

2016/17
Annual Report



*There is no end to our
search for excellence ...*

SAMSON INTERNATIONAL PLC

Akuressa Road, Bogahagoda, Galle

DSI Samson
group



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There is no end to our search for excellence ...

In the coming financial year, we will be focusing more on our endless searching for excellence in every sphere of our business. In the current financial year we received nine awards including the top ten CNCI awards and also the NCE Export Gold award, covering many disciplines. In the future we will strive to obtain international awards.

We will also focus on further widening our polymer product range and aim at versatility with the intention of becoming bigger and bigger, year by year. We will continuously invest in technologically advanced machinery and in Research and Development. We produce a wide range of both rubber and PVC-related products.

We are in the process of obtaining ISO 50001 on Energy Management, ISO 14001 on Environmental Management and ISO 18001 on Occupational Health and Safety Management.

At present our products are sold in 30 of the 194 countries of the world. We will further increase our presence by strengthening our marketing. Our intention is to produce better things for better living through polymer chemistry and thus delight people the world over and our stakeholders.

We also want to be a prominent socially responsible corporate citizen in the Southern Province by continuing our commitment to contribute to the national economy and generating foreign exchange for the motherland, serving the rural areas in the province by using its local raw materials, especially rubber, operating income generating activities for the poor and elderly in the province, opening direct employment avenues in neighbouring villages, and nurturing our indigenous heritage. Therefore, for Samson International Plc, there is no end to the search for excellence ...



About this Report

We present this annual report for our 29th financial year covering the period from 1st of April 2016 to 31st of March 2017. This report highlights our performances, investments, governance, risk management, CSR activities, strategic directions and the future of the company which are important for all stakeholders to be aware of. The Company has neither subsidiaries nor associate companies.

Scope and Boundary

This Annual Report adopted the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and has made a genuine effort to meet the expectations of all our stakeholders by providing them with balanced and relevant information on our value creation process. The report has been prepared in accordance with the Global Reporting Initiative G4 criteria: the core and aspects and indicators have been selected to best reflect the impacts of its diverse industry exposures.

Guiding Principles

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

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

Assurance

The independent auditor's opinion by Messrs Edirisinghe & Co., Chartered Accountants on the Financial Statements is available on page 136 of this report.

Our last three Annual Reports received a certificate of compliance from the Institute of Chartered Accountants of Sri Lanka consecutively.

Feedback

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

COMPANY

Profile

Samson International Plc is a subsidiary of the DSI Samson Group (Pvt) Ltd which was founded in 1962. DSI Samson Group has an export turnover of more than USD 68 Mn and has a workforce more than 10,000 employees. The majority of their factories in the Group are located in remote rural areas. Samson International Plc is one of them. DSI Group has a turnover of Rs 26 Bn while Samson International Plc has a turnover of Rs. 1.2 Bn.

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

The Company recently diversified in to PVC market with the intention of exploiting big & new markets and growth opportunities in the midst of the boom of the construction industry and positive economic outlook of the country. Samson International Plc has 436 employees and the main factory is situated at Bogahagoda, Galle. Other two factories are in Baddegama and Kalutara.

Corporate Philosophy

Our Vision

To be a leading polymer product manufacturer in the region.

Our Mission

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

Our Values

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

COMPANY Profile (Contd...)

Corporate Information

Name of the Company	:	Samson International Plc
Legal Form	:	A public quoted company with limited liability. It was incorporated on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008.
Company Registration number	:	PQ 192
Stock Exchange listing	:	The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted to a public quoted company.
Principal line of business	:	Manufacture of rubber and PVC based products for the international and local markets
Registered Office	:	No. 110, Kumaran Ratnam Road , Colombo 02. Te: (011) 4728 800, Fax (011) 2440 890 Email: info@samsonint.com
Directors	:	Dr D. S. Rajapaksa (Chairman) Mr D. K. Rajapaksa (Managing Director) Mr D. R. Rajapaksa Mr D. M. Rajapaksa Mr C. Cumararatunge Mr G. H. A. Wimalasena Mr T. K. Bandaranayake Mr D. G. P. S. Abeygunawardana (Director/ General Manager) Mr D. D. A. Rajapaksa
Audit Committee	:	Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. M. Rajapaksa
Remuneration Committee	:	Mr G. H. A. Wimalasena (Chairman) Mr T. K. Bandaranayake Mr D. M. Rajapaksa
Related Party Transaction Review Committee	:	Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. D. A. Rajapaksa
Secretaries	:	P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08. Te (011) 4640 360
Factories		
Galle Factory	:	Akuessa Road, Bogahagoda, Galle. Te (091) 3094 469-72, Fax (091) 2224 036 Email: info@samsonint.com
Kalutara Factory	:	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara. Te (034) 5622 688 Email: info@samsonint.com
Baddegama Factory	:	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama Te (091) 3094 469-72, Fax (091) 2224 036 Email: info@samsonint.com
Parent Company	:	DSI Samson Group (Pvt) Ltd.
Auditors	:	Messrs Edirisinghe & Company, Chartered Accountants, No. 45, Braybrook Street, Colombo 02.
Bankers	:	Hatton National Bank Nations Trust Bank Bank of Ceylon DFCC Bank Commercial Bank People's Bank
Tax Registrations	:	Value Added Tax No / Income Tax No: 114049387-7000 Nation Building Tax No: 114049387-8000 Economic Service Charge Tax No: 114049387-9000
Contact Details	:	Samson international Plc, Akuessa Road, Bogahagoda, Galle. Te (091) 3094 469-72, Fax (091) 2224 036 Email: info@samsonint.com

COMPANY Profile (Contd...)



Galle Factory



Baddegama Factory



Kalutara Factory



Corporate Office

FINANCIAL and Operational Highlights

Financial Highlights

		2016/17	2015/16	Variance	%
Operating Results					
Revenue	Rs. 000	1,249,498	1,178,339	71,159	6
Operating profit	Rs. 000	72,307	40,724	31,583	78
Exchange gain / (loss)	Rs. 000	(88)	21,657	(21,745)	100
Profit before tax	Rs. 000	65,972	59,299	6,673	11
Tax on profit	Rs. 000	(23,074)	(4,152)	(18,922)	456
Profit after tax	Rs. 000	42,899	55,146	(12,247)	(22)
Exports earnings	in US \$ Mn	3.9	4.2		
ROCE	%	7.8	10.7		
Gross profit to Sales	%	22	19		
Interest cover	Times	6.3	8.3		
Financial Position					
Dividend cover	Times	5.7	6.51		
Current ratio	Times	1.48	1.46		
Gearing	%	24.6	30.2		
Finance Cost	Rs. 000	(12,503)	(8,091)	(4,412)	55
Financial Investments	Rs. 000	46,691	53,166	(6,475)	(12)
Cash generated from / (Used in) operations	Rs. 000	152,867	(31,881)	184,748	(579)
Shareholder information					
Dividend per share	Rs.	2.00	2.00		
Market price per share	Rs.	98.90	105.00		
Earnings per share	Rs.	10.13	13.03		
Net assets per share	Rs.	130.50	122.17		
Price Earnings Ratio	Times	9.76	8.05		
Total assets	Rs. 000	1,027,292	978,764	48,528	5
Number of Shareholders	Nos.	1,223	1,208		
Market Capitalization	Rs. 000	418,621	444,441	(25,820)	(6)
Shareholders' funds	Rs. 000	552,381	517,115	35,266	7

Operational Highlights

		2016/17	2015/16	Variance	%
Manpower	Nos	436	456	20	4
No of factories	Nos	3	3		
Employee turnover ratio	%	2.1	1.8		
Value additions	Rs. 000	365,460	321,240	44,220	14
Value additions per employee	Rs /month	69,851	58,706	11,145	19
Rubber Compound Consumed	Kg 000	1,585	1,481	104	7
Investment in Fixed Assets	Rs. 000	96,776	43,512	53,264	122

The Company recorded the highest Turnover of Rs. 1,250 Mn

Profit before Tax increased by 11.3 % to Rs. 66 Mn

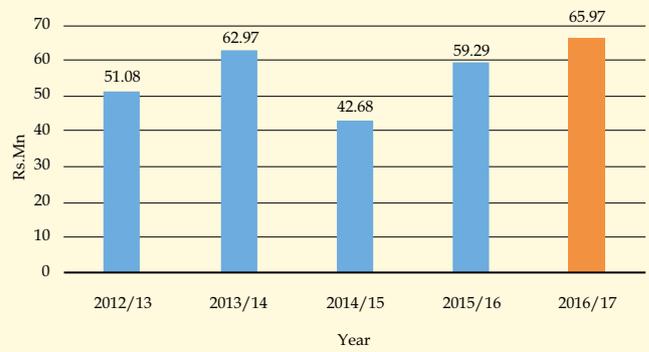
Total assets exceeded Rs. 1 Bn this year

The Company received nine awards in the current financial year

Total Revenue
(Rs.Mn)



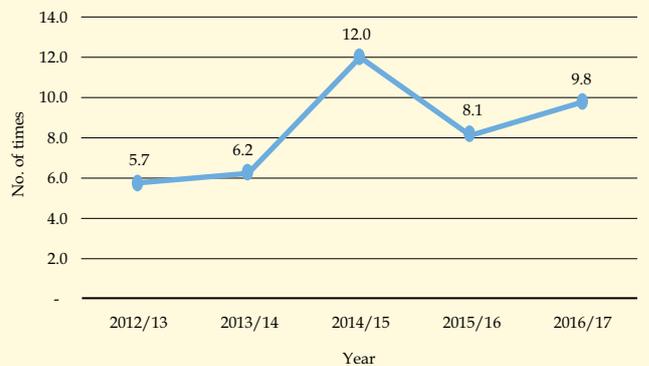
Profit before Tax
(Rs.Mn)



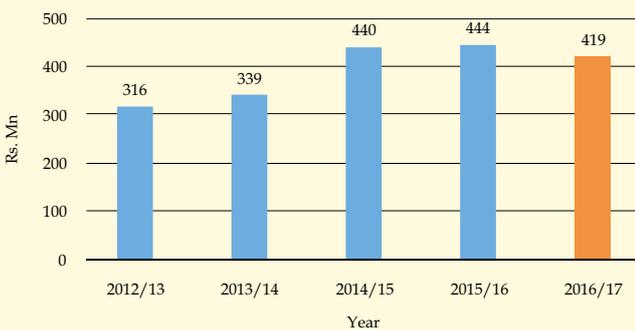
Total Assets
(Rs. Mn)



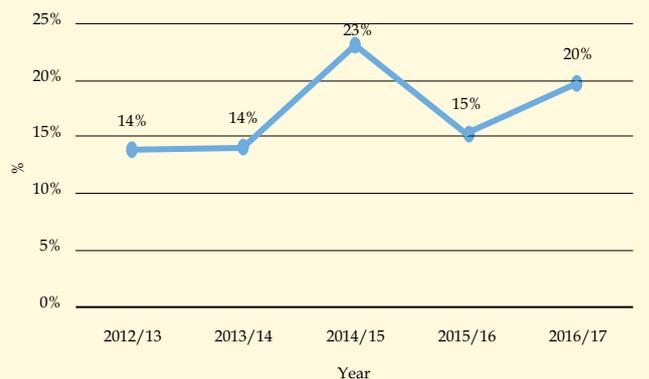
Price Earning
(P/E) Ratio



Market Capitalization
(Rs. Mn)



Dividend
Pay out %



CORPORATE

Milestones

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

Previous years

- 1988/89 - Samson International Ltd. was incorporated as a Private Company on 14th October, 1988
- 1992/93 - Ordinary shares of the Company were listed in the Colombo Stock Exchange and became a public quoted company as Samson International Plc on 24th July, 1992
- 1994/95 - Received the first "ISO 9001: 2008 quality management certificate" among the rubber-related product manufacturing companies in Sri Lanka
- 2007/08 - Invested in the first microwave continuous line machine in Sri Lanka
- 2009/10 - Purchased all assets of Aksel (Pvt) Ltd, Kalutara which produced Rubber Mats
- 2011/12 - Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka for the first time
- 2012/13 - Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka for the second consecutive year
- 2013/14 - Received the Export Silver Award from the National Chamber of Exporters of Sri Lanka and also Business Excellence Silver Award from the National Chamber of Commerce for the first time, when the Company celebrated its Silver Jubilee
- 2014/15 - Achieved the first ever 1 billion rupee turnover, Purchased assets of Okta PVC Lanka (Pvt) Ltd., Baddegama, and stepped into manufacturing PVC products, Received the "ISO 9001:2008 quality management certificate" for PVC pressure pipes and Issue of bonus shares on 1: 10 to shareholders
- 2015/16 - Received the Export Gold Award from the National Chamber of Exporters of Sri Lanka and five more merit awards covering many different disciplines namely Business Excellence, Quality, Industrial Excellence, Human Resource and Financial Reporting.

This year

- Received nine awards including the top ten CNCI awards and also the NCE Export Gold award, covering many disciplines such as Business Excellence, Quality, Industrial Excellence, Human Resource and Financial Reporting.
- Exceeded Rs. 1 Bn. of total assets.

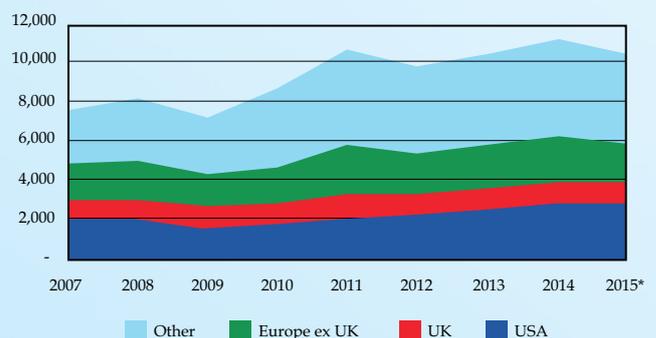
CHAIRMAN'S Review



“It is pleasing to note that the Company focuses on the search for excellence in every sphere of our business and further widening the polymer product range and aiming at versatility with the intention of becoming bigger and bigger year by year...”

It is my pleasure to present the Annual Report of Samson International Plc for the year ended 31st March 2017, which is our 29th financial year. While keeping in mind that our major customers are from Germany, Japan, South Africa, Canada, Australia and South Asia and the major currency of our exports is the euro, let me firstly clarify for you the global economic and market conditions in which we operated and the challenges we encountered in the financial year under review.

Figure 02 - Exports destination of Sri Lanka (USD million)



Source : <http://www.ft.lk/article/552027/Brexit-and-the-impact-on-the-Sri-Lankan-economy>

According to the above chart Sri Lanka in general had an export growth to all segments, namely, USA, UK, Europe and other countries during last nine years.

CHAIRMAN'S Review (Contd...)

Global Economic Outlook

As you aware, global economic growth slightly decreased to 3.1% in 2016 to 3.2% in 2015. The projected global economic growth rate for 2017 and 2018 are 3.4% and 3.6% respectively, as stated in the "World Economic Outlook Report January 2017". In 2016, the advanced economies (USA, Canada, the Euro area including Germany, France, Italy, Spain, UK and Japan) grew at 1.6% which decreased from 2.1% in 2015. Of these advanced economies we directly export to Germany, UK, Canada and Japan, which have relatively lower economic growth rates. Emerging markets and developing economies remain at 4.1%. Of these countries we directly export to South Africa, India, Pakistan and the Middle East. Our major export customers are from countries with advanced economies.

The impact of global developments, such as Brexit, the recent Presidential elections in the United States (US), interest rate hikes by the US Federal Reserve, the elections in France and Germany in Europe, the projected slowdown in the Chinese economy, as well as economic conditions in Sri Lanka's major trading partners, including India, Japan, Russia and the Middle East, also had a significant influence on the domestic economy. Trends in oil prices and international capital flows, following the normalization of interest rates in the US affected our economy.

Sri Lankan Economic Outlook

We are living in a challenging world. Sri Lanka is now gradually transforming into an upper middle income economy, as stated in the "Road Map: Monetary and Financial Sector Policies for 2017 and Beyond" delivered by Dr. Indrajit Coomaraswamy, Governor of the Central Bank of Sri Lanka. We believe that Sri Lanka now faces one of its best chances since independence, as the country does not have a drag in terms of an internal conflict or regressive policies. Today, Sri Lanka is poised for a fresh leap of development.

Sri Lanka is twenty miles away from the fastest growing large economy, India, is in the middle of China's Maritime Silk Route and fortunate to have excellent relations with a number of capital surplus countries in the world. Therefore, Sri Lanka needs that all policy measures focus on promoting the competitive advantages in global business activities resulting in the enhancement of investor confidence, strengthening of foreign reserves and stabilizing the foreign exchange market. However, our country has a number of structural problems

that have been exacerbated over the years by large fiscal and trade deficits, which are the core weaknesses of the Sri Lankan economy. Therefore, Sri Lanka needs the following steps and strategies to deal with minimize the fiscal and trade deficits.

- a. Better coordination among private sector and public sector operations.
- b. Management of the Public Debt to ensure that the government's financing needs and its payment obligations are met at the lowest possible cost over the medium- to long- term, consistent with a prudent degree of risk.
- c. Initiation of a number of measures for exchange control in order to create a more conducive environment for both local and foreign investors.
- d. Having a flexible exchange rate policy to adjust to external pressures

The government expected to achieve a budget deficit of 5.4 per cent of GDP in 2016, and it will be reduced further to 4.6 per cent in 2017.

Sector wise economic growth analysis;

It is noted that the Sri Lankan economy achieved a moderate growth rate of 4 per cent during the first nine months of 2016. The sector-wise growth rate analysis is as follows:

- a. Agricultural activities remained subdued, driven mainly by the contraction in the value addition of rice, tea and rubber. Adverse weather conditions during the second and third quarters of the year and subdued demand conditions in the major export destinations affected growth.
- b. Industry-related activities increased substantially in 2016 helped by a considerable contribution from the recovery of the construction sector. Significant growth was also witnessed in manufacturing, and mining and quarrying activities.
- c. Services activities also remained buoyant, supported by improvements in financial services, and wholesale and retail trade activities.

It is projected that the economy would grow by around 4.5 – 5.0 per cent in 2016 and we anticipate a growth of 5.5 – 6.0 per cent in 2017. The government is certain that the announced budget deficit of 5.4 per cent of GDP will be achieved in 2016, and it will be reduced further to 4.6 per cent in 2017.

CHAIRMAN'S Review (Contd...)

Inflation

Inflation continued to remain at low levels although there were some upward pressures during 2016. Supply side pressures due to adverse weather conditions and revisions to the government tax policy partly contributed to the increase in inflation during the year. The relaxed monetary policy stance pursued in the past and the increase in wages in the economy also exerted some demand pressures on prices. Accordingly, headline inflation, as measured by the year-on-year change in the Colombo Consumers' Price Index (CCPI, 2006/07=100), was 4.1 per cent in December 2016 compared to 2.8 per cent in December 2015. Headline inflation, as measured by the year-on-year change in the National Consumer Price Index (NCPI, 2013=100), was 4.1 per cent in November 2016 compared to 4.2 per cent at end 2015. Accordingly, overall inflation has been contained within our mid-single figure target of 4 – 6 per cent.

External trade performance

Sri Lanka's external trade performance was modest during 2016, although some improvement was observed towards the latter part of the year. Earnings from exports declined by 2.6 per cent during the first ten months of 2016, while the expenditure on imports increased marginally by 0.2 per cent. As a result, the cumulative deficit in the trade account increased by 3.7 per cent to US dollars 7.2 billion during the first ten months of 2016. Supporting the external sector, earnings from tourism is estimated to have increased to around US dollars 3.0 billion during the first eleven months of 2016, an increase of 14.7 per cent over the previous year. Workers' remittances recorded a moderate growth of 3.1 per cent during the first eleven months of 2016 and amounted to around US dollars 6.6 billion.

Industry Performance

Worldwide demand for rubber is forecast to rise by 3.9 percent per year through 2019, driven by rising levels of tyre manufacturing, according to the market research firm, Freedonia Group. They expect the Asia/ Pacific region to outstrip the global demand growth pace, rising by 4.8 percent per year through 2019, or double the growth rate of North America and more than five times the expected growth rate in Western Europe. Growth in manufacturing activity will also support the increased demand for rubber in non-tyre applications such as automotive components, industrial rubber products, medical products, and footwear. Tyres represented 65 percent of global rubber demand in 2014, and this will grow slightly to 65.2 percent by 2019. Synthetic rubber accounted

for 54.5 percent of demand in 2014 and will outgrow natural rubber slightly through 2019 by about 0.1 percentage point a year.

Through 2019, the six fastest-growing national rubber markets worldwide will be in the Asia /Pacific, led by Indonesia, India and Thailand. The demand for rubber in China, Malaysia and Vietnam will also advance rapidly, benefiting from gains in manufacturing. China will remain by far the world's largest rubber market, representing over half the Asia /Pacific total in 2019.

