Rs.'000									
		Restated								
Income Statement :										
Turnover	1,569,345	1,116,450	1,249,498	1,178,339	1,041,756	952,561	973,858	961,489	716,102	588,207
Profit before taxation	43,635	8,287	65,972	59,299	42,675	62,969	51,077	19,123	(55,980)	(7,608)
Taxation	(18,627)	(8,124)	(23,074)	(4,152)	(7,853)	(8,491)	4,438	696	(229)	(663)
Profit after taxation	25,007	163	42,899	55,146	34,822	54,478	55,515	19,820	(56,209)	(8,271)
Total comprehensive income	24,189	1,486	43,732	51,043	35,362	56,107	55,515	18557	(56,209)	(8,271)
Balance Sheet :										
Capital and reserves										
Stated capital	109,600	109,600	109,600	109,600	109,600	105,752	105,752	105,752	105,752	105,752
Capital reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	10,000	10,000	10,000
Revenue reserves	418,537	399,639	332,781	297,515	254,937	231,119	185,152	137,332	223,893	280,102
Shareholders funds	638,137	619,239	552,381	517,115	474,537	446,871	400,904	353,084	339,645	395,854
Non current liabilities										
Interest bearing borrowings	-	-	-	-	-	-	-	-	-	868
Deferred tax	59,691	51,919	33,092	14,948	17,229	11,149	8,831	11,408	11,388	11,703
Retirement benefit obligation	40,078	33,701	29,701	27,195	19,570	15,130	14,528	9,906	7,775	6,306
Total Equity & Non Current Liabilities	737,907	704,859	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731
Assets Employed										
Current assets	721,311	593,184	610,232	612,043	539,103	424,020	402,853	388,248	388,205	476,617
Current liabilities	(457,344)	(375,527)	(412,118)	(419,505)	(384,890)	(180,975)	(168,845)	(208,197)	(222,481)	(232,670)
Working capital	263,967	217,657	198,114	192,538	154,213	243,045	234,008	180,051	165,724	243,947
Property, plant & equipment	440,271	444,296	370,369	313,554	312,654	179,751	190,255	194,347	193,084	170,784
Investment	33,669	42,905	46,691	53,166	44,468	50,354	-	-	-	-
Total Assets less Current Liabilities	737,907	704,859	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731
Financial Ratios :										
Earnings per share (rs.)	5.91	0.04	10.13	13.03	8.69	14.16	14.43	5.15	(14.61)	(2.15)
Net profit (%)	3	1	3.43	4.67	3	6	6	2.10	(7.85)	(1.41)
Dividends (rs. '000)	8,465	5,291	8,466	8,466	8,466	7,696	7,696	-	-	-
Dividends per share (rs.)	2.00	1.25	2.00	2.00	2.00	2.00	2.00	-	-	-
Bonus shares issue (rs.)	-	-	-	-	3,848	-	-	-	-	-
Others										
Market price per share (rs.)	88.10	97.90	98.90	105.00	104.00	88.20	82.20	90.00	100.00	86.75
Price earnings ratio (times)	16	42	10	8	12	6	6	17	(7)	(40)
Net assets per share (rs.)	150.76	146.30	130.50	122.17	112.10	116.13	104.18	91.75	88.27	102.87
Annual sales growth (%)	41	(11)	6	9	9	(2)	1	34	22	(5)
Quick assets ratio (times)	1.14	1.09	0.99	1.03	0.96	1.60	1.53	1.26	1.11	1.69
Fixed asset turnover ratio (times)	3.70	2.70	3.50	3.90	3.49	5.53	5.31	4.95	3.71	3.44

FOREIGN

Currency Financial Statements

FOR THE YEAR ENDED 31ST MARCH	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	2019	2018	2019	2018
Revenue	8,037,618	6,236,105	9,301,475	7,275,660
Cost of sales	(6,462,461)	(5,004,521)	(7,478,637)	(5,838,771)
Gross profit	1,575,156	1,231,584	1,822,838	1,436,888
Other income	31,411	46,802	36,350	54,604
Distribution cost	(335,504)	(268,143)	(388,259)	(312,842)
Administrative expenses	(904,701)	(947,000)	(1,046,959)	(1,104,864)
Operating profit	366,362	63,243	423,970	73,786
Finance income	33,730	57,631	39,034	67,239
Finance cost	(176,612)	(74,584)	(204,383)	(87,017)
Net Finance Income	(142,882)	(16,952)	(165,349)	(19,778)
Profit before taxation	223,480	46,291	258,621	54,007
Income tax expense	(95,403)	(45,378)	(110,404)	(52,943)
Profit for the year	128,078	913	148,217	1,065

