

2012/13  
*Annual Report*



Silver Jubilee and beyond...



**SAMSON INTERNATIONAL PLC**

Akuressa Road, Bogahagoda, Galle

**DSI** Samson  
group



## Company Profile

Samson International Plc is a public quoted Company whose parent company is DSI Samson Group (Pvt) Ltd. 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 hoses to the international markets as well as to the local market. Samson International Plc has around 300 employees and expects to achieve a Rs. 1 bn turnover in 2013/2014. The factory is situated at Bogahagoda, Galle. The Company was incorporated on 14th October 1988.

DSI Samson Group is in the business of footwear, tyres, brushes, tiles, agriculture, trading and transportation. DSI Samson Group's exports have an export turnover of more than 1% of the Country's total exports and has a work force of work 8,500 employees. The majority of their factories in the DSI Group are located in remote rural areas and Samson International Plc is one of them.

Last year DSI Samson Group ( Pvt) Ltd. celebrated their Golden Jubilee while Samson International PLC will celebrate our Silver Jubilee on 14th October this year.

### Vision

To be a leading Polymer Product manufacturer in the region.

### Mission

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

### Values

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



# 2012/13

## Annual Report



**“We celebrate our Silver Jubilee having completed 25 years of service as a socially responsible corporate citizen to the national economy. We have also served the rural areas in the Southern province by using mainly local raw materials, opening direct employment avenues for neighbouring villages, generating foreign exchange and nurturing our national and religious heritage.**

**During the last 25 years, we have kept a benchmark for having arguably the widest product range among the rubber products manufacturing companies in Sri Lanka. Now as a 25 years young corporate citizen, our aspirations beyond the Silver Jubilee is to establish the widest possible global presence for our rubber products. “**

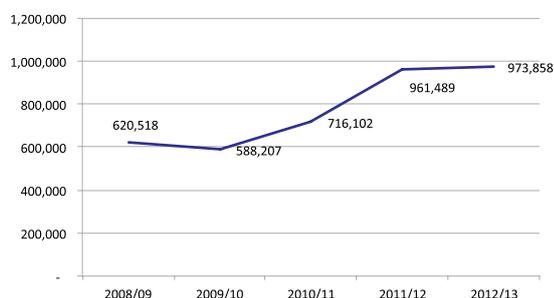
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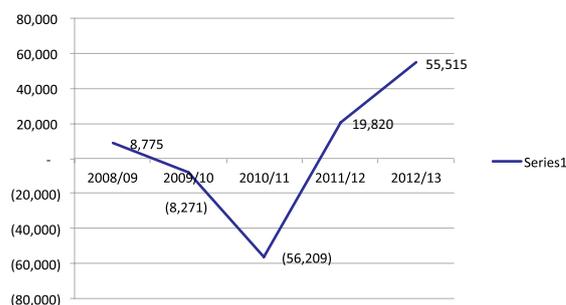
# FINANCIAL Highlights

		2012/13	2011/12	Variance	%
Revenue	Rs. 000	973,858	961,489	12,369	1
Foreign exchange earnings	US \$ 000	5,235	4,167	1,068	25
Profit before tax	Rs. 000	51,076	19,123	31,953	167
Tax on profit	Rs. 000	4,438	696	3,742	537
Profit after tax	Rs. 000	55,515	19,820	35,695	180
Market Capitalization	Rs. 000	316,303	346,318	(30,015)	(8)
Shareholders' funds	Rs. 000	400,904	353,084	47,820	13
Value additions	Rs. 000	205,117	156,071	49,046	31
Manpower	Nos.	302	299	3	1
Number of shares issued	Nos.	3,847,974	3,847,974	-	-
Export Sales growth	%	24.8	19.3		
ROCE	%	13.8	5.6		
Interest cover	times	5.6	2.9		
Dividend cover	times	7.2	-		
Current ratio	times	2.39	1.8		
Earnings per share	Rs.	14.43	5.15		
Dividend per share	Rs.	2.0	-		
Market price per share	Rs.	82.20	90.00		
Net assets per share	Rs.	104.18	91.75		

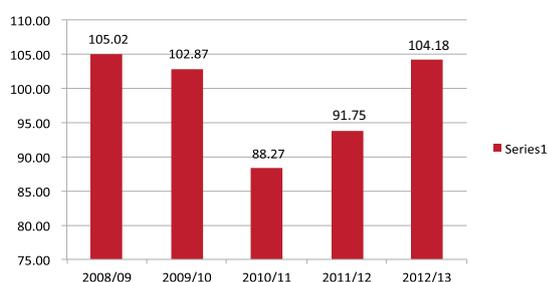
Turnover (Rs.000)



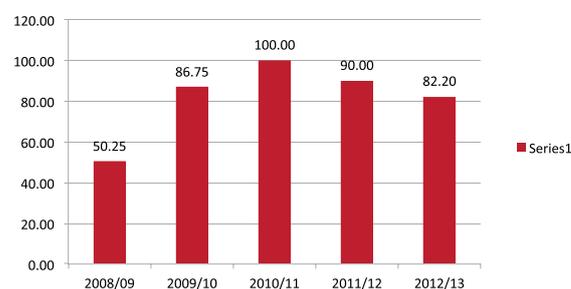
Profit after Taxation (Rs.000)



Net Assets Per Share (Rs.)



Market Price Per Share (Rs.)



# CHAIRMAN'S Review

It is my pleasure to present the Annual Report of Samson International PLC for the year ended 31st March 2013. Samson International Plc was incorporated on 14th October 1988 and therefore our silver jubilee falls this year.



## Global Economic outlook

World economic growth continued to be considerably stagnant. Global GDP growth fell marginally in 2012 as against in 2011. However, it is expected to improve in 2013. We could see a significant shift in economic power in advanced economies such as the USA, the Euro Zone and Japan and in developing economies of BRICS (i.e., Brazil, Russia, India, China and South Africa).

Real GDP Growth Outlook (percent change)					
	2010	2011	Estimate		Forecast
			2012	2013	
World	4.1	2.7	2.5	3.0	3.3
High-income countries	3.0	1.6	1.4	1.9	2.3
Developing countries	7.4	6.1	5.3	5.9	6.0

Source: World Bank 2012b.  
Note: GDP = gross domestic product.

## Sri Lankan Economic Outlook

	2009	2010	2011	2012
GDP growth	3.5	8.0	8.3	6.5
Per capita income ( USD)	2,057	2,400	2,836	2,922 ( Note 1)
Exports ( USD mn)	7,085	8,626	10,559	8,991 ( Note 2 )
Imports ( USD mn)	10,207	13,451	20,269	17,574 ( Note 2)
Exchange rate at year end	114.38	110.95	113.90	127.65
Inflation	4.8	6.9	6.7	7.6
Worker's remittances ( USD bn)	3.33	4.12	5.14	6.01 ( Note 1)
Gross official reserve ( USD bn)	6.3	6.4	6.0	6.8
Trade balance ( USD bn)	(3,122)	(4,825)	(9,710)	(8,947)
Balance of payments ( USD mn)	2,725	921	(1,061)	100 ( Note 1)

Source: Central Bank Annual Report 2011

Note 1: Projected by CBSL

Note 2: From January to November 2012

# CHAIRMAN'S Review (Contd...)

The Sri Lankan economy grew by 6.5% in 2012 compared to the growth in excess of 8.0% in the preceding two years against the backdrop of several global and domestic challenges. All the major contributors to the economy -Agriculture, Industry and Services- grew in 2012 and are expected to show continued growth in 2013. Despite adverse weather conditions, the agricultural sector grew by 5.8% in 2012 when compared to 1.4% in the previous year. Both industry and service sectors are expected to grow on the back of a recovery in the global economy.

Inflation was maintained within single digit levels in 2012 for the fourth consecutive year. Inflation was 7.6%, driven by both increasing food prices resulting from the drastic weather patterns and the increasing costs of essential services such as electricity and transport. Sri Lanka remains highly sensitive to movements in the price of energy. The unemployment rate as decreased to 3.9%.

## Sri Lanka Unemployment Rate April 2011 to Jan-2013



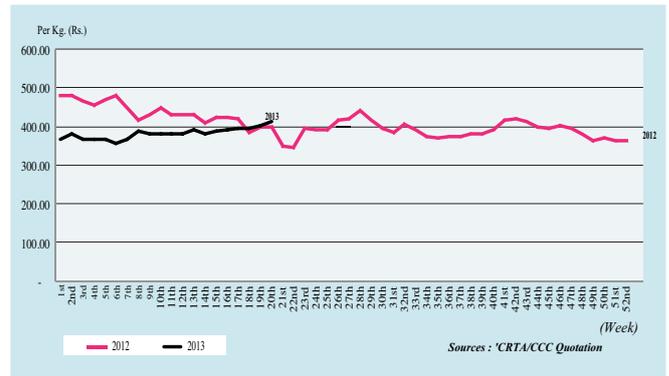
The depreciation of the exchange rate supported export competitiveness, whilst curtailing import expenditure, which has contributed significantly to a reduction in the trade deficit. The International Sovereign Bond issue of USD 1bn issued to finance infrastructure development also provided a boost to the official reserves and reflected confidence in the Sri Lankan economy. The gross official reserves increased to USD 6.8bn by end 2012 from USD 6bn end 2011, which is equivalent to 4.4 months of imports.

It is observed that currently, more than half of Sri Lankan exports are still centred on the US and EU markets. We are severely affected by the economic decline in both the US and EU. To minimize the risk, the right mixture of exports has to be identified. In view of this, we have developed the Japanese market significantly.

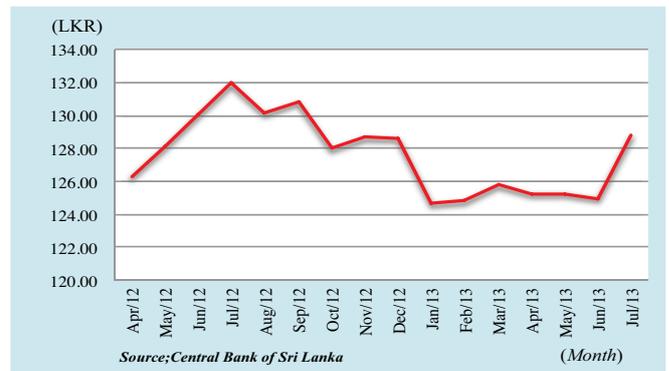
## Industry Performance

It is noted that pale crepe prices in 2013 have decreased compared to the previous three years and become stable. The current price is around Rs 400.00 per kg. Rubber prices are the most critical factor in our business. The savings achieved from low rubber prices would offset by the increase in energy cost, wages, finance cost and other imported chemicals.

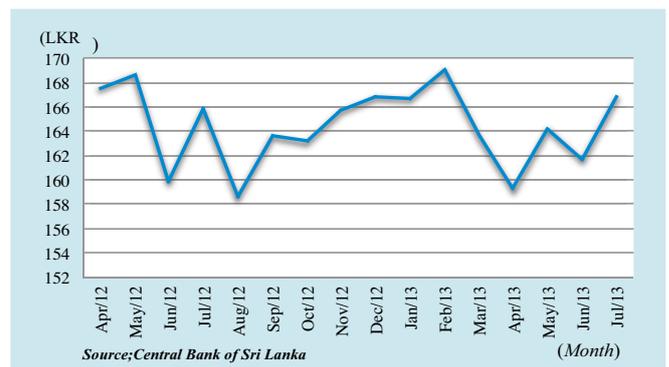
### Rubber price Movement in 2012 & 2013



### Rs/USD Exchange Rate

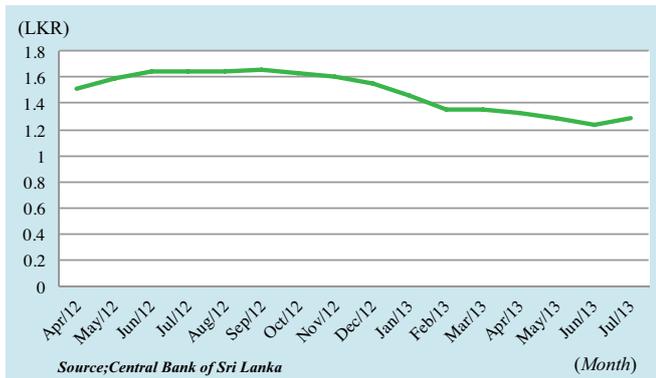


### Rs/Euro Exchange Rate



# CHAIRMAN'S Review (Contd...)

**Rs/Yen Exchange Rate**



It is good for exports when the Rupee depreciates against foreign currencies. At the beginning of the year 2012, the Rupee against the US Dollar depreciated from Rs. 110 to Rs. 130. However, later it strengthened and now it is Rs. 132.00. Most of our imports are in US dollars which has a negative impact on the bottomline. We saw a stable trend in the exchange rate vis-a-vis the Euro during the year under review and now the rate is around Rs. 170.00. Most of our sales are in Euro. Therefore, we did not earn a significant exchange gain this year. However, the Rupee against the Yen has appreciated dramatically from Rs 1.65 in June 2012 to Rs 1.25 in June 2013. This has had an adverse impact on export revenue from the Japanese market which we developed recently.

After the Katunayaka – Colombo High way is completed this year, our customers can reach us within 1 ½ hours from Katunayaka International Airport. Although our factory is located 100 km from Colombo in the South of Sri Lanka, the Southern Express Highway has brought us closer to Colombo. Anyone can reach us in a one-hour journey from Colombo. The government’s massive infrastructure projects certainly help us in our business.

## Company Performance

This year we recorded a profit before tax of Rs. 51.0 mn as against Rs 19.1 mn in the previous year. The total revenue of the company has increased from Rs. 961 mn in the previous year to Rs. 973 mn in the current year. We were just short of Rs 27 mn in our goal of Rs. 1 bn turnover. We hope we will pass the first 1 bn turnover in the year of our Silver Jubilee. Out of the total revenue of Rs. 973 mn in the current financial year, 67% was earned from export sales and the balance from local sales. It is noted that the export turnover has gone up by

25% from Rs. 525 mn in the previous financial year compared to Rs. 656 mn in the current year. We developed many new products such as ice bags, new mat designs, ramps, colour beadings and snake-designed hot water bottles. We continue to manufacture to international standards of many ISO certified products.

The company has recorded a gross profit of LKR 149.8 mn in the year under review as against Rs. 88.2 mn in the previous year, which is a 69% increase. The gross profit ratio in the current financial year is 15% and in the previous year gross profit was 9%. The major reasons for the improvements in the gross profit ratio were the decline in rubber prices, better product mix, mould modifications for hot water bottles, investment in Research & Development, control of production overheads and reduction in finance costs. The gearing ratio was 13% in 2012/13 as against 15% in 2011/12.

In the future, we will focus on widening our global presence with a wide product range. Last year we visited many exhibitions and met new customers in Norway, the USA, Maldives, India, Myanmar and Vietnam. We will continue to focus on high contributing products such as rings and hot water bottles. We started getting orders for new products developed in the previous year such as fire retardant mats and oil resistant mats. Wastage and scrap levels will be further minimized with proper control. We need to further improve our quality levels and delivery times from the current position in order to differentiate our products from Chinese products.

## Evolution of the company

Let me briefly mention about the evolution of this Company as this year marks our Silver Jubilee. Samson International Plc is a subsidiary of the DSI Samson Group (Pvt) Ltd. This parent Company was founded in 1962 and they celebrated their golden jubilee last year. Further, DSI Samson Group’s exports account for an export turnover of more than 1% of the country’s export turnover. It has a workforce of 8,500 employees and the majority of their factories are located in remote rural areas. Samson International Plc is one of them. This Company was started on 14th October 1988 at a time the open economic policies had got firmly entrenched in the country with an overwhelming tendency among the business community to commence export-oriented projects.

# CHAIRMAN'S Review (Contd...)

Accordingly, this Company was intended to produce rubber-based products largely for export, which it continues to execute to date with a current export to domestic revenue ratio of 7:3. The ordinary shares of this Company were listed on the Colombo Stock Exchange of Sri Lanka on 24th July 1995 and the Company converted to a public quoted company.

## Dividends

The Board of Directors has taken a decision to recommend a dividend of Rs. 2.00 per share for the year under review.

## Appreciation

On the occasion of our Silver Jubilee this year, I would like to especially thank our invaluable and loyal customers. Further, I would like to thank the Board of Directors, management and every employee of the company for the dedication and commitment they have extended towards the company.

I would also like to express my deep appreciation to Mr R.H. Nandajeewa who retires at the age of 70 years and his immense contribution towards the continuous development of the company since its inception will be remembered for all time.