Demand for rubber in the Central /South America and Africa/ Mideast regions will rise at solid rates also, benefiting from growth in their tyre industries. Demand growth in North America and Europe will be below the global average. Western Europe should see the slowest growth in demand through 2019, at just 0.9 percent, based on the migration of tyre manufacturing capacity to operations outside of Europe. The rubber industry in Sri Lanka began way back in 1876. This is an industry with significant strategic importance to the Sri Lankan economy from the beginning. It generates a vast number of employment opportunities for people mainly from rural areas and provides them with a sustainable livelihood. The range of value added rubber products made in Sri Lanka by processing raw rubber is internationally acclaimed and accepted for quality and durability. The Sri Lankan rubber industry, well linked to the global rubber industry which grows at an annual average 4-6 %, has the potential to grow at a higher pace as a major export revenue earner. Considering the growth potential, the long history of the industry and distinctive competencies accumulated over the years, it is expected that rubber exports will reach US\$ 3 billion by 2020.

Company Performance

It is pleasing to note that the Company focuses on the search for excellence in every sphere of our business and further widening the polymer product range and aiming at versatility with the intention of becoming bigger and bigger year by year. During the year ended 31st March 2017, the Company recorded a turnover of Rs. 1,250 Mn as against Rs. 1,178 Mn in the previous year. The Company recorded an operating profit of Rs 72.3 Mn as against Rs 40.7 Mn in the previous year. Net profit before tax in the current year was Rs 65.9 Mn against Rs.59.2 Mn in the previous year. A detailed analysis of the Company performance and operation is given in the Managing Director's operational review on page 17.

CHAIRMAN'S Review (Contd...)

Dividends

The Board of Directors decided to recommend a dividend of Rs. 2.00 per share in the year under review (in the previous year too it was Rs. 2.00 per share).

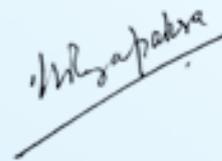
Future

The company needs new markets for high profitable products for which aggressive marketing is needed to improve the performance in the rubber segment. Another challenge facing the Company is to turn-around the PVC segment even though there was some progress having introduced many new products. We are optimistic that strong performance will be possible in all our two business segments, namely, rubber and PVC in the future.

Appreciation

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

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



Dr D. S. Rajapaksa

Chairman

Colombo

May 25, 2017

MONTHLY

Operational Highlights of 2016/17

2016

• April

- Signed a MOU with Faculty of Science of the University of Colombo for the Development of Temperature Sensitive Paint for Hot Water Bottles using Thermochromic Materials.
- Installation of Fire Hydrant System at Galle Plant.

• May

- Installed the Conveyer belt machinery at Galle Plant.
- Participated "Build SL 2016" exhibition held at BMICH Colombo
- Participated "Gateway to East 2016", Batticaloa

• June

- Introduced EPDM hose to the local market.
- Declared a dividend of Rs.2.00 per share for the year ended 31st March 2016

• July

- Held our 24th AGM on 29th July 2016 in Colombo 08.
- Held felicitation ceremony on 24th July 2016.
- Participated "Construction Expo 2016" exhibition held at BMICH, Colombo.

• August

- Introduced PVC casing in to the local market
- Visited the "Great America Trucking show" in USA
- Participated Construct 2016 exhibition held at BMICH, Colombo.

• September

- Recorded highest monthly turnover of Rs.135 Mn
- Received the CNCI Top Ten award and Achiever's Browns provincial award for industrial excellence from the Ceylon National Chamber of Industries of Sri Lanka on 18th September 2016.
- Received the Gold Export Award from the National Chamber of Exporters of Sri Lanka on 30th September 2016, for the consecutively in two years.

• October

- Signed a training and consultancy agreement with Export Development Board to obtain ISO 50001 energy management, ISO 14001 on environment management and ISO 180001 on occupational health and safety management.

• November

- Received the Business Excellence Merit Award and Excellence in Global Reach Award in the Manufacturing Sector from the National Chamber of Commerce on 13th November 2016.
- Received Social Dialogue & Workplace Co-operation Merit Award from the Department of Labour of Sri Lanka on 11th November 2016.
- Installation of Fire Hydrant System at Baddegama Plant.

• December

- Introduced PVC solvent to the local market
- Received a Certificate of Compliance for the Financial Report from the Institute of Chartered Accountants of Sri Lanka on 06th December 2016.

2017

• January

- Participated "India Rubber Expo" exhibition in Chennai, India.
- Visited "Dometex Rubber Flooring" exhibition in Germany
- Participated "Jaffna International Trade Fair 2017"
- Received Sri Lanka National Quality Merit Award in the Manufacturing Sector (Large Category) from the Sri Lanka Standard Institute on 27th January 2017

• February

- Annual get-together at "Fisherman Bay" Weligama on 09th February 2017
- Participated "Architect 2017" exhibition held at BMICH, Colombo.

• March

- Introduced PVC clear hose to the local market

MANAGING

Director's Operational Review



"During the past few years the Company has shown a continuous upward trend in its turnover and profits. During the last two quarters however our bottom line was affected by the increase in rubber prices, volatility of foreign currencies, the increase in VAT and interest rates. Nevertheless, we were able to increase profit before tax by 11% and operating profit by 78% in the year under review. We are happy to inform you that we received nine awards, including the top ten CNCI awards and also the NCE Export Gold award, covering many disciplines, in the current financial year. Our major challenge is now to turnaround the PVC sector, which is our new line of business..."

Turnover

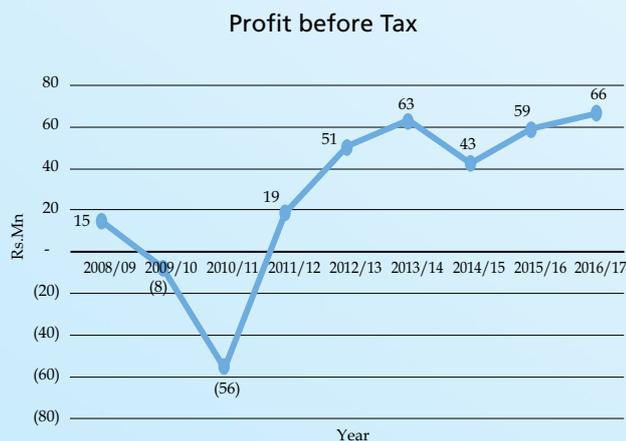
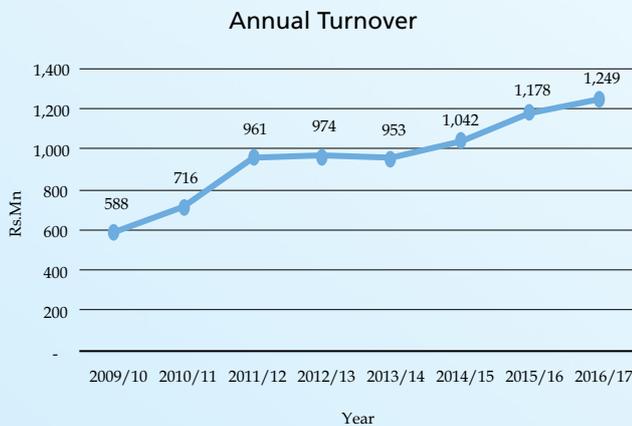
The Company was able to achieve a 6% growth in turnover in the year under review and the total turnover increased by Rs. 71 Mn from Rs. 1,178 Mn in 2015/16 to Rs. 1,249 Mn in 2016/17. The major contributor to this increase is the revenue generated from the footwear components and sealing rings. The company recorded the highest turnover and also recorded a profit before tax of Rs.65 mn in the year 2016/17 as against Rs. 59.2 Mn in 2015/16. The operating profit increased by 78% from Rs. 40 Mn in 2015/16 to Rs. 72 Mn in the year under review. The exchange gain recorded in the previous year was Rs.22 Mn as against the exchange loss of Rs 88,000 in the current year. Therefore the profit before tax in the year under review does not include any exchange gain unlike in the previous year.

Even though in the first six months of the financial year the Company performed well, in the last two quarters of the year

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

our bottom-line was adversely affected by the increase in rubber prices, volatility of foreign currencies against the rupee and the increase in VAT and interest rates.

However, the turnover has increased continuously over the last three years as shown below.



During the last six years, the Company has recorded an upward trend in profits as shown in the above diagram.

Let me explain the performance of the Rubber and PVC sector separately below.

Rubber Sector

Export Market

The export rupee turnover remains around Rs. 600Mn as in the previous year. We were able to increase the turnover of our major export products, namely, jar sealing rings, bottle caps, rubber bands and mud flaps. However, there was no growth in the turnover of hot water bottles this year. We lost the orders for hot water bottles from our buyer in Australia (who bid for orders to a leading super market) this year as our price was not competitive. Chinese suppliers also provided inferior quality products to the market at a cheaper price. However, we did a lot of research and development on these hot water bottles

and found a better compound to make hot water bottles competitive in the Australian super markets in the future. We also did aggressive marketing to find new markets for other products and our export marketing department has been strengthened.



Local Market

The local sales of the rubber sector increased by 26 % to Rs. 476.2 Mn in 2016/17 from Rs. 378.4 Mn in 2015/16. The main contributors to this increase are increased sales of footwear components (V-straps and soles). V-strap sales increased by Rs.81 Mn while rubber sole sales increased by Rs. 16 Mn in the year under review. There is a considerable increase in sales from parking solution- related products such as road humps and D-fenders. The sales from conveyor belts are growing as expected. This year we could not achieve the results from rubber mats we expected in the local market. Our strategy is to develop products for the emerging local markets, such as rubber mats, road humps and pipe sealing rings in the future. We noted a decrease in the turnover of rubber hoses. This is mainly due to our introduction of PVC hoses, which have a huge potential in the local market.

Although our factory is located 100 km away from Colombo in the South of Sri Lanka, the Southern Expressway has brought us closer to Colombo. The government's massive infrastructure projects will certainly help both our export and local business.

Product Segments

As you are aware, Samson International Plc produces more than 35 types of rubber products under four different product segments. The performance of each of these segments is explained below.

Medical Items: These include hot water bottles, finger exercises and power webs. As stated previously, we lost one order for hot water bottles to the Australian market.

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

Therefore, the turnover from hot water bottles remained the same as in the last year even though there is a sales growth from other buyers in Germany, Canada, UK, India and Pakistan. Finger exercises and power webs are very popular in the US market.

Sealing Rings: These include jar sealing rings, pipe sealing rings, septic tank rings, meter box sealing, food container sealing and gaskets. During the year the turnover of jar sealing rings increased and we are in the process of searching for new markets. We have modernized our jar sealing cutters to enhance productivity. All these jar sealing and pipe sealing rings are manufactured under stringent international quality standards which compel us to check their quality in international and local laboratories from time to time and make changes in the compounds accordingly. We are able to produce jar sealing rings in different colours (orange, red, green, white and blue), sizes and designs according to customer specifications. We are the only manufacturer in Sri Lanka who produces jar sealing rings of so many colours and designs.

Household and Industry Items: This segment includes rubber mats, rubber floorings and rubber hose. Rubber mats include 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, and electric resistant mats and antistatic mats. Most of these products are sold in the local market. Sales in this segment were affected by the increase in rubber prices and VAT. We were successful in many outstation markets in the sale of these products with the help of the PVC distribution channel.

Other rubber products: These include beadings, footwear components, road humps, mud flaps, D-fenders and other items which do not belong to the above three categories. With regard to footwear components (V straps and soles), our parent Company, who is our buyer, continued to maintain its dominant position as a leading supplier to the local market. Due to this excellent reputation established in the market place as the number one footwear supplier of high quality products, the parent company enables us to achieve higher sales volumes. Therefore, the turnover from footwear components increased by Rs.100mn this year. We have not yet achieved success in the beading market but we have some hope for the future.

Market Presence

Our presence in Europe, South Africa, Japan and Canada is growing well but not our presence in South Asia. The company is now targeting entry into new markets in the USA and Middle East. During the year, the Company visited many exhibitions in USA and Germany and participated in the India Export Exhibition in Chennai. We also participated in several local exhibitions of rubber and PVC-related products and found new customers.

PVC Sector

The PVC sector did not show the expected progress in terms of turnover this year and it remained at Rs. 200Mn. We could not see any progress from Sabaragamuwa province even though other provinces showed remarkable progress. Now this has been rectified and new distributors have been appointed to ensure better results in the next financial year. At present, we have 25 distributors throughout the country, including distant areas such as Jaffna, Anuradhapura, Batticaloa, Polannaruwa and Dehiattakandiya. The company markets its PVC products under the brand name of "Samson PVC" and has in its short existence successfully positioned the brand in the local market. The company continued to invest further in brand building and distribution will be supported through sales promotion. Our PVC products are well positioned to fully capitalize on emerging opportunities in the local market and also seek overseas markets in the future. The Sri Lanka Standards Institute has increased its standard of quality of PVC products and we are one of those who met this standard. The company has allocated substantial financial resources to develop a large range of new products to supplement our existing product lines. We introduced high quality casing and gutters will be introduced into the market soon. PVC hose has already been launched in the local market and it is progressing very well. Our PVC segment earned considerable revenue from irrigation products and conduits in the financial year under review. This sector incurred a loss of Rs. 35Mn in the current financial year. The losses were mainly due to increase in VAT which is borne by the Company, increase in wages, upgrading machinery and its maintenance, high depreciation charges and brand building promotional expenses. However, we expect to turn around the PVC sector in the future.

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

Employees

The DSI group has over 10,000 employees and Samson International Plc has 436 employees. We value each and every one of them. We are committed to providing our employees with a work environment that is conducive to genuine contentment and high motivation. Most of these factories have been set up in the rural areas. The lack of English is not a barrier to career advancement and most of the staff members other than in international marketing use Sinhala as their medium in their day-to-day work. Many graduates and professionals have grown with the Company for many years. Our relationship with our employees too seems sound and pleasant at present.

Strategies

We will concentrate on further reducing overheads of all profit centres by enhancing productivity and efficiencies. Our sustainable business framework also had a positive effect on our bottom line in terms of cost efficiencies and waste minimization, which resulted in earning a profit of Rs. 66mn in the financial year. Constant efforts are made to find more economical sources of raw materials and this will continue in order to reduce cost. Moreover, the company will upgrade technology supported by strengthened engineering resources to face the demands of a sophisticated international market. During the year the Company invested in many modern machines. We are going to widen our product range further by introducing conveyor belts. Your company has now reached versatility in the manufacture of rubber products.

The company will upgrade technology supported by strengthened engineering resources to face the demands of a sophisticated international market.

We have achieved significant international recognition in terms of product quality. Our measures to improve quality in compliance with international standards and continuous in-house and overseas laboratory tests ensure a solid market

share for our products. We are the first rubber-related product manufacturing company to receive the ISO 9001:2008 Quality Management Certificate. Since 1994, we have enjoyed ISO status for rubber products. Further, we have been awarded the British Standard (BS 1970:2006), TUV Certification and FSC Certification for hot water bottles. All raw materials used to manufacture our products conform to the Reach regulations of Europe. Last year, the Company was awarded the BSCI International Certificate following an evaluation of social responsibility and adherence to international and local laws. We adopt hedge accounting to improve the presentation of the effect of the volatility of exchange rate fluctuations. Forward contracts are signed in order to minimize exchange rate risks. In addition, we will take measures to reduce our debt levels and implement well-focused working capital management. Efficient working capital management coupled with other cost-saving initiatives enabled the company to achieve this.

We are in the process of obtaining ISO 50001 on Energy Management, ISO 14001 on Environmental Management and ISO 18001 on Occupational Health and Safety Management.

Awards

The Company received nine awards and certifications covering many different disciplines during the year. We are pleased to inform you that we received the Gold Export Award from the National Chamber of Exporters of Sri Lanka on September 30, 2016 consecutively for two years and the CNCI Top Ten award and Achiever's Browns provincial award for industrial excellence from the Ceylon National Chamber of Industries of Sri Lanka on September 18, 2016. We will participate in more award competitions including at international level in the future. We will use this as marketing tool for our overseas customers and to improve and streamline current systems and procedures.

We also received the Business Excellence Merit Award and Excellence in Global Reach Award in the Manufacturing Sector from the National Chamber of Commerce on November 13, 2016. Further, we received the Social Dialogue and Workplace Co-operation Merit Award from the Ministry of Labour of Sri Lanka on November 11, 2016 and a Certificate of Compliance for the Financial Report from the Institute of Chartered Accountants of Sri Lanka on December 6, 2016. In addition to the above, we received the Sri Lanka National Quality Merit Award in the Manufacturing Sector (Large Category) from the Sri Lanka Standards Institute on January 27, 2017.

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

Our neighbours

We maintain excellent rapport with our neighbours, our villagers. At present our rapport with our neighbours and villagers seems to be constructive and improving. Further, our main focus is on contributing to the welfare of rural communities by offering them many more employment opportunities and uplifting their living standards. Every year we donate rice from the harvest of the company paddy field to Samurdhi beneficiaries in Bogahagoda. As a company, we are committed to protecting our cultural heritage and customs. Our years of experience prove that customs and rituals tie generations together with bonds that cannot be broken.

We are planning to become bigger and bigger year by year

Future

We are planning to become bigger and bigger year by year. We signed an agreement with the Department of Chemical and Process Engineering of the University of Moratuwa for research activities for three years. We also utilize the services given by University of Colombo and University of Ruhuna for our product developments and process improvements. We will continuously engage in automation and synergy creation. The "globalization of SIL rubber products" and "penetration of Samson PVC products into the local market" have commenced with all earnestness in all possible markets.

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



D. K. Rajapaksa
Managing Director
Colombo
May 25, 2017

PROFILES of the Directors

The Profiles of the Board of Directors as at 31st March 2017 is as follows.

1. Dr. D. Samson Rajapaksa

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

Chairman

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

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

2. Mr. D. Kulatunga Rajapaksa

B.Sc (Hons) (Cey)

Managing Director

Mr. Kulatunga Rajapaksa Managing Director of DSI Samson Groups (Pvt) Ltd.. He has over 51 years of experience in the manufacture of footwear and rubber products.

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

3. Mr. D. Ranatunga Rajapaksa

Dip. In Technology

Non- Executive Director

Mr. Ranatunga Rajapaksa is the Managing Director of Samson Rubber Industries (Pvt) Ltd., a company that specializes in the designing, manufacturing and exporting of tyres and tubes. He is also the Managing Director of Mount spring Water (Pvt) Ltd., Samson Reclaim Rubbers Ltd. Samson Rubber Products (Pvt) Ltd., Samson Bikes (Pvt) Ltd., Samson Engineers (Pvt) Ltd., DSI Tyre India (Pvt) Ltd. and a Director of several other subsidiary companies of the DSI Samson Group.

Mr. Ranatunga Rajapaksa plays a major role in expanding the Group's overseas business and has more than 45 years of experience with DSI Group.

4. Mr. D. Mahinda Rajapaksa

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

Non -Executive Director

Mr. Mahinda Rajapaksa is a Chartered Engineer by profession and has more than five years' experience working as an Engineer in UK and Sri Lanka.

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

Mr. Mahinda Rajapaksa has over 41 years of managerial experience within the DSI Samson Group.

5. Mr. Chula Cumaratunge

M.Sc. (Econ) (Lond.)

Non -Executive Director

Mr Chula Cumaratunge has over 30 years' experience in the rubber industry.

Mr Chula Cumaratunge is also a Director of Glovetex (Pvt) Ltd. and of Central Rubber (Pvt) Ltd.

6. Mr. G. H. Ananda Wimalasena

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

Independent, Non –Executive Director

Mr. Ananda Wimalasena was the Founder-Managing Director of Asiri Hospital Group of Companies from 1980 to 2006.

Mr. Ananda Wimalasena has experience and extensive exposure in Management and Health services. He also serves as the chairman of the civil aviation authority, Chairman in ITMC (Pvt) Ltd. and also Chairman of the Risk Management & Audit Committee of Hemas Hospitals (Pvt) Ltd. and a Director of Hemas Hospitals (Pvt) Ltd. He was the previous Chairman of Airports & Aviation Services (Sri Lanka) Ltd..

7. Mr. Tissa K. Bandaranayake

B.Sc. (Cey), FCA

Independent, Non –Executive Director

Mr. Tissa Bandaranayake has more than 48 years commercial and professional experience and was a Senior Partner of Ernst & Young from where he retired after 27 years, having serviced a large portfolio of clients, both local and multinational in various industries.

PROFILES of the Directors (Contd...)