AS AT	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
ASSETS				
Non Current Assets				
Property, plant and equipment	2,142,183	2,191,610	2,405,745	2,700,977
Intangible assets	26,920	32,237	30,232	39,730
Financial assets at fair value through profit and loss	94,556	151,554	106,190	186,777
Financial assets at amortized cost	75,662	71,656	84,971	88,310
Deferred tax assets	56,734	87,548	63,714	107,896
	2,396,056	2,534,605	2,690,852	3,123,689
Current Assets				
Inventories	1,002,716	950,649	1,126,084	1,171,595
Trade and other receivables	2,385,311	1,760,898	2,678,785	2,170,160
Tax recoverable	36,640	24,513	41,148	30,210
Cash and cash equivalents	222,002	349,904	249,316	431,227
	3,646,670	3,085,963	4,095,334	3,803,192
Total Assets	6,042,725	5,620,568	6,786,186	6,926,881
EQUITY AND LIABILITIES				
Stated capital	554,096	570,181	622,269	702,701
General reserve	556,117	572,261	624,539	705,264
Available for sale reserve	-	-	-	-
Retained earnings	2,115,961	2,079,071	2,376,296	2,562,281
Total Equity	3,226,174	3,221,513	3,623,104	3,970,245
Non- Current Liabilities				
Deferred tax liability	301,776	270,100	338,904	332,876
Retirement benefit obligation	202,620	175,325	227,549	216,074
	504,396	445,426	566,454	548,950
Current Liabilities				
Trade and other payables	875,036	948,856	982,695	1,169,385
Short term borrowings	1,437,119	1,004,774	1,613,934	1,238,300
Income tax payable	2,312,155	1,953,630	2,596,629	2,407,686
	1,953,630	2,538,295	2,407,686	2,711,478
Total Liabilities	2,816,551	2,399,055	3,163,083	2,956,635
Total Equity And Liabilities	6,042,725	5,620,568	6,786,186	6,926,881

Note: This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. This has been presented for the information purpose only. Exchange rates prevailed at the end of each financial year have been used to convert the statement of financial position and average exchange rates prevailed during the financial year have been used to convert the income statement. Restated figures were taken for the previous year.

GLOBAL

Reporting Initiative (GRI) G4

GRI is an international independent organization that helps businesses, government sand other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. GRI provides the world's most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society and citizens to make better decisions based on information that matters. In fact, 92% of the world's largest 250 corporations report on their sustainability performance.

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citizens to make better decisions based on information that matters. In fact, 92% of the world's largest 250 corporations report on their sustainability performance.

Sustainability reporting is being practiced by many corporates using various frameworks among which the most commonly seen in Sri Lanka is the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Integrated Reporting endeavors to incorporate key aspects of sustainability, along with financial and other dimensions relevant to value creation in an organization in short, medium and long term.

Hence this section of the guide provides in summary the GRI disclosures and indicators under general and specific categories as a reference to the prepares of integrated reports. The categories are shown in the table here.

Category	Sub Category	GRI Index Index No.
General Standard Disclosures		
Strategy and Analysis		G4-1
Organisational Profile		G4-3 to G4-16
Identified Material Aspects and Boundaries		G4-17 to G4-23
Stakeholder Engagement		G4-24 to G4-27
Report Profile		G4-28 to G4-33
Governance		G4-34
Ethics and Integrity		G4-56
Specific Standard Disclosures		
Economic		G4-EC1 to G4-EC8
Environmental		G4-EN1 to G4-EN29
Social	Labour Practices and Decent Work	G4-LA1 to G4-LA9
	Human Rights	G4-HR1 to G4-HR5
	Society	G4-SO3 to G4-SO8
	Product Responsibility	G4-PR3 to G4-PR9

GLOBAL Reporting Initiative (GRI) G4 (Contd...)