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



Chairman

Colombo

08th August 2013

# CORPORATE Information

<b>Name of the Company</b>	: Samson International Plc
<b>Legal Form</b>	: A public quoted Company with limited liability, incorporated on 14th October 1988 and re-registered under the New Companies Act No. 7 of 2007 on 3rd September 2008.
<b>Company Registration number</b>	: 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.
<b>Principle line of Business</b>	: Manufacture and export of rubber-based products to the international and local markets.
<b>Registered Office</b>	: No. 110, Kumaran Ratnam Road , Colombo 02. Te: (011) 4728800, Fax ( 011)2440890 Email: info@dsisamson.com
<b>Factory</b>	: Akuressa Road. Bogahagoda. Galle. Te (091)3094469-72, Fax ( 091) 2224036 Email: info@samsonint.com
<b>Directors</b>	: Dr D. S. Rajapaksa (Chairman) Mr D. K. Rajapaksa (Managing Director) Mr D. R. Rajapaksa Mr D. M. Rajapaksa Mr C. Cumararatunge Mr R.H. Nandajeewa ( <i>Retired on 08/08/2013</i> ) Mr G. H. A. Wimalasena Mr T. K. Bandaranayake Mr B. L. P. Jayawardena Mr D. G. P. S. Abeygunawardana ( <i>Appointed on 08/08/2013</i> )
<b>Secretaries</b>	: P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08
<b>Parent Company</b>	: DSI Samson Group ( Pvt) Ltd.
<b>Auditors</b>	: Messrs HLB Edirisinghe & Company Chartered Accountants, No. 45, Brarybrook Street, Colombo 02.
<b>Bankers</b>	: Bank of Ceylon Hatton National Bank Commercial Bank Nation Trusts Bank

# PROFILE of the Directors



**Board of Directors at the last AGM**

*(Mr. D. K. Rajapaksa was absent as he was on an overseas business tour and Mr. C. cumaranatunga was also absent as he is based in Germany)*

## 1. Dr D. Samson Rajapaksa

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

**Chairman**

Dr D.S. 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 he is the Chairman of DSI Samson Group (Pvt) Ltd. He is also a Director of D.Samson Industries (Pvt) Ltd., D. Samson and Sons (Pvt) Ltd., and Samson Reclaim Rubbers (Pvt) Ltd.

In addition to being on the DSI Samson Group (Pvt) Ltd. Board, he is a Consultant Obstetrician and Gynaecologist in the private sector.

Dr. Rajapaksa serves as a Committee Member of the Young Members Buddhist Association and Sri Lanka Medical Library.

## 2. Mr D. Kulatunga Rajapaksa

*B.Sc (Hons) (Cey)*

**Managing Director**

Mr D.K. Rajapaksa is the Managing Director of DSI Samson Groups (Pvt) Ltd., Mr. Kulatunga Rajapaksa has over 47 years of experience in the manufacture of footwear and rubber products.

He has served as a council member in several universities. Mr. Rajapaksa is a past president of the National Chamber of Exporters of Sri Lanka and also was the past president of

the Sri Lanka Association of Manufacturers and Exporter of Rubber products and is the current president in the Sri Lanka Footwear & Leather Products Manufacturers' Association.

He is also the Chairman of Wellassa Rubber Company Limited and also a Director of the Mawbima Lanka Foundation.

## 3. Mr D.Ranatunga Rajapaksa

*Dip. In Technology*

Mr D. R. 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 is also the Managing Director of Mountspring Water (Pvt) Ltd, Samson Reclaim Rubbers Ltd. Samson Rubber Products (Pvt) Ltd., Samson Bikes (Pvt) Ltd. and DSI Tyre India (Pvt) Ltd. and several other subsidiary companies of the DSI Samson Group.

Mr D. R. Rajapaksa plays a major role on expanding the group's overseas business and has more than 42 years of experience with DSI Group.

## 4. Mr D. Mahinda Rajapaksa

*Bsc Eng. (Hons), MBIM, CEng, MIMechE (UK), FIE (SL)*

Mr D. M. Rajapaksa is a Chartered Engineer by profession and has more than 5 year experience working as an Engineer in UK & Sri Lanka.

# PROFILE OF THE Directors (Contd...)

In addition to being a Director of Samson International Plc, Mr D. M. Rajapaksa is the Managing Director of Samson (Exports) Ltd and Director of DSI Samson Group (Pvt) Ltd., D. Samson Industries (Pvt) Ltd and several other subsidiary companies of DSI Samson Group.

Mr D. M. Rajapaksa has over 31 years experience within the DSI Samson Group.

## 5. Mr. Chula Cumaratunge

*M.Sc. (Econ) (Lond.)*

Mr. Cumaratunge C. has over 27 years experience in the rubber industry. Mr. Cumaratunge is also a Director of Glovetex (Pvt) Ltd, and Central Rubber (Pvt) Ltd.

## 6. Mr R. H. Nandajeewa

*(Retired on 08/08/2013)*

*Dip In Planting - NIPM*

Mr R. H. Nandajeewa has extensive experience in several management position in DSI Group. He joined DSI Group in 1992 and has contributed immensely towards the continuous development of the strength and stability of Samson International Plc. Mr. Nandajeewa has given the initiative for several CSR projects of Samson International Plc.

He is an office bearer and active member of several charitable organizations.

## 7. Mr G. H. A. Wimalasena

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

Mr Wimalasena G.H.A was the Founder-Managing Director of Asiri Hospital Group of companies for the period of 1980 to 2006.

Mr Wimalasena has experience with extensive exposure in Management and Health services. He also serves as a Director of Hemas Hospitals (Pvt) Ltd. He is also Chairman in ITMC (Pvt) Ltd. and a member of the risk management & audit committee of Hemas Hospitals (Pvt) Ltd.

## 8. Mr T.K. Bandaranayake

*B.Sc. (Cey), FCA*

Mr T. K. Bandaranayake has more than 45 years commercial and professional experience and was a Senior Partner of Ernst & Young from where he retired after 28 years, having serviced a large portfolio of clients, both local and multinational in various industries.

He currently serves as a Director Laugfs Gas Plc, Overseas Realty (Ceylon) Plc, Renuka Holdings Plc, Renuka Shaw

Wallace, Micro Holdings (Pvt) Ltd, Harischandra Mills Plc and Nawaloka Hospitals PLC. He also serves as an Advisor / Consultant to the Board of Directors of Noritake Lanka Porcelain (Pvt) Ltd and the Board Audits Sub-committee of DFCC Vardhana Bank.

He serves as the 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 SEC, SLAASMB, CBSL, etc.

Mr Bandaranayake is a Past Chairman of the Audit Faculty of the Institute of Chartered Accountants of Sri Lanka.

## 9. Mr Lalith Jayawardana

*MBA, Bcom (Sp)*

Mr L. Jayawardana has over 23 years experience in Samson International PLC and has served the company from its inception. He is also a Director of Samson Group Corporate Services (Pvt) Ltd. and Micro Minerals (Pvt) Ltd, a subsidiary of Richard Peiris Group. In addition, Mr L. Jayawardana serves as the Group Treasurer of DSI Samson Group and Deputy General Manager – Finance of Samson Sportswear (Pvt) Ltd.

He is the Secretary of the Sri Lanka Association of Manufacturers & Exporter of Rubber Products (SLAMERP). Mr Jayawardana is also serving as a member of Rubber Advisory Council of Sri Lanka Export Development Board and Ministry of Industry and Commerce. He is also a past Treasurer of the Plastic and Rubber Institute of Sri Lanka.

## 10. Mr D. G. P. S. Abeygunawardana

*(Appointed on 08/08/2013)*

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

Mr. Priyantha Abeygunawardana is a triple qualified Accountant holding the fellowship of Chartered, CIMA and ACCA. He also holds two Master's degrees, namely, MBA from Sri Jayawardana specializing Finance and LLM from University of Colombo in Company Law, Labour Law and Banking Law.

He obtained his LLB degree from the Open University of Sri Lanka and took his oaths as an Attorney – at-law in 2004.

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

Previously he was at Ford, Rhodes, Thornton & Company, Hayleys, Abans and finally at Richard Pieris Exports Plc, where he worked as General Manager for six years. He joined Samson International Plc in February 2012.

# EXECUTIVE Management



- Mr Kulatunga Rajapaksa Bsc ( Hons) (Cey)  
Managing Director
- Mr Lalit Jayawardana MBA, BCom ( Sp)  
Director - International Marketing
- Mr Priyantha Abeygunawardana  
MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at -Law  
General Manager

## Research & Development

- Mr Sunil Kariyawasam Dip. in Polymer Technology  
Deputy General Manager – Research & Development
- Mr Wimal Siriwardana Dip. in Rubber Technology,  
Certificate in Hydraulic Technology  
Executive – Research and Development

## Marketing

- Mr Naveendra Kumara MBA , MAAT, Dip in Business Mgt.  
Manager- Marketing
- Mr Sanjeewa Weerakkodi BA ( Hons) (Economics)  
Assistant Manager - Marketing

## Purchasing

- Ms Piumangani Seneviratne BMS (Sp)(OUSL), Dip. in Mgt  
Manager - Supply

## Finance

- Mr M.K. Nayantha Wijesinghe B.B.Mgt Accountancy (Sp)  
Executive- Finance

## Production

- Mr M. A. P. Janakantha Dip. in Engineering Science, Dip.  
in Rubber Technology  
Executive- Production

## Quality Assurance

- Mr Namal Nishantha Bsc, Dip. in Rubber Technology  
Executive- Quality Assurance

## Engineering

- Mr Nilantha Jayalal Dip. in Technology  
Executive – Mechanical Engineering

## Human Resources

- Ms Nishanthi Padmakumari Dip. in Human Resources Mgt

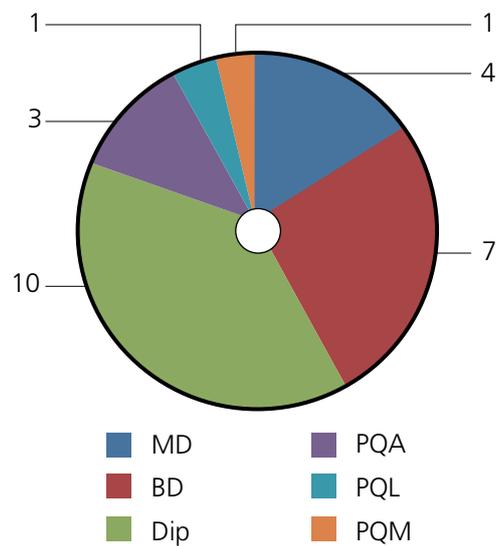
## Welfare

- Mr G. Paravithana Dip. in Commerce  
Executive- Welfare

# EXECUTIVE Management (Contd...)

## Analysis of educational and professional qualifications of the Executive management

CATEGORY	Number of Degrees/Diplomas
Master's Degree (MD)	4
Bachelor's Degree (BD)	7
Diploma (Dip)	10
Professionally qualified in Accountancy (PQA)	3
Professionally qualified in Law (PQL)	1
Professionally qualified in Marketing (PQM)	1
<b>Total</b>	<b>26</b>



The Executive Team of SIL

# AWARDS

## Won



### 1) Exports Awards

- 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

Organized by National Chamber of Exporters of Sri Lanka.

We also awaiting export awards for 2012.

### 2) Presidential export awards 1996, 1997.



### 3) Quality certifications and Standards

- ISO 9001:2008 Quality Management System
- British Standard (BS 1970:2012)
- TUV Certification
- FSC Certification

*Managing Director receiving Gold Medal award from National Chamber of Exporters in 2012*

# OUR Products

The total turnover of all segments has increased from Rs 961mn in 2011/12 to 973mn in 2012/13. Export sales recorded a sales growth of 25%. It is noted that Food grade items sales have increased by 42%.

Year ended	Exports sales	Local Sales	Rs in 000' Total
31st March 2013	656,041	317,816	973,857
31st March 2012	525,590	435,899	961,489

Year ended	Medical Items	Food grade items	Household items	Others	Rs in 000's Total
31st March 2013	213,671	291,250	138,555	330,381	973,857
31st March 2012	206,758	204,300	146,600	403,831	961,489
31st March 2011	198,231	159,648	103,825	254,397	716,101
31st March 2010	190,546	115,883	70,842	210,936	588,207
31st March 2009	221,918	110,307	50,131	238,144	620,518



*SIL Participating in South African Exhibition*



*Participating in Trade Exhibition in Maldives*

## OUR Products (Contd...)



*Participating in Sri Lankan Business Delegation to Myanmar in 2012*

### Medical Items

This includes hot water bottles , finger exercises and sanipa health slippers. Due to the high competitiveness from China, our market was affected. In order to reduce the cost, the Company concentrated more on plastic mouth bottles than on brass mouth bottles. The Company invested a considerable amount for this conversion and received the expected pay back. The rubber hot water bottles are certified with TUVGS, BS, Kite Mark and FSC quality standards. Our hot water bottles earned a significant market share in Europe and Australia. Finger exercises are made from dried natural rubber and recommended by physiotherapists worldwide. The Sanipa health slipper is ideal for reflexology or zone therapy which is an alternative medical therapy involving the physical act of applying pressure to the feet.



*Participating in Trade Exhibition in Pakistan*

### Food Grade Items

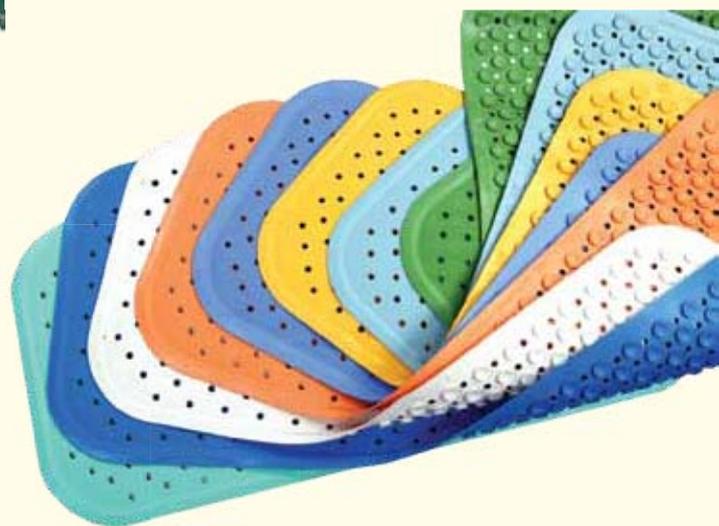
The turnover in jar sealing rings has been increasing every year and in the year under review, we increased our turnover by 42% in this segment. We are trying hard to exploit other overseas markets in the coming financial year. We produce jar sealing rings especially for the European market and we have a significant market share in Europe. We produce them in different colours (such as orange, red, green, white and blue), sizes and designs according to customer specifications. We are the only manufacturer in Sri Lanka who could produce jar sealing rings of so many colours.



# OUR Products (Contd...)

## Household & Industry Items

This segments include rubber mats and rubber flooring. We sell rubber mats to suit different locations and purposes. Continuous rubber rolls, bath mats, staircase mats, vehicle mats, entrance mats, industry mats and also specialty mats such as fire retardant mats, oil resistant mats, antistatic mats and fabric mats are some of the mats we produce. Now we have a sales growth from the specialty mats such as fire retardant mats, and oil resistant mats and we try to increase the product range. Further Bath mats are doing extremely well. Still there is an untapped market for continuous mats and flooring which we are trying hard to exploit. Rubber flooring tile is an environmental friendly product free of FCC, PVC, Cadmium and several other harmful substances. The product comes in different sizes and designs such as plain, round stud, square stud, hammer blow and orange peel, etc. The rubber flooring tiles are designed to be installed as a permanent flooring solution which could be laid over on existing flooring. The spring quality of rubber flooring tile makes walking, standing and working on easier. It also reduces the risk of injuries which can be caused by standing on hard flooring for extended periods of time. Rubber flooring is specially designed for the purpose of easing the strain on the feet and legs and is also called "Anti- Fatigue flooring". Rubber flooring is also a static control method, due to its non-conductive properties. Static control floors are often installed on floors which deal with electronic items and equipment, as static electricity can damage or ruin electronic components. We also produce garden hoses of high quality.



# OUR Products (Contd...)

## Other Products

Other products include automotive accessories, beadings, footwear components and other items which do not belong to the above three categories. We produce a wide range of automotive products ranging from extruded and moulded rubber components such as solid rubber profiles, sponge rubber profiles, co-extruded profiles, flock profiles, rings, support rings, gaskets, bumpers, truck strings, road humps and braided air and fuel hoses. We also produce a wide range of beadings of different designs and length. The highest turnover was recorded in this segment. Beading has a lot of potential and is still untapped. Rubbers hoses have not yet become very competitive due to substitute PVC imported products.



*SIL Product display centre at Bogahagoda*

# OUR People

Fifty years ago, the founder of the DSI Group the late Mr. Samson Rajapakse said 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. Samson International Plc, like the other companies in 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 and liquor is not allowed even in outings and get-togethers organized by the company and other special occasions such as the annual cricket tournaments. Even the television and press advertisements of the Group are reflective of this mood. Further, a simple, rustic and informal environment prevails both in the factory and office premises. Most of the staff members use Sinhala as their medium in their day-to-day work. Our human resources development activities in the year under review include:

- 1) The majority of our employees have been recruited from neighboring villages since 1988, the year in which the company was incorporated. Therefore, about 300 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. Every year we award certificates and gifts for good attendance. In the year 2012/13, eight employees were selected for this honour on 23rd April 2013. Further, DSI Group organizes a Felicitation Ceremony every year and those who have worked for more than 10 years and 25 years and for outstanding performances are given certificates and valuable gifts. On July 29th, 2012, eight employees from our Company were recognized for this purpose.
- 2) The inter-department soft ball men’s and women’s cricket tournament is conducted annually. This year in the men’s tournament, the moulding

section emerged champions out of 16 teams and the packing section emerged champions in the Women’s tournament. The best players were awarded Samson bicycles. The tournament was held on 6th April 2013 at Koggala BOI grounds.