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

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

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

8. Mr. D. G. Priyantha S. Abeygunawardana

MBA, LLM, LLB, FCA, FCMA, FCCA, MCIM, Attorney-at -Law Director / General Manager

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

He obtained his LLB degree from the Open University of Sri Lanka and took his oaths as an Attorney-at- Law in 2004, having passed the requisite examinations held by the Sri Lanka Law College.

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

Previously he was at Ford, Rhodes, Thornton & Company, Hayley's, Abans and lastly at Richard Piers Exports Plc, where he worked as General Manager for six years.

With regard to his sports carrier, he toured Malaysia and Thailand with the Mercantile Hockey Association team (Combined companies) as vice-captain in 1992. He also toured India with the Sri Lanka Schools' Hockey team as vice-captain in 1979. He played in the CR & FC Hockey team from 1978 to 1988 and captained the CR & FC in 1986. He played Hockey and Football for Nalanda College for several years. Under his captaincy in 1979, Nalanda College Hockey team emerged champions in the under 19 All-Island inter school tournament.

10. Mr. D. Dilshan A. Rajapaksa

Msc. (Australia), Bsc. (Hons) (UK)

Non –Executive Director

Mr. Dilshan Rajapaksa has more than 6 years management & information technology experience in both local and overseas companies before joining DSI in 2007. He currently works as General Manager (Coordination) by heading the International Marketing Operations of DSI footwear.

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

He serves as a Director of Arugam Bay Beachwear (Pvt) Ltd., DSI Trading (Australia) Pty Ltd. and Lakeland Footwear International Ltd in UK.

**The right people
with the right
skills ...**

Analysis of Directors' Professional Background:

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

THE BOARD of Directors

Standing from left to right :

Mr. D. D. A. Rajapaksa

Mr. D. G. P. S. Abeygunawardana

Mr. D. Mahinda Rajapaksa

Mr. D. Ranatunga Rajapaksa

Mr. D. Kulatunga Rajapaksa

Seated from left to right :

Mr. Tissa K. Bandaranayake

Dr. D. Samson Rajapaksa

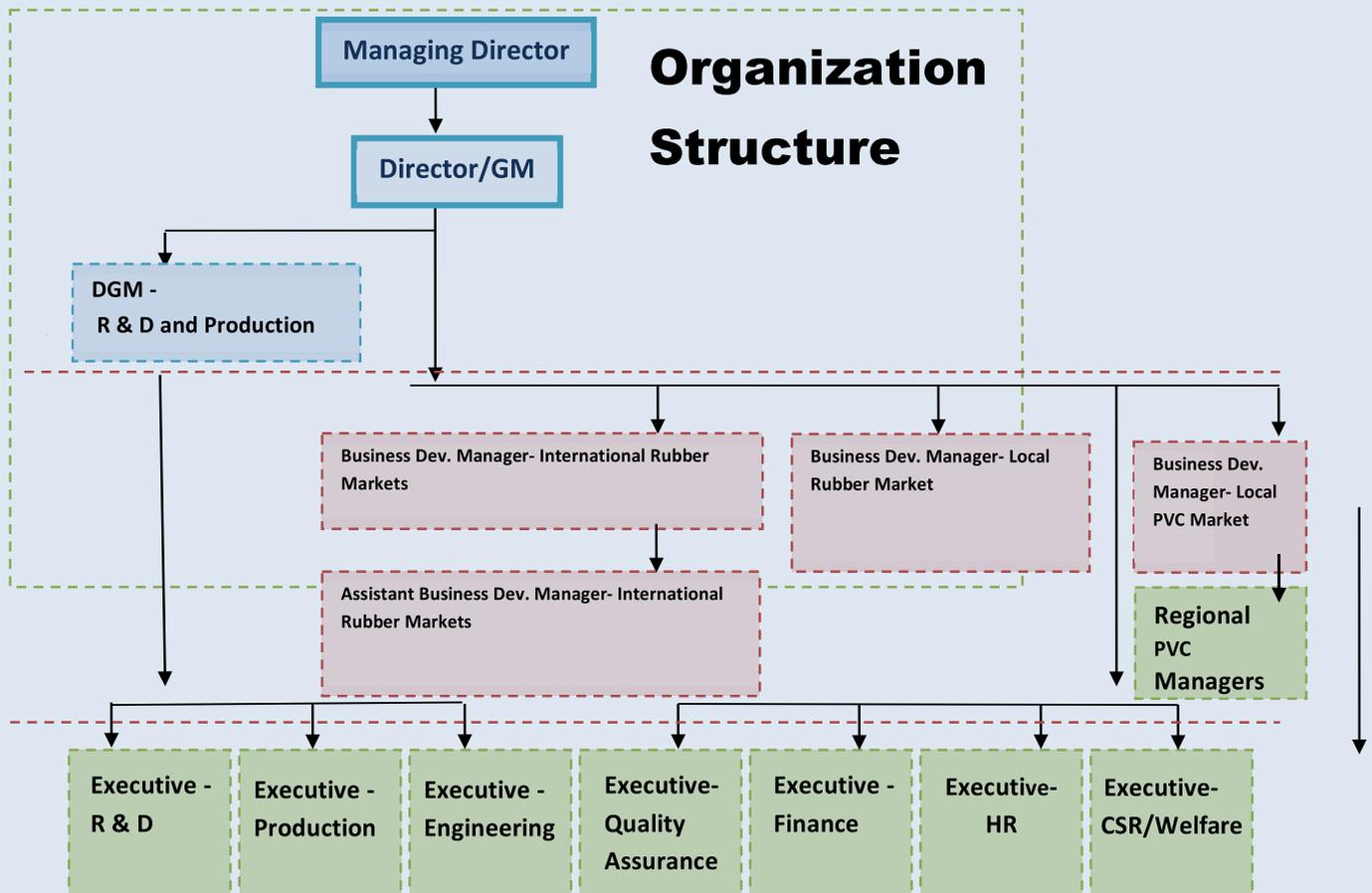
Mr. G. H. Ananda Wimalasena

***Note : Mr. C. Cumaranatunga was
absent as he is based in Germany***





PROFILES OF EXECUTIVE Management



Mr. Kulatunga Rajapaksa

B.Sc (Hons) (Cey)

Managing Director

Please refer page No. 22 for the profile



Mr. Priyantha Abeygunawardana

MBA, LL.M, LL.B, FCA, FCMA, FCCA, MCIM, Attorney-at -Law

Director/ General Manager

Please refer page No. 23 for the profile

PROFILES OF EXECUTIVE Management (Contd...)

Research & Development



Mr. Sunil Kariyawasam

Dip. in Rubber Technology (NDT)

Deputy General Manager, Research & Development and Production

Mr. Kariyawasam holds a National Diploma in Rubber Technology from the University of Moratuwa. He joined D. Samson Industries in 1985 and transferred to Samson International Plc as the first employee of the company in 1989 in the capacity of Production Manager. Prior to 1985, he worked at Associated Rubber Industries, Plymouth Rubber Enterprises, and Polymer Rubber Industries.



Mr. Wimal Siriwardana

Dip. in Rubber Technology; Certificate in Hydraulic Technology

Executive, Research and Development, Galle and Kalutara Factories

Mr. Siriwardana has over 23 years' experience in research and development including at Samson international Plc and Samson Compounds Ltd.. He holds the Diploma in Rubber Technology and Certificate in Hydraulic Technology and is a member of the Plastic and Rubber Institute of Sri Lanka.

Marketing



Mr. Sanjeewa Weerakkodi

BA (Hons) (Economics), ACIM

Business Development Manager

Mr Weerakkodi has handled both international and local markets and joined Samson International Plc in 2004. He holds a BA Honours degree in Economics from the University of Peradeniya. He is also an Associate Member of the Chartered Institute of Marketing, UK. Previously he worked for Busan Dipping Ko-Lanka Pvt Ltd.



Mr Naveendra Kumara

MBA, MAAT, Dip in Business Mgt.

Manager-Commercial

Mr. Navindra Kumara has over 25 years' experience at Samson International Plc and has served the Company from its inception. He has worked in different key positions during his career at Samson International Plc and now he is the head of the Commercial Department and also works for European market as a Manager Business Development. He holds an MBA from Manipal University of India, MAAT, Sri Lanka and a Diploma in Business Management from NIBM.

PROFILES OF EXECUTIVE Management (Contd...)



Ms. Piumangani Seneviratne

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

Business Development Manager

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



Mr. Chanuka Jayasinghe

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

Assistant Business Development Manager

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



Mr. Nishantha Abeygunawardana

Business Development Manager

Mr. Abeygunawardana joined Samson International Plc in July 2014 when we stepped into the PVC business. At present, he handles the PVC segment. Previously, he had worked at Central Industries (Pvt) Ltd. and Okta PVC Lanka (Pvt) Ltd. for twelve years.



Mr. Janaka Sapukotana

Assistant Business development Manager

Mr. Sapukotana joined Samson International in October 2016 as Assistant Business development Manager to handle the PVC projects. Previously he worked at Arpitech (Pvt) Ltd. as Sales Executive for 15 years from 2000 to 2016.

PROFILES OF EXECUTIVE Management (Contd...)

Finance



Mr. Deepthi Sandaruwan

B.Sc. Accounting (Sp), ACA

Executive, Finance

Mr. Deepthi Sandaruwan is a Chartered Accountant and holds a B.Sc. Accounting (Special) degree from the University of Sri Jayewardenepura. He joined Samson International Plc in 2016 as the Head of Finance. He did his articles at KPMG Ford, Rhodes, Thornton & Company. Prior to joining Samson International Plc, he worked at Capital Maharaja Organization for two years and at Trade Finance and Investments PLC for one year.

Production



Mr. Asanka Dimuth Edirisinghe

Dip. in Engineering Science

Executive, Production, Galle Factory

Mr Asanka Edirisinghe is the Production Executive of the Galle Factory. He holds a National Diploma in Engineering Sciences.

He joined Samson International Plc on 1st of July 2013 and previously worked at Johnson Controls, Qatar, for three years as Service Engineer and at D. Samson Industries (Pvt) Ltd. for two years as Research & Development Engineering Assistant.



Mr. M. A. P. Janakantha

Dip. in Engineering Science; Dip. in Rubber Technology

Executive, Production, Baddegama and Kalutara Factories

Mr. Janakantha holds a National Diploma in Engineering Sciences from the Institute of Engineering Technology and a Diploma in Rubber Technology from the Rubber & Plastic Institute. He has more than 19 years' technical experience, of which 17 years has been at Samson International Plc. At present, he is the Production Executive at the Baddegama and Kalutara Factories.



Mr. Himal Jayaranga

B.Sc. Engineering (Hons)

Executive, Production Engineer

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

PROFILES OF EXECUTIVE Management (Contd...)

Quality Assurance



Mr. Namal Nishantha

B.Sc., Dip. in Rubber Technology

Executive, Quality Assurance

Mr. Namal works as Quality Assurance Manager and is the Management Representative of the Company for various quality-related audits. He holds a B.Sc Degree from the University of Kelaniya and also a Diploma in Rubber Technology. He Joined Samson International Plc in 1998 and has 19 years of experience working in the Quality Assurance Department of the Company.

Engineering



Mr. Nilantha Jayalal Gamage

Dip. in Technology

Executive, Engineering

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



Mr. Sudeshpriya Gamage

B.Sc. Engineering (Hons)

Executive, Engineering

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

Human Resources



Ms. Nishanthi Padmakumari

Dip. in Human Resources Management

Executive

Mrs. Padmakumari joined Samson International Plc in 1993 and is the Head of the Human Resources Department at present. She holds a Diploma in Human Resource Management from NIBM and has over 21 years of experience in Human Resource Management.

PROFILES OF EXECUTIVE Management (Contd...)

CSR and Welfare



Mr. G. Paravithana

Dip. in Commerce
Executive, CSR & Welfare

Mr. Paravithana holds a Diploma in Commerce from the Technical College, Galle. He joined D. Samson Industries in 1985 and transferred to Samson International Plc in 1992. He handles all Corporate Social Responsibility and Welfare work.

Regional Managers - PVC Products



Mr. P. Weerathna
Regional Manager-
Sabaragamuwa

He has worked 11 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Janashakthi Insurance PLC



Mr. Pradeep Indika Somapala
Regional Manager-
North Central

He has worked 14 years at Kamal PVC Industries (Pvt) Ltd and 2 years at Apex Combine (Pvt) Ltd



Mr. M.M.P. Kithulwatta
Regional Manager- Western
Province

He has worked 5 years at Kamal PVC Industries (Pvt) Ltd, 4 years at Central Industries (Pvt) Ltd and 2 years at St. Anthony's Group (Pvt) Ltd

Analysis of Educational and Professional qualifications of the Executive Management

Category	Number of educational qualifications	Number of professional qualifications
Master's Degrees	4	-
Bachelor's Degrees	8	-
Diplomas	13	-
Professionally qualified in Accountancy	-	4
Professionally qualified in Law	-	1
Professionally qualified in Marketing	-	2
Total	25	7

PROFILES OF EXECUTIVE Management (Contd...)



Staff of Galle Factory



Staff of Baddegama Factory

PROFILES OF EXECUTIVE Management (Contd...)

Now, 436 villagers have been given opportunities to work in an international company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad

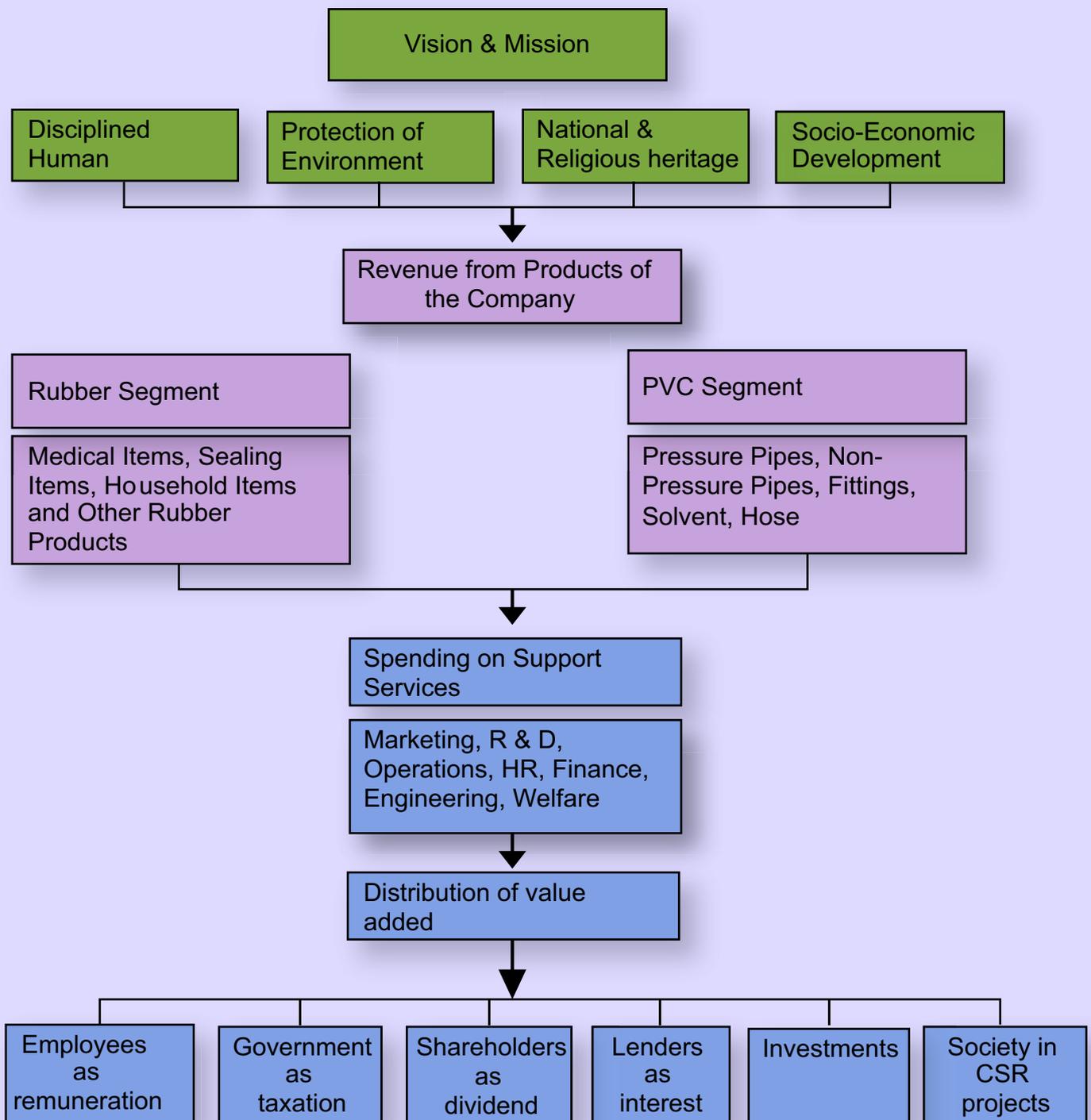


Staff of Kalutara Factory

OUR Products

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

Company revenue distribution diagram



OUR Products (Contd...)

Sri Lanka Rubber is considered as being among the best in the world. Sri Lanka rubber is exported to many countries as raw material without making any value additions. This is mainly due to lack of technical know-how and the latest technology or machinery. Many companies are not strong enough to invest in such technologies and find it difficult to find people with expertise in this field. However, Samson International Plc makes 100% value additions and we have all the machinery and expertise to manufacture many rubber products.

Branding

We aim to grow our business and improve our margin by building on our brands. We want all our brands to be preferred in the markets.

Brands with real purpose mean more to customers-but to increase sales and margins. We also need to ensure that this sense of purpose is aligned with a product that delivers superiority in quality or functionality. Winning customer preference is essential to our markets and by allowing us to grow our premium offerings, helps us increase margins making our business more profitable.



The company has invested a significant amount in branding and promotional activities with the aim of "globalization of SIL rubber products" and "penetration of Samson PVC products into the local market". The Company will invest in branding & other promotional activities heavily in next year as well. Advertising in electronic media, newspapers, journals, printing calendars, dealer boards and point of sale materials are some of them. Further, we have printed "Samson PVC" brand name on this year's uniforms.

Product Display Gallery

During the year, we have upgraded product display gallery in to an international standard by investing Rs. 7.5Mn to exhibit our wide product range to local and overseas customers.

Rubber related product Segment:

We are able to produce many rubber products as we have the manufacturing facilities of compress moulding, extrusion, microwave and injection moulding. Our strength is our wide product range which has been segmented into four categories under Rubber segment. i.e. Medical Items, Sealing Rings, Household Items and Others. We produced more than 35 different types of rubber products and we have a wide product range.