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Independent Assurance Report

To the Board of Directors of Samson International PLC on the Integrated Report- 2018/19

Introduction and scope of the engagement

The management of ("the Company") engaged us to provide an independent assurance on the following elements of the Integrated Report-2018/19 ("the Report")

- 01 Reasonable assurance on the information on financial performance as specified on statement of Value Addition of the Report.
- 02 Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI G4 'In accordance' - Comprehensive guideline publication, publicly available at GRI's global website at "www.globalreporting.org". Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less

in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report

The management of the company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

Auditor's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 31st March 2019.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

01. Interviewing the Company's relevant personnel to understand the process for collection, analysis, aggregation and presentation
02. Reviewing and validation of the information contained in the Report
03. Checking the calculations performed by the Company on a sample basis through recalculation

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

04. Reconciling and agreeing the data on financial performance are properly derived from the company's audited financial statements for the year ended 31st March 2019 and Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

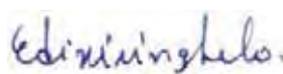
Conclusion

Based on the procedures performed, as described above, we conclude that:

01 The information on financial performance as specified on statement of Value Addition of the Report are properly derived from the audited financial statements of the Company for the years ended 31st March 2018 and 31st March 2019.

02 Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Core Sustainability Reporting Guidelines.

Yours faithfully,



Edirisinghe & Co.

Chartered Accountants

Colombo

24th May 2019

Partners: P.P. Edirisinghe FCA ACIM MBA Ms. M.K.K. Karunaratne FCA ACMA P.K.A.M. Alahakoon ACA MAAT
S.A. Harischandra ACA ACMA CGMA MBA Bcom (Sp.)
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayasena FCA

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GLOBAL Reporting Initiative (GRI) G4 (Contd...)

Samson international Plc voluntarily adopted Global Reporting Initiative (GRI) G4 'In accordance' core Guidelines during the financial year 2015/16 as a measure of improving the standard of accountability and reporting on accountability, These details are given below.

General Standard Disclosures

GRI Index No.	Description	Reported Section	Page No.
Strategy and Analysis			
G4-1	Statement from the Chairman	Chairman's Review	22
Organization profile			
G4-3	Name of the organization.	Samson International Plc / Corporate Information	06
G4-4	Primary brands, products, and/or services.	Our Products	14
G4-5	Location of organization's headquarters.	Corporate Information	06
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Products Our Global Presence	14 87
G4-7	Nature of ownership and legal form.	Corporate Information and Investor Information	06 , 198
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Products Our Global Presence and Our Products	14 87
G4-9	Scale of the reporting organization.	Corporate Information and Investor Information	06,198
G4-10	Total work force by employment type, employment contract, and region, broken down by gender.	Human Capital	72
G4-11	Percentage of employees covered by collective bargaining	Human Capital - Recognition of Joint consultative committee	77
G4-12	Organizations supply chain	Social Relationship Capital	91
G4-13	Significant changes during the reporting period regarding size structure and ownership	Investor Information	198
G4-14	Addressing the Precautionary principles/approach	Risk Management, Social Relationship Capital	123
G4-15	List of Charters, principles or other initiatives	Review of operating enviroment	50
G4-16	List of Memberships of association	Social Relationship Capital	91

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Identified Material Aspects and Boundaries			
G4-17	Operational structure of the organization.	Profiles of the Executive Management	33
G4-18	Process for defining report content.	About this report	02
G4-19	Material aspect identified for report content.	Report of the Board of Directors Financial and Operational Highlights	140 04
G4-20	Aspect boundary for identified material aspects within the organization.	Managing Director's Operational Review	25
G4-21	Aspect boundary for identified material aspects outside the organization.	Chairman's Review, Goals and Strategies	22,57
G4-22	Restatements of information provided in the previous reports.	Financial Statement - Note 29	182
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Notes to the Financial Statements	153-182
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization.	Value creations & stakeholder engagement	53
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Value creations & stakeholder engagement	53
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Value creations & stakeholder engagement	53
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	Value creations & stakeholder engagement	53
Report Profile			
G4-28	Reporting period	Year ended 31 March 2019	
G4-29	Date of most recent previous report	Quarterly Financials - Quarter ended 31st March 2019	
G4-30	Reporting cycle	Quarterly and Annually	
G4-31	Contact point for questions regarding the report or its contents.	Corporate Information	07
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and External Assurance Report.	GRI G4 Audit Report	189
G4-33	Policy and current practice with regard to seeking external assurance for the report.	Audit Report and Audit Committee Report GRI G4 Audit Report	146,134 189