- 3) The annual trip was organized on 28th October 2013. About 250 members joined and enjoyed themselves. Our objective is to create an atmosphere for our employees to work with pride, happiness and enthusiasm which will be reflected in a high standard of team work and motivation.
- 4) We do not employ any person below 18 years of age nor advocate any form of child labour. The Company does not condone any form of discrimination or harassment on grounds of race, gender, ethnicity or religion.
- 5) Our employees’ health, safety and welfare receive constant attention in our decision making, policies and general practices. A full-time nurse and a part-time doctor to look after our employees are employed. Surgical and hospitalization insurance cover and personal accident cover, meals, transport, death donation and staff loans scheme are some of the facilities given to our employees.
- 6) During the year, employees underwent many internal and external training programmes focused on skills developments and team- building.
- 7) We also value the opinions of our employees and welcome suggestions on how we can improve our service standards.
- 8) We provide training facilities to students from universities, technical institutions and accountancy institutions in the Southern Province.

# OUR People (Contd...)



*Paying obeisance to Managing Director on 23rd April 2013*



*Workers participating in the Pirith chanting on 23rd April 2013*



*Lighting the Traditional Oil Lamp by Director Marketing*



*Milk Rice and Traditional Sweet Meats to Celebrate New Year*



*Best Attendance award with the top Management on 23rd April 2013*

# OUR People (Contd...)



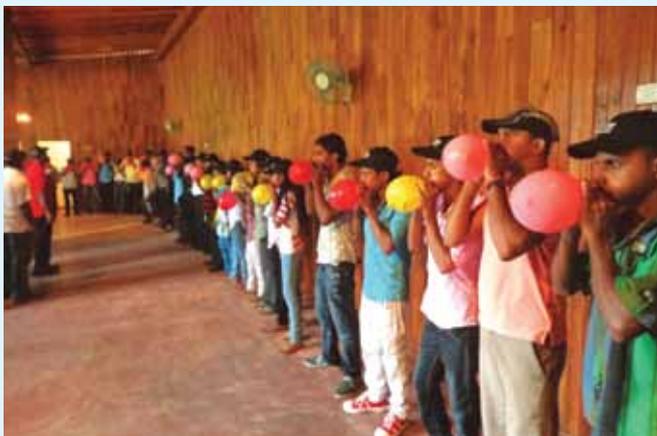
*SIL Staff at Lunch*



*Aurudu Kumariya Crwoned "Miss SIL 2012" on 28th October 2012 by General Manager*



*Aurudu Kumara "Mr SIL 2012" on 28th October 2012 by Deputy General Manager - R & D*



*Ballon Race during the Annual Trip 2012*



*Participants in Aurudu Kumari contest during Annual Trip*

# OUR People (Contd...)



*First AID training for SIL Staff*



*Health Officers conducting Dengue Seminar*



*Medical Examination of SIL Staff*



*Medical Examination of a SIL employee in the Factory*



*General Manager being introduced to the women's team before the final Match*

## OUR People (Contd...)



*Championship Trophy Won by the Moulding Section*



*Scoring a Six at the inter Department women's Soft Ball Tournament*



*Best Cricketer of the year being Awarded a Samson Bicycle*



*Best Woman Cricketer being Awarded a Samson Bicycle by DGM - R & D*



*Enthusiastic Spectators at Cricket Tournament*

# SOCIAL and Environmental Responsibility

Social and Environmental Responsibility has become an integral part of our wealth- creation process. The 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. The communities we operate in are significant stakeholders of our business. Therefore, we make every endeavour to establish mutually beneficial relationships with our communities by minimizing any adverse impacts and by contributing towards community development. During the year, the company conducted many programmes with different communities and several initiatives taken during the year which are given below.

- 1) A dengue prevention programme was held on 18th May 2012. Further, workshops were conducted on health and safety protection on 1st July 2012 and 25th July 2012 under the supervision of officers of the Health Department. A workshop on First Aid was held on 9th September 2012.
- 2) Subcontracts of our finishing and packing processes were given to neighbouring villagers who were trained by us. There are 64 subcontracting centres around the factory which have created indirect employment opportunities.
- 3) Company products were donated to schools, temples, government departments, universities, adults' homes, hospitals, etc. Donation of SIL rubber mats to Dorape Maha Vidyalaya, Dorape Maha Viharaya, Welikonda Temple, Bogahagoda, Cancer Ward of Karapitiya Hospital, Bona Vista Elders' home and Habaraduwa Police Station are some of them.
- 4) Waste rubber, waste hydraulic oil and waste boiler water are being recycled. We use a firewood boiler instead of a furnace oil boiler. Firewood is purchased from neighboring villages and the consumption of furnace oil has been minimized. 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.
- 5) We have achieved significant international recognition in terms of product quality. We have been awarded the following:
  - ISO 9001:2008 Quality Management System
  - British Standard ( BS 1970:2012)
  - TUV Certification
  - FSC Certification



*Donation of SIL Rubber Mats to Dorape Maha Viharaya, Bogahagoda*

# SOCIAL and Environmental Responsibility (Contd...)



*Donation to Valikonda Temple, Bogahagoda*



*Donation of SIL Rubber Mats to Karapitiya Cancer ward*



*At an Almsgiving Bonavista Elder's Home*



*Donation of SIL Rubber Mats to Habaraduwa Police*



*Donation of SIL Rubber Mats to Dorape Maha Vidyalaya*

# CORPORATE Governance

The Board recognizes the interests of the Company's shareholders, employees, customers, suppliers, consumers, and communities in which it operates and who are all essential to the Company's success. Therefore the Board of Directors has given top priority to high standards of corporate governance practices as specified by regulatory bodies and legislation such as the Institute of Chartered Accountants of Sri Lanka, the Securities & Exchange Commission of Sri Lanka and the Companies Act No. 7 of 2007. The Company's Corporate Governance framework is expected to ensure a transparent and good governance system leading towards increased profitability and long-term sustainability.

## Role of the Board of Directors

The Board of Samson international Plc comprises three executive directors and six non-executive directors. Their profiles appear on pages 11 & 12 of this Annual Report.

The Board of the Company is responsible for formulating company policy and overall business strategy, which is done in compliance with existing laws and regulations as well as to establish best practices in dealing with employees, customers, suppliers and the community at large.

It is the Company's policy to hold regular Board meetings. Information relevant to these Board meetings is distributed in a timely manner with ample time for members to assimilate and analyze information in order to make well-informed decisions at Board meetings. In the furtherance of his duties, provisions have been made to allow a Director to obtain independent professional advice paid for by the company. The

Board approves all material contracts, projects, investments, acquisitions and disposal of fixed assets and annual capital and revenue budgets.

To protect the untarnished reputation of the company, the Board ensures that its members and employees maintain the highest possible ethical standards.

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. There is a clear distinction of responsibilities and authority between the Chairman and the Chief Executive officer/ Managing Director, which ensures a balance of power.

## Appointment & Re-election of Directors

The Board of Directors collectively decides on the new appointment of Directors as per the Articles of Association of the Company. Formal and transparent procedures are followed in making such appointments. The Annual General Meeting is considered to be the ideal forum for this, with sufficient biographical data on Directors seeking appointment or re-election accompanying their names to inform shareholders on voting decisions.

## Board Meetings

The Board held five meetings during the period under review and the attendance is given below

# CORPORATE Governance (Contd...)

Name of Director	Status	18th May	18th July	10th August	12th November	11th February	Attendance
Dr D S Rajapaksa	NE	✓	✓	✓	✓	✓	5/5
Mr D K Rajapaksa	E	✓	✓	✓	✓	✓	5/5
Mr D M Rajapaksa	NE	✓	✓	x	X	✓	3/5
Mr D R Rajapaksa	NE	x	✓	✓	✓	✓	4/5
Mr R H Nandajeewa	E	✓	✓	✓	✓	✓	5/5
Mr C Cumarantunga	NE	x	x	x	x	X	0/5
Mr T K Bandaranayake	NE/I	✓	✓	✓	✓	✓	5/5
Mr G H A Wimalasena	NE/I	✓	✓	x	✓	X	3/5
Mr B L P Jayawardena	E	✓	x	✓	x	✓	3/5

Note 1: In the status column, "E" = Executive, "NE" = Non- Executive and "I" = Independent.

Note 2: Mr C. Cumarantunge is based in Germany and all proceedings of the Board meetings are sent to him.

## Committees

Specific responsibilities have been assigned to the Board committees. The Board committees are:

### Audit Committee

The Audit Committee consists of three Non-Executive Directors.

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

Please refer to the Audit Committee Report on Page 43 and 44 for the functions and responsibilities of the Committee. The Internal Audit function of the Company is carried out by Ms Ernst & Young Chartered Accountants. They directly report to the Managing Director of the Company. All provisions for debtors are made according to guidelines given in the Audit Committee Charter.

### Remuneration Committee

The Remuneration Committee, appointed by the Board of Directors, consists of three Non-Executive Directors.

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

They recommend the remuneration packages of Directors, Managers and Executives of the Company. Please refer the Remuneration Committee report on page 45.

## Compliance and Disclosure of Information

The Company's compliance with its statutory obligations is regularly monitored by the Management and a Statement of Compliance is presented to the Board on a regular basis. Compliance with the CSE's Listing Rules (Section 7.10) on Corporate Governance is shown in the Table below.

# CORPORATE Governance (Contd...)

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
7.10.2(a)	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher, should be independent	Compliant
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant
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	Compliant
		b. Names of independent Directors should be disclosed in the Annual Report	Compliant
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 ,the Board shall specify the criteria not met and the basis for the determination in the Annual Report	Compliant
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including his area of expertise.	Compliant
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.	Not Applicable
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
7.10.5(b)	Report of Remuneration Committee	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

# CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Compliant
7.10.6.(a)	The composition of Audit Committee	<p>a. Shall Comprise Non-Executive Directors, a majority of whom can be independent</p> <p>b. Chief Executive Officer and the Chief Financial Officer should attend Audit Committee meetings.</p> <p>c. Chairman of the Audit Committee or one member should be a member of a professional Accounting body</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>
7.10.6.(b)	Audit Committee functions	<p>Overseeing the</p> <p>(i) Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards.</p> <p>(ii) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting- related regulations and requirements.</p> <p>(iii) Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</p> <p>(iv) Assessment of the independence and performance of the external auditors.</p> <p>(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</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p> <p>Compliant</p> <p>Compliant</p>
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	<p>a. Names of Directors comprising the Audit Committee.</p> <p>b. The Audit Committee shall determine the independence of the Auditors and disclose the basis of such determination.</p> <p>c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>

# CORPORATE Governance (Contd...)

The Board of Directors requires that in all possible aspects, the Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange and New Companies Act. The maximum information is provided to shareholders and full disclosure is made subject only to any sensitive information.

## Internal Controls

The Internal Audit function of the Company continues to be outsourced and is carried out by Ms Ernst & Young, Chartered Accountants. They assess the strengths and weaknesses of the Company's internal Control system and liaise closely with the Audit Committee on a quarterly basis in making recommendations on improving these systems. Controls are in place to safeguard the Company's assets, physical or otherwise, and ensure proper records of each Company's transactions are maintained. Directors have the responsibility to establish appropriate systems of internal control in the Company and review the effectiveness of the system of internal controls constantly.

## Going Concern

The Directors have continued to use the "going concern" basis in the preparation of Financial Statements, after careful review of the financial position and cash flow status of the Company. The Board of Directors believes that the Company has adequate resources to continue in operation for the foreseeable future.

## Secretary to the Board

P W Corporate Secretarial (Pvt) Limited act as Secretaries to the Company. They advise the Board on appropriate procedures for the management of its meetings and duties, as well as compliance with corporate governance in the Company.

# RISK Management

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. The management reviews its strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to risks. Managing business and financial risks are fundamentally important in maintaining sustainable growth and making steady progress towards the achievement of corporate goals and objectives. The Company ensures "minimization of risks" by adopting various strategies for smooth Company operations and these are given below.

Risk Exposure	Risk exposure	Mitigating actions
1) Credit Risk	Risk arising from default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<ul style="list-style-type: none"> <li>a) Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</li> <li>b) Developing and implementing Credit Policies.</li> <li>c) Obtaining bank guarantees, deposits, post dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</li> <li>d) Closely monitoring the debtor balances and laying action plans accordingly.</li> </ul>
2) Operational process Risk	Internal process failures, frauds, pilferages and breakdowns of internal controls	<ul style="list-style-type: none"> <li>a) Outsource internal audit to a reputed audit firm to review and report on the adequacy of the financial and operational controls to Audit Committee and Managing Director.</li> <li>b) Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</li> <li>c) Provide focused and structured training to staff at all levels to familiarize them with processes and procedures.</li> </ul>

# RISK Management (Contd...)

			<ul style="list-style-type: none"> <li>d) Carrying out mandatory preventive maintenance programmes.</li> <li>e) The Company sources its products and services from approved suppliers.</li> </ul>
3)	Reputation Risk	<p>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>	<ul style="list-style-type: none"> <li>a) Maintenance of highest ethical standards at all times in all business activities.</li> <li>b) Proper adherence to statutory, health and safety concerns with appropriate quality certification standards.</li> <li>c) Continuous review of customer comments in order to exceed customer expectations and ensure quality standards are adhered and improved upon.</li> <li>d) The Company plays a corporate citizen role through CSR initiatives.</li> </ul>
4)	Human Resources Risk	<p>Risk of losing skilled and trained human capital</p>	<ul style="list-style-type: none"> <li>a) Provide focused and structured training to staff at all levels to aid personal and professional development.</li> <li>b) Establish career development programs and succession plans in order to retain and motivate them.</li> <li>c) Maintain good relationships with employees through regular dialogue.</li> <li>d) Top priority is given to automation of manual work.</li> </ul>
5)	Technological risk	<p>Risk of having low productivity and high maintenance cost compared to the products manufactured by competitors.</p>	<ul style="list-style-type: none"> <li>a) Frequent visits to overseas exhibitions and continuous investment in modern machinery.</li> <li>b) Continuous competitor analysis is carried out.</li> <li>c) Investing in Research and Development activities throughout the year.</li> <li>d) Investing in hardware and developing software in-house.</li> </ul>

## RISK Management (Contd...)

6)	Procurement Risk	Risk of non-availability of raw materials and paying excessive prices.	<ul style="list-style-type: none"> <li>a) Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over dependency on a single supplier/brand.</li> <li>b) Store raw materials when the prices are low and entering into forward contracts for raw material purchases.</li> <li>a) Consume energy in the most efficient way and use of firewood boiler.</li> </ul>
7)	Inventory Risk	Risk of having non-moving stock	<ul style="list-style-type: none"> <li>a) Identifying slow-moving stocks and selling them in a different market.</li> </ul>
8)	Risk of Competition	Risk of losing our market share and sales growth	<ul style="list-style-type: none"> <li>a) Ensuring high standards of quality in the eyes of the customer and branding all our products.</li> <li>b) Participate in trade fairs both local and foreign to attract new customers.</li> <li>c) Identify the products which are in decline of the Product Life cycle and corrective action is taken.</li> <li>d) Sourcing new markets and developing new products.</li> <li>e) Make necessary investments to upgrade the facilities.</li> </ul>
9)	Statutory and Regulatory Risk	Risk of non-compliance with changes in legal and regulatory environment, taxation, labour and other laws will result in judicial actions.	<ul style="list-style-type: none"> <li>a) Create awareness of statutory obligations at all levels.</li> <li>b) Seek advice from external consultants on all matters relating to litigation and contracts.</li> <li>c) Product liability insurance is taken for hot water bottles.</li> <li>d) Have a central record room to keep all our important documents for 10 years.</li> <li>e) Continuous dialogue with statutory bodies to update reporting requirements.</li> </ul>

## RISK Management (Contd...)

10)	Financing and Interest rate risk	Inability to satisfy debt repayments and obtain the best interest rates.	<ul style="list-style-type: none"> <li>a) To have adequate facilities in obtaining USD loans and borrowings in foreign currency to bring down finance charges.</li> <li>b) Funding of long-term assets through equity and Long-term loans.</li> <li>c) To have adequate short-term borrowing facilities available at all times.</li> </ul> <p>a) Low gearing is maintained.</p>
11)	Foreign Exchange rate Risk	Depreciation of the rupee value and loss on exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	<ul style="list-style-type: none"> <li>a) Exchange rate movements are taken into consideration before conversion &amp; pricing.</li> <li>b) Practising effective hedging techniques.</li> <li>c) Continuous evaluation of the impact of Central Bank regulations.</li> </ul>
12)	Fire and natural disaster risk	Fire and natural disaster can halt or cease operation	<ul style="list-style-type: none"> <li>a) Obtaining comprehensive insurance cover for fire and natural disasters.</li> <li>b) Fire safety drills and training is given to ensure the chances of occurrences are kept to a minimum. The company is equipped with firefighting equipment at all strategic locations in the factory.</li> </ul>
13)	Information systems risk	To minimize risk associated with data security, hardware & communication and software.	<ul style="list-style-type: none"> <li>a) Data back-ups stored in off- site locations.</li> <li>b) Maintaining of spare servers.</li> <li>c) Vendor agreements for support service and regular maintenances.</li> </ul>
14)	Project Management Risks	New projects / Capital expenditures involve high risks and uncertainties in terms of delay and cost overruns. Failure of major projects will affect profitability, capital structure and reputation.	<ul style="list-style-type: none"> <li>a) Conduct a PESTEL analysis and feasibility study before initiating the projects.</li> <li>b) Board approval should be received for all investments.</li> <li>c) Post-evaluation of the projects is carried out for each investment.</li> </ul>

# 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 2013, which was approved by the Directors at a meeting held on 8th August 2013.