SIL Product display Gallery



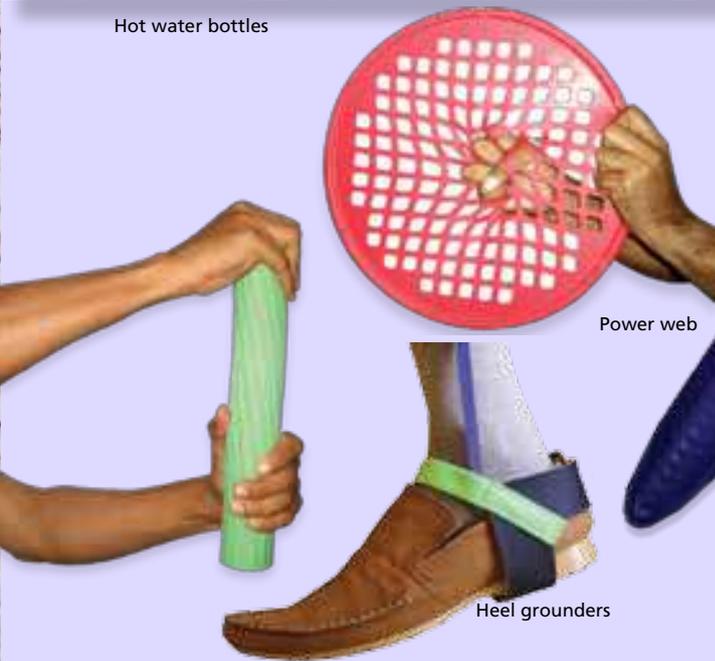


MEDICAL ITEMS

- | | |
|----------------------|-------------------|
| 1) Hot water bottles | 3) Flex bar |
| 2) Power web | 4) Heel grounders |



Hot water bottles

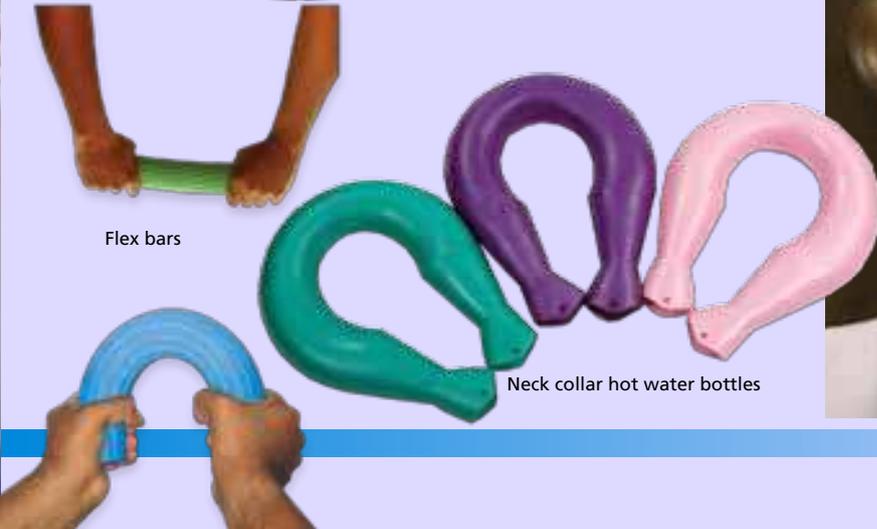


Power web

Heel grounders



Snake hot water bottles



Flex bars

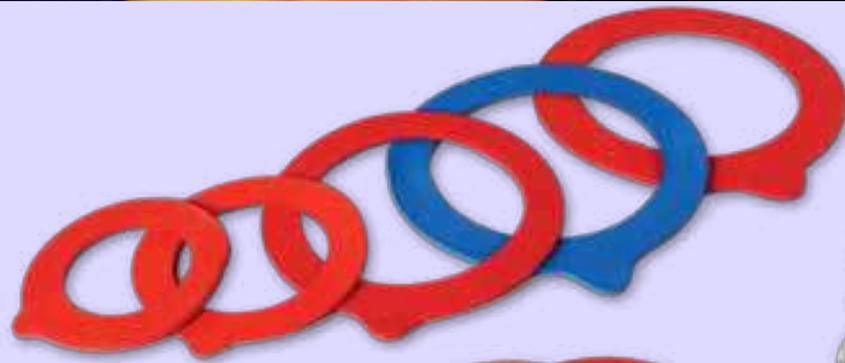
Neck collar hot water bottles





SEALING RINGS

- | | |
|-----------------------|---------------------------|
| 1. Jar sealing rings | 4. Food container sealing |
| 2. Pipe sealing rings | 5. Bottle caps |
| 3. Meter box sealing | 6. Gaskets |



Jar Sealing rings



Pipe sealing rings



Bottle caps



- HOUSEHOLD & INDUSTRY ITEMS**
- | | |
|--------------------|-------------------|
| 1. Household mats | 5. Garden hose |
| 2. Industrial mats | 6. Rubber ramps |
| 3. Specialty mats | 7. Soka hose |
| 4. Floorings | 8. Conveyer belts |



Circle mat

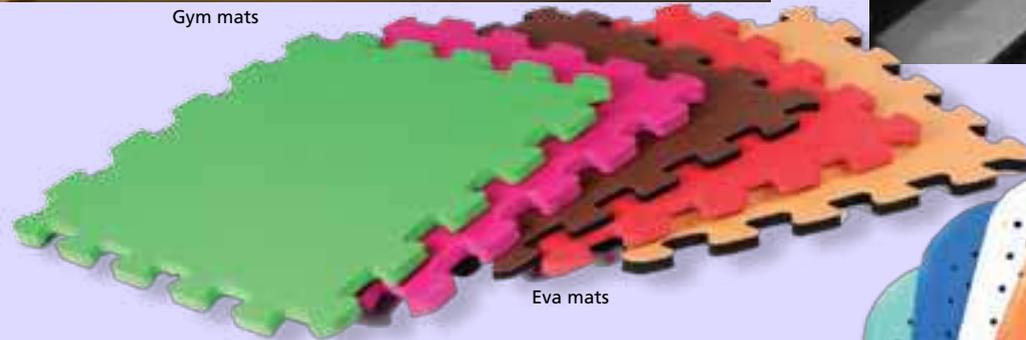
Bath mat



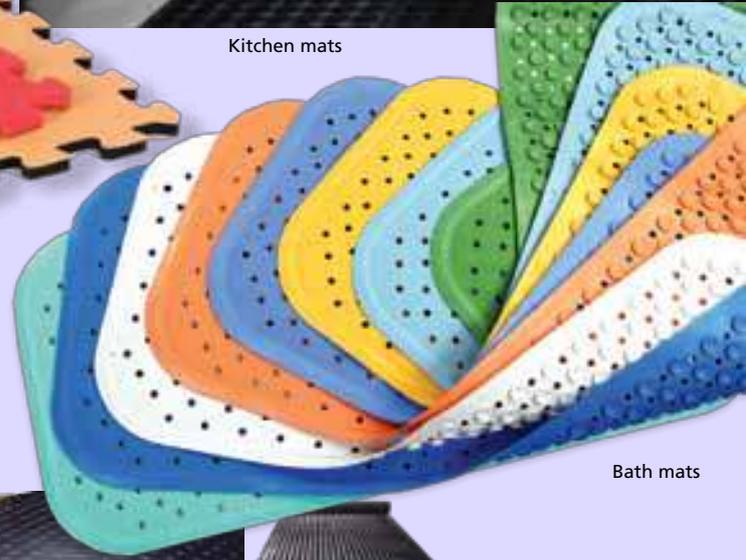
Kitchen mats



Gym mats



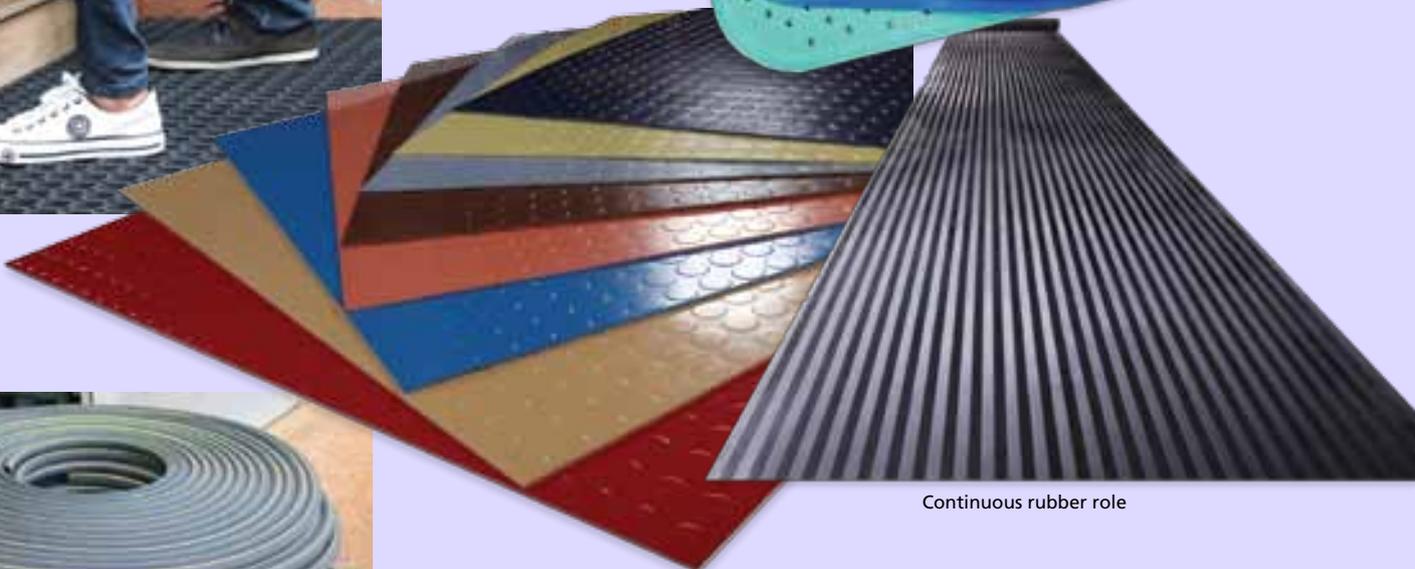
Eva mats



Bath mats



Floorings



Continuous rubber role



Garden hose



OTHER RUBBER PRODUCTS

- | | |
|---------------|-------------------|
| 1. Shoe soles | 6. Pallet bands |
| 2. V-straps | 7. D-bumpers |
| 3. Beadings | 8. Corner guards |
| 4. Mud flaps | 9. Scrapers |
| 5. Road humps | 10. Battery clips |

OUR Products (Contd...)



Road humps



Mud flaps



Rubber soles



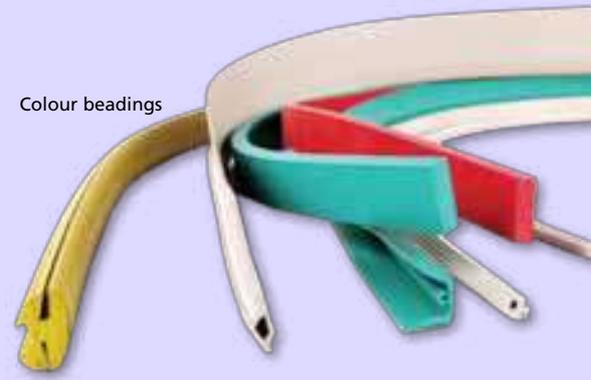
beadings



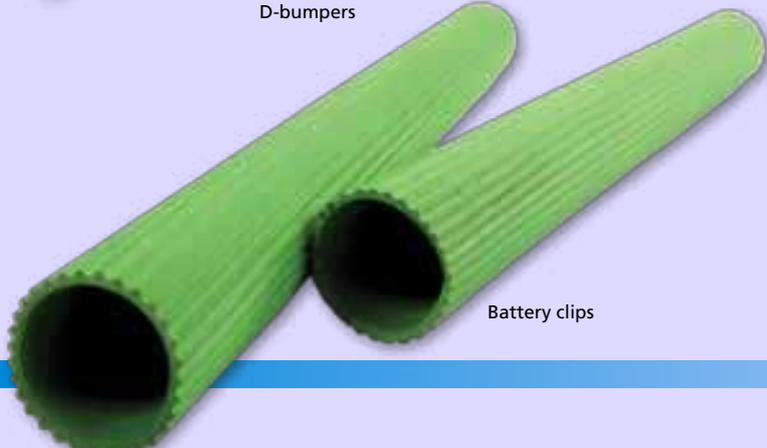
D-bumpers



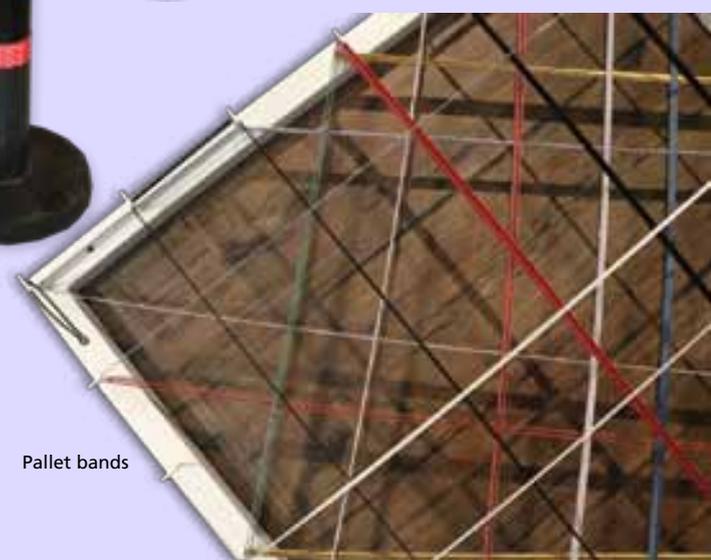
Pylon



Colour beadings



Battery clips



Pallet bands



1. Pressure pipes
2. Non-pressure pipes
3. Conduits
4. Fittings
5. Casing
6. Solvents
7. PVC hose

OUR Products (Contd...)



Pressure pipes



Fittings



Irrigation pipes



Electrical conduit pipes



PVC bends

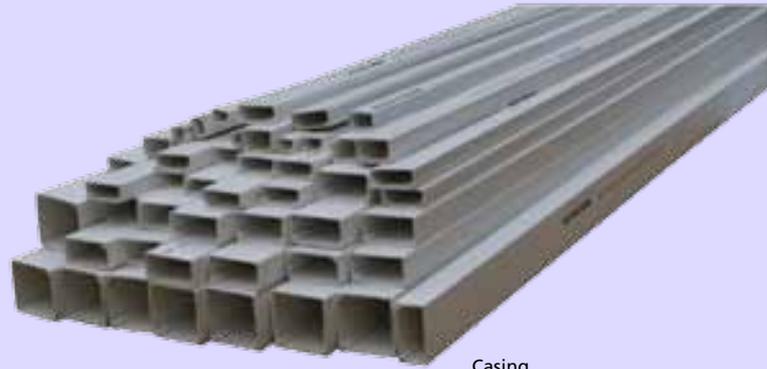
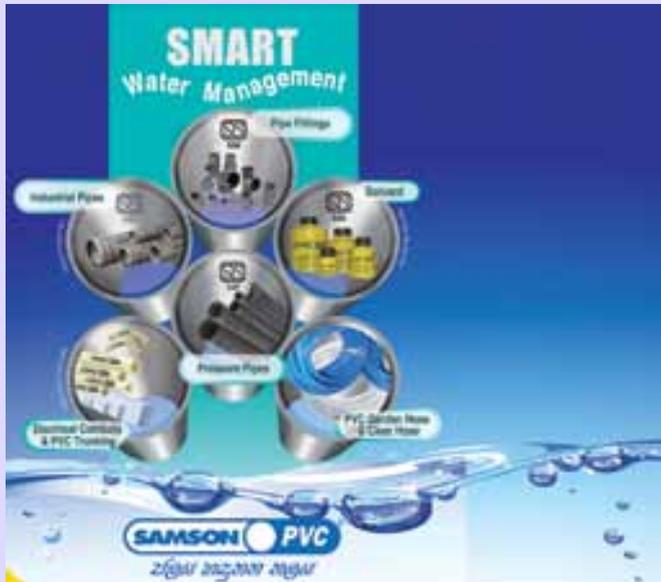


Solvents



OUR Products (Contd...)

The company markets its PVC products under the brand name of “Samson PVC” and has in its short existence successfully positioned the brand in the local market. We have 25 distributors at present covering each province in Sri Lanka.



Casing



PVC hose

OUR people



The Company's most valued asset is our people. Fifty three years ago, the founder of the DSI Group the late Mr. Samson Rajapaksa 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.

In our Company, the majority of our employees have been recruited from neighboring villages since 1988, the year in which the company was incorporated. Now, 436 villagers have been given exposure to work in an international company and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad. We value each and every one of them. The Company's employee turnover rate is 2.1 % is well below the industry norm which is the result of its sustainable employee policies and practices.

We continue to recruit and maintain a well talented work

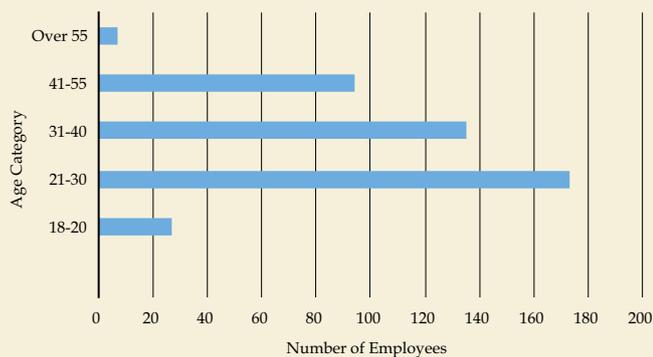
force; providing a safe and pleasant work environment is essential for a healthy and productive workforce. As guided by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system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

Analysis of aged of the employees

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

OUR people (Contd...)

Age analysis of the employees as at 31st March 2017



The age analysis of the employees is as follows:

Age Category	As at 31st March 2017		As at 31st March 2016	
	No	%	No	%
18-20	27	6	41	11
21-30	173	40	191	42
31-40	135	31	136	29
41-55	94	21	82	17
Over 55	7	2	6	1
Total	436	100	456	100

Analysis of employees gender-wise

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

Gender-wise as at 31st March 2017



No. of employees gender-wise is as follows.

	As at 31st March 2017		As at 31st March 2016	
	No	%	No	%
Male employees	348	80	360	79
Female employees	88	20	96	21
Total employees	436	100	456	100

Service Analysis

There are employees who started their career in the staff category, have become senior managers and head of the department now. We have a very young and dynamic cadre, e.g., 59% of our employees have worked less than 5 years. 84% of the employees have worked less than 10 years.

We carefully monitor our retirement projections and ensure that we have mitigation plans in place. This includes succession planning and the annual recruitment of graduates and apprentices.

Service Analysis as at 31st March 2017



Service Category (in years)	As at 31st March 2017		As at 31st March 2016	
	No	%	No	%
1 Less than 5	257	59	288	63
2 5-10	109	25	114	25
3 10-15	19	4	33	7
4 15-20	26	6	11	3
5 20-25	18	4	5	1
6 Above 25	7	2	5	1
Total	436	100	456	100

People Development

We are committed to investing in the training and development of our people. The success of our people development is directly reflected in our high rates of internal promotions and the fact that majority of senior vacancies are filled internally rather than through external recruitments.

OUR people (Contd...)

Benefits given to employee when he becomes a permanent

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

1. Salary increase
2. Productivity incentives
3. Attendance Bonus
4. Annual Bonus
5. Medical insurance
6. Death donation
7. Gift vouchers to buy DSI shoes
8. Uniform
9. Wedding gift
10. Transport
11. Company Loan Scheme
12. Additional allowance for employees with more than three children
13. An allowance when the first child of the employee is born

Employee and Industry relations

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

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

- 1) Having good Human Resource policies: We have a comprehensive Human resources policies and procedures which cover recruitments & selection, promotion, transfers, compensation, performance appraisals, dispute management, grievance handling and overall employee

conduct. The human resources philosophy of our company is to be an equal opportunity employer. Our recruitment philosophy is to attract employees with appropriate knowledge, skills, values and attitudes that would be in line with the culture and goals of the organization whilst catering to growth and providing opportunities for such employees. The Company does not discriminate on the basis of gender, race, nationality, age, social origin, religion, or any other basis.



Annual appraisals of employees

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

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

- 2) To have good Communication: We maintain open and two way communication, where employees are free to communicate any matter with the top management

OUR people (Contd...)

and where top management communicate information aptly to the lower level employees. This will increase trust among employees, leading to fewer disputes and grievances while creating an environment open to change. We conduct regular formal and informal organizational or departmental meetings where employers can share information with employees whilst giving employees the opportunity to share their problems, ideas, and views. We also use memos and notice boards to communicate company decisions, performance, new policies, rules and regulations, changes done to existing policies and information about meetings and gatherings, to employees promptly and clearly. Group's newsletter is published monthly. Employees are given an opportunity to demonstrate their artistic abilities and their wedding photos through the Group newsletter, making employees feel happy and valued.

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

- 3) Recognition of joint consultative committee. These are management's and employees' joint forums, created for the discussion and settlement of employee problems such as employee grievances and work related issues. This provides employees a platform to present their grievances and problems and take necessary steps to solve them. This represents employees of all levels, all departments and genders for fair representation of problems. We believe that having constant dialogue with them, involving them in certain decision- making, the company can create an environment of trust, cooperation, respect, a better interaction between employers and employees, creating harmonious employee relations and higher productivity, leading to good industrial relations. A fair and sound grievance handling policy and procedure is a prerequisite for good human resource practices and for healthy employee - employer relations. Our grievance practices

are aimed at allowing employees to bring to the attention of the management any dissatisfaction or injustice which may exist at the work place. It is a formal process offering employees of different levels, solving grievance issues and aiding to maintain a fair and cordial working environment. We also value the opinions of our employees and welcome suggestions on how we can improve our service standards.

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

The Company encourages employees to express their opinions for the development both of the company and of the employees, through a joint consultative committee meetings held every month. The Director/ General Manager participates in these consultative meetings with workers, staff and executives. This committee consists of representatives from management and workers from the each section. Director/ General Manager and other senior management discuss the problems & grievances of the workers from each sections and remedial actions are taken. Each month this meeting is held and minutes are circulated to everybody including the Managing Director. There are 25 members in this committee which is more than 5% of the total number of employees.

OUR people (Contd...)



Joint Consultative Committee

- 4) Welfare activities: We give meals and uniforms to employees at a nominal fee, providing transport facilities, loan systems, insurance schemes, death donation schemes, medical insurance, gift vouchers to buy DSI shoes, wedding gift, and additional allowance for employees having more than three children.
- 5) Social activities: We provide an opportunity for employees and management to get-together, conducting annual inter -department softball cricket tournament, annual inter-department volleyball tournament, participation of annual mercantile volleyball tournament and interact with each other on a personal level. Such events give an opening to employees and management to mix and get to know each other, opportunity they hardly get while working which results create better relationships.