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Governance			
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for decision-making on economic, environment and social impacts	Corporate Governance Report of the Board of Directors	100 140
Ethics and integrity			
G4-56	The values, principles , standards and norms of behaviour	About us & Corporate milestones	03,08
Specific Standard Disclosures			
Category: Economic			
Aspect	Economic Performance		
G4-EC1	Direct economic value generated, distributed and retained.	Value creations & stakeholder engagement Statement of Value Added and distributed	53
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Notes to the Financial Statements - Note 05	161
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Notes to the Financial Statements - Note 3.4 and 22	154-158
G4-EC4	Financial assistance received from Government	Managing Director's Operational review	25
Aspect	Indirect Economic Impacts		
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Review of external environment	41
Category: Environment			
Aspect	Materials		
G4-EN1	Materials by weight or volume	Financial and Operational Highlights	04
G4-EN2	Percentage of materials used that are recycled input Materials	Financial and Operational Highlights	04
Aspect	Energy		
G4-EN3	Energy consumption within the organization	Review of Operating environment	50
G4-EN4	Energy consumption outside the organization		
G4-EN5	Energy intensity	Review of Operating environment	50
G4-EN6	Reductions in energy consumption	Review of Operating environment	50
G4-EN7	Energy reductions in products and services	Review of Operating environment	50

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Aspect Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope1)	Natural Capital	94
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Natural Capital	94
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Natural Capital	94
G4-EN18	Greenhouse gas (GHG) emissions intensity	Natural Capital	94
Aspect Effluents and Waste			
G4-EN23	Total weight of waste by type and disposal method	Financial and Operational Highlight and Manufactured Capital	04,06
G4-EN29	Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Review of operating envirimet	51

Category: Social

● Labor Practices and Decent Work

Aspect Employment			
G4-LA1	Total number and rate of new employee hires and employee turnover by age group gender and region.	Human Capital	72
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant location of operation.	Human Capital	75
Aspect Labour/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Human Capital	77
Aspect Occupational Health and Safety			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.	Human Capital	77
G4-LA6	Type of injury and rates of injury, occupational disease, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.	Human Capital	72

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Aspect Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Capital	81
● Human Rights			
Aspect Investment			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Human Capital	72
Aspect Child Labour			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	Human Capital	72
● Society			
Aspect Anti-Corruption		Risk Management	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Risk Management	51
Aspect Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Review of operating environment	51
● Product Responsibility			
Aspect Product and Service Labelling			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Our Products	14
Aspect Marketing Communications			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Review of operating environment	51
Aspect Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Review of operating environment	51

GLOSSARY

of Financial Terms

1. Segment	:	Constituent business units grouped in terms of the nature and similarity of operations.
2. Annual Sales Growth	:	Percentage change over previous year's gross turnover.
3. Current Ratio	:	Current assets divided by current liabilities.
4. Dividend Cover	:	Profit available for appropriation divided by gross dividend.
5. Dividend per Share	:	Total Gross Dividend divided by no. of shares at the end of the year.
6. Gross Dividend	:	Portion of Profits, inclusive of tax withheld, distributed to shareholders.
7. Dividend Rate	:	Gross Dividends declared per share.
8. Earnings per Share	:	Profit attributable to shareholders divided by the no. of shares issued.
9. Interest Cover	:	Profit from ordinary activities before tax and finance cost divided by finance cost.
10. Net Assets per Share	:	Net Assets divided by the no. of shares.
11. Price Earnings Ratio	:	Market Price per share divided by earnings per share.
12. Deferred Taxation	:	Sum set aside for tax in the financial statement that will become payable in a financial year other than the current financial year.
13. Value Additions	:	The quantum of wealth generated by the activities of the Company.
14. Revenue Reserves	:	Reserve considered as being available for distributions and investments.
15. Capital Reserves	:	Reserves identified for specific purposes and considered not available for distribution.
16. Return on Capital Employed	:	Profit after interest and tax divided by capital employed or shareholders funds.
17. Shareholders Fund	:	Total of stated capital and revenue reserves.
18. Capital employed	:	Shareholders' funds plus long - term bearing loans and borrowings.
19. Average Capital Employed	:	Mean of two consecutive years' capital employed.
20. Corporate Governance	:	A system by which Companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.
21. Market Capitalization	:	Number of ordinary shares in issue multiplied by the Market Value per share at the balance sheet date.
22. Related Parties	:	Parties who could control or significantly influence the financial and operating policies of the business.
23. Intangible Assets	:	An intangible asset is an identifiable non-monetary asset without physical substance.
24. Impairment	:	This occurs when the recoverable amount of an asset is less than its carrying amount.
25. Fair value	:	This is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

INVESTOR Information

“While valuing the patronage of all our shareholders, the Company has made every endeavours to ensure equitable treatment to all our shareholders irrespective of the number

of shares they hold. Therefore, the active participation of shareholders at the Annual General Meeting is encouraged ”.