### The Principal Activities of the Company

The principal activity of the Company is the manufacture of unhardened vulcanized rubber products to international markets and local markets. There have been no significant changes in the nature of the Company's principal activities during the year.

### First-time adoption of SLFRS/LKAS

Financial Statements for the year ended 31st March 2013 are the first the Group has prepared in accordance with SLFRS/LKAS. For periods up to and including the year ended 31st March 2012, the Group prepared its Financial Statements in accordance with the Sri Lanka Accounting Standards which were effective up to 31st March 2012.

Accordingly, the Group has prepared Financial Statements which comply with SLFRS/LKAS applicable for periods ending on or after 31st March 2013, together with the comparative period data as at and for the year ended 31st March 2012, as described in the accounting policies. In preparing these Financial Statements, the Group's opening statement of the financial position was prepared as at 1st April 2011, the Group's date of transition to SLFRS/LKAS.

### Segment Reporting

Geographical segment-wise contribution to Group revenue, results, assets and liabilities is provided in Note 29 on page 83 to the Financial Statements.

### Review of the year

The Chairman's Statement together with the Financial Statements highlights the Company's performance during the period under review and the state of affairs as at 31st March 2013.

### Turnover

Turnover of the Company is Rs. 973 Mn in 2012/13 as compared to Rs. 961 Mn in the last year.

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

## Turnover by segment:

Rs in 000'

	2012/2013	2011/2012
Medical items	213,671	206,758
Food grade items	291,250	204,300
Household items	138,555	146,600
Footwear components	330,381	403,831
Total turnover	973,857	961,489

## Profits:

	2012/2013	2011/2012
Profit for the year ( after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	51,076	19,123
Tax on profits	4,438	697
Profit after taxation	55,515	18,820
Unappropriated profit brought forward	137,332	217,512
Profits available for appropriation	192,847	237,432

## Appropriations:

Transfer to General Reserves	-	(100,000)
Proposed first and final dividend	(7,695)	-
Unappropriated profit carried forward	185,152	137,332

## Taxation

Under Section 52 of Inland Revenue Act No 10 of 2006 the export profits of the company are taxed at the rate of 12 %.

## Investments in Property, Plant & Equipment

During the year 2012/2013, the Company invested Rs. 25.8 Mn in property, plant & equipment. The investment in property, plant & equipment as at 31st March 2013 amounted Rs.474 Mn as opposed to Rs. 457 Mn as at 31st March 2012. The information relating to the movement in property, plant & equipment is given in Note 14 of the Financial Statements.

## Stated Capital & Reserves

The movement of the stated capital is as follows.

	2012/2013	2011/2012
Stated capital- Rs	105,752	105,752
No. of Ordinary shares	3,847,974	3,847,974

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

## Reserves

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

	2012/2013	2011/2012
General reserves	110,000	110,000
Revenue reserves	185,152	137,332
Total reserves	295,152	247,332

## 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 11 and 12.

1. Dr D S Rajapaksa (Chairman)
2. Mr D K Rajapaksa (Managing Director)
3. Mr D R Rajapaksa
4. Mr D M Rajapaksa
5. Mr Cumaranatunga
6. Mr R H Nandajeewa (*Resigned with effect from 8th August 2013*)
7. Mr G H A Wimalasena
8. Mr T K Bandaranayake
9. Mr B L P Jayawardena

- Mr. D G P S Abeygunawardana who was appointed to the Board on 8th August 2013 shall retire in terms of Article 95 of the Articles of Association of the Company and offers himself for re-election.
- Mr C Cumaranatunge retires by rotation at the conclusion of the Annual General Meeting in terms of Article 88(i) of the Articles of Association and being eligible is recommended by the Directors for re-election.
- Messrs G H A Wimalasena and T K Bandaranayake who are 72 years and 70 years of age respectively will vacate office in pursuance of Section 210 of the Companies Act No. 7 of 2007. Resolutions will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-election of Messrs G H A Wimalasena and T K Bandaranayake.

## Dividends

The Directors recommend a dividend of Rs 2.00 per share for the year ended 31st March 2013 (Not declared in 2011/12).

## Interest Register

The Company in compliance with the Companies Act No. 7 of 2007, maintains an interest register. Particulars of entries in the interest register are detailed below.

## Directors' interest in transactions:

The Directors of the Company have made the general disclosure provided for in Section 192(2) of the Companies Act No. 07 of 2007. Note 26 to the Financial Statements dealing with related party disclosures includes their interests in transactions.

## Directors' interest in shares:

Directors of the Company that have relevant interests in the shares of their respective companies have disclosed their shareholdings and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

Details of Directors' shareholdings in the Company are given on page 39 in this report. There were no changes in holdings during the period.

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

## Directors' remuneration

Directors' remuneration in respect of the company for the Financial Year 2012/13 is Rs. 8,057,196. ( last year Rs. 8,057,196)

## Directors' interest in shares

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

	No of Shares as at 31.03.2013	No of shares as at 31.03.2012
Dr D. S. Rajapaksa	7,156	7,156
Mr D. K. Rajapaksa	9,931	9,931
Mr D. R. Rajapaksa	10,319	10,319
Mr D. M. Rajapaksa	9,295	9,295
Mr C. Cumaranatunge	2,244	2,244
Mr R. H. Nandajeewa	132	132
Mr G. H. A. Wilmalasena	Nil	Nil
Mr T. K. Bandaranayake	Nil	Nil
Mr B. L. P. Jayawardena	Nil	Nil
	39,077	39,077

## Directors' interest in contracts

The Directors' interests in contracts of the Company are disclosed in Note 26 to the Financial Statements and have been declared at the meeting of Directors on 8th August 2013. The Directors have no other direct or indirect interest in any other contracts or proposed contracts with the Company.

## Human Resources

The number of persons employed by the Company at the year-end was 302 ( last year 299). 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.

## System of internal controls

The Board of Directors has taken steps to ensure and have obtained reasonable assurance that an effective and comprehensive system of internal controls is in place covering financial, operational and compliance controls required to carry on the business in an orderly manner, safeguard the Company's assets and to secure as far as possible the accuracy and reliability of the financial records. The statement on the Directors' responsibility for financial reporting of the Company is set out in page 42 of this report.

## Share information

The information pertaining to earnings per share, dividend per share, net assets per share and market value per share are given in the financial highlights on page 1 and in the ten-year summary on page 87 of the Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2013 are given on page 86 of the Annual Report

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

## 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.

## 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. Activities performed under this heading are discussed in detail on pages 25 and 26.

## Corporate Governance

The Company maintains and practises high principles of good corporate governance. The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards on a short, medium and long-term basis adopting good governance in managing the affairs of the Company. The practices adopted by the Company in relation to corporate governance are set out from page 27 to 31 of this Report.

## 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
MrMG.H. Wimalasena	Independent Non-Executive Director
Mr D. M. Rajapaksa	Non-Executive Director

The Report of the Audit Committee is given on pages 43 and 44 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
Mr D.M. Rajapaksa	Non-Executive Director

The Report of the Remuneration Committee is given on page 45 which forms a part of the Annual Report.

## Appointment of Auditors

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

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

## Auditor's independence

Based on the declaration provided by Ms. HLB Edirisinghe & Company and as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or in any of the Subsidiaries 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.

## Environmental protection

The Company has made its best endeavour to comply with the relevant environment laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment and has taken all possible steps that are necessary to safeguard the environment from any pollution that could arise in the course of carrying out its sales and service operations.

## 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 is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the directors have adopted the going concern basis in preparing the accounts.

## 21st Annual General Meeting

The 21th Annual General Meeting of the Company will be held on Monday the 13th day of September 2013 at the Sri Lanka College of Obstetricians and Gynecologists at No 112, Model Farm Road, Colombo 08.

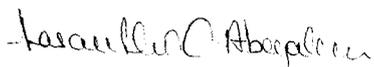
On behalf of the Board



D.K Rajapaksa  
Managing Director



Dr. D.S. Rajapaksa  
Chairman



P W Corporate Secretarial (Pvt) Limited  
Secretaries  
Colombo  
08th August 2013

# 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 Auditors, 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 responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy of 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 from page 49 to 83 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 provided for.

On behalf of the Board



**D. K. Rajapaksa**  
Managing Director



**D. M. Rajapaksa**  
Director

Colombo  
08th August 2013

# AUDIT

## Committee Report

### Composition of the Audit Committee

The Audit Committee comprises three Non-executive Directors of whom the majority are independent. 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 a Senior Partner of Messrs Ernst & Young.

### Members of the Audit Committee

Name of The Directors	Non-Executive	Independent
Mr.T.K.Bandaranayaka (Chairman)	✓	✓
Mr.G.H.A. Wimalasena	✓	✓
Mr.D.M. Rajapaksa	✓	

### Meetings

The Audit Committee held six 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 at the meetings was as follows.

Name of The Directors	Attendance
Mr T. K. Bandaranayaka (Chairman)	6/6
Mr G. H. A. Wimalasena	5/6
Mr D. M. Rajapaksa	4/6

### 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 No7 of 2007 and the best practices of Corporate Governance. This include, 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 is 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.
4. Reviewing and ensuring the adequacy and effectiveness of the Company's internal control systems and risk management.
5. Oversight of 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.

# AUDIT Committee Report (Contd...)

## Internal Audit Function

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

## Conclusion

### 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 H.L.B. Edirisinghe & Co., Chartered Accountants be re-appointed as the Auditors for the financial year ending 31st March 2014, 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

08th August 2013

# 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 and another Non-Executive Director Mr. D.M. Rajapaksa. The committee is chaired by Mr G. H. A. Wimalasena .

## Role of the Committee:

The Remuneration Committee has reviewed and recommended to the Board of Directors 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 Rs.8,057,196 (Last year Rs.8,057,196).

## Remuneration Policy:

In a highly competitive environment, attracting and retaining high calibre 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.



Chairman

Remuneration Committee

Colombo

08th August 2013

# FINANCIAL Review

The Financial Statements for the year ended 31st March 2013 have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). This Annual Report is our first published under the new IFRS guidelines and the previous year's financials have been restated for comparative purposes. The Report also covers the key policy changes as required for first time adoption. The effect of the transition from the previous Sri Lanka Accounting Standards (SLASs) to SLFRSs has also been presented in the reconciliation statements and accompanying notes to the reconciliation.

## 1.1 Revenue

During the year ended 31st March 2013, the Company recorded a turnover of Rs. 973mn. We were a short of Rs. 27mn to achieve the first Rs. 1 bn turnover of the Company. The total revenue of the company has increased marginally from Rs. 961mn in the previous year to Rs. 973mn the current year. Out of the total revenue of Rs. 973mn in 12 Months ended 31st March 2013, 67% was earned from export sales and the balance 33% from local sales. It is noted that export turnover has gone up by 25% or Rs 131mn from Rs. 525mn in the previous financial year to Rs. 656mn in the current year. The export turnover in Food grade items increased by Rs 87mn (or 42%), and Medical items increased by Rs 7mn ( or 4%).

Orders were not received as expected during the 1st quarter owing to high rubber prices that prevailed at that time. However the company performed relatively well in the 2nd and 3rd quarters after the introduction of competitive prices, use of substitute materials for

pigments and introduction of plastic mouth hot water bottles, reduction of wastage levels, and productivity improvements through attractive production incentive schemes. Now we receive orders for all the products including beadings significantly other than floorings which are not yet price competitive. Our R & D and Marketing are paying necessary attention to improve the sales of flooring.

## 1.2 Gross Profit Margin

The Company has recorded a gross profit of LKR 154mn for the in this financial year from Rs 88mn in the previous year which is a 69% increase compared to the previous financial year. The gross profit ratio in the current financial year is 15% while in the previous year it was 9%. The major reasons for the improvements in gross profit ratio were decline in rubber prices, control and reduction of production overheads and wastage levels and focusing on high contributing products.

Now all jar sealing rings are washed in hot water before shipment to ensure greater quality and safety which in sealed bottled food items. During the year we did not have any major quality issue from hot water bottles.

## 1.3 Operational Profit Margin

The operational profit in the current financial year is Rs 55mn. The selling and distribution cost was Rs. 25mn while administrative overheads was Rs. 72mn during the year under review. The exchange gain earned due to the depreciation of the local currency against foreign currencies was Rs.6.1mn which is very much lower than the previous year's exchange gain of Rs17mn. Other income was Rs 1.7mn which includes

# FINANCIAL Review (Contd...)

the profit from sale of a motor vehicle amounting to Rs. 1.1mn. Provisions have been made for all doubtful debts as per the Audit Charter. The Net Profit to Sales % was 5.7% (last year 2.1%).

## 1.4 Profit/( Loss) before taxation

The profit before taxation in the current year is Rs. 51.0mn as compared to the profit of Rs 19.1mn in the previous year. This profit before taxation amounting

Rs.51.0mn this year includes an exchange gain of Rs. 6mn. The gearing ratio has decreased to 13%.

## 1.5 Earnings per Share (EPS)

Earnings per share for the year 2012/13 were Rs. 14.43 as against Rs. 5.15. The market price as at 31st March 2013 was Rs. 82.20. In the current year, a dividend of Rs 2.00 per share has been proposed.

## Financial Calendar:

	2012/13	2011/12
<b>Interim Reports:</b>		
Quarter ended 30th June	10th August 2012	12th August 2011
Quarter ended 30th September	9th November 2012	14th November 2011
Quarter ended 31st December	23rd January 2013	25th January 2012
Quarter ended 31st December	17th May 2013	18th May 2012
<b>Annual Report</b>		
	8th August 2013	18th July 2012
20th Annual General Meeting	-	14th September 2012
21st Annual General Meeting	13th September 2013	-

# AUDITORS

## Report



Chartered Accountants

### SAMSON INTERNATIONAL PLC

#### TO THE SHAREHOLDERS OF SAMSON INTERNATIONAL PLC

#### Report on the Financial Statements

We have audited the accompanying financial statements of Samson International PLC., which comprise the statement of financial position as at 31st March 2013, and the statements of income, other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those

standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended March 31, 2013 and the financial statements give a true and fair view of the company's State of Affairs as at March 31, 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No 07 of 2007.

A handwritten signature in black ink, appearing to read 'HLB Edirisinghe &amp; Co'.

**HLB Edirisinghe & Co.**  
**Chartered Accountants**

Colombo  
8th August 2013

45, Braybrooke Street, Colombo 02, Sri Lanka. Telephone: +94 11 2433933 Facsimile: +94 11 2445683, E-mail: info@hlblk.com  
A. D. Jayasena FCA, Partner, P. P. Edirisinghe FCA, ACIM, MBA, Partner,  
Ms. N. G. D. C. K. de Silva Jayawardene FCA, Partner, Ms. M. K. K. Karunaratne ACA, ACMA, Partner, P. K. A. M. Alahakoon ACA, MAAT, Partner  
A.T.P. Edirisinghe FCMA, FCA, Consultant/Advisor

HLB Edirisinghe & Co is a member of HLB International. A world-wide organization of accounting firms and business advisers.

# STATEMENT of Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH 2013		2012/2013	2011/2012
	NOTE	Rs.	Rs.
Revenue	6	973,858,289	961,489,076
Cost of sales		(824,008,725)	(873,306,839)
<b>Gross profit</b>		149,849,563	88,182,238
Other income	7	1,749,323	1,536,054
Distribution cost		(24,801,170)	(21,681,602)
Administrative expenses		(71,689,344)	(57,096,054)
<b>Operating profit</b>	8	55,108,373	10,940,636
Finance income	10.1	6,916,633	18,289,305
Finance cost	10.2	(10,948,127)	(10,106,596)
Net finance cost		(4,031,494)	8,182,710
<b>Profit before income taxation</b>		51,076,879	19,123,346
Income tax expense	11	4,438,546	696,962
<b>Profit for the year</b>		55,515,425	19,820,308
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total Comprehensive Income for the year</b>		55,515,425	19,820,308
Earnings per share - Basic	12	14.43	5.15
Dividend per share	13	2.00	-

Note : All values are in Rupees, unless otherwise stated.