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

Annual get-together was organized for all employees at Fisherman Bay- Weligama on 17th February 2017. There were 359 participants (out of 436) in this annual event, which they enjoyed very much. There were many events organized including dancing, singing, various games, fancy dress competition and Miss SIL and Mr. SIL contests. Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride.



Events at the get-together

OUR people (Contd...)

We also recognize employees who have worked more than 25 years in the Company, at this annual get-together event and a certificate and cash awards were given to them.



The senior management with two employees completing 25 years' service

The inter-department men's and women's volleyball tournament was conducted on 31st July 2016 at the company Volley ball court for the fourth consecutive time. In the men's tournament, the Molding Section emerged the champions from among 12 teams and the Staff team was the champion of the women's tournament. The winners were awarded the "Nandajeewa Challenge cup". The best player in the men's tournament was awarded a Samson bicycle.



Champion of Inter-department women's volley ball tournament - Staff team

We also organized and participated inter-Company Volley Ball tournament for the second consecutive time at Samson International Volley ball court on 14th August 2016. The winners were given Kulatunga Rajapaksa Challenge Trophy for the men and women tournaments.



Champion of Inter-department men's volley ball tournament - Moulding section



Participants at the inter-company Volley ball tournament for Kulatunga Rajapaksa challenge trophy

OUR people (Contd...)

We participated in the Mercantile Volleyball tournament at National Youth Center, Maharagama on 20th August 2016. However our men's team lost to Expolanka Holdings PLC team and women team lost to Barandix Liengerie team. We train 18 workers and staff members under a professional coach in our Company's volleyball court.



Participants in the Mercantile Volley ball tournament

We also played a friendly Volleyball match against Ranaviru Volleyball Team on 29th September 2016 in order to keep their moral high.



Participants in the Ranaviru Volley ball team

The inter-department softball men's and women's cricket tournament is conducted annually. This year it was held at the Dharmika College ground at Habaraduwa, on 08th April 2017 and 13 teams including the employees from Kalutara and Baddegama factories participated. This year,

in the men's tournament, the Jar Sealing Rings Section emerged champions from among 13 teams and the Staff & Baddegama team were champions in the Women's tournament. Sujith Dhananjaya from Kaluthara Section was selected as the best player and he was awarded a Samson bicycle. Rajitha Kumari from the Baddegama team was selected as the best player in the women's tournament.



Presenting the Samson bicycle to the best player of the cricket tournament



Director/ General Manager presenting the Champion cricket trophy to calendering team



Entusiastic spectators at cricket tournament

OUR people (Contd...)

- 6) Gain sharing schemes: sharing savings with employees is another method we use to improve industrial relations in organization. Such exercises result in the increase of commitment, motivation, morale and job satisfaction of employees leading to good employee-employer relationships. A wastage saving incentive scheme and production incentive scheme are a few of such exercises.
- 7) Equal treatment: Equal treatment to employees without discrimination based on gender, race, ethnicity, religion or social back ground is another way we improve employee relations. Treating all employees equally in all areas of human resource management such as recruitment, promotion, remuneration, training and recognition which result in full realization of employee potential while increasing their job satisfaction and commitment. At present we have Sinhalese, Tamils, Muslims, Christians, and Hindus in our cadre.
- 8) Training: To achieve our vision we need to continue to build a talented work force. Our leadership and programs are helping all our people to be the best they can be irrespective of level or role. We provide training to employees on technical as well as non-technical areas (communication, presentations, time management, leadership etc). We know that training is a cost for which an immediate result cannot be seen most of the time. Training provides higher performance as well as good industrial relations.

Out of the training programmes, training of supervisors is very important. Supervisors are the personnel who directly deal with the operational level employees and can be considered to be the crux of any organization. We know that when supervisors are not equipped with necessary technical and human resources management competencies, it could lead to a lot of grievances and disputes. Therefore it is necessary to train supervisors on both technical and human related competencies to maintain good industrial relations in the company.

We continue to invest in our employees through regular training and development programmes conducted in-house, outside and overseas which is designed to develop technical as well as soft skills.

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



Discussion on Key Performance Indicators

In the current financial year, we sent four employees for overseas training.

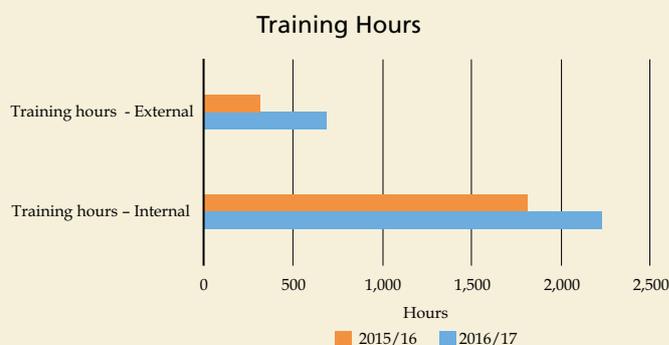
OUR people (Contd...)

Employees sent for overseas training

Employee Name	Designation	Training Period	Programme	Overseas Training Center	
Mr. Himal Jayaranga	Production Engineer	13th June 2016 to 24th June 2016	Plastics Engineering & Technology	Central Institute of Plastics Engineering & Technology, Chennai, India	
Mr. Namal Nishantha	Manager Quality Assurance	26th September 2016 to 01st October 2016	Certificate Course on Rubber Technology	Cochin University, Kerala, India	
Miss. Shalika Harshani	R & D Assistant	1st December 2016 to 3rd December 2016	Three day workshop on "Finite Element Analysis of Hypen Elastic Materials"	Cochin University, Kerala, India	
Mr. Asanka Edirisinghe	Production Executive	11th December 2016 to 18th December 2016	Training on Polymer Technology	Cochin University, Kerala, India.	

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

the blueprint for training and development activities for the coming year and outcomes are assessed to monitor progress in line with the plan.



Description	2016/17		2015/16	
	No of Hours	%	No of Hours	%
Training hours - External	694	24	316	15
Training hours – Internal	2,233	76	1,816	85
Total Training hours	2,927	100	2,132	100

Description	2016/17		2015/16	
	No	%	No	%
No of training programmes - External	27	88	20	67
No. of training programmes – Internal	13	12	10	33
Total no. of training programmes	40	100	30	100

OUR people (Contd...)

Day and Night fire drills are organized for each plant. In this year it was organized on 16th November 2016, conducted by an outside consultant. This provides training to our employees and especially the fire team to prevent damage to physical and human assets of the factory and neighboring villagers in case of fire in the factory. We have recruited a fire team from among the workers representing all sections and a special T – Shirts (with yellow colour) are given to them to identify and recognize their contribution to the Company.

We also invested a significant amount in fire Hydrant system in Galle and Baddegama plants in this year.

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

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

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



Fire drills at Galle Factory



Cash awards for the best innovative workers



SIL Fire preventive team



Cash awards for the best attendance awardees

OUR people (Contd...)

The annual felicitation ceremony for the year was held on 24th July 2016 at the Karapitiya Medical College Auditorium, Galle. The 1000 members including the Group Directors and Senior management participated for the function and it was held in a grand scale in order to motivate long service and outstanding employees. This year one employee completed ten year service and two employees completed 25 year service. Three more employees were selected as most outstanding employees. Every year we invest heavily in supporting and taking care of our employees. It is heartening to receive recognition for these efforts, as these demonstrate that we are functioning in an effective manner, and that we are setting the benchmark for sustainable business practices in Sri Lanka.

- 10) Employee participation: participative management is the involvement of employees in the decision making of companies through methods such as suggestion boxes, join consultative committee, all CSR activities. This results



Events at the felicitation ceremony of the staff and workers for long service and outstanding employees

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

- 11) Employee Assistance Programms: We help employees to deal with their personal problems. Eg. We help employees and their children to enter university by providing financial assistance. Further, an additional allowance for employees having more than three children is given monthly.



Company CSR display notice board



OUR people (Contd...)



Cash awards for children of employees who were selected to enter the University

12) Health and safety programme: We implement health and safety programs to safe guard employee health and safety. These results to increase employee cooperation and satisfaction, motivation, commitment due to management’s concern for employees and safe and healthy work environment. During the year a presentation on Dengue & Rabies awareness by Government Medical Officer Dr. K.V.P Mahindasiri and PHI team was organized on 23rd December 2016 for which all employees were participated. Further, another presentation given by District Factory Inspection Engineer Ms. M.H.I. Lakmali on 27th December 2016 to educate the safety procedures in the factory.



Dengue and Rabies-awareness programme

The Health and Safety Policy of the Company is as follows.

The Health and Safety Policy

“As Samson International Plc values the health and safety of all employees, the following measures are being taken with the objective of having a hazard free and healthy work environment.

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

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



Safety Committee

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



Safty-awareness programme

We follow all national guidelines and laws on workplace health and safety directives. These directives set out general principles for the protection of the workers’ occupational health and safety. We have initiated a range of activities, training programmes and workshops related to health and safety. During the year a training program was organized for the industrial safety which was conducted by a factory inspection engineer from the labor department. We provide safety equipment/tools and

OUR people (Contd...)

safety shoes to all our employees. We actively provide a healthy and safe work environment for our employees and have taken steps to minimize accidents and injury to workers.

A "Health Week" is organized by the company annually and this was from 23rd December 2016 to 30th December 2016 in the year under review. A work shop on First Aid Training under the supervision of St. John Ambulance Association and Brigade Galle District was conducted on 28th May 2016 to all employees. Further a special healthy meal is given to employees during this health week.

We are in the process of obtaining ISO 18001 on Occupational Health and Safety Management and ISO 14001 on Environmental Management.



First Aid Committee



First Aid Training

Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checks TVOC's test and Ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution. The Central Environmental Authority has renewed our license every year for the last 29 years continuously without any obstacle.

The Company are also concerned the industry relations that deals with the rules, processes and mechanisms through which the relationships between employer and employees and their respective organizations as well as between them on the one hand and the state and its agencies on the other, are regulated. In order to improve the industry relations, the following strategies are used in additions to the strategies used by the company to improve the employee relations which are mentioned previously.

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

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

- 2) Following Government legislations: We strictly adhere the government legislations. Adherence to these various legislations helps organization to maintain harmonious employee relationships.

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

- 3) Working Condition: We provide good working conditions such as proper ventilation, lighting and sanitary facilities to make employee content and satisfied.

OUR people (Contd...)

- 4) Ergonomics: We do design of equipment, tools, furniture and different procedures in a manner that creates a comfortable, safe and efficient layout for employees to work.

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

Labour turnover, injuries and occupational disease

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

There were no major types of injury or occupational diseases during the year.

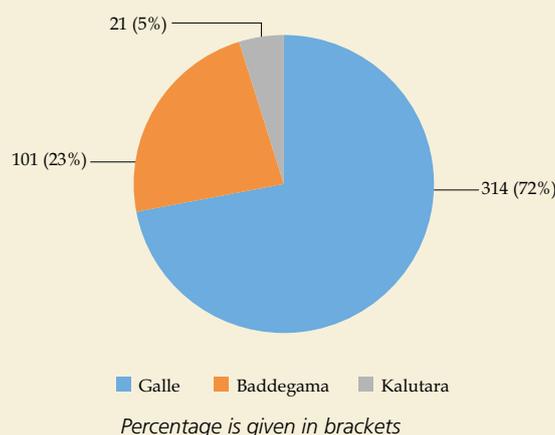
The sensitivity analyses on salary escalation and labour turnover is shown under note 22.2 on page 165.

The labour turnover for the year ended 31st March 2017 is as follows:

	2016/17	2015/16
labour turnover %	2.1	1.8

We have a representative workforce, empowering our people with policies and infrastructure to help them work quickly and effectively, and creating flexible ways of working to suit their circumstances. The smarter we work, the more effective and efficient we will be at meeting the needs of our customers in a rapidly changing world

No. of Employees and Percentage - Factory wise
As at 31/03/2017



MANAGEMENT

Discussion and Analysis

“We believe that success comes from achieving excellence in every sphere of our business which results having innovative products and processes, high quality manufacturing, and satisfying all stakeholders...”

Let analyse & summarize the discussion the management had on various topics this year which is related to our day to day business.

Economic and Environmental Analysis:

It is noted that there will be a growth prospect in 2017 and 2018, even though there is decline in the global GDP in 2016. We further observed that the growth rate of Emerging Market and Developing Economics have more than twofold of the growth rate of Advance Economics.

Description	Actual		Forecast	
	GDP		GDP	
	2015	2016	2017	2018
World Output	3.20	3.10	3.40	3.60
Advanced Economics	2.10	1.60	1.90	2.00
Emerging Market and Developing Economics	4.10	4.10	4.50	4.80

Source: <http://www.imf.org/external/pubs/ft/weo/2017/update/01/pdf/0117.pdf>

We further analyse the GDP country wise, their projected rate and our market status which are shown below.

Economic Indicator		Actual		Forecast			2020
		2016	Q2/2017	Q3/2017	Q4/2017	Q1/2018	
Population	Mn.	21.20	21.21	21.27	21.34	21.37	21.76
GDP Growth Rate	%	5.3	5.2	5.3	5.7	4.73	6
GDP per Capita	US\$	3,637	3,708	3,741	3,773	3,806	4,292
Government Debt to GDP	%	76	78	78	78	76.32	69
Inflation Rate	%	7.3	7.5	6.9	6.7	6.2	7.66
Interest Rate	%	7.25	7.25	7.25	7.25	7	6
Unemployment Rate	%	4.2	4.9	4.8	4.6	4.3	4.6

Source: <http://www.tradingeconomics.com/sri-lanka/forecast>

Economic Status	Country /Region	2015	2016	2017	2018	Our Market Presence	Target Market
		GDP % Actual	GDP % Estimate	Proje cted	Proje cted		
Advanced Economics	Euro Area	2.00	1.70	1.60	1.60	✓	✓
	Germany	1.50	1.70	1.50	1.50	✓	✓
	France	1.30	1.30	1.30	1.60		✓
	Italy	0.70	0.90	0.70	0.80		✓
	Spain	3.20	3.20	2.30	2.10		✓
	UK	2.20	2.00	1.50	1.40	✓	
	United States	2.60	1.60	2.30	2.50	✓	
	Canada	0.90	1.30	1.90	2.00	✓	
	Japan	1.20	0.90	0.80	0.50	✓	
	China	6.90	6.70	6.50	6.00	✓	
Emerging Market & Developing Economics	India	7.60	6.60	7.70	7.70	✓	
	South Africa	1.30	0.30	0.80	1.60	✓	
	Russia	(3.70)	(0.60)	1.10	1.20		✓
	Brazil	(3.80)	(3.50)	0.20	1.50		✓
	Middle East, North Africa and Pakistan	2.50	3.80	3.10	3.50	✓	

Source: <http://www.imf.org/external/pubs/ft/weo/2017/update/01/pdf/0117.pdf>

The Economic Environment of Sri Lanka in which we have carried out our business, indicates in the following table. It is noted that GDP per capita is growing and inflation will decline gradually which is favourable to our business.

MANAGEMENT Discussion and Analysis (Contd...)

Rubber prices

Latex Crape Rubber Price
Weekly-2015-2017



It is noted that rubber prices had an upward trend until end of February in the year under review. This has unfavorable impact on our business as rubber prices are one of the most critical factor in our business. It is very difficult to predict rubber prices in the future as they change from time to time depending on the weather pattern in Sri Lanka and other competing countries, and also the volume of demand for Sri Lankan rubber from China and Japan.

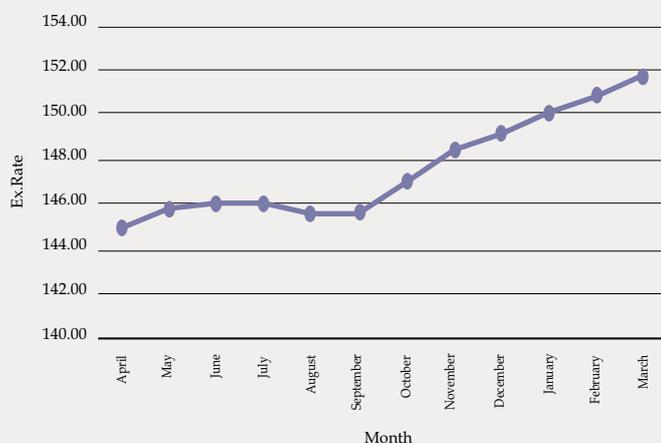
Foreign currency exchange rates

It is good for exports when the Rupee depreciates against foreign currencies. Most of our sales are in Euro and most of our imports are in US dollars. During the year US dollar rate

depreciated against rupee sharply. Due to the increase in USD exchange rate we had to pay a higher rupee amount for our raw materials and investments in plant and machinery. Until December 2016 in the current financial year, the euro also appreciated against rupee gradually. This had an unfavorable impact on our rupee sales revenue. However during the last quarter we noticed some improvement in the euro exchange rate. The Euro and USD exchange rates as at 31st March 2017 were Rs.162 and 152 respectively. In the previous financial year we earned an exchange gain of Rs.22 Mn and we incurred an exchange loss of Rs.0.5Mn in the current financial year. Further steps were taken to minimize exchange losses by entering into forward exchange contracts especially for Euro currency. Euro currency loans are to be taken for future investments and economically hedged with future Euro revenue streams in matching foreign currencies. Therefore we will adopt hedge accounting to improve the presentation of the effect of the volatility of exchange rate fluctuations.

During the financial year under review, the Company has earned valuable foreign exchange amounting to approximately US Dollar 3.9Mn (at average exchange rate of Rs.147.29) through its operations. Last year it was US dollars 4.2Mn (at average exchange rate of Rs.138.74).

Average Exchange Rate
US\$ to LKR



Average Exchange Rate
EUR to LKR



MANAGEMENT Discussion and Analysis (Contd...)

Analysis of Company performance

Let us analyze the performance of the Company and present it in the following manner.

1) key performance indicators and actual performance against the predetermined targets/ previous year performance:

1.1) Efficiency ratios

Some of the production efficiency ratios for the year are given below. We discuss these ratios with senior management and departmental heads in our monthly & weekly meetings for the continuous improvements. The Company checked TVOC's test and Ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution. In the current financial year, we invested in

a new boiler which has a greater efficiency than the old one.

With regard to the Energy control, we have many strategies. We have installed meter reading units for each mill, extruder and press lines and monitored them daily. Every month we calculate the energy ratios and compare them with the budget, previous year and other manufacturing Companies in the rubber sector. From time to time, meters were checked by the Ceylon Electricity Board on our request. We replaced old panel boards and cabling systems and the Capacity banks have been installed. Transparent roofing sheets were installed and steam lines were repaired to prevent steam leaks. In all plants, we monitor electricity consumption on a daily basis. All halogen bulbs have been replaced with LED or CFL bulbs.

Production efficiency ratio		2016/17	2015/16
1	Turnover per employee per month - Rs	196,596	194,304
2	Turnover / total man hours - Rs	901	910
3	Value additions per employee per month- Rs	80,491	65,141
3	Total rubber compound in Kg/total direct labour hours (Kg per hour)	3.80	3.40
4	Wages cost per direct employee per month - Rs	29,188	26,513
5	Salary cost per indirect employee per month- Rs	35,890	31,359
6	Total labour cost (including other overheads) per direct employee per month – Rs	34,229	31,025
7	Total labour cost (including other overheads) per indirect employee per month – Rs	42,505	38,107
8	Labour Turnover for the year - %	2.1	1.8

Energy efficiency ratio		2016/17	2015/16
1	Electricity units per Kg of rubber compound (Units per Kg)	507.3	506.7
2	Fuel liters per metric ton of Rubber compound – (Liters per ton)	173.5	178.7

1.2) The actual performance Vs predetermined targets (Budgeted) :

	Predetermined targets Rs. in "000"	Actual Rs. in "000"	Variance Rs. in "000"
1	Turnover – Rubber segment	1,140	(83)
2	Turnover- PVC segment	405	(213)
3	Total Turnover	1,545	(296)
4	Exports	704	(123)
5	Local sales	841	(172)
6	Gross Profit %	17.7%	4.3%
7	Net profits (before tax)	70.2	(4)

MANAGEMENT Discussion and Analysis (Contd...)

In the month of September 2016, the Company recorded the highest monthly turnover of Rs. 134 Mn. Further, the Company recorded the highest annual turnover of Rs. 1.2 Bn and the highest value addition of Rs. 365 Mn in the financial under review.