Last Annual General Meeting

The Board seeks Annual General meeting to communicate with investors and all shareholders are encouraged to participate. The chairman of audit and remuneration committee will be available at the Annual General meeting to answer any questions raised by the shareholders.

General

a) Stated capital	-	Rs. 109,600,211
b) No. of Shares	-	4,232,771 (as at 31st March 2018 - 4,232,771)
c) Class of Shares	-	Ordinary Shares
d) Date of Listing	-	The Company was listed on 24th July 1992 with the Colombo Stock Exchange.
e) Ticker symbol	-	SIL.N0000 (in the Colombo Stock Exchange)
f) Market sector	-	Manufacturing

INVESTOR Information (Contd...)

Submission of audited accounts to CSE

The audited income statement for the year ended 31st March 2019 and the audited balance sheet of the Company as at that date have been submitted to the Colombo Stock Exchange within the stipulated date.

Market Capitalization

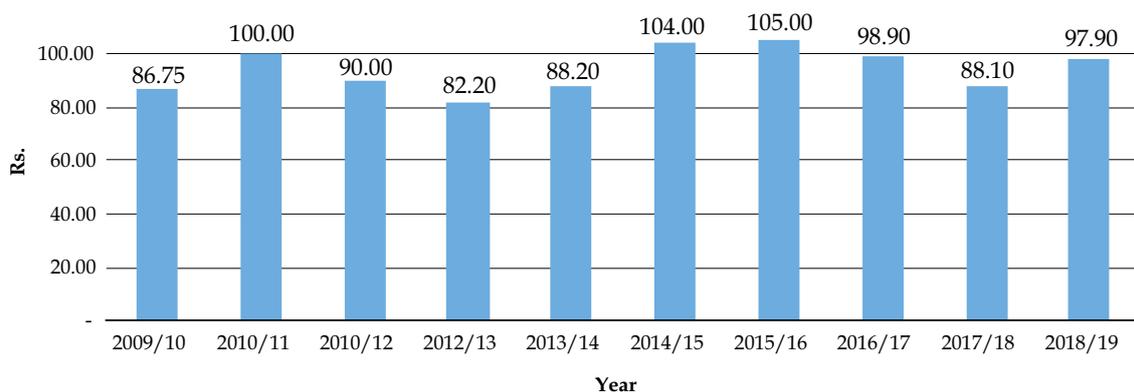
The market capitalization of the Company which is the number of ordinary shares issued multiplied by the market value of a share (at the year-end), was Rs .414.4Mn at 31st March 2019 (Rs. 372.9 Mn as at 31st March 2018).

Market Value of the Company's Ordinary Shares

Market Value per share	2018/19 Rs	Date	2017/18 Rs	Date	Increased by
Highest Price	118.70	10.08.2018	117.60	31.05.2017	1
Lowest Price	74.00	11.05.2018	73.10	14.03.2018	1
Closing	97.90	31.03.2019	88.10	31.03.2018	11

Share Information	2018/19 Quarterly information				For the year	
	Q1	Q2	Q3	Q4	2018/19	2017/18
High (Rs.)	109.80	118.70	100.00	100.00	118.70	117.60
Low (Rs.)	74.00	76.10	77.10	80.10	74.00	73.10
Closing (Rs.)	105.80	95.50	100.00	97.90	97.90	88.10
Market capitalization (Rs in Mn)	447.8	404.2	423.1	414.4	414.4	372.9

Market Price per Share (Rs.) as at 31st March



INVESTOR Information (Contd...)

Analysis of Shareholders based on number of shares held as at 31st March 2019

As at 31st March 2019

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,128	91.3	130,494	3.1
1,001 – 10,000	89	7.2	246,496	5.8
10,001-100,000	12	1.0	278,432	6.6
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000.000 & Over	2	0.2	2,335,726	55.2
Total	1,235	100	4,232,771	100

DSI Group has invested more than 55% of the stake of the Company as at 31st March 2019.

As at 31st March 2018

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,115	91.2	132,825	3.2
1,001 – 10,000	88	7.2	237,619	5.6
10,001-100,000	13	1.1	287,688	6.8
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000.000 & Over	2	0.2	2,333,016	55.1
Total	1,222	100	4,232,771	100

Analysis of Shareholders category-wise as at 31st March 2019

As at 31st March 2019

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,179	95.4	440,724	10.4
Institutional-local	49	4.0	3,679,938	86.9
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	-	-	-	-
Total	1,235	100	4,232,771	100

It is noted that 95.4% of the number of shareholders are Sri Lankan individuals which represent 10.4% of the stake of the Company as at 31st March 2019. The Company maintains more than 20% of the total listed ordinary shares on more than 750 public shareholders as required by the rule 7.6 (iv) of the CSE Listing rules.