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 53 to 83 are an integral part of these financial statements.

# STATEMENT of Financial Position

	Notes	31.03.2013 Rs.	31.03.2012 Rs.	01.04.2011 Rs.
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Property, plant and equipment	14	174,449,120	182,167,063	181,575,980
Intangible assets	15	8,950,642	10,229,303	11,507,965
Deferred tax assets	16.1	6,855,791	1,952,274	2,177,041
		190,255,553	194,348,640	195,260,986
<b>Current Assets</b>				
Inventories	17	144,173,853	125,139,945	137,618,149
Trade and other receivables	18	224,308,324	209,932,460	164,157,402
Tax recoverable		13,251,975	14,699,824	11,895,986
Cash and cash equivalents	19	19,755,466	38,476,730	68,134,359
		401,489,618	388,248,959	381,805,896
<b>Total Assets</b>		<b>591,745,171</b>	<b>582,597,599</b>	<b>577,066,881</b>
<b>EQUITY AND LIABILITIES</b>				
Stated capital	20	105,752,241	105,752,241	105,752,241
General reserve		110,000,000	110,000,000	10,000,000
Retained earnings		185,152,223	137,332,745	217,512,438
<b>Total equity</b>		<b>400,904,464</b>	<b>353,084,986</b>	<b>333,264,679</b>
<b>Non- Current Liabilities</b>				
Deferred tax liability	16.2	8,831,062	11,408,687	13,564,864
Retirement benefit obligation	21	14,528,107	9,906,020	7,775,147
		23,359,169	21,314,707	21,340,011
<b>Current liabilities</b>				
Trade & other payables	22	106,677,209	143,965,642	139,320,329
Short term borrowings	23	60,804,330	64,232,264	83,141,862
		167,481,539	208,197,906	222,462,191
<b>Total Liabilities</b>		<b>190,840,707</b>	<b>229,512,613</b>	<b>243,802,202</b>
<b>Total Equity And Liabilities</b>		<b>591,745,171</b>	<b>582,597,599</b>	<b>577,066,881</b>

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

I certify that above Financial Statements comply with the requirements of Companies Act No.07 of 2007.



Priyantha Abeygunawardana  
General Manager / Head of Finance

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board,



D. K. Rajapaksa  
Managing Director



B. L. P. Jayawardena  
Director

The Significant Accounting Policies and Notes on pages 53 to 83 are an integral part of these financial statements.

Colombo  
08th August 2013

# STATEMENT of Changes in Equity

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
Restated Balance as at 1st April 2011	105,752,241	10,000,000	217,512,438	333,264,679
Add :				
Profit for the year	-	-	19,820,308	19,820,308
Other comprehensive income	-	-	-	-
Transferred to general reserve	-	100,000,000	(100,000,000)	-
<b>Total Comprehensive Income for the Year</b>	-	100,000,000	(80,179,692)	19,820,308
<b>Restated Balance as at 31st March 2012</b>	105,752,241	110,000,000	137,332,745	353,084,986
Profit for the year	-	-	55,515,425	55,515,425
Dividend paid	-	-	(7,695,948)	(7,695,948)
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income for the Year</b>	-	-	47,819,477	47,819,477
<b>Balance as at 31st March 2013</b>	105,752,241	110,000,000	185,152,223	400,904,464

Note : All values are in Rupees, unless otherwise stated.

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 53 to 83 are an integral part of these financial statements.

# STATEMENT of Cash Flows

	NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) Before Taxation		51,076,879	19,123,346
Adjustment for :			
Depreciation	14	26,526,937	25,226,258
Amortization of intangible assets		1,278,661	1,278,661
(Profit)/Loss on disposal property plant & equipment		(1,166,071)	-
(Profit)/Loss on scrapping plant & equipment		109,382	59,406
Increase in retirement benefit obligation	21	7,673,597	2,333,773
Finance cost	10.2	10,948,127	10,106,596
<b>Profit Before Working Capital Changes</b>		96,447,511	58,128,040
(Increase)/ decrease in inventories		(19,033,908)	12,478,204
(Increase)/ decrease in trade & other receivable		(14,375,864)	(45,775,059)
Increase/ (decrease) in trade & other payable		(37,288,433)	4,645,315
<b>Cash generated from operations</b>		25,749,305	29,476,500
Interest paid	10.2	(10,948,127)	(10,106,596)
Income tax paid		(1,594,745)	(4,038,286)
Retiring gratuity paid	21	(3,051,511)	(202,900)
<b>Net cash generated from operating activities</b>		10,154,923	15,128,719
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	14	(20,118,377)	(25,876,747)
Proceeds from sale of property, plant and equipment		2,366,071	-
<b>Net cash used in investing activities</b>		(17,752,306)	(25,876,747)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(7,695,948)	-
Proceeds from short term borrowings	22.3.3	160,977,140	112,839,000
Repayment of short term borrowings	22.3.3	(128,304,333)	(142,496,402)
<b>Net cash used in financing activities</b>		24,976,859	(29,657,402)
<b>Net (decrease)/increase in cash and cash equivalents</b>		17,379,477	(40,405,431)
<b>Cash and cash equivalents at the beginning of the year</b>		(13,142,534)	27,262,897
<b>Cash and Cash Equivalents at the End of the Year</b>	19	4,236,943	(13,142,534)

Note : All values are in Rupees, unless otherwise stated.

Figures in brackets indicate deductions.

# NOTES

## to the Financial Statements

### 01. 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. & 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 and export of unhardened vulcanize rubber product to the international and local markets.

#### 1.3 Parent Enterprise & ultimate Parent Enterprise

The Company's parent undertaking is DSI Samson Group (Pvt) Ltd which holds effectively 55.79% of shares of Samson International Plc collectively inclusive of Company holding.

#### 1.4 Approval of Financial Statements

These financial statements have been approved for issue by the Board of Directors on 8th August 2013.

#### 1.5 Number of Employees

The no of employees of the Company at the end of the year was 302. (2012 - 299 Employees)

### 2. Basis of preparation

#### 2.1. Statement of Compliance

The Company prepares the financial statements in accordance with the Sri Lanka Accounting Standards (LKAS & SLFRS) 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.

For all period up to and including year ended 31st March 2012, the company prepared its financial statements in accordance with Sri Lanka accounting Standard (SLASs) effective as at 31st March 2012. These Financial Statement for the year ended 31st March 2013 are the first annual Financial Statement prepared & presented in accordance with Sri Lanka accounting Standard (SLFRS/LKAS) and SLFRS 1, First Time Adoption of SLFRS has been applied.

Accordingly, the Company has prepared financial statements which comply with SLFRS and LKAS applicable for periods ending on or after 31st March 2013, together with the comparative periods ending on or after 31st March 2011, as described in the accounting policies.

An explanation of how the transition to SLFRSs has affected the reported financial position, financial performance of the company is provided in Note 28.

#### 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.

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.

#### 2.3. Functional and Presentation Currency

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

# NOTES to the Financial Statements (Contd...)

## 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.

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SLFRS statement of financial position at 1st April 2011 for the purpose of transition to SLFRSs, unless otherwise stated.

The accounting policies have been applied consistently by 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 period.

### 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 & 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. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no

# NOTES to the Financial Statements (Contd...)

future economic benefits are expected from its use or disposal. Gains or losses on derecognition 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Buildings	20	5%
Storage Tank	10	10%
Plant & Machinery	10	10%
Office Equipment	10	10%
Furniture & Fittings	10	10%
Motor Vehicles	5	20%

Depreciation of an asset begins when it is available for use where as 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 derecognised.

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 its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

#### 3.2.2.2. Amortisation

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. The estimated useful lives are as follows:

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

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

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

# NOTES to the Financial Statements (Contd...)

## 3.2.3. Inventories

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

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

### Raw materials:

Purchase cost on a first in, first out basis

### Finished goods and work in progress:

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable 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 sales.

## 3.2.3.1 Allowance for Impairment

All inventory items are tested for impairment periodically.

## 3.2.4. Trade receivables

### 3.2.4.1. 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.

### 3.2.4.2. Provision for Impairment

Trade receivables are recognised initially at fair value and subsequently measured at amortised 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 reorganisation, 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 recognised in the statement of comprehensive income.

### 3.2.4.3. Trade Receivable Write Off

When a trade receivable is uncollectable<sup>740</sup>, 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.

## 3.2.5. 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 LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification

# NOTES to the Financial Statements (Contd...)

of its financial assets at initial recognition. All financial assets are recognised 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 recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include cash and short term deposits, trade and other receivables, loans and other receivables, unquoted equity instruments and derivative financial instruments.

### 3.3.1.2. Subsequent measurement

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

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

### 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 derecognised 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 derecognition of a financial asset, the difference between the carrying amount of 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.

### 3.3.3. Financial Liabilities

#### 3.3.3.1. Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised 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.

# NOTES to the Financial Statements (Contd...)

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

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by LKAS 39.

Gains or losses on liabilities held for trading are recognised in the statement comprehensive income.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

#### Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

### 3.3.3.3 Derecognition

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

## 3.4. Post Employment Benefits

### 3.4.1. Defined Benefit Plan

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, with the advice of an actuary, using the projected unit credit (PUC) method.

### 3.4.2. Defined Contribution Plans – Employees' Provident Fund and Employee Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. 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.

## 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.

# NOTES to the Financial Statements (Contd...)

## 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 amortised cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of 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 capitalised 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 recognised 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 recognised 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 against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# NOTES to the Financial Statements (Contd...)

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 Flow

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 (EPS)

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 Period

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. First Time Adoption of SLFRSs/LKASs

These financial statements, for the year ended 31 March 2013, are the first financial statements prepared in accordance with Sri Lanka Accounting Standards (SLFRS). Previously for period up to 31st March 2011, the Company prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLASs) which were effective up to 31st March 2011.

The accounting policies set out in Note No. 03 have been applied in preparing the financial statements for the year ended 31 March 2013 and comparative information for all the periods presented and in the preparation of the opening SLFRS financial position as at 1st April 2011.

In preparing these financial statements, the opening statement of financial position was prepared as at 1st April 2011, the date of transition to SLFRS/LKASs. This note summarises and explains the principal adjustments made in restating its SLAS statement of financial position as at 1st April 2011, 31st March 2012.

### 3.12.1 Exemption offered in the SLFRS – 1 First Time Adoption of Sri Lanka Accounting Standards (SLFRS)

Company has taken the advantage of the following optional exemptions offered in the SLFRS-1 First Time Adoption of Sri Lanka Accounting Standards (SLFRSs).

### 3.12.2 Exemption from Other SLFRSs

#### (a) Revaluation as deemed cost

Freehold buildings were carried in the statement of financial position prepared in accordance with SLAS on the basis of valuations performed prior to 31 March 2011. The Company has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

# NOTES to the Financial Statements (Contd...)

### 3.12.3 The Company has applied the following mandatory exceptions from retrospective application

#### Significant accounting judgment, estimates and assumptions

Significant accounting judgment, estimates and assumptions at 1st April 2011 and at 31st March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31st March 2012 (after adjustment to reflect any difference in accounting policies).

The estimates used by the Company to present these amounts in accordance with SLFRS/LKAS effective from 1st April 2012 reflect conditions at 1st April 2011, the date of transition to SLFRS/LKAS and as of 31st March 2012.

### 3.12.4 Explanations for Transition to SLFRS/LKASs

In preparing SLFRS/LKAS statement of financial position for previously reported financial periods, required adjustments to be made, in accordance with the respective SLFRS/LKASs. The effect of the transition from SLASs to SLFRS/LKASs have been presented in Note No. 27 and 28 to the financial statements.

### 3.12.5. New Accounting Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following standards but not yet effective up to the date of issue of the Company's financial statements are listed below. This listing of standards issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company will be adopting these standards when they become effective.

SLFRS 9 - Financial Instruments

SLFRS 13 - Fair Value Measurement

## 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 (PPE)

The Company reviews annually the estimated useful lives of PPE 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 PPE balance.

### 4.2 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.

### 4.3 Allowance for doubtful debts

The Company assesses at the date of balance sheet whether there is objective evidence that trade receivables have been impaired. Impairment loss is

# NOTES to the Financial Statements (Contd...)

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

Risk Exposure	Risk exposure	Mitigating actions
Credit Risk	Risk arising from default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<ul style="list-style-type: none"> <li>a) Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</li> <li>b) Developing and implementing Credit Policies.</li> <li>c) Obtaining bank guarantees, deposits, post dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</li> <li>d) Closely monitoring the debtor balances and laying action plans accordingly.</li> </ul>
Operational process Risk	Internal process failures, frauds, pilferages and breakdowns of internal controls	<ul style="list-style-type: none"> <li>a) Outsource internal audit to a reputed audit firm to review and report on the adequacy of the financial and operational controls to Audit Committee and Managing Director.</li> <li>b) Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</li> <li>c) Provide focused and structured training to staff at all levels to familiarize them with processes and procedures.</li> </ul>

# NOTES to the Financial Statements (Contd...)

Foreign Exchange rate Risk	Depreciation of the rupee value and loss on exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	<ul style="list-style-type: none"><li>a) Exchange rate movements are taken into consideration before conversion &amp; pricing.</li><li>b) Practising effective hedging techniques.</li><li>c) Continuous evaluation of the impact of Central Bank regulations.</li></ul>
Financing and Interest rate risk	Inability to satisfy debt repayments and obtain the best interest rates.	<ul style="list-style-type: none"><li>a) To have adequate facilities in obtaining USD loans and borrowings in foreign currency to bring down finance charges.</li><li>b) Funding of long-term assets through equity and Long-term loans.</li><li>c) To have adequate short-term borrowing facilities available at all times.</li><li>d) Low gearing is maintained.</li></ul>
Project Management Risks	New projects / Capital expenditures involve high risks and uncertainties in terms of delay and cost overruns. Failure of major projects will affect profitability, capital structure and reputation.	<ul style="list-style-type: none"><li>a) Conduct a PESTEL analysis and feasibility study before initiating the projects.</li><li>b) Board approval should be received for all investments.</li><li>c) Post-evaluation of the projects is carried out for each investment.</li></ul>

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>06. Revenue</b>		
Sale of goods	973,858,289	961,489,076
<b>Total</b>	<b>973,858,289</b>	<b>961,489,076</b>
<b>6.1 Sale of Goods</b>		
Export turnover	656,041,490	525,590,000
Local turnover	317,816,799	435,899,076
<b>Total</b>	<b>973,858,289</b>	<b>961,489,076</b>
<b>07. Other Income</b>		
Gains on sale of property, plant & equipment	1,166,071	-
Income from cultivation	5,259	61,527
Unclaimed liabilities written back	-	664,604
Reversal of inventory provision	577,993	809,923
	<b>1,749,323</b>	<b>1,536,054</b>
<b>08. Expenses by Nature</b>		
Cost of purchase	569,154,015	612,429,506
Staff cost (Note no. 9)	112,128,989	100,919,603
Other overheads	66,488,300	52,953,243
Depreciation	26,526,938	25,226,257
Export expenses	14,132,366	14,439,608
Machinery maintainance	8,495,804	10,494,331
Sub contract wages	7,829,757	8,752,583
Auditors remuneration - Assurance services	230,000	200,000
Auditors remuneration - Non-assurance services	35,200	33,100
Others	91,192,520	75,711,893
<b>Total Cost of Purchase, Distribution Costs And Administrative Expenses</b>	<b>896,213,890</b>	<b>901,160,123</b>
<b>09. Employee Benefit Expenses</b>		
Bonus & other allowances	1,252,102	1,714,937
Salaries, wages & overtime	92,508,653	83,287,390
Post employment benefit - gratuity	1,918,399	583,443
EPF & ETF	8,392,640	7,276,638
Director's emoluments	8,057,196	8,057,195
<b>Total Employee Benefit Expenses</b>	<b>112,128,989</b>	<b>100,919,603</b>

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>10. Net Finance Income</b>		
<b>10.1 Finance Income</b>		
Interest income (RFC)	697,122	662,910
Interest income local	27,336	1,805
Foreign exchange gain	6,189,871	17,025,794
Interest income- inter company loans	2,303	598,796
<b>Net Finance Cost/ (Income)</b>	<b>6,916,633</b>	<b>18,289,305</b>
<b>10.2 Finance Cost</b>		
Interest expenses on bank borrowing	4,765,096	5,738,226
Overdraft interest	5,134,933	3,779,470
Bank charges	1,048,099	588,900
	<b>10,948,127</b>	<b>10,106,596</b>
<b>Net Finance Cost</b>	<b>(4,031,494)</b>	<b>8,182,710</b>
<b>11. Income Tax Expenses</b>		
<b>Current Tax Expenses:</b>		
Current tax on profit for the year (Note 11.1)	3,034,498	1,234,448
(Over) / Under provision in previous years	8,096	-
<b>Deferred Tax Expenses:</b>		
Origination and reversal of temporary differences (Note no.16)	(7,481,140)	(1,931,410)
<b>Income Tax Expenses in Statement of Comprehensive Income</b>	<b>(4,438,546)</b>	<b>(696,962)</b>