Statement of Value Added and distributed

The Company has been doing value additions continuously since its inception (1988). The Company

generated a value addition of Rs 365 Mn during the year against Rs 321 Mn in 2015/16 which was shared with the various stakeholders with a portion retained within the Company. The value addition per employee per month in the current year increased by 19% from Rs 58,706 in the previous year to Rs 69,851 in the current year.

	2016/17	2015/16	Increased by
Value addition per employee per month - Rs	69,851	58,706	19

Value additions increased by 14% and 67% of the total value additions distributed to employees.

Statement of value added and distributed	2016/17		2015/16	
	Rs.'000	%	Rs.'000	%
Value added				
Turnover	1,249,497	100	1,178,338	100
Less: Cost of materials and services purchased	(884,037)	(71)	(857,098)	(73)
Total Value additions	365,460	29	321,240	27

Value Distributed	2016/17		2015/16	
	Rs.'000	%	Rs.'000	%
To Employees as remuneration and welfare	243,200	67	220,295	69
To the Government as taxation	23,073	6	4,152	1
To the Shareholders as dividend	8,465	2	8,466	3
To lenders of capital as interest	12,503	3	8,090	3
To retain in the business - as depreciation	41,916	12	37,129	12
As retained profits	36,303	10	43,108	12
	365,460	100	321,240	100

67% of the total value additions were distributed to employees

MANAGEMENT Discussion and Analysis (Contd...)

2) key performance indicators and initiatives that did not meet with expectations :

2.1) Customer Complaints

The numbers of customer complaints we received for the last five years are shown in the table below.

The objective of the Company is to have continuous reduction in customer complaints year by year. Therefore, the target for each year is to have a lesser number of customer complains compared to the previous year. In response to customers' complaints, the management process has been designed to listen to customers earnestly and take necessary remedial action. We resolve these complaints in order to provide a quick solution to customers and also preventive measures to avoid or minimize repetitions of such complaints. Our Quality Assurance department strengthened by recruiting experienced staff and graduates.

The number of customer complains for the last 5 years is as follows;

Year	TOTAL COMPLAINTS
2012/2013	29
2013/2014	14
2014/2015	17
2015/2016	12
2016/2017	14

2.2) Turnaround of the PVC segment

This was the second year we operated and sold PVC products in to the local market. We found 25 distributors in the first financial year itself. However, to turnaround this segment we need 35 distributors. Therefore we find the balance in the next financial year. Further we need a greater number of products to cater the market. Therefore we have widened the product range by investing in machinery for gutters and casings. We have also invested in modern extruders to obtain a greater output and productivity of pressure pipes. Further, we invested in new moulds for fittings to improve the quality. We changed the non-performing distributors and managers in the current financial year. We participated many local trade

exhibitions for PVC products. We have also strengthened the credit control and wherever necessary a legal action has been instituted for our recovery of dues. The company has received bank guarantees of Rs. 41.4 Mn from the authorised distributors.

3) Identification of the challenges faced along with mitigating steps taken by the entity in achieving corporate objectives

3.1) Corporate Plan:

Corporate Plan is linked from Company's Vision Statement to final Objective level of grass root level. The Corporate Plan is focused on future strategic direction, long-term objectives, medium-term objectives and short-term set targets. Corporate Plan covering a three year time horizon together with annual budget identifying the critical success factors and SWOT & PEST analysis is prepared. The objectives of each functional area such as marketing, production, research and development, human resource, engineering and finance are formulated at the commencement of a finance year. Strategic plan and Action plans are formulated after evaluating the outcomes, measures, activities etc. and updates the corporate plan every year.

Key Strengths

1. Wide product range
2. Strong, loyal and old customer base
3. Being in the business for last 29 years
4. Low cost dollar borrowing facilities
5. ISO certified since 1994 to date
6. Support from other sister companies

Key Challengers

1. Low-cost manufacturers from India, China and Indonesia who are penetrating to our low- end product markets
2. Unpredictable raw material prices (especially rubber) and exchange rates
3. Adverse climate changes
4. Environmental pollution issues
7. Shortage of skilled workers
8. Inability to increase selling prices immediately corresponding to increase in raw material prices

MANAGEMENT Discussion and Analysis (Contd...)

Key Opportunities

1. New market for jar sealing rings and rubber mats
2. New market for rubber conveyor belt market
3. Potential for PVC gutters
4. Temperature indicative rubber products

Key Strategies

1. All key opportunities are exploited and we will invest in machinery for PVC gutters and rubber continuous mats.
2. The Company takes every effort to enter in to new markets such as Middle -East and USA.
3. The distribution channels for PVC items will be further strengthen to cover all areas in the country.
4. Where possible forward exchange contracts are entered in to minimize the exchange risk.
5. The Company continuously invests in Research and Development activities.
6. Wherever possible we hire employees from sister Companies to cover the temporary labour shortages.
7. The Company continuously carries out environmental audits and invest in CSR activities.
8. Aggressive sales promotion will be carried out for PVC products.

To achieve our Vision and Mission, we have to achieve all functional objectives such as finance, customer, internal business process and learning & growth. We believe that just achieving objectives in one function is not adequate to run the business in the long term. We also need to suitably balance all four functions simultaneously. Ex. While achieving financial returns we also need to look at customers' perspective, factory development and investment in human resource. Objectives, KPI measures, targets and initiatives are prepared in the each category by identifying process owners. To be the leading Polymer product manufacturer in the region, we should not only excel in manufacturing Rubber- related products but also we should diversify into other polymer categories such as PVC- related products and should balance all above four functional objectives. This is what we differentiate from our competitors.



We received an internationally recognized BSCI certification (which is awarded based on social responsibility practices) as incorporated in the previous Corporate plan

MANAGEMENT Discussion and Analysis (Contd...)

3.2 Effective utilization of Six capital

Stock of Capital	Capital Management- Main Actions	Value Creation/ Enhancement to Capital	Reference (Page No)
1. Financial Capital			
Capital Structure	Low gearing	Low financial risk	06, 138
Reserves	Keep funds available for investments	Financial Stability	138, 139
Liquidity	Have a better working capital cycle	Low finance cost and funds for short term investments	06, 184
2. Manufactured Capital			
Manufacturing Plant & Equipment	Technological upgrade	Greater productivity and less wastage	73
Number of product lines	Product developments	Reduction in operational risk	73
Product quality	Obtain certifications from reputed local and international institutions.	Improve product and service quality	74
3. Intellectual Capital			
Technologies	Invest in research and developments in-house as well as collaborations with Universities	Competitive advantage and wide product range	73
Comprehensive ERP system	Invest in advanced IFS system	Improve Management Information System (MIS)	69
Knowledge Management	Recruit well qualified and experienced employees	Improve product and service quality	31
4. Human Capital			
Health and Safety	Train in safety procedures and have a safety committee	Uninterrupted performance and a greater motivation of the employees	58
Know- how and skills	Educating and training on the job	Efficiency	54, 55
Engagement	Attending to the welfare matters	A greater performance and less absenteeism	51, 52, 53
5. Social and Relationship Capital			
Engagement	Have a sound relationship with stakeholders	Lower risk and stakeholder satisfaction	121
Customer base	Strategic partnership	A greater market share	70
Brand management	Invest in brand promotions	Customer retention	35
6. Natural Capital			
Energy reserves	Investment in technological and process developments	Energy efficiency	63
Unpolluted factory environment	Obtain regulatory environment license and carry out periodic test	Lessor risk and better relationship with the neighbours	63
Recycle	Recycle of wastage to make new products	Stakeholder satisfaction	119

3.3 Analysis of Legal Environment

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

During the year under review,

- There was no significant fines for non-compliance with laws and regulations.
- There was no significant fines the Company paid for non-compliance with laws and regulations concerning the provision and use of products and services.

- The Company has not paid any significant fines for non-compliance with environment laws and regulations.
- Further, there was no incident of non-compliance with regulations and voluntary codes concerning marketing communication including advertising and promotion.

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

MANAGEMENT Discussion and Analysis (Contd...)

We consider upholding good standards of human rights in our work place and in all our dealings and hence discrimination, child labor and compulsory labour are avoided. We believe in the fair treatment of employees regardless of their age, gender, position or any other diversity factor.

We have received an internationally recognized BSCI certification since June 2015 which is awarded on such social responsibility practices. Please refer www.bsci-intl.org

We maintain maximum adherence to all laws applicable within the jurisdiction of Sri Lanka. Our senior management along with the human resources department monitor strict vigilance in this regard. The following are some of the Acts we use frequently and complied with:



Business-related Acts	Labour-related Acts	Accounts and Finance-related Acts	Others
1 Companies Act, 7 of 2007	Factory Ordinance, No 45 of 1942	Sri Lanka Accounting and Auditing Standards Act, No 15 of 1995	Environmental Act, No 47 of 1980
2 Sale of Goods Ordinance, No 11 of 1896	Wages Board Ordinance, No 27 of 1941 and Wage Board No. 36.	Inland Revenue Act, No.10 of 2006	Code of Criminal Procedure Act, No 15 of 1979
3 Imports and Exports (Control) Act, No 1 of 1969	Employment Provident Fund Act, No 15 of 1958	Bills of Exchange Ordinance No 25 of 1927	Civil Procedure Code of 1978
4 Value Added Tax Act, No 14 of 2002	Employees' Trust Fund Act, No. 46 of 1980	Prescription Ordinance, No 22 of 1871	Notaries Ordinance of 1986
5 Nation Building Tax Act No. 9 of 2009	Payment of Gratuity Act. No 12 of 1983	Stamp Duty (Special Provisions) Act No.12 of 2006	Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987
6 Exchange Control Act, No. 24 of 1953	Industrial Dispute Act, No. 43 of 1950	Customs Act, No. 9 of 2013	Electronic Transactions Act, No. 19 of 2006
7 Consumer Affairs Authority Act, No. 9 of 2003	Employment of Women, Young Persons and Children Act, No. 47 of 1956		Rules of Colombo Stock Exchange on Corporate Governance

MANAGEMENT Discussion and Analysis (Contd...)

Business-related Acts	Labour-related Acts	Accounts and Finance-related Acts	Others
8 Intellectual Property Act, No. 36 of 2003	Maternity Benefits Ordinance, No. 35 of 1946		Evidence Ordinance, No. 14 of 1895
9 Industrial Promotion Act, No. 46 of 1990.	Workmen's Compensation Ordinance, No. 19 of 1934		Sri Lanka Constitution of 1978, especially Fundamental Rights.
10 Sri Lanka Standards Institution Act (No. 6 of 1984)	Shop and Office Employees Act, No. 19 of 1954		Prevention of Mosquito Breeding Act, 11 of 2007

We believe that Laws should be understood not only in terms of the obligations that they create, but also for the rights and protection that they afford

3.4 Memberships of Association

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

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

3.5 Discussion on Internal Control System

Our internal audit function has also been out-sourced to Messrs Ernst & Young, Chartered Accountants, in addition to verification carried out by our internal audit department. They continue to improve our systems of internal controls to ensure stronger procedural compliance and conformity with the Group policies and legal requirements. The internal auditors directly report to the Audit Committee in which there are independent, Non-Executive Directors. They go through the internal audit reports quarterly and take necessary action to strengthen them. Further, the Company invested in a more advanced ERP system.

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

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

MANAGEMENT Discussion and Analysis (Contd...)

4) Opportunities seized and the improvements made towards a sustainable performance

cover 15 % of the total number of countries in the world. Strategies are being followed to widen our global presence by participating in trade exhibitions, trade delegations and aggressive sales promotion.

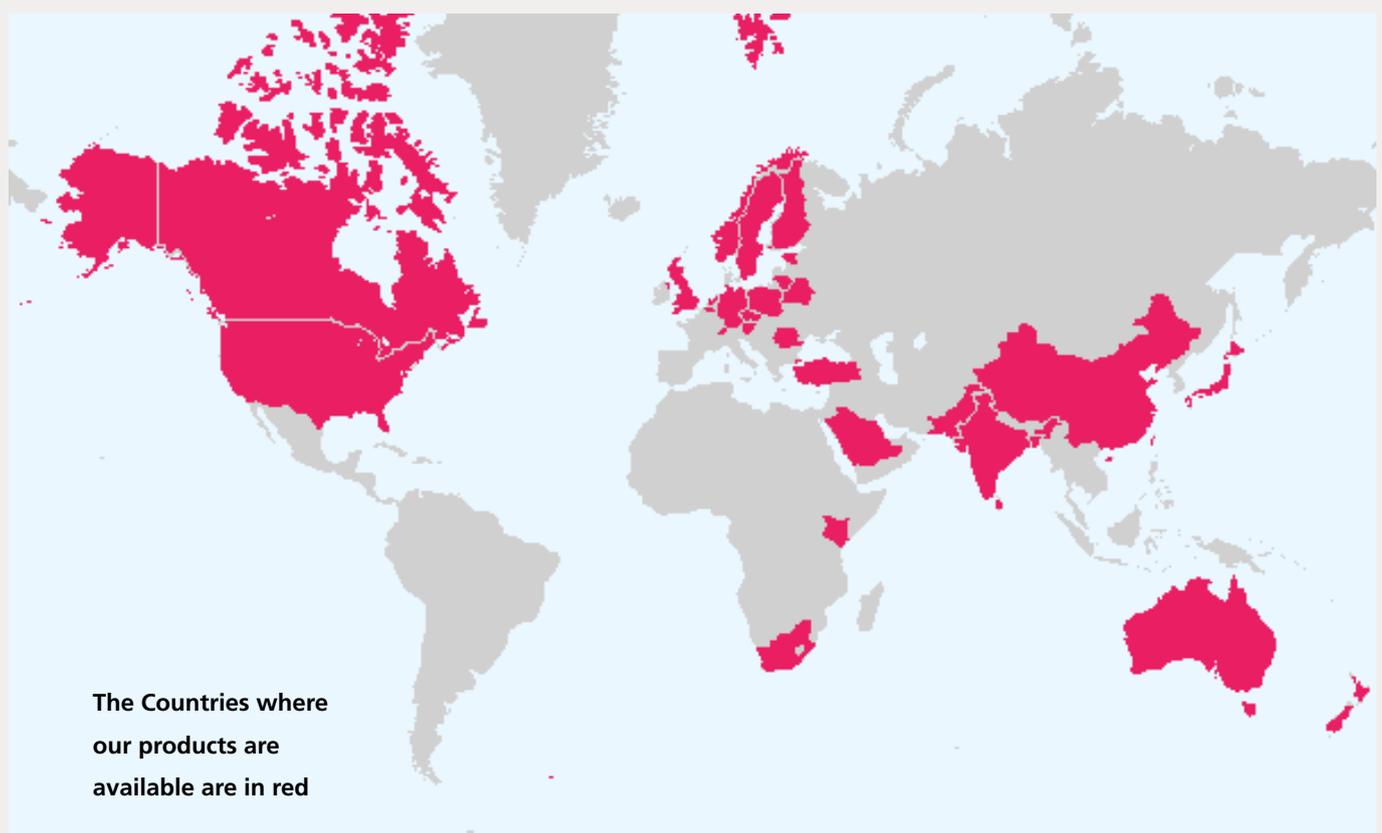
4.1) Our Global Presence and our customers

Of the 194 countries in the world our products are available in the under-mentioned 30 countries which

Global presence

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

Our products are available
in 30 countries which
covers 15 % of countries
in the world



MANAGEMENT Discussion and Analysis (Contd...)

4.2) Exhibitions participated

The marketing department is being restructured and strengthened to exploit all available potential. The company is now targeting to enter new markets in the USA and Middle East. During the year, the Company participated in the India Rubber Expo, Chennai. We visited Great America Trucking show, Texas, USA and Dometex, Hannover, Germany. We found new customers from Norway, Middle East and Maldives during the year.



India Rubber export exhibition in Chennai

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

- Build SL 2016 exhibition held at BMICH Colombo from 13th to 15th May 2016
- Gateway to East 2016, Batticaloa from 27th to 29th May 2016
- Construction Expo 2016 exhibition held at BMICH Colombo from 29th to 31st July 2016



Construction expo

- Construct 2016 exhibition held at BMICH Colombo from 26th to 28th August 2016
- Jaffna International Trade Fair 2017 held from 27th to 29th January 2017.
- Architect 2017 exhibition held at BMICH Colombo from 16th to 19th February 2017



Construct 2016



Build SL

During the year, five new overseas customers joined the Company. Further, many of our customers visited our factory in the year using the Highway from Katunayake to Galle. 18 customers from various parts of the world met us in our factory to discuss mutual business growth.

The number of customers lost is zero. 50% of our customers have been with us for over 10 years and 10% of our customers have been with us for over 15 years.

In the local market, we sell all our products under the "SIL" brand. For exports, we take every possible step to sell

MANAGEMENT Discussion and Analysis (Contd...)

our own "SIL" brand. However, there are some customers who place orders under their reputed and established brands.

Total investment in debentures is Rs. 34.15 Mn as at 31 March 2017.

4.3) Investments

During the year ended 31st March 2017 the Company invested in the debentures of Sampath bank for Rs. 5 Mn.

4.4) Location of Properties

Currently the Company owns the following properties:

Description	Address	Land		Building		Total Market Value of the property
		Extent	Market value Approx	Extent	Market value Approx	
1) Galle factory (Bought during the period from 16/9/91 to 30/11/93 in stages)	Akuressa Road, Bogahagoda, Galle.	7 A 2 R 17 P	Estimated to be Rs. 130 mn as at today.	94,900 Sq ft	Estimated to be Rs. 200 mn as at today.	Current value estimated to be Rs. 330 mn. Rs. 132 mn as at 29th August 2009 done by a professional valuer.
2) Kalutara factory (Bought in 2010)	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara	120 perches	Estimated to be Rs. 25 mn as at today.	5,990 Sq ft	Estimated to be Rs. 15 mn as at today.	Current value estimated to be Rs. 40 mn. Rs 18 mn in 2010 done by a professional valuer.
3) Baddegama factory (Bought in July 2014)	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	2 A 2 R 0. 11 P	Rs. 12.0 mn as at today.	25,191 Sq ft	Rs. 93. 5 mn as at today.	Rs. 105.5 mn in July 2013 by a professional valuer.
4) Paddy Field, Bogahagoda (Bought in Feb 2002)	Akuressa Road, Bogahagoda, Galle.	1A 3 R 3 P	Rs. 17.0 mn as at today.	-	-	Rs. 17.0 mn as at today.
Total		12 A 2 R 20.11 P	184.0 mn	124,541	308.5mn	Rs. 492.5 Mn (Current estimated Value)

The land and buildings at Bogahagoda, Galle were valued by Mr. G.K.D.K. Abayathunga, Bsc. (Hon) Estate management and valuation, Diploma in valuation, Incorporated valuer of Baddegama road, Beligaha junction, Galle.

5) Identifying resources and improvements required to face the future challenges:

5.1) New product lines and expansion

As explained under the key strategies in the corporate plan, the Company has already taken steps to invest in machinery for gutters, hose, and casings. In the future we would consider to expand our stores and production floor to meet demand of the products. The company has utilised bank facilities of Rs. 541 Mn which will be used for future investments.

5.2) Research & Development

We have strengthened our Research & Development Department and given a professional value to it. We also obtain the services of outside consultants who have a doctorate in polymer and rubber. Samson International Plc with Samson Compounds (Pvt) Ltd. signed an agreement with the Chemical & Process Engineering Department, University of Moratuwa, for the three years, for Research & Development activities in Rubber Products. We also obtained the consultancy services from the University of Colombo and University of Ruhuna.

The Company and University of Moratuwa incubator innovated dry rubber open cell yoga mat. A patent right has been applied by us now for this product. National Science Foundation gave us grant of Rs. 1.7 Mn for the open cell yoga mat project. We invested Rs. 1.9Mn for this project. Demand for dry rubber open cell products is being rapidly increased in countries like United Kingdom & Australia. Company is receiving frequent request for open cell dry rubber products. Because of this huge demand in locally and internationally, development of machine for production of open cell dry rubber product is very important.

Company conducts a competition for innovative ideas among the employees. Innovation starts even from the factory workers and recognise them well. This year we received fourteen innovative ideas and cash awards and certificates were granted for three best ideas by the Managing Director on 21st April 2017 in the presence of all employees.

5.3) Quality certifications and Standards

We invest around Rs. 24Mn in research and development for a year which is 2% of the Company's turnover.

We invest around Rs. 24Mn in research and development for a year which is 2% of the Company's turnover. We believe that in order to be competitive and sustainable in the market, Research & Development is the crucial factor in our business.

We fundamentally believe that success comes from innovative products and processes, high quality manufacturing, and the ability to provide local customer support in all its markets around the globe.

Quality Policy

Samson International PLC is committed to manufacturing and supplying quality moulded and extruded polymer products at competitive prices at the highest level of service to meet

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

Our measures to improve quality in compliance with international standards and continuous in-house and overseas laboratory tests will ensure a solid market share for our products. We have achieved significant international recognition in terms of product quality.