As at 31st March 2018

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,169	95.6	449,690	10.6
Institutional-local	46	3.8	3,667,972	86.7
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	-	-	-	-
Total	1,222	100	4,232,771	100

INVESTOR Information (Contd...)

Twenty Major Shareholders as at 31st March 2019

No Shareholder	No of Shares as at		No of Shares as at		No of Shares	
	31.03.2019	%	31.03.2018	%	Increased by	% Inc. by
1 D.S.I Samson Group (Pvt) Ltd.	1,325,306	31.31	1,325,306	31.31	-	-
2 Seylan Bank PLC / Dr T. Senthilverl	1,010,420	23.87	1,007,710	23.81	2,710	0%
3 D. Samson Industries Limited	603,633	14.26	603,633	14.26	-	-
4 D. Samson & Sons Limited	301,782	7.13	301,782	7.13	-	-
5 Sampath Bank PLC / Dr T. Senthilverl	230,000	5.43	230,000	5.43	-	-
6 Samson Rubber Industries (Private) Ltd	106,208	2.51	106,208	2.51	-	-
7 Mr Sanger GMBH	86,484	2.04	86,484	2.04	-	-
8 Mr A H Munasinghe	33,117	0.78	33,117	0.78	-	-
9 Mr K G Piyasena	25,278	0.60	25,278	0.60	-	-
10 Samson Manufacturers Limited	24,369	0.58	24,369	0.58	-	-
11 Mr H Tanigawa	22,506	0.53	22,506	0.53	-	-
12 Asha Financial Services Limited / Mr C N Pakianathan	20,322	0.48	20,322	0.48	-	-
13 Mrs D R Wimalasena	11,741	0.28	11,753	0.28	(12)	0%
14 Miss D D G Rajapaksa	11,373	0.27	10,861	0.26	512	5%
15 Mr D R Rajapaksa	11,350	0.27	11,350	0.27	-	-
16 Mr D K Rajapaksa	10,959	0.26	10,959	0.26	-	-
17 Mr U I Suriyabandara	10,709	0.25	10,138	0.24	571	6%
18 Mr D M Rajapaksa and Dr D B D Rajapaksa	10,224	0.24	10,224	0.24	-	-
19 People's Leasing & Finance / Hi Line Trading (Pvt) Ltd	9,922	0.23	10,327	0.24	(405)	-4%
20 Mr T S Salim	8,740	0.21	8,740	0.21	-	-
Total of 20 Major Shareholders	3,874,443	91.53	3,871,067	91.45	3,376	0%
Other 1,215 Shareholders as at 31/03/2019	358,328	8.47	-	-	-	-
Other 1,202 Shareholders as at 31/03/2018	-	-	361,704	8.55	-	-
Total Shareholdings of the Company	4,232,771	100.00	4,232,771	100.00	-	-

Public Holdings

As at 31st March 2019, the public held 43.208% (in 2017/18- 42.195%) of the shares of the Company. The number of public shareholders in the year 2018/19 and 2017/18 is 1,220 and 1,200 respectively.

The shares of Seylan Bank PLC/ Dr Thirugnanasambander Senthilverl has been treated under public and a declaration to Colombo Stock Exchange was done.

No of Share transactions

	2018/19	2017/18
No of Transactions	222	127
No of Shares Traded	6,240	21,838

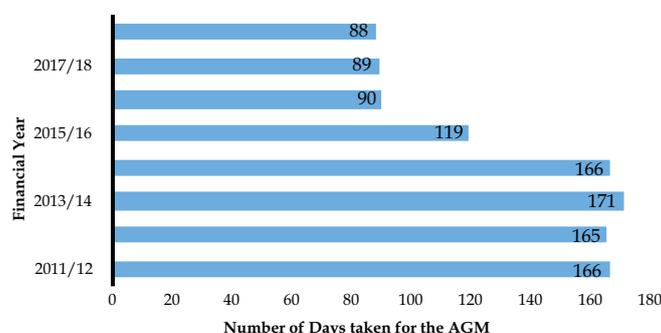
The Value of shares traded during the year under review was Rs.555,884.60 in 2018/19 as against Rs. 1,921,010.80 in 2017/18.

INVESTOR Information (Contd...)