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>11.1 Reconciliation between Current Tax Expenses and the Accounting Profits</b>		
Profit before tax	51,076,879	19,123,346
– Effect of SLFRS adjustments	-	(1,262,958)
	51,076,879	17,860,388
Tax effects of:		
– Total disallowable expenses	38,189,332	29,944,162
– Total allowable expenses	(50,361,037)	(38,768,685)
Taxable income from ordinary activities	38,905,174	9,035,865
Tax loss claimed	(13,616,811)	(3,162,553)
<b>Taxable Income</b>	<b>25,288,363</b>	<b>5,873,312</b>
Agricultural income	10% 526	6,153
Tax profit on export sales	12% 3,033,972	381,236
Tax profit on local sales	28% -	737,750
Interest income	28% -	109,309
<b>Tax on profit for the year</b>	<b>3,034,498</b>	<b>1,234,448</b>
<b>12. Earnings Per Share</b>		
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.		
<b>Amount Used as the Numerators</b>		
Profit for the year	55,515,425	19,820,308
<b>Profit attributable to equity holders of the company</b>	<b>55,515,425</b>	<b>19,820,308</b>
<b>Number of Ordinary Shares Used as Denominators</b>		
Weighted average number of ordinary shares in issue	3,847,974	3,847,974
<b>Weighted average number of ordinary shares for earnings per share</b>	<b>3,847,974</b>	<b>3,847,974</b>
<b>Basic Earnings Per Share (Rs.Cts)</b>	<b>14.43</b>	<b>5.15</b>
<b>13. Dividend Paid During the Year</b>		
<b>Amounts used as Numerator</b>		
Dividend paid	7,695,948	-
<b>Number of Ordinary Shares used as the Denominator</b>		
Weighted average number of ordinary shares in issue	3,847,974	-
<b>Dividend Per Share (Rs. Cts.)</b>	<b>2.00</b>	<b>-!</b>

# NOTES to the Financial Statements (Contd...)

## 14. Property, Plant and Equipment

	Balance as at 01.04.2011	Additions	Disposal	As At 01.04.2012	Additions	Disposal	As At 31.03.2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>COST/VALUATION</b>							
<b>Freehold assets</b>							
Freehold land	3,190,105	-	-	3,190,105	-	-	3,190,105
Buildings	90,594,322	-	-	90,594,322	-	-	90,594,322
Storage tank	125,031	-	-	125,031	-	-	125,031
Plant and machinery	212,326,506	12,891,625	-	225,218,131	8,013,706	-	233,231,837
Machine accessories	96,085,327	10,944,105	-	107,029,432	10,116,039	-	117,145,471
Furniture and fittings	559,290	912,500	-	1,471,790	-	-	1,471,790
Office equipment	13,155,729	786,254	(297,986)	13,643,997	1,178,673	(870,552)	13,952,118
Motor vehicles	5,682,667	-	-	5,682,667	-	(2,400,000)	3,282,667
Sundry assets	10,383,146	342,262	-	10,725,408	809,959	-	11,535,367
<b>TOTAL</b>	<b>432,102,122</b>	<b>25,876,747</b>	<b>(297,986)</b>	<b>457,680,883</b>	<b>20,118,377</b>	<b>(3,270,552)</b>	<b>474,528,708</b>
<b>DEPRECIATION</b>							
<b>Freehold assets</b>							
Freehold land	-	-	-	-	-	-	-
Buildings	30,100,559	4,529,716	-	34,630,275	4,529,716	-	39,159,991
Storage tank	125,031	-	-	125,031	-	-	125,031
Plant and machinery	136,496,043	12,116,915	-	148,612,958	13,113,983	-	161,726,941
Machine accessories	64,423,619	6,243,338	-	70,666,957	6,745,099	-	77,412,056
Furniture and fittings	453,747	32,179	-	485,925	113,360	-	599,285
Office equipment	8,328,107	1,029,457	(238,580)	9,118,984	1,073,372	(761,170)	9,431,185
Motor vehicles	3,117,669	650,000	-	3,767,669	290,000	(1,200,000)	2,857,669
Sundry assets	7,481,368	624,653	-	8,106,022	661,408	-	8,767,430
<b>TOTAL</b>	<b>250,526,142</b>	<b>25,226,258</b>	<b>(238,580)</b>	<b>275,513,820</b>	<b>26,526,937</b>	<b>(1,961,170)</b>	<b>300,079,587</b>
<b>WRITTEN DOWN VALUE</b>							
<b>Freehold assets</b>							
Freehold land	3,190,105			3,190,105			3,190,105
Buildings	60,493,763			55,964,047			51,434,331
Storage tank	-			-			-
Plant and machinery	75,830,463			76,605,173			71,504,896
Machine accessories	31,661,708			36,362,475			39,733,415
Furniture and fittings	105,543			985,865			872,505
Office equipment	4,827,623			4,525,014			4,520,933
Motor vehicles	2,564,998			1,914,998			424,998
Sundry assets	2,901,777			2,619,386			2,767,937
<b>TOTAL</b>	<b>181,575,980</b>			<b>182,167,063</b>			<b>174,449,120</b>

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>15. Intangible Assets</b>			
<b>Cost</b>			
At 1 April	12,786,626	12,786,626	-
Additions	-	-	12,786,626
<b>At 31 March</b>	<b>12,786,626</b>	<b>12,786,626</b>	<b>12,786,626</b>
<b>Amortisation</b>			
At 1 April	2,557,323	1,278,662	-
Additions	1,278,662	1,278,662	1,278,662
<b>At 31 March</b>	<b>3,835,984</b>	<b>2,557,323</b>	<b>1,278,662</b>
<b>Net book value</b>	<b>8,950,642</b>	<b>10,229,303</b>	<b>11,507,965</b>

## 16. Deferred Income Tax Assets and Liabilities

### 16.1 - Deferred tax assets

Balance at the beginning of the year	1,952,274	2,177,041	2,177,041
Recognised in profit & loss	4,903,517	(224,767)	-
<b>Balance at the end of the year</b>	<b>6,855,791</b>	<b>1,952,274</b>	<b>2,177,041</b>

### 16.2 - Deferred tax liabilities

Balance at the beginning of the year	11,408,687	13,564,864	11,703,007
Recognised in profit & loss	(2,577,625)	(2,156,177)	1,861,857
<b>Balance at the end of the year</b>	<b>8,831,062</b>	<b>11,408,687</b>	<b>13,564,864</b>
<b>Deferred tax liabilities/Asset (net)</b>	<b>1,975,271</b>	<b>9,456,413</b>	<b>11,387,822</b>

### 16.3 - Recognised Deferred Tax Assets and Liabilities

	31.03.2013		31.03.2012		1.04.2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Property, plant & equipment	-	8,831,062	-	11,408,687	-	13,564,864
Defined benefit obligation	1,743,313	-	1,952,274	-	2,177,041	-
Tax loss	5,112,477					
<b>Total</b>	<b>6,855,791</b>	<b>8,831,062</b>	<b>1,952,274</b>	<b>11,408,687</b>	<b>2,177,041</b>	<b>13,564,864</b>

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>17. Inventories</b>			
Raw Materials	34,115,020	14,682,217	12,484,063
Work in progress	24,350,791	34,270,697	36,214,290
Finished goods	79,070,920	72,114,534	83,501,481
Packing materials	7,510,831	5,912,388	8,068,129
Goods In transit	388,191	-	-
Provision for inventory	(1,261,899)	(1,839,892)	(2,649,815)
	144,173,853	125,139,945	137,618,149

## 18. Trade and other Receivables

### Current

Trade receivables - local	24,379,603	25,794,646	15,210,301
Trade receivables - foreign	158,609,434	121,703,185	87,210,226
Trade receivables - related parties (Note No. 18.1)	24,100,175	36,779,734	39,626,389
Less: Provision for impairment of trade receivables	(2,136,761)	(1,210,183)	(1,381,884)
Trade receivables - net	204,952,451	183,067,382	140,665,031
Other receivables	797,568	331,536	566,563
Advances	7,776,539	15,901,297	8,614,602
VAT receivable	10,781,767	10,632,245	14,311,206
	224,308,324	209,932,460	164,157,402
<b>Total</b>	224,308,324	209,932,460	164,157,402

### 18.1 - Trade Receivables - Related parties

D. Samson Industries (Pvt) Ltd.	21,067,803	22,400,983	32,792,404
Samson Rubber Industries (Pvt) Ltd.	18,565	-	1,610,741
Samson Engineers (Pvt) Ltd.	38,621	48,125	343,490
Samson Trading (Pvt) Ltd.	341,655	4,335,208	3,815,522
Samson Reclaim Rubber Ltd.	178,694	311,420	18,200
Samson Rubber Products (Pvt) Ltd.	2,195,971	3,245,771	135,693
Samtessi Brush Manufacturers (Pvt) Ltd.	-	-	28,072
Samson Sportswear (Pvt) Ltd.	-	65,935	253,463
DSI Welfare shop	8,625	9,975	4,500
Vechenson (Pvt) Ltd.	-	-	93,200
Samson Compounds (Pvt) Ltd.	238,241	6,274,327	531,103
D Samson & Sons (Pvt) Ltd	12,000	87,989	-
	24,100,175	36,779,734	39,626,389

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>18.1 Trade and other receivables Cont.,</b>		
Movements on the company provision for impairment of trade receivables are as follows:		
At 1 April	1,210,183	1,381,884
Provision for receivables impairment	2,136,761	1,210,183
Receivables written off during the year as uncollectable	(1,210,183)	(1,381,884)
At 31 March	2,136,761	1,210,183

The creation and release of provision for impaired receivables have been included in 'operating expenses' in the statement of comprehensive income (Note 08). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

	31.03.2013 Rs.	31.03.2012 Rs.	1.04.2011 Rs.
<b>18.2 Analysis of financial instruments</b>			
<b>Financial instruments by category Loans and receivables</b>			
Trade and other receivables excluding prepayments, statutory payments and advances			
	204,952,451	183,067,382	140,665,031
Cash and cash equivalents (Note 19)			
	19,755,466	38,476,730	68,134,359
	224,707,916	221,544,112	208,799,390
<b>Financial liabilities at amortised cost</b>			
Trade and other payables (excluding statutory liabilities) (Note 22)			
	105,640,552	143,112,698	136,694,745
Borrowings (Note 23)			
	60,804,330	64,232,264	83,141,862
	166,444,881	207,344,962	219,836,607

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>18.3 Exposure to Credit Risk</b>			
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 and other receivables	224,308,324	209,932,460	164,157,401
	224,308,324	209,932,460	164,157,401
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	24,100,175	36,779,734	39,626,389
Trade receivables - others	180,852,275	146,287,648	101,038,641
	204,952,451	183,067,382	140,665,030

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

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

## 19. Cash and Cash Equivalents

### Favourable Cash and Cash Equivalent Balances

Bank balances	19,346,511	38,295,436	68,022,255
Cash on hand	408,955	181,294	112,104
	19,755,466	38,476,730	68,134,359

### Unfavourable Cash and Cash Equivalent Balances

Bank Overdraft	15,518,522	51,619,264	40,871,462
	15,518,522	51,619,264	40,871,462
Cash and cash equivalents for the purpose of cash flow statement	4,236,943	(13,142,534)	27,262,897

The Company held cash and cash equivalents with reputed commercial banks.

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>20. Stated Capital</b>			
<b>Issued and fully paid</b>			
3,847,974 Number of ordinary shares in issue	105,752,241	105,752,241	105,752,241
	105,752,241	105,752,241	105,752,241

## 21. Retirement Benefit Obligation

### Movement in the Present Value of Defined Benefit Obligation

Balance as at the beginning of the year	9,906,020	7,775,147	6,305,741
Current service cost	1,544,630	2,333,773	2,927,559
Interest cost	990,602	-	-
Actuarial (gain) / loss on obligation	5,138,365	-	-
Benefit paid	(3,051,511)	(202,900)	(1,458,153)
Balance as at the end of the year	14,528,107	9,906,020	7,775,147

	31.03.2013	31.03.2012	1.04.2011
<b>Actuarial assumptions</b>			
Salary Incremental rate	10%	10%	10%
Rate of Discount	11%	10%	12%
Staff turn over rate	5%	5%	5%

Provision has been made for retirement gratuities in conformity with LKAS 19 - Employee Benefits.

## 22 Trade and other Payables

Trade creditors - related companies (Note 22.1)	72,071,865	103,338,505	118,940,196
Trade creditors - other	10,812,096	24,040,650	9,845,502
Sundry creditors including accrued expenses	12,586,238	15,733,542	7,909,048
NBT payable	1,036,657	852,945	998,584
Advance received	6,804,352	-	-
Provision for labour tribunal cases	3,366,000	-	-
ESC payable	-	-	1,627,000
<b>At the end of the year</b>	<b>106,677,209</b>	<b>143,965,642</b>	<b>139,320,329</b>

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>22.1 Trade Creditors - Related Companies</b>			
D. Samson Industries (Pvt) Ltd.	142,661	109,021	1,295,941
Samson Rubber Industries (Pvt) Ltd.	40,000	270,358	40,000
Samson Engineers (Pvt) Ltd.	207,473	244,928	127,613
Samson Reclaim Rubber (Pvt) Ltd.	243,246	697,580	1,252,912
Samson Rubber Products (Pvt) Ltd.	3,729,279	2,546,131	373,571
Samson Group Corporate Services (Pvt) Ltd.	505,663	30,580	303,655
Samson Compounds (Pvt) Ltd.	66,774,431	99,214,058	115,212,644
D S I Welfare Shop	39,880	58,577	19,700
Mount Spring Water (Pvt) Ltd.	1,382	15,420	-
Samson Information Technologies (Pvt) Ltd.	32,307	130,477	281,724
D Samson & Sons (Pvt) Ltd	40,888	21,376	32,435
Samson Bikes (Pvt) Ltd	314,650	-	-
<b>At the end of the year</b>	<b>72,071,865</b>	<b>103,338,505</b>	<b>118,940,196</b>

## 23. Borrowings

### Current

Bank borrowings - overdraft	15,518,522	51,619,264	40,871,462
- Short term borrowings	45,285,807	12,613,000	41,402,400
- Current portion of Interest bearing borrowing	-	-	868,000
<b>Total</b>	<b>60,804,330</b>	<b>64,232,264</b>	<b>83,141,862</b>

### 23.1 - Securities for the above facilities are as follows:

Nature of Asset	Nature of the Loan Facility	Bank/Institution	Securities
Inventory	Overdraft	Hatton National Bank	Finished Goods Stock & Debtors
Confirmed Order Confirmation	Term Loan	Hatton National Bank	Confirmed Order Confirmation
Inventory	Overdraft	Seylan Bank	Finished Goods Stock & Debtors
Inventory	Overdraft	Bank of Ceylon- Galle	Raw Material Stock
Inventory	Overdraft	Bank of Ceylon- Cop.	Raw Material Stock

# NOTES to the Financial Statements (Contd...)

	31.03.2013	31.03.2012	1.04.2011
	Rs.	Rs.	Rs.
<b>23.2 - Short Term Borrowings</b>			
At the beginning of the year	12,613,000	41,402,400	41,402,400
Obtained during the year	160,977,140	112,839,000	114,514,426
Repayments during the year	(128,304,333)	(141,628,400)	(114,514,426)
<b>At the end of the year</b>	<b>45,285,807</b>	<b>12,613,000</b>	<b>41,402,400</b>

## 24 Commitments and Contingencies

There were no commitments and contingencies existing as at the reporting date.

## 25. Events Occurring After the Balance Sheet Date

No circumstances have arisen, since the balance sheet date, which would require adjustments to, or disclosure, in the financial statements.

## 26 Directors Interest in Contracts and Related Party Transactions 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:

Note 26.1 - The directors of the company are also the directors of following companies.

Mr. D. K RAJAPAKSA who is a Director of the company is also holding directorships in the following companies within the Group.

Name of the Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
D Samson & Sons (Pvt) Ltd	Director
Samson Rubber Industries (Pvt) Ltd.	Director
Samson Rubber Products (Pvt) Ltd.	Director
Samson Reclaim Rubber Ltd.	Director
Samson Sportswear (Pvt) Ltd.	Director
Samson Group Corporate Services (Pvt) Ltd	Director
Samson Information Technologies (Pvt) Ltd.	Director
Mount Spring Water (Pvt) Ltd.	Director
Samson Manufacturers (Pvt) Ltd.	Director
Samson Trading Company (Pvt) Ltd.	Director

# NOTES to the Financial Statements (Contd...)

## 26 Directors Interest in Contracts and Related Party Transactions with the Company Cont.,

Mr B. L. P. JAYAWARDANA who is a director of the Company is holding Directorships in following companies within the Group.

Name of the Company	Relationship
Samson Group Corporate Servises (Pvt) Ltd	Director

Mr D. M. RAJAPAKSA who is a director of the Company is also holding directorships in the following companies within the Group.