We are the first rubber- related product manufacturing company to receive the ISO 9001:2008 Quality Management Certificate. We have the following quality certifications:

MANAGEMENT Discussion and Analysis (Contd...)

We are the first rubber- related product manufacturing company to receive the ISO 9001:2008 Quality Management Certificate.

- ISO 9001:2008 Quality Management System for Rubber & PVC products
- British Standard (BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles
- FSC Certification (Forest Stewardship Council - Chain of Custody) for hot water bottles

- Reach Certificates for the chemicals we use
- SGS test reports for jar sealing rings according to German and French standards
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities



Training programme on FSC Certification



Quality certificates

AWARDS

Won

“We received the NCE Gold Export Award and CNCI Top Ten award...”

We received the Gold Export Award from the National Chamber of Exporters of Sri Lanka on 30th September 2016, for the consecutively in two years and the CNCI Top Ten award and Achiever's Browns provincial award for industrial excellence from the Ceylon National Chamber of Industries of Sri Lanka on 18th September 2016. The Company received nine awards and certifications covering many different disciplines during the year and will participate for more award competitions including international level in the future. We will use this as marketing tool for our overseas customers and to improve current systems & procedures.

We also received the Business Excellence Merit Award and Excellence in Global Reach Award in the Manufacturing Sector from the National Chamber of Commerce on 13th November 2016. Further we received Social Dialogue & Workplace Co-operation Merit Award from the Department of Labour of Sri Lanka on 11th November 2016 and the Certificate of Compliance for the Financial Report from the Institute of Chartered Accountants of Sri Lanka on 06th December 2016. In addition to the above we received Sri Lanka National Quality Merit Award in the Manufacturing Sector (Large Category) from the Sri Lanka Standard Institute on 27th January 2017.

The summarized awards won so far are as follows:

- 1) **NCE Export Awards** in the category of agriculture value-added Sector from the National Chamber of Exports:

We have received NCE awards during twelve years of the 29 years of existence of our Company

- Export Awards 2015 – Gold Award
- Export Awards 2014 – Gold Award
- Export Awards 2013 – Silver Award
- Export Awards 2012 – Gold Award
- Export Awards 2011 – Gold Award
- Export Awards 2010 – Silver Award
- Export Awards 2007 – Silver Award
- Export Awards 2006 – Silver Award
- Export Awards 2005 – Bronze Award
- Export Awards 2004 – Silver Award
- Export Awards 2003 – Silver Award
- Export Awards 2002 – Silver Award



NCE Gold Export Award and CNCI Top Ten award

AWARDS Won (Contd...)



Receiving NCE Gold Export Award



Receiving CNCI Top Ten award

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

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



Receiving National Business Excellence Merit Award



Receiving CNCI Browns Provincial award

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

- Merit Award in 2016
- Certificate of Commendation in 2015



Receiving Sri Lanka National Quality Merit Award

AWARDS Won (Contd...)

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

- Merit Award in 2016
- Merit Award in 2015



Receiving Social Dialogue and Workplace Cooperation Merit award

6) Annual Report Award/ Certification in the category of manufacturing companies from the Institute of Chartered Accountants of Sri Lanka:

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



Receiving a Certificate of Compliance from the Institute of Chartered Accountants of Sri Lanka

7) Presidential Export Awards:

Received in 1996 and 1997.

8) Sri Lanka Entrepreneur of the Year 2000:

Provincial Bronze Award which was organized by the Federation of Chambers of Commerce & Industry of Sri Lanka.



Awards received during the year

RISK Management

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

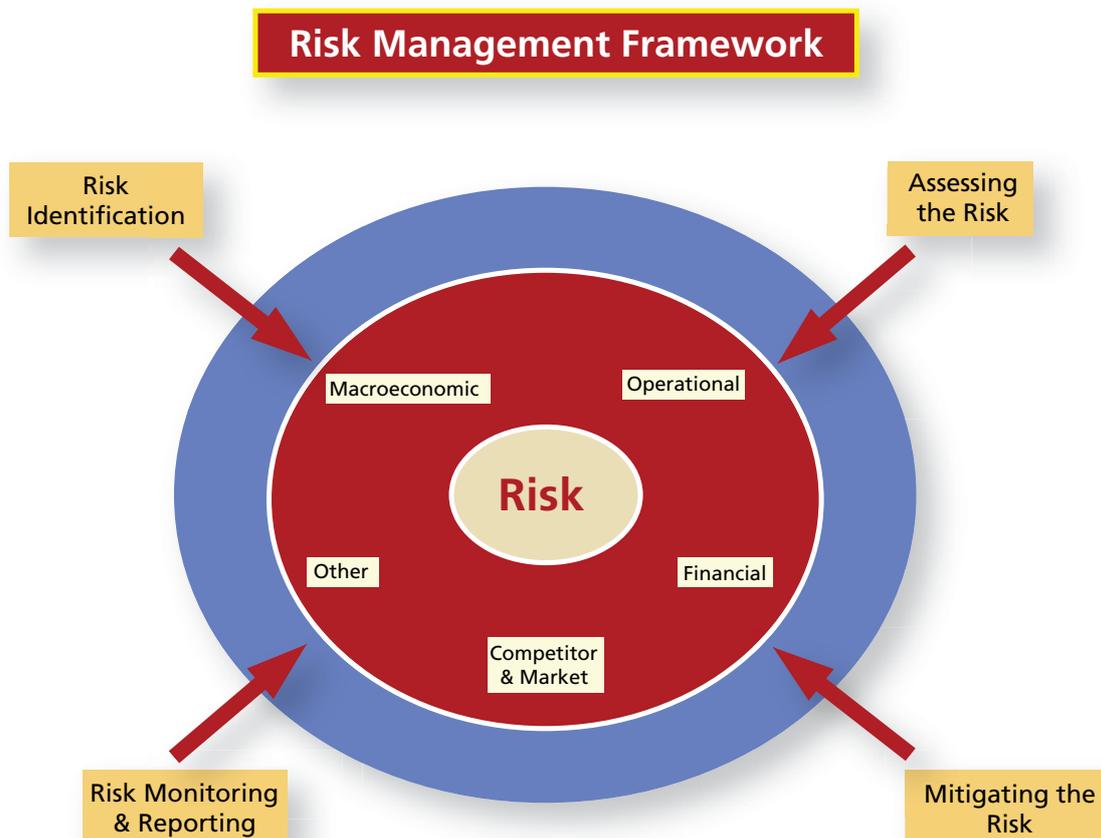
Risk could arise in all our business activities. We have to proactively identify the risk, assess it and respond to it by allocating required resources. The Company reviews and assesses the significant risks on a regular basis and ensures that there is a system of internal control in place. This could elaborate in the areas of risk identification, risk assessment, risk response and risk reporting methodologies under five risk categories namely Macroeconomic, Competitor and Market, Operational, Financial and Others. The risk management

process has been designed to ensure identification of any situation or circumstance that would adversely affect the achievement of the Company’s objectives.

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

At present the following reviews the risks regularly.

- 1) The Group Directors reviews Company’s risk profile and provide guidance on required risk responses on a monthly basis at the time reviewing the monthly accounts.



RISK Management (Contd...)

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

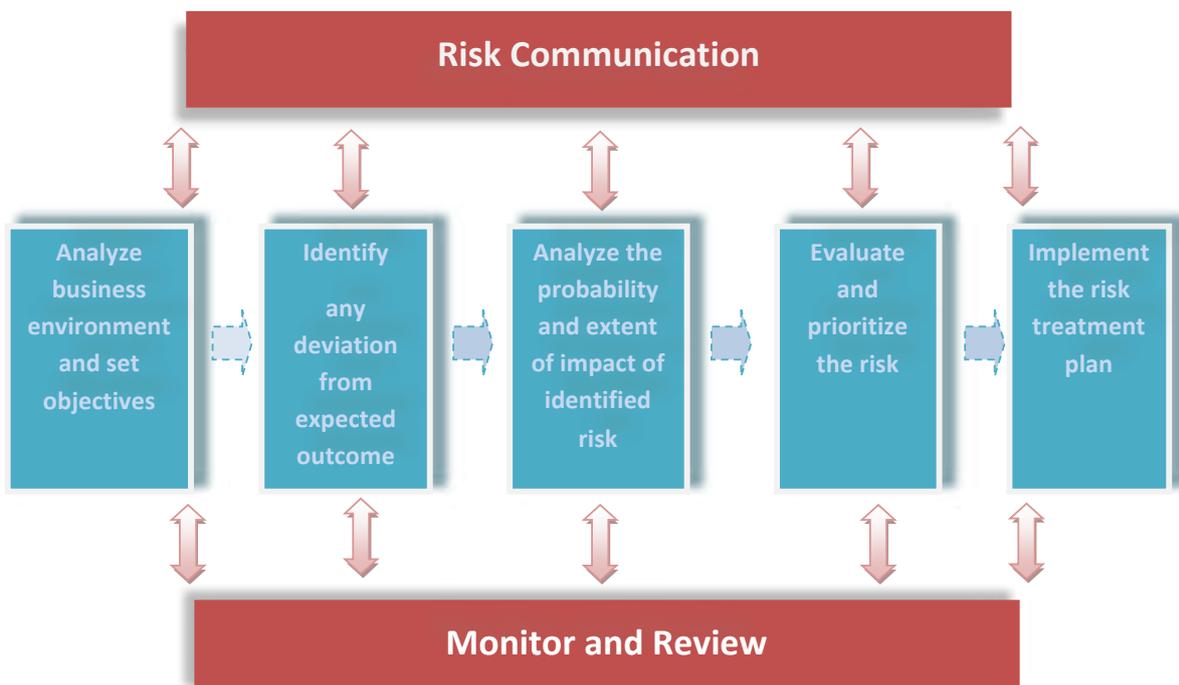
- to help employees improve the control and co-ordination of risk taking across the business.

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

At a strategic level, our risk management objectives are

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

The potential risks are identified from the risk workshops, risks reviews, control checklists and risks reporting. The risk management policy of Samson International Plc is to proactively manage risk to ensure continued growth of our business and to protect our employees, assets and reputation. Our ongoing assessment process takes into account the likelihood of an event, its potential impact on the business, the need for mitigation and to take corrective action. We identify and assess material risks associated with our business, then monitor it, manage and mitigate these risks.



RISK Management (Contd...)

The Risk Management Table below explains the Risk identification, Risk Assessment and Risk management under five risk categories. This provides an indication of the likelihood of these risks occurring and how serious the consequences would be if they did occur. The financial related risks have been disclosed under note to the financial statement on pages 153 - 154.

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
Macroeconomic Risk			
1) Market Specific Characteristics Risk	Seasonality period generates a substantial proportion of revenue and operating profit during the third financial quarter. Adverse trading in this relatively short period is likely to impact significantly the full year's results.	Financial and manpower planning takes into account expected peak period and the business is run accordingly. Contacting sister companies to obtain excess workers. Increase attendance bonus to workers during the peak time. Maintain a buffer stock	Medium (As at 31/03/2006 - Medium)
2) Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	Exchange rate movements are taken into consideration before conversion and pricing. Practicing effective hedging techniques. Continuous evaluation of the impact of Central Bank regulations.	High (As at 31/03/2006 - High)
3) Socioeconomic Risks	Sri Lanka's socioeconomic and political environment has an impact on the local sales	Management reviews prices in comparison to inflation and negotiates with suppliers for lower prices and credit terms. Export to low-end markets such as India & Pakistan.	Low (As at 31/03/2006 - Low)

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
Competitor and Market Risk			
4) Risk of Competition	Risk of losing our market share and sales growth to Chinese low quality products and to other substitute products, e.g. PVC Hot water bottles.	<p>Ensuring high standards of quality in the eyes of the customer and branding all our products.</p> <p>Participate in trade fairs both local and foreign to attract new customers.</p> <p>Identify the products which are in the decline stage of the Product life cycle and take corrective action.</p> <p>Sourcing new markets and developing new products.</p> <p>Make necessary investments to upgrade the facilities.</p> <p>Corporate plan is prepared every three years and monitored closely.</p> <p>Increasing productivity and efficiency in order to ensure our prices remain competitive.</p> <p>Carrying out Research and Development activities to identify needs.</p> <p>The provision of various value added services for our key customers.</p> <p>Manufacture PVC- related products where there is high demand, e.g., PVC hose</p>	High (As at 31/03/2006 - High)
5) Technological risk	Risk of low productivity and high maintenance costs compared to the products manufactured by competitors.	<p>Frequent visits of overseas exhibitions and continuous investment in modern machinery.</p> <p>Continuous competitor analysis is carried out.</p> <p>Investing in Research and Development activities throughout the year.</p> <p>Investing in ERP system, hardware and developing software in-house.</p>	Medium (As at 31/03/2006 - Medium)

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
6) Reputation Risk	Adverse impact on the corporate image and brand which is likely to diminish shareholder value. This will finally lead to a decline in market share and customer base.	<p>Maintenance of highest ethical standards at all times in all business activities and make compliance audit as part of internal audit scope.</p> <p>Proper adherence to the statutory, health and safety concerns by obtaining appropriate quality certification standards.</p> <p>Continuous review of customer comments in order to exceed customer expectations and ensure quality standards are adhered to and improved upon.</p> <p>The Company plays a corporate citizen role through CSR initiatives.</p>	Low (As at 31/03/2006 - Low)
7) Product Risk	Products could turn out to be defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In such instances, the Company is exposed to market risks arising from consumer dissatisfaction and consequent rejection of its products.	<p>The Company's plant and machinery are rigorously maintained and upgraded whenever necessary.</p> <p>Established quality control measures as well as product testing through sampling are performed on all product lines.</p> <p>The in-house Quality Surveillance Unit tests samples of new products or components from external suppliers before order placement.</p>	Low (As at 31/03/2006 - Low)
Operational Risk			
8) Process Risk	Internal process failures, fraud, pilferage and breakdown of internal controls	<p>The Company sources its products and services from approved suppliers</p> <p>Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee.</p> <p>Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</p> <p>Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures.</p> <p>Carrying out mandatory preventive maintenance programmes.</p>	Medium (As at 31/03/2006 - Medium)

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
9) Supply Chain Risk	Risk of non- availability of raw materials and excessive prices.	<p>Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over dependency on a single supplier/brand.</p> <p>Store raw materials when the prices are low and enter into forward contracts for raw material purchases.</p> <p>Consume energy in the most efficient way.</p> <p>Re-order level and economic order quantity are established.</p>	Medium (As at 31/03/2006 - Medium)
10) Inventory Risk	Risk of having non-moving stock	<p>Identifying slow-moving stocks and sell them in a different market.</p> <p>Offering discount for bulk orders.</p>	Medium (As at 31/03/2006 - High)
11) People Risk	Risk of losing skilled and trained human capital	<p>Provide focused and structured training to staff at all levels to aid personal and professional development.</p> <p>Establish career development programmes and succession plans in order to retain and motivate them.</p> <p>Maintaining good relationships with employees through regular dialogue.</p> <p>Top priority is given to automation of manual work.</p>	Medium (As at 31/03/2006 - Medium)
12) Fraud, Compliance and Internal Controls Risk	As the business grows in size and geographical scope, the potential for fraud and dishonest activity by our suppliers, customers and employees increase.	<p>Clear behavioral guidance given to employees through operational manuals.</p> <p>Appropriate procedures and controls set out and audited across the business to reduce fraud risks; internal Audit and external Audit undertake detailed investigations into all business areas and report their findings to the Audit Committee.</p> <p>Regular update and new introduction of relevant policies and procedures.</p> <p>Whistle-blower policy.</p> <p>Periodical review of the internal controls by outsourced consultants.</p>	Low (As at 31/03/2006 - Low)

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
13) Asset Risk	Risks associated with the physical assets of the Company include the destruction, loss or theft as well as technical and other defects.	<p>All such assets are insured against all identifiable risks.</p> <p>The relevant insurance policies are subject to a comprehensive annual review, with modifications made as deemed necessary.</p> <p>Procedures in place to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based quality assurance at all manufacturing facilities.</p> <p>Provisioning is also made against obsolete inventory, warranty claims and doubtful debtors.</p>	Low (As at 31/03/2006 - Low)
14) Governance Risk	Risk of non-compliance with changes in legal and regulatory environment, taxation, labour and other laws will result in judiciary actions.	<p>Create awareness of statutory obligations at all levels.</p> <p>Seek advice from external consultants on all matters relating to litigation and contracts.</p> <p>Product liability insurance is taken for hot water bottles.</p> <p>Have a central record room to keep all our important documents for 10 years.</p> <p>Continuous dialogue with statutory bodies to meet updated reporting requirements.</p>	Low (As at 31/03/2006 - Low)
Financial Risk 15) Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <p>Credit is allowed only for the approved customers which is reviewed yearly.</p> <p>Obtaining bank guarantees, deposits, post-dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</p> <p>Closely monitoring the debtor balances and laying down action plans accordingly.</p>	Medium (As at 31/03/2006 - High)

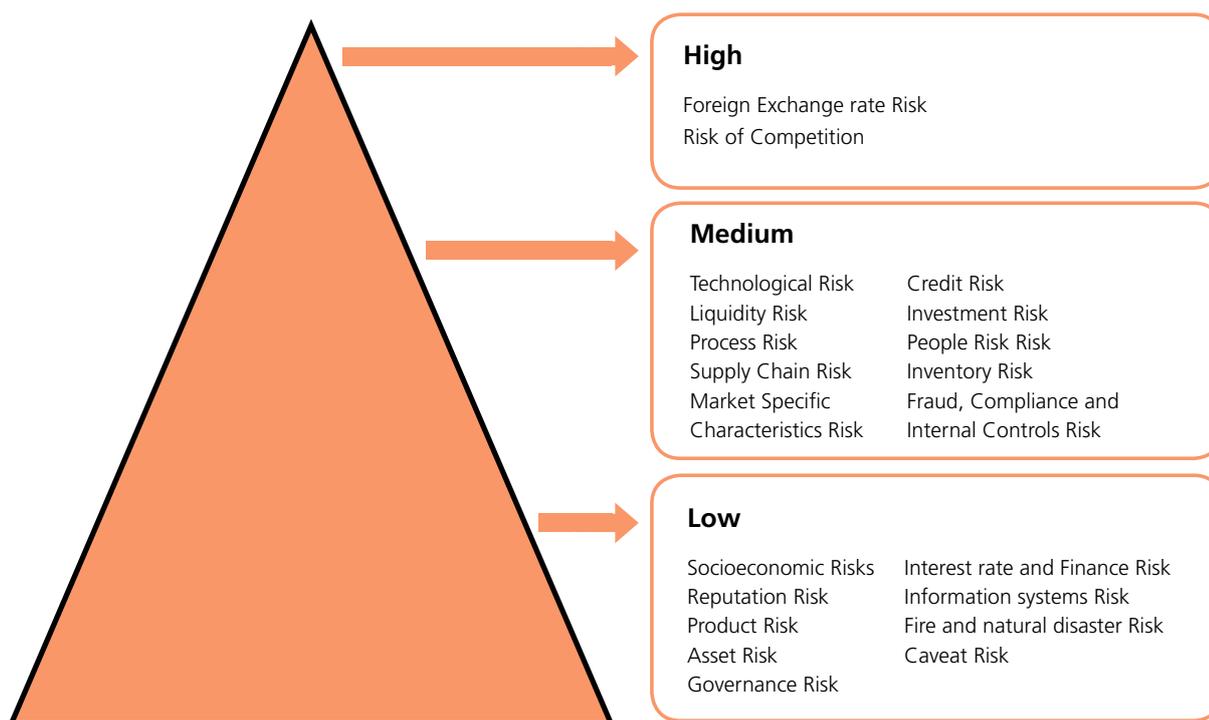
RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
16) Interest rate and Finance risk	Inability to satisfy debt repayments and obtain the best interest rates.	<p>To have adequate facilities for obtaining loans and borrowings in foreign currency to bring down finance charges.</p> <p>Funding of long- term assets through equity and long- term loans.</p> <p>To have adequate short term borrowing facilities available at all times.</p> <p>Low gearing is maintained.</p>	Low (As at 31/03/2006 - Low)
17) Investment Risks	New projects/Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns. Failure of major projects will affect profitability, capital structure and reputation.	<p>Conduct a PESTEL analysis and feasibility study before initiating the projects.</p> <p>Board approval should be received for all investments.</p> <p>Post-evaluation of the projects is carried out for each investment.</p>	Medium (As at 31/03/2006 - Low)
18) Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<p>The liquidity position of the Company is regularly reviewed and reported to the Board.</p> <p>Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</p> <p>The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</p>	Medium (As at 31/03/2006 - Medium)
Other Risk			
19) Information systems risk	To minimize risk associated with data security, hardware & communication and software.	<p>Data back-ups stored in off- site locations.</p> <p>Maintaining of spare servers.</p> <p>Vendor agreements for support service and regular maintenance.</p>	Low (As at 31/03/2006 - Medium)

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking 31st March 2017
20) Caveat Risk	Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. The best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impacts in a timely manner at multiple levels.	The Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuance of the business.	Low (As at 31/03/2006 - Low)
21) Fire and natural disaster risk	Fire and natural disasters can halt or cease operations	<p>The company is equipped with firefighting equipment at all strategic locations in the factory.</p> <p>Fire safety drills and training is given to ensure the occurrence of fire is kept to a minimum.</p> <p>Obtaining comprehensive insurance cover for fire and natural disasters.</p>	Low (As at 31/03/2006 - Low)

The summarized risk ranking of the Company is as follows. .