Number of Days taken for the AGM from the Balance Sheet date

Financial Year	Date of AGM held	Number of Days taken for the AGM from the balance sheet date
2011/12	14-Sep-12	166
2012/13	13-Sep-13	165
2013/14	19-Sep-14	171
2014/15	14-Sep-15	166
2015/16	29-Jul-16	119
2016/17	30-Jun-17	90
2017/18	29-June-18	89
2018/19	28-June-19	88

Number of Days taken for the AGM from the balance sheet date



Last year AGM

The last AGM was held 29th June 2018 with the participation of 85 shareholders (7% of the total number of shareholders) at Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists, Colombo 8.

The following resolutions were approved at the last AGM.

1. Approved the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements for the year ended 31st March 2018 and the Report of the Auditors thereon.
2. Dr. D S Rajapaksa who was 74 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D S Rajapaksa".
3. Mr. D K Rajapaksa who was 73 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
4. Mr. D R Rajapaksa who was 72 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".
5. Mr. T K Bandaranayake who was 75 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
6. Mr. G H A Wimalasena who was 77 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. G H A Wimalasena."
7. Re-appointed Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
8. Authorized the Directors to determine donations for the year ending 31st March 2019 and up to the date of the next AGM.

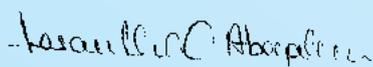
NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Seventh Annual General Meeting of Samson International PLC will be held on 28th June, 2019 at the Sri Lanka College of Obstetricians and Gynecologists, Samson Rajapaksa Auditorium at No. 112, Model Farm Road, Colombo 08 at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements the year ended 31st March 2019 and the Report of the Auditors thereon.
2. To appoint Dr. D.S Rajapaksa who is 75 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Dr. D.S Rajapaksa who is 75 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D.S Rajapaksa".
3. To appoint Mr. D K Rajapaksa who is 74 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D K Rajapaksa who is 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
4. To appoint Mr. D R Rajapaksa who is 73 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D R Rajapaksa who is 73 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".
5. To appoint Mr. T K Bandaranayake who is 76 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. T K Bandaranayake who is 76 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
6. To appoint Mr. G H A Wimalasena who is 78 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr.G H A Wimalasena who is 78 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr.G H A Wimalasena."
7. To re-elect Mr. D C J Rajapaksa who retires by rotation in terms of Article 95 of the Articles of Association, as a Director of the Company
8. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
9. To authorize the Directors to determine donations for the year ending 31st March 2020 and up to the date of the next Annual General Meeting.