Name of the Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Rubber Industries (Pvt) Ltd.	Director
Samson Rubber Products (Pvt) Ltd.	Director
Samson Sportswear (Pvt) Ltd.	Director
Samson Group Corporate Servises (Pvt) Ltd	Director
Samson Manufacturers (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 the Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Engineers (Pvt) Ltd.	Director
Samson Rubber Industries (Pvt) Ltd.	Director
Samson Rubber Products Ltd.	Director
Samson Reclaim Rubber (Pvt) Ltd.	Director
Samson Group Corporate Servises (Pvt) Ltd	Director
Mount Spring Water (Pvt) Ltd.	Director

Mr D. S. RAJAPAKSA who is a director of the company is also holding directorship in the following companies within the Group.

Name of the Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
D Samson & Sons (Pvt) Ltd	Director
Samson Reclaim Rubber Ltd.	Director
Samson Trading Company (Pvt) Ltd.	Director

# NOTES to the Financial Statements (Contd...)

## 26 Directors Interest in Contracts and Related Party Transactions with the Company Cont.,

Note 26.2 - The company has entered into transactions during the year with following companies in which a director of the company is also a director of the said company.

Name of Company	2012/13		2011/12	
	Sales	Purchases	Sales	Purchases
	Rs.	Rs.	Rs.	Rs.
D. Samson Industries (Pvt) Ltd.	186,391,439	627,679	263,261,983	324,616
D Samson & Sons (Pvt) Ltd	27,917	1,838,602	82,830	68,191
Samson Rubber Industries (Pvt) Ltd	45,624	242,171	2,104,673	313,108
Samson Trading Company (Pvt) Ltd.	5,221,160	-	15,906,867	-
Samson Compounds (Pvt) Ltd.	2,974,762	555,733,842	45,747,682	536,369,234
Samson Engineers (Pvt) Ltd	391,992	3,765,537	245,299	1,909,282
Samson Reclaim Rubber Ltd.	1,795,564	4,401,200	867,592	9,218,804
Samson Sportswear (Pvt) Ltd	10,626,375	9,600.00	4,138,967	-
Samson Group Corporate Services (Pvt.) Ltd.	-	3,384,551	-	3,246,841
Samson Manufactures (Pvt) Ltd	13,741	-	-	-
Samson Rubber Products (Pvt) Ltd	12,270,369	14,812,531	8,836,366	15,093,119
Mount Spring Water (Pvt) Ltd	27,157	10,053	-	15,420
Samson Information Technologies (Pvt) Ltd.	-	571,308	-	650,823

# NOTES to the Financial Statements (Contd...)

## 27. Reconciliation of SLAS to SLFRS'S

### 27.1 - Reconciliation of Shareholders' Equity

ASSETS	Note	Under SLAS		Under SLFRS	Under SLAS		Under SLFRS
		31.03.2012	Adjustments	31.03.2012	01.04.2011	Adjustments	01.04.2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Non Current Assets</b>							
Property, plant and equipment	14	182,167,063	-	182,167,063	181,575,980	-	181,575,980
Intangible assets	15	10,229,303	-	10,229,302	11,507,965	-	11,507,965
Deferred tax assets	16.1	-	1,952,274	1,952,274	-	2,177,041	2,177,041
		192,396,366	1,952,274	194,348,640	193,083,945	2,177,041	195,260,986
<b>Current Assets</b>							
Inventories	17	127,992,789	(2,852,844)	125,139,945	141,305,205	(3,687,056)	137,618,149
Trade and other receivables	18	212,092,620	(2,160,160)	211,022,460	166,869,328	(2,711,927)	164,157,401
Income tax receivable		14,699,824	-	14,699,824	11,895,986	-	11,895,986
Cash and cash equivalents	19	38,476,730	-	38,476,730	46,212,208	21,922,151	68,134,359
		393,261,963	(5,013,004)	389,338,959	366,282,727	15,523,168	381,805,895
<b>Total Assets</b>		<b>585,658,329</b>	<b>(3,060,730)</b>	<b>583,687,599</b>	<b>559,366,673</b>	<b>17,700,209</b>	<b>577,066,881</b>
<b>EQUITY AND LIABILITIES</b>							
Stated capital	20	105,752,241	-	105,752,241	105,752,241	-	105,752,241
General reserve		110,000,000	-	110,000,000	10,000,000	-	10,000,000
Retained earnings		142,450,593	(5,117,848)	137,332,745	223,893,243	(6,380,805)	217,512,438
Total equity		358,202,834	(5,117,848)	353,084,986	339,645,484	(6,380,805)	333,264,679
<b>Non - Current Liabilities</b>							
Deferred tax liability	16.2	9,456,413	1,952,274	11,408,687	11,387,822	2,177,041	13,564,864
Retirement benefit obligation	21	9,906,020	-	9,906,020	7,775,147	-	7,775,147
		19,362,433	1,952,274	21,314,707	19,162,969	2,177,041	21,340,011
<b>Current Liabilities</b>							
Trade & other payable		143,860,798	104,844	143,965,642	139,338,508	(18,178)	139,320,329
Short term borrowings - loan	23	12,613,000	51,619,264	64,232,263	41,402,400	40,871,462	82,273,862
Current portion of interest bearing borrowings		-	-	-	868,000	-	868,000
Bank overdraft		51,619,264	(51,619,264)	-	18,949,311	(18,949,311)	-
		208,093,062	104,844	208,197,906	200,558,219	21,903,973	222,462,191
<b>Total Liabilities</b>		<b>227,455,495</b>	<b>2,057,118</b>	<b>229,512,613</b>	<b>219,721,188</b>	<b>24,081,014</b>	<b>243,802,202</b>
<b>Total Equity And Liabilities</b>		<b>585,658,329</b>	<b>(3,060,730)</b>	<b>582,597,599</b>	<b>559,366,672</b>	<b>17,700,209</b>	<b>577,066,881</b>

# NOTES to the Financial Statements (Contd...)

	Note	Year ended 31st March 2012		
		Under SLAS Rs.	Adjustments Rs.	Under SLFRS Rs.
<b>27.2 - Reconciliation of Comprehensive Income</b>				
Revenue	6	961,489,076	-	961,489,076
Cost of sales		(871,580,798)	(1,726,040)	(873,306,838)
<b>Gross profit</b>		<b>89,908,278</b>	<b>(1,726,040)</b>	<b>88,182,238</b>
Other income	7	18,650,860	(17,114,807)	1,536,053
Distribution cost		(21,681,602)	-	(21,681,602)
Administrative expenses		(59,499,452)	2,403,398	(57,096,054)
<b>Operating Profit</b>		<b>27,378,084</b>	<b>(16,437,449)</b>	<b>10,940,635</b>
Finance Income	10.1	-	18,289,305	18,289,305
Finance cost	10.2	(9,517,696)	(588,900)	(10,106,596)
<b>Net Finance Cost</b>		<b>(9,517,696)</b>	<b>17,700,406</b>	<b>8,182,710</b>
<b>Reconciliation of Comprehensive Income</b>				
<b>Profit before income taxation</b>		<b>17,860,388</b>	<b>1,262,957</b>	<b>19,123,345</b>
Income tax expense		696,962	-	696,962
<b>Profit for the year</b>		<b>18,557,350</b>	<b>1,262,957</b>	<b>19,820,307</b>
<b>Other Comprehensive Income</b>				
Revaluation of property, plant & equipment		-	-	-
<b>Total Comprehensive Income for the year</b>		<b>18,557,350</b>	<b>1,262,957</b>	<b>19,820,307</b>
			<b>2011/2012 Rs.</b>	<b>2010/2011 Rs.</b>

## 28. Explanation of Transition to SLFRS'S

### 28.1 - Deferred Tax Assets

#### Reclassification

As per previous SLAS it was required to net off the deferred tax asset and the liability. However

As per SLFRS/LKAS deferred tax asset and liability has been separately recognized in the statement of financial position.

The amount reclassification under the deferred tax asset Rs 2,177,041/- as at transition date and Rs 1,952,274/- as 31st March 2012.

<b>Total</b>			1,952,274	2,177,041
			1,952,274	2,177,041

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>28.2 - Inventory</b>		
<b>Re-measurement</b>		
Under the previous SLAS, the company has not recognized inventory provision as at 1st of April 2011 and 31 March 2012. As per SLFRS/LKAS it is required to recognised a provision for slow moving & non moving inventory. Under the SLFRS/LKAS the company was identified a provision for inventory of Rs. 3,687,056 & Rs. 2,852,844 as at transition date and as at 31/03/2012 respectively.	2,852,844	3,687,056
<b>Total</b>	2,852,844	3,687,056
<b>28.3 - Receivable &amp; Prepayment</b>		
<b>Trade Debtors</b>		
Under the previous SLAS, the company did not recognize impairment for trade and other receivables at 1st of April 2011 and the company had recognized general provision and specified provision for trade and other receivable as at 31 March 2012. Under the SLFRS/LKAS the company use collective impairment model for impairment recognition for trade and other receivable. Collective impairment was Rs 1,381,884 & Rs 1,210,183 as at 1st of April 2011 and 31 March 2012 respectively.	(1,210,183)	(1,381,884)
Reversal of provision the company has already recognized as at 31st March 2012	762,023	-
<b>Total</b>	(448,160)	(1,381,884)
<b>Other Receivable</b>		
<b>Re-measurement</b>		
Long period outstanding balances which were included in other receivables were written off to the comprehensive income amounting Rs.1,330,043 as at transition date and Rs. 1,090,000/- as at 31st March 2012. The Cumulative impact as at 31st March 2012 is Rs. 2,420,043/-.	(2,420,043)	(1,330,043)
However under the previous SLAS, the company had recognize general provision for other receivable. Under the SLFRS/LKAS such provision has been removed from the accounts Rs.708,043.as at 31/03/2012.	708,043	-
	(1,712,000)	(1,330,043)
<b>Total</b>	(2,160,160)	(2,711,927)

# NOTES to the Financial Statements (Contd...)

## 28.4 - Retained earnings

### Re-measurement

Except for the reclassification items, all the adjustments above were recognized against opening retained earnings and the reserves as at 1st April 2011. The impact on previously reported figures were as follows:

	1st April 2011
Impact on raw material write off	1,037,242
Impact on finish goods write off	2,649,815
Impact on electricity deposit write off	842,445
Impact on interest receivable write off	487,598
Impact on Dividend Payable write Back	(8,728)
Impact on Distress loan payable write Back	(9,450)
Impact on Debtor Impairment	1,381,884
	6,380,805

## 28.5 - Deferred Tax Liabilities

Refer Note No - 28.1

## 28.6 - Trade & Other payables

### Re-measurement

Long period outstanding balances which were included in other payables were written back to the comprehensive income amounting Rs.18,178 as at transition date.  
Creditors written off net errors amounts to Rs.86,666/- as at 31st March 2012.

	18,178	18,178
	86,666	-
<b>Total</b>	104,844	18,178

## 28.7 - Cash & Cash Equivalents

### Reclassification

Bank overdraft worth Rs. 21,757,780 has shown in cash & equivalents as a deduction of cash balance in year of transition. The said balance is disclosed under bank overdrafts in same year.

A favourable cash balance which worth Rs. 164,371 has shown in bank overdrafts as a deduction of overdraft balance in year of transition. The said balance is disclosed under cash & cash equivalents in same year.

	-	21,757,780
	-	164,371
<b>Total</b>	-	21,922,151

# NOTES to the Financial Statements (Contd...)

NOTE	2012/2013 Rs.	2011/2012 Rs.
<b>28.8 - Short Term Borrowings</b>		
<b>Reclassification</b>		
Under the previous SLAS, bank overdrafts & other short term borrowings had been disclosed separately. But according to the requirements of the LKAS's/SLFRS's bank overdrafts are shown under the heading of "Short term borrowings" in the statement of financial position.	51,619,264	18,949,311
Rs. 21,757,780/- transferred from cash and cash equivalents to bank overdraft	-	21,757,780
Rs.164,371/- transferred from cash and cash equivalents (refer 28.7)	-	164,371
<b>Total</b>	<b>51,619,264</b>	<b>40,871,462</b>
<b>28.9 - Bank Overdrafts</b>		
<b>Reclassification</b>		
Bank overdraft transferred to short term borrowings (refer 28.8)	51,619,264	18,949,311
<b>Total</b>	<b>51,619,264</b>	<b>18,949,311</b>
<b>28.10.1 - Cost of Sales</b>		
<b>Reclassification</b>		
Under the previous SLAS, the company had recognized a general provision for slow moving inventories. Under the requirements of LKAS 02 Inventory, Inventory should be measured at lower of cost or net realisable value. The impact due to the written down value of inventory to the NRV is Rs. 1,037,242.as at the transition date & Rs. 1,012,953 as at 31/03/2012. The net impact of the transaction is Rs. 24,289.	-	(24,289)
Gratuity expense relating to factory staff transferred from administration expenses to cost of sales was Rs. 1,750,330/-	-	1,750,330
<b>Total</b>	<b>-</b>	<b>1,726,040</b>

# NOTES to the Financial Statements (Contd...)

2011/2012

Rs.

## 28.10.2 - Other Income

### Reclassification

Under the previous SLAS all the other income sources were shown under the category of other income. However according to the SLFRS's/LKAS's requirements finance income should be shown separately from other income sources. Accordingly finance income of Rs. 18,289,305/- shown under other income has been transferred to finance income.

	18,289,305
Inventory over provision reversed amounted to Rs. 809,923/-	(809,923)
Payable balances written off amounted to rs. 364,576/-	(364,576)
<b>Total</b>	<b>17,114,807</b>

## 28.11 - Administrative Expense

### Re-measurement

Adjustments made in the administrative expense are stated below:

Gratuity expense transferred to cost of sales	(1,750,330)
Bank charges transferred to finance charges	(588,900)
Other administrations expenses transferred to deposits	(220,445)
Bad debt provision reversed	(933,723)
Receivables written off	1,090,000
<b>Total</b>	<b>(2,403,398)</b>

## 28.12 - Finance Income

### Reclassification

As per the requirements of SLFRS's/LKAS's Finance income & other income should be shown.

	18,289,305
<b>Total</b>	<b>18,289,305</b>

## 28.13 - Finance cost

### Reclassification

Bank charges for the year ended 31st March 2012 has been shown under administrative expenses. Accordingly Rs. 588,900/- has transferred to finance cost.

	588,900
<b>Total</b>	<b>588,900</b>

# NOTES to the Financial Statements (Contd...)

## 29. Segment Operating Results

29.1 Business Segment	Medical Items		Food Grade Items		Household Items		Others		Company	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Export Sales	212,328	202,554	285,912	198,611	99,166	68,242	58,635	56,183	656,041	525,590
Local Sales	1,343	4,204	5,338	5,689	39,389	78,358	271,746	347,648	317,816	435,899
Profit/(Loss) on Fixed Asset Disposal	213,671	206,758	291,250	204,300	138,555	146,600	330,381	403,831	973,857	961,489
Other Income	264	(15)	264	(14)	264	(15)	264	(15)	1,057	(59)
	328	564	214	426	24	282	17	264	583	1,536
	214,263	207,307	291,728	204,712	138,843	146,867	330,662	404,080	975,497	962,966
Segmental Expense	(201,721)	(203,126)	(260,909)	(194,615)	(136,291)	(146,063)	(321,060)	(399,343)	(919,982)	(943,146)
Operating Profit/(Loss)	12,542	4,181	30,819	10,097	2,552	804	9,602	4,737	55,515	19,820
<b>29.2 Geographical Segment</b>										
Europe	193,324	56,265	261,367	181,483	45,873	30,674	46,193	51,573	546,757	319,997
Australia & New Zealand		112,476		-	5,085	-	885	708	5,970	113,184
America		12,207		-	413	599	1,161	1,500	1,574	14,306
Africa		56		-		10,404	10,321	1,865	10,321	12,325
Asia	19,004	21,550	24,545	17,128	47,795	26,565	75	537	91,419	65,778
Total	212,328	202,554	285,912	198,611	99,166	68,242	58,635	56,183	656,041	525,590
<b>29.3 Other information</b>										
Segment Assets	355,019	352,041	59,237	55,450	97,675	90,471	79,823	84,635	591,754	582,597
Segment Property, Plant & Equipment- Additions (Actual)	5,499	7,456	7,509	5,032	5,611	11,557	1,499	1,831	20,118	25,876
Segment Liabilities	51,529	126,230	85,877	34,794	28,625	36,459	24,809	32,030	190,840	229,513
Segment Assets - Depreciation	13,529	12,733	3,979	3,552	4,775	4,655	4,244	4,286	26,527	25,226
Gratuity Provision	4,144	1,401	1,228	234	1,074	373	1,228	326	7,674	2,334

# STATEMENT of Value Addition

Value addition	2012/13		2011/12	
	Rs.'000	%	Rs.'000	%
Turnover	973,857	100	961,489	100
Less: Cost of materials and services purchases	(768,740)	(79)	(805,418)	(83)
<b>Total Value addition</b>	<b>205,117</b>	<b>21</b>	<b>156,071</b>	<b>17</b>

Distribution of Value addition	2012/13		2011/12	
	Rs.'000	%	Rs.'000	%
To Employees as remuneration and welfare	112,128	54	100,919	65
To the Government as taxation	(4,438)	(2)	(696)	-
To the Shareholders as dividend	7,696	4	-	-
To lenders of capital as interest	10,948	5	10,106	6
To retain in the business - as depreciation	26,526	13	25,226	16
as profit retained	47,819	24	19,820	13
	<b>205,117</b>	<b>100</b>	<b>156,071</b>	<b>100</b>



# INVESTOR Information

## 1) General

a) Stated capital	-	105,752,241
b) No of Shares	-	3,847,974
c) Class of Shares	-	Ordinary Shares

## 2) Stock Exchange Listing

The issued ordinary shares of Samson International Plc are listed on the Colombo Stock Exchange. The audited income statement for the year ended 31st March 2013 and the audited balance sheet of the Company as at that date have been submitted to the Colombo Stock Exchange within the stipulated date.