CORPORATE Governance

“We strongly believe that good governance is fundamental to the effective management of the business and Company’s long-term sustainability. We are therefore committed to a culture that values ethical behavior, integrity and good corporate governance ...”

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

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

Role of the Chairman:

Role of the Chairman and Managing Director (who is the Chief Executive Officer) is distinct and the division of responsibility has been clearly established. The Chairman is non-executive and is responsible for leading the board and ensure to meet directors obligations and responsibilities for the effectiveness of the board. He ensures that Board procedures are followed and all members are effectively participated during meetings. The CEO is responsible to the Board for day-to-day management of the business, leadership of the executive team and the execution of the Company’s strategic & Operational plans. Chairman and CEO meet regularly to discuss any issues pertaining to the Company’s performances.

Role of the Board of Directors

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

CORPORATE Governance (Contd...)

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

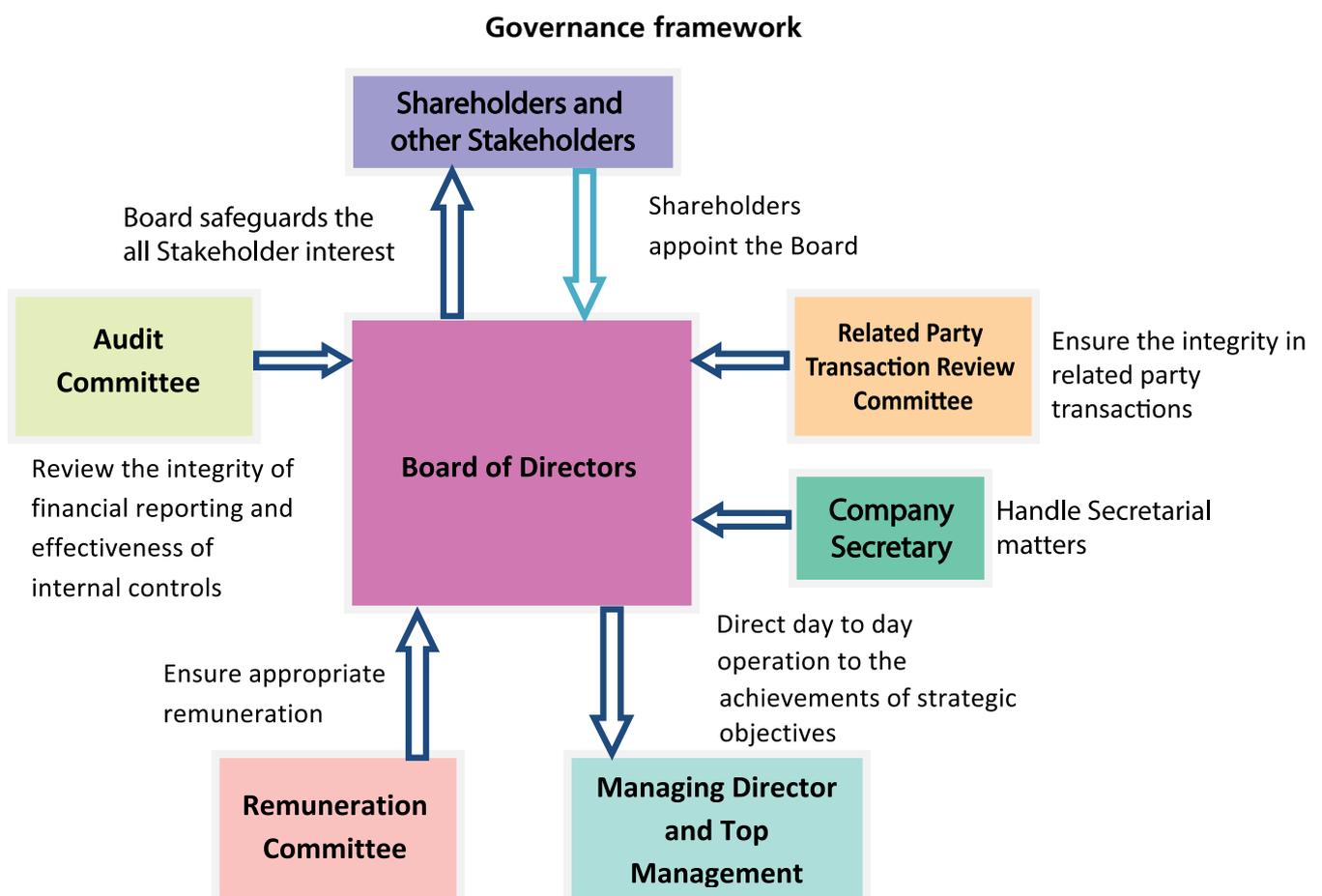
The Board has delegated responsibility to the Managing Director who is also the Chief Executive Officer for planning and guiding the business towards meeting set objectives. As previously stated, there is a clear demarcation of responsibilities and authority between the Chairman and the Chief Executive Officer/ Managing Director, which ensures a balance of power. The Board is responsible for the overall conduct of the

Company's business and has powers, authorities and duties vested in it by and pursuant to the relevant laws of the country and Article of Association of the Company.

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

Statement of Compliance

Samson International Plc is fully-compliant with the Code of Best Practice on Corporate Governance issued in year 2013 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange.



CORPORATE Governance (Contd...)

Governance Structure

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

Business ethics and Practices

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

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

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

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

Code of Best Practice on Corporate Governance:

There are two sections that we adopt the Corporate Governance Practices. Namely,

- 1) The Code of Best Practice on Corporate Governance issued in year 2013 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- 2) The Rule set out in Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

The details of adoption of the above section are explained below.

We understand that a sound and robust approach to the corporate governance standard throughout our company requires a focus and proformance as well as conformance

CORPORATE Governance (Contd...)

1. The Code of Best Practice on Corporate Governance issued in year 2013 jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka:

This section reflects Company's governance in following six fundamental aspects:

- A. Directors
- B. Director – Remuneration
- C. Relationship with Shareholders
- D. Accountability and Audit
- E. Institutional Investors
- F. Shareholder Relations-Individual Shareholders

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
A. DIRECTORS			
A.1 THE BOARD			
(1) Effective Board	A.1	The Board of Directors comprises 9 Directors of whom 7 are Non-Executive Directors including the Chairman. The two Executive Directors are the Managing Director and Director/General Manager who are also part of the Corporate Management to whom the day to day running of the organisation has been delegated. The Board has appointed Board Sub Committees to assist in discharge of their collective duties and also approves policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company. The Board is closely involved in developing strategy and setting the short, medium and long term goals of the Company and regularly monitors performance against pre-determined Key Performance Indicators which include both quantitative and qualitative measures on a regular basis.	Complied Please refer the Profile of the Directors on pages 22 & Report of the Board of Directors on page 123.
(2) Regular Meetings	A.1.1	Board meetings are held quarterly whilst special Board meetings are convened as the need arises. During year ended 31st March 2017, the Board held 5 scheduled meetings. The following Board Sub Committees met quarterly: Audit Committee and Related Party Transactions Review Committee. However, Remuneration Committee held one meeting during the year under review. Details of Board Meetings, Sub Committee Meetings and attendance are given on pages 110 and 113 of this report.	Complied Please refer the Coporate governance on page 109.

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(3) Ensure the formulation and implementation of sound business strategy	A.1.2	The Board is responsible for setting strategy, policies and for monitoring performance against agreed goals and KPIs. During the year, the Board reviewed the Corporate Plan and proposals of the Corporate Management and approved it.	Complied Please refer the Management Discussion and analysis (MDA) on page 65.
(4) Ensure that the Chief Executive Officer (CEO) / Managing Director (MD) and Management team possess the skills, experience and knowledge to implement the strategy	A.1.2	The Board has delegated responsibility to the Managing Director who is also the Chief Executive Officer for planning and guiding the business towards meeting set objectives and reviews it regularly. The Board also reviews the performance of Key Management personnel and their skills, experience and knowledge to implement strategy.	Complied Please refer the Profile of Directors on page 22.
(5) Ensure effective CEO/MD and Senior Management succession strategy	A.1.2	A procedure on Selection and Appointment of CEO and Key Management Personnel approved by the Board is in place.	Complied Please refer the Corporate governance on page 87.
A. DIRECTORS			
(6) Ensure effective systems to secure integrity of information, internal controls and risk management	A.1.2	Audit Committee reviews Internal Audit reports submitted by the Internal Auditors and monitors follow up action. The Internal Audit function of the Company is carried out by Messrs Ernst & Young, Chartered Accountants. They directly report to the Chairman of the Audit Committee. The Audit Committee Charter gives guidelines on audit-related matters.	Complied Please refer on page 110.
(7) Ensure compliance with laws, regulations and ethical standards	A.1.2	The Board and the Audit Committee reviews our compliance statements in addition to verifications carried out by our internal audit assistant.	Complied
(8) Ensure all stakeholder interests are considered in corporate decisions	A.1.2	The Articles of Association of the Company require the Directors to take decisions, taking into account the interests of customers, shareholders, employees and the community. Additionally, the Group Finance Committee and Group HR Committee as well as the Board Related Party Transactions Review Committee are in place in order to uphold the interests of these key stakeholders.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(13) Independent judgment	A.1.5	The Directors of the Company have no vested interests and take decisions on matters before them using independent judgment.	Complied
(15) Training for Directors	A.1.7	The Company Secretary in consultation with the Chairman/ Managing Director recommends Directors to attend training sessions/seminars.	
A.2 DIVISION OF RESPONSIBILITIES BETWEEN CHAIRMAN AND Managing Director			
(16) Conducting the business of the Board separately; to the executive responsibilities of the management of the Company	A.2	<p>The positions of the Chairman and the MD have been separated in line with best practices in order to maintain a balance of power and authority.</p> <p>The Chairman is a Non-Executive Director whilst the MD is an Executive Director.</p>	Complied Please refer the Coporate governance on page 87.
A.3 CHAIRMAN'S ROLE			
(17) Chairman's role in preserving good corporate governance	A.3	The Chairman's Functions and Responsibilities which include all aspects specified in the Code and the continuing listing requirements of the CSE.	Complied Please refer the Coporate governance on page 87.
(18) Conduct Board proceedings in a proper manner	A.3	Board proceedings are conducted according to the Agenda. The papers for discussion and the Agenda are circulated Seven (07) days prior to the meeting.	Complied
A.4 FINANCIAL ACUMEN			
(19) Availability of financial acumen and knowledge to offer guidance on matters of finance	A.4	<p>Financial acumen has been a key attribute of the successful careers of the following Directors</p> <p>Mr. T.K. Bandaranayake</p> <p>Mr. G.H. Wimalasena</p> <p>Mr. D.G.P.S. Abeygunawardana</p>	Complied Their profiles are on page 22 and 23.
A.5 BOARD BALANCE			
(20) Non Executive Directors of sufficient calibre and number	A.5.1 & A.5.2	The Board comprises the 7 Non-Executive Directors including the Chairman and 2 Executive Directors who are the CEO/MD and the Director/General Manager. The Non-Executive Directors are professionals / academics/business leaders, holding senior positions in their respective fields and are therefore deemed to be of sufficient calibre. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board decisions.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(21) Independence of Non-Executive Directors	A.5.3	2 of the Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied
(22) Annual declarations of independence from Directors	A.5.4	Annual declarations of independence or non-independence have been obtained from the Independent Directors for 2016/17.	Complied
(23) Annual evaluation of independence	A.5.5	The Board makes an annual evaluation of independence of the Directors based on the submission of the annual declarations. Based on these, the following Directors are deemed to be independent: Mr. T.K. Bandaranayake Mr. G.H. Wimalasena There were no Directors deemed Independent where all criteria were not met.	Complied
(24) Senior Independent Director	A.5.6 & A.5.7	If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.	Complied
(25) Senior Independent Director (SID) meeting with other Directors	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Complied
(26) Chairman to hold meetings with Non-Executive Directors, without Executive Directors being Present	A.5.9	Chairman met Non Executive Directors without the Executive Directors being present, on a need basis.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(32) Annually assess Board composition	A.7.2	The Board annually assesses its composition to ascertain whether the combined knowledge and experience of the Board match the strategic demands facing the Company and is satisfied that it complies with the criteria.	Complied
(33) Disclosure of information to shareholders upon appointment of new Directors	A.7.3	All new appointments are communicated to the shareholders via the Colombo Stock Exchange in the English language. The profiles of the current Directors are given on pages 22 to 23 in this report.	Complied
A.8 RE-ELECTION			
(34) All Directors should submit themselves for reelection at regular intervals	A.8	As per the Articles of Association of the Company, 1/3rd of the Directors should retire at each Annual General Meeting and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election / re-appointment. The Board is actively engaged in succession planning for both Executive and Non-Executive roles to ensure that Board composition is periodically renewed and that the Board retains its effectiveness at all times.	Complied
(35) Non Executive Directors are appointed for specified terms subject to reelection Association.	A.8.1	Non-Executive Directors are appointed for re-election at Annual General Meetings in terms of Articles of Association.	Complied
(36) All Directors including Chairman to be subject to re-election at first opportunity after appointment and re-election at least every 3 years thereafter	A.8.2	All Non-Executive Directors including Chairman stand for re-election at Annual General Meetings.	Complied Please see the Notice of Meeting on page 191.
A.9 APPRAISAL OF BOARD PERFORMANCE			
(37) Appraisal of Board Performance	A.9.1	The Board annually appraises their own performance to ensure that they are discharging their responsibilities satisfactorily.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(38) Appraisal of Board Sub Committees	A.9.2	The Board Sub Committees follow the same process.	Complied
(39) Disclosure of the method of appraisal of the Board and Board Sub Committee Performance	A.9.3	As explained in A.9.1 & A.9.2 above	Complied
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS			
(40) Annual Report to disclose specified information regarding Directors	A.10.1	Information specified in the Code with regard to Directors are disclosed within this Annual Report as follows: Name, qualifications, expertise, material business interests and brief profiles are given on pages 22 to 23. Related Party Transactions are given on page 166. Membership of Board Sub Committees is given on page 112 and attendance at Board Meetings is on 109 and Board Sub Committee meetings are given on pages from 110 to 115.	Complied
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR			
(41) Set reasonable financial and nonfinancial targets to be met by the CEO / MD	A.11.1	The Board discussed and set financial and non-financial targets to be achieved during the year by the MD with reference to the short, medium and long-term objectives of the Company at the beginning of 2016/17.	Complied
(42) Evaluate performance of the CEO/MD with reference to targets	A.11.2	The performance evaluation of the Managing Director was carried out by the Board, & Remuneration Committee with reference to targets and goals achieved by the Company which was reported to the Board.	Complied
B. DIRECTORS' REMUNERATION			
B.1 REMUNERATION PROCEDURE			
(43) Appointment of a Remuneration Committee	B.1.1	The Board has established a Board Remuneration Committee to develop policies and determine remuneration for the Directors and Key Management Personnel respectively. No Director is involved in deciding his own remuneration. The Terms of Reference of this committee complies with Schedule C of the Code and other investor guidelines. In support of this requirement, a Board approved Reward Management Policy for Key Management Personnel is in place. Further information regarding the Board Remuneration Committee is given in the Board Remuneration Committee Report on page 112.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(52) Early termination of Directors	B.2.7	Not applicable to the Board except for the MD and the Director/General Manager who are employees of the Company and their terms of employment are governed by the respective contracts of service.	Complied
(53) Dealing with early termination	B.2.8	Refer to B.2.7 above	Complied
(54) Levels of remuneration for Non -Executive Directors	B.2.9	The Board & Remuneration Committee determines the levels of remuneration for Non-Executive Directors taking into account the time commitment and responsibilities of their role and market practices. A Board approved policy on Directors' Remuneration is in place.	Complied
B.3 DISCLOSURE OF REMUNERATION			
(55) Composition of Board & Remuneration Committee, Remuneration Policy and disclosure of aggregate remuneration paid to Directors	B.3.1	The composition of the Board & Remuneration Committee and its report is given on pages 125 & 112. The aggregate remuneration to Executive and Non-Executive Directors are given in Note No. 8 to the Financial Statements on page 155. Names of the Directors of the Board & Remuneration Committee are disclosed on page 4 the Annual Report.	Complied
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
(56) Constructive use of the AGM & Other General Meetings	C.1	The Annual General Meeting is the main forum of contact between small shareholders and the Board. The Annual Report is circulated to all shareholders 15 working days prior to the AGM. Additionally, the Chairman's Review is translated into Sinhala each year.	
(57) Count of all proxy votes lodged	C.1.1	All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.	Complied
(58) Separate resolutions for each substantially separate issue	C.1.2	A separate resolution is proposed at the AGM for each substantially separate issue. The adoption of the report and accounts is proposed as a separate resolution.	Complied
(59) Availability of Board Sub Committee Chairperson at AGM	C.1.3	All Board Sub Committee Chairpersons are present at the AGM to answer any questions raised at the AGM and will respond when requested to do so by the Chairman.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
67) Process of responding to shareholder matters	C.2.7	Please refer C.2.5 above.	Complied
C.3 MAJOR AND MATERIAL TRANSACTIONS			
(68) Disclosure of major transactions	C.3.1	During the year 2016/17, the Company did not engage in or commit any "Major Related Party Transactions" which materially affected the Company's net asset base. This has been disclosed in the report of the directors.	Complied Please refer page 127.
D. ACCOUNTABILITY AND AUDIT			
D.1 ASSESSMENT OF THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE			
(69) Presence of a balanced and understandable assessment of the Company's financial position, performance and prospects	D.1	The Company's position and prospects have been discussed in detail in the following sections of this Annual Report. Chairman's Review is given on page 9. Managing Director's Review is given on page 17. Management Discussion and Analysis is given on page 61.	Complied
(70) Interim reports, price-sensitive public reports, regulatory reports and statutory information	D.1.1	Interim reports were published within 45 days of each quarter end which included information to assist shareholders gain an understanding of the state of affairs of the Company. Price sensitive information was disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by the regulators including Inland Revenue, Registrar of Companies and Colombo Stock Exchange were all filed in a timely manner in compliance with their requirements and these provided sufficient information for the user to obtain a balanced assessment of the Company's operations.	Complied
(71) Declaration in Annual Report of the Board of Directors on the Affairs of the Company	D.1.2	The Annual Report of the Board of Directors on the Affairs of the Company on page 123 contains the declarations as required by the Code.	Complied
(72) Responsibilities of the Board for the presentation of Financial Statements and statement by the Auditors about their reporting responsibilities	D.1.3	The Statement of Directors' Responsibility for Financial Reporting and Report of the Auditors which includes a 122 and 136 respectively.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
(73) Include a Management Discussion &	D.1.4	The Management Discussion and Analysis contained in pages 87 to 109 and covers the information specified in the Code as given below; Global Impact, Industry structure and developments, Opportunities and threats, Risks, Internal control systems and their adequacy, Social and environmental protection activities carried out by the Company, Financial performance & analysis, Material developments in human resource/ industrial relations and prospects for the future.	Complied
(74) Declaration of the Directors that the business is in going concern	D.1.5	This information is provided in the Annual Report of the Board of Directors on the affairs of the Company given on page 128.	Complied
(75) Summon on EGM to notify serious loss of capital	D.1.6	This situation has not risen.	Complied
(76) Related Party Transactions	D.1.7	There is an approved documented process identifying related parties, type of related party transaction and the mechanism to ensure that no favourable treatment is granted to said parties in order for related parties to avoid any conflict of interest in this regard. An effective and comprehensive system of Internal Control for identifying, recording and disclosing related party transactions too is in place. Directors and KMPs submit declarations declaring their transactions to the Company on a annual basis. All related party transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note No. 27 to the Financial Statements on page 166.	
D.2 INTERNAL CONTROL			
(77) Maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets	D.2.1	The Board is responsible for formulating and implementing appropriate and adequate internal control systems. The Board Audit Committee has responsibility to the Board to ensure that the system of internal controls is sufficient and effective.	Complied
(78) Review need for Internal Audit Function	D.2.2	The Company has