By Order of the Board

SAMSON INTERNATIONAL PLC



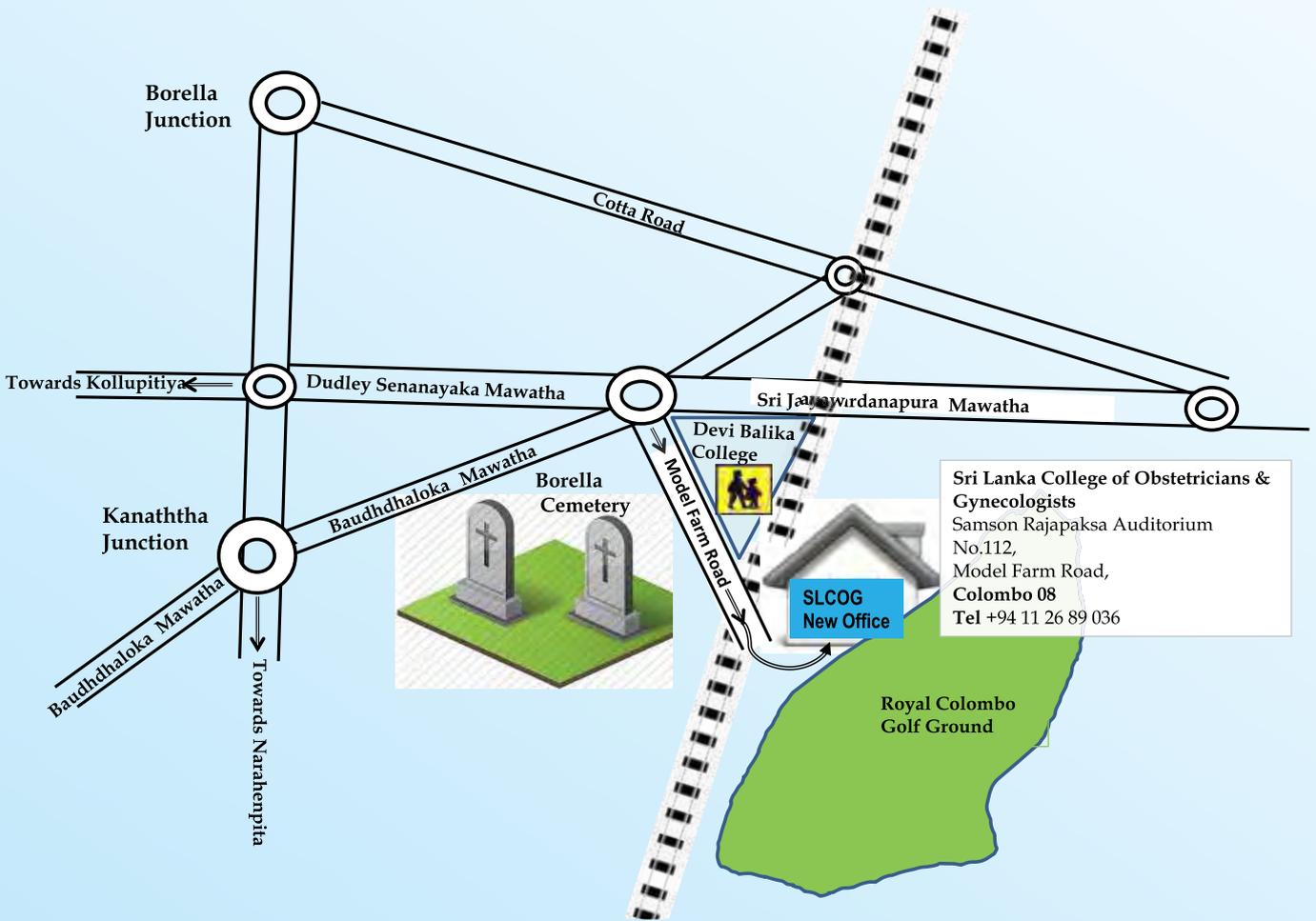
P W Corporate Secretarial (Pvt) Ltd
Secretaries

24th May 2019.
Colombo

- Notes:-
1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
 2. A Proxy need not be a shareholder of the Company.
 3. A Form of Proxy accompanies this Notice.
 4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 110, Kumaran Ratnam Road, Colombo 02, not less than 48 hours before the time for holding the Meeting.

DIRECTIONS

to the venue of the AGM



FORM of Proxy

I/We of being a shareholder/ shareholders of SAMSON INTERNATIONAL PLC, do hereby appoint ofor failing *him/her*

Dr. D S Rajapaksa	of Colombo or failing him*
Mr. D K Rajapaksa	of Colombo or failing him*
Mr. D R Rajapaksa	of Colombo or failing him*
Mr. T K Bandaranayake	of Colombo or failing him*
Mr. G H A Wimalasena	of Colombo or failing him*
Mr. D G P S Abeygunawardana	of Colombo or failing him*
Mr. D D A Rajapaksa	of Colombo or failing him*
Mr. D C J Rajapaksa	of Colombo

as *my/our Proxy to represent me/us*, to speak and vote for *me/us on *my/our behalf at the Twenty Seventh ANNUAL GENERAL MEETING OF THE COMPANY to be held on 28th June. 2019 at 3.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1. To appoint Dr. D.S Rajapaksa who is 75 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Dr. D.S Rajapaksa who is 75 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D.S Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
2. To appoint Mr. D K Rajapaksa who is 74 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D K Rajapaksa who is 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
3. To appoint Mr. D R Rajapaksa who is 73 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D R Rajapaksa who is 73 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Mr. T K Bandaranayake who is 76 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. T K Bandaranayake who is 76 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".	<input type="checkbox"/>	<input type="checkbox"/>
5. To appoint Mr. G H A Wimalasena who is 78 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr.G H A Wimalasena who is 78 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr.G H A Wimalasena."	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. D C J Rajapaksa who retires by rotation in terms of Article 95 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorize the Directors to determine donations for the year ending 31st March 2020 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of Two Thousand and Nineteen.

*Signature/s

- Note: 1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate shareholder, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 110, Kumaran Ratnam Road, Colombo 02, not less than Forty Eight (48) hours before the appointed time for the Meeting.



SIL Flag

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SAMSON INTERNATIONAL PLC.

Corporate Office:

No. 110, Kumaran Rathnam Road, Colombo 02, Sri Lanka.

Tel : +94 11 4728800 Fax : +94 11 2440890

E-mail : info@samsonint.com Web : www.samsonint.com