## 3) Date of Listing

The Company was listed on 24th July 1992.

## 4) Market Capitalization

The market capitalization of the Company which is the number of ordinary shares issued multiplied by the market value of a share was Rs.316.3 at 31st March 2013 (Rs.346.3 as at 31st March 2012).

## 5) Market Value of the Company's Ordinary Shares

Market Value per share	2013 Rs	Date	2012 Rs	Date	Change
Highest Price	120.00	28.8.2012	187.00	30.09.2011	( 36%)
Lowest Price	62.00	13.6.2012	85.10	20.3.2012	( 27%)
Closing	82.20	31.3.2013	90.00	31.3.2012	( 8%)

## 6) Shareholders as at 31st March 2013

No of Shares held	No of shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,021	90.0	130,334	3.4
1,001 – 10,000	94	8.3	258,915	6.7
10,001-100,000	7	1.0	281,195	7.3
100,001 – 1,000,000	3	0.4	932,106	24.2
1,000.000 & Over	2	0.3	2,245,424	58.3
Total	1,127	100	3,847,974	100.0

# INVESTOR Information (Contd...)

## 7) Analysis Report of Shareholders as at 31st March 2013

Category	No of shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,086	96.4	621,869	16.2
Institutional-local	40	3.5	3,225,805	83.8
Individual - foreign	1	0.1	300	0
Institutional- foreign	0	0	0	0
<b>Total</b>	<b>1,127</b>	<b>100</b>	<b>3,847,974</b>	<b>100</b>

## 8) Twenty Major Shareholders as at 31st March 2013

Shareholder	No of Shares as at 31/3/2013	%	No of Shares as at 31/3/2012	%
1 DSI Samson Group ( Pvt) Ltd	1,204,824	31.3	1,204,824	31.3
2 Seylan Bank PLC/ Thirugnanasambander Senthilvel	1,040,600	27.0	1,040,600	27.0
3 D. Samson Industries ( Pvt) Ltd	548,758	14.2	548,758	14.2
4 D. Samson & Sons ( Pvt) Ltd	274,348	7.1	274,348	7.1
5 Dr Thiruganansabander Senthilvel	109,000	2.8	109,000	2.8
6 Samson Rubber Industries (Pvt) Ltd.	96,553	2.5	96,553	2.5
7 Sanger GMBH	78,622	2.0	78,622	2.0
8 Abey Siri Hemapala Munasinghe	30,107	0.8	30,107	0.8
9 G. K. Piyasena	22,980	0.6	22,980	0.6
10 Samson Manufacturers ( Pvt) Ltd	22,154	0.6	22,154	0.6
11 H. Tanigawa	20,460	0.5	20,460	0.5
12 Mrs. D.W. Rathna	10,796	0.3	10,796	0.3
13 D.R. Rajapaksa	10,319	0.3	10,319	0.3
14 Waldock Mackenzie Ltd/ Hi-Line Trading ( Pvt) Ltd.	10,000	0.3	0	0
15 D.K. Rajapaksa	9,931	0.3	9,931	0.3
16 T.S. Salim	9,900	0.3	9,900	0.3
17 C. N. Pakinathan	9,304	0.2	7,300	0.2
18 D. M. Rajapaksa	9,295	0.2	9,295	0.2
19 Dr. D.S. Rajapaksa	7,156	0.2	7,156	0.2
20 Waldock Mackenzie Ltd/ Hi- Line Towers ( Pvt) Ltd.	7,100	0.2	7,100	0.2
<b>Total</b>	<b>3,532,207</b>	<b>91.7</b>	<b>3,520,203</b>	<b>91.4</b>
Others	315,767	8.3	327,771	8.6
<b>Total</b>	<b>3,847,974</b>	<b>100.0</b>	<b>3,847,974</b>	<b>100.0</b>

## 9) Public Holdings

As at 31st March 2013, the public held 13.91% (in 2011/2012- 14.05%) of the shares of the Company.

# TEN - YEAR summary

Year Ended 31st March	2012/13 Rs.'000	2011/12 Rs.'000	2010/11 Rs.'000	2009/10 Rs.'000	2008/09 Rs.'000	2007/08 Rs.'000	2006/07 Rs.'000	2005/06 Rs.'000	2004/05 Rs.'000	2003/04 Rs.'000
<b>Income statement :</b>										
Turnover	973,858	961,489	716,102	588,207	620,518	698,876	638,458	462,687	455,814	378,741
Profit Before Taxation	51,076	19,123	(55,980)	(7,608)	14,533	70,012	63,424	25,605	45,692	41,210
Taxation	4,438	696	(229)	(663)	(5,757)	(9,776)	(13,297)	(6,235)	(7,779)	(6,618)
<b>Profit After Taxation</b>	<b>55,515</b>	<b>19,820</b>	<b>(56,209)</b>	<b>(8,271)</b>	<b>8,775</b>	<b>60,295</b>	<b>50,127</b>	<b>19,370</b>	<b>37,913</b>	<b>34,592</b>
<b>Profit Attributable to shareholders</b>	<b>55,515</b>	<b>19,820</b>	<b>(56,209)</b>	<b>(8,271)</b>	<b>8,775</b>	<b>60,295</b>	<b>50,127</b>	<b>19,370</b>	<b>37,913</b>	<b>34,592</b>
<b>Balance Sheet :</b>										
<b>Capital And Reserves</b>										
Stated capital	105,752	105,752	105,752	105,752	105,752	105,752	38,480	38,480	32,983	32,983
Capital Reserves	110,000	110,000	10,000	10,000	10,000	10,000	67,272	67,272	47,483	47,483
Revenue Reserves	185,152	137,332	223,893	280,102	288,373	279,597	229,302	186,871	167,502	136,185
<b>Shareholders funds</b>	<b>400,904</b>	<b>353,084</b>	<b>339,645</b>	<b>395,854</b>	<b>404,125</b>	<b>395,349</b>	<b>335,054</b>	<b>292,623</b>	<b>247,968</b>	<b>216,651</b>
<b>Non Current Liabilities</b>										
Interest Bearing Borrowings	-	-	-	868	5,120	16,877	14,500	20,500		25,000
Deferred Tax	8,831	11,408	11,388	11,703	11,202	7,808	10,335	9,594	8,604	9,159
Retirement Benefit Obligation	14,528	9,906	7,775	6,306	5,234	8,150	9,238	5,567	4,680	6,794
<b>Total Equity &amp; Non Current Liabilities</b>	<b>424,263</b>	<b>374,398</b>	<b>358,808</b>	<b>414,731</b>	<b>425,681</b>	<b>428,184</b>	<b>369,127</b>	<b>328,284</b>	<b>261,252</b>	<b>257,604</b>
<b>Assets Employed</b>										
Current Assets	401,489	388,248	388,205	476,617	481,125	421,581	343,385	486,907	307,190	226,780
Current Liabilities	(167,481)	(208,197)	(222,481)	(232,670)	(231,810)	(176,186)	(116,794)	(283,562)	(141,788)	(74,963)
Working Capital	234,008	180,051	165,724	243,947	249,315	245,395	226,591	203,345	165,402	151,817
Property, Plant & Equipment	190,255	194,347	193,084	170,784	176,366	182,789	142,436	124,839	95,749	80,687
Investment	-	-	-	-	-	-	100	100	100	100
Long-Term Loans	-	-	-	-	(21,124)	(32,834)	(34,073)	(35,661)	(13,283)	(15,953)
Share Issue Expenses -	-	-	-	-	-	-	-	-	-	-
<b>Total Assets Less Current Liabilities</b>	<b>424,263</b>	<b>374,398</b>	<b>358,808</b>	<b>414,731</b>	<b>404,557</b>	<b>395,350</b>	<b>335,054</b>	<b>292,623</b>	<b>247,968</b>	<b>216,651</b>
<b>Financial Ratios :</b>										
Earnings Per Share (Rs.)	14.43	5.15	(14.61)	(2.15)	2.28	15.67	13.03	5.03	11.49	10.49
Net Profit (%)	5.7	2.1	(7.85)	(1.41)	1.41	8.63	7.85	4.19	8.32	9.13
Dividends (Rs. '000)	76.96	-	-	-	-	-	7,696	-	6,597	6,597
Dividends Rate (%)	2.00	-	-	-	-	-	20	-	20	20
<b>Others</b>										
Market Price Per Share (Rs.)	82.20	90.00	100.00	86.75	50.25	62.00	44.75	47.25	63.00	30.25
Price Earnings Ratio (Times)	5.69	17.47	(6.85)	(40.36)	22.43	3.95	3.43	9.39	5.48	2.88
Net Assets Per Share (Rs.)	104.18	91.75	88.27	102.87	105.02	102.74	87.07	76.05	75.18	65.69
Annual Sales Growth (%)	1.00	34.00	21.00	(5.21)	(11.21)	9.46	37.99	1.51	20.35	26.56
Quick Assets Ratio (Times)	1.53	1.26	1.11	1.69	1.77	1.84	1.41	1.04	1.32	1.67
Fixed Asset Turnover Ratio (Times)	5.11	4.95	3.71	3.44	3.52	3.82	4.48	3.70	4.76	4.69

# 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 dividend declared per share.
8. Earnings per Share : Profit attributable to shareholders divided by weighted average of 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 Addition : The quantum of wealth generated by the activities of the Group.
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 capital and revenue reserves.
18. Capital employed : Shareholders' funds plus long-term bearing loans & 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.
22. Related Parties : Parties who could control or significantly influence the financial and operating policies of the business.

# NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of Samson International PLC will be held on Friday the 13th day of September 2013 at the Sri Lanka College of Obstetricians and Gynecologists at No 112, Model Farm Road, Colombo 08 at 2.00 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 2013 and the Report of the Auditors thereon.
2. To re-elect Mr. C Cumararatunga who retires by rotation in terms of Article 88(i) of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. T K Bandaranayake who is 70 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 70 years of age be and is hereby re-elected 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".

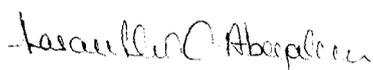
4. To re-elect Mr. G H A Wimalasena who is 72 years of age, as a Director of the Company and to adopt the following resolution:-

"IT IS HEREBY RESOLVED THAT Mr. G H A Wimalasena who is 72 years of age be and is hereby re-elected 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."

5. To re-elect Mr. D G P S Abeygunawardana, who retires in terms of Article 95 of the Articles of Association, as a Director of the Company.
6. To re-appoint Messrs HLB Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.

By Order of the Board

**SAMSON INTERNATIONAL PLC**



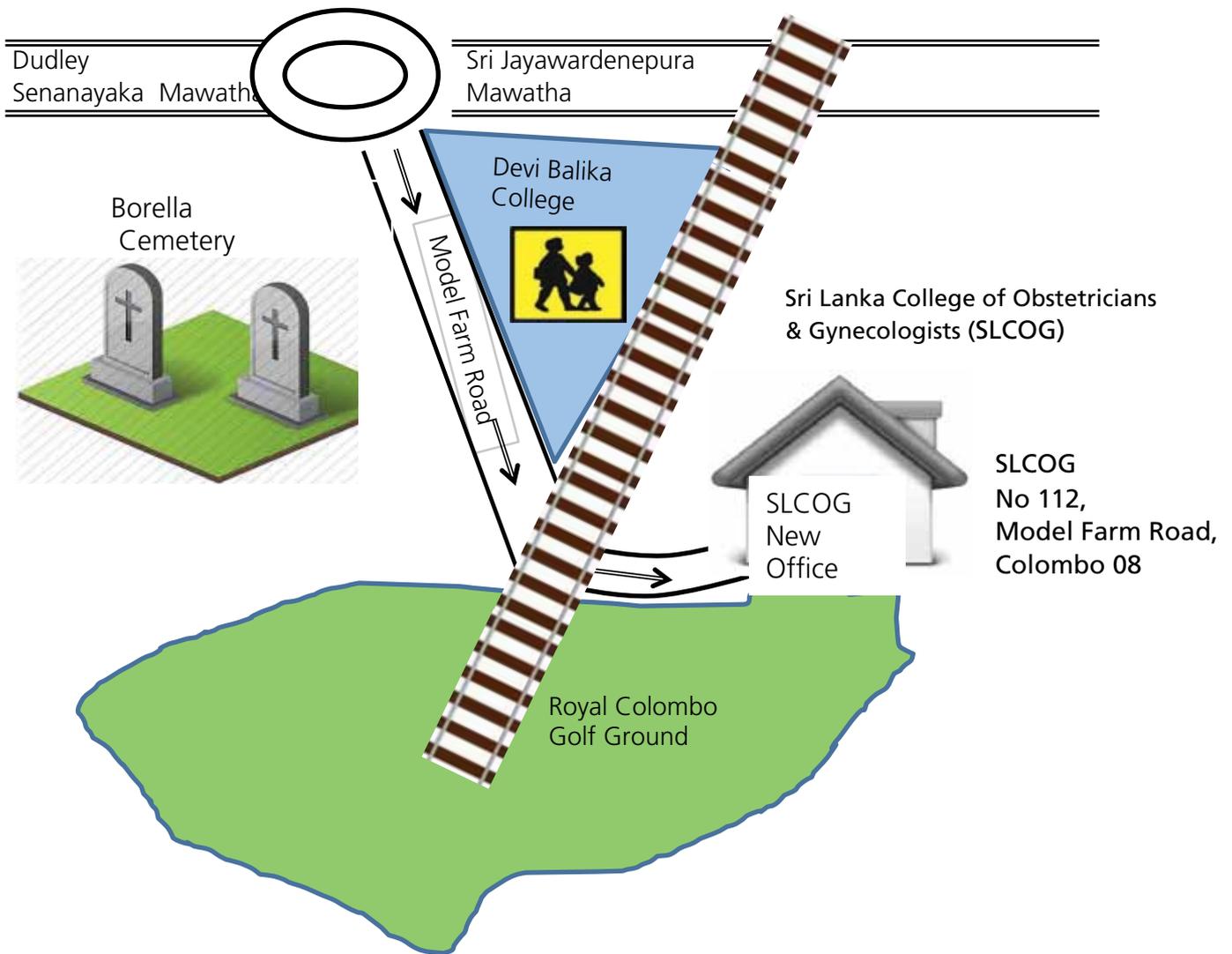
P W Corporate Secretarial (Pvt) Ltd  
Secretaries

8th August 2013.  
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 36 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 ..... of ..... or failing \*him/her\*  
 Dr. D S Rajapaksa of Colombo or failing him\*  
 Mr. D K Rajapaksa of Colombo or failing him\*  
 Mr. D M Rajapaksa of Colombo or failing him\*  
 Mr. D R Rajapaksa of Colombo or failing him\*  
 Mr. C Cumaratunge of Colombo or failing him\*  
 Mr. B L P Jayawardena 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

as \*my/our Proxy to represent me/us\*, to speak and vote for \*me/us on \*my/our behalf at the Twenty First ANNUAL GENERAL MEETING OF THE COMPANY to be held on 13 September 2013 at 2.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements for the year ended ended 31st March 2013 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. C Cumaranatunga who retires by rotation in terms of Article 88(i) of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. T K Bandaranayake who is 70 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 70 years of age be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.07 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"/>
4. To re-elect Mr. G H A Wimalasena who is 72 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 72 years of age be and is hereby re-elected 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"/>
5. To re-elect Mr. D G P S Abeygunawardana, who retires in terms of Article 95 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs H L B 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"/>
7. To authorize the Directors to determine donations for the year ending 31st March 2014 and upto the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this..... day of ..... Two Thousand and Thirteen.

\*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 thirty six (36) hours before the appointed time for the Meeting.

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**DSI** Saman Group



## SAMSON INTERNATIONAL PLC.

### Corporate Office:

No. 110, Kumaran Rathnam Road, Colombo 02, Sri Lanka.  
Tel : +94 11 2320978 / 9, 4728800 Fax : +94 11 2440890, 4728801  
E-mail : [info@dsisamson.com](mailto:info@dsisamson.com) Web : [www.samsonint.com](http://www.samsonint.com)

### Factory :

Akuressa Road, Bogahagoda, Galle, Sri Lanka.  
Tel : +94 91 4933945/6/7, 3783783 Fax : +94 91 2224036  
E-mail : [info@samsonint.com](mailto:info@samsonint.com) Web : [www.samsonint.com](http://www.samsonint.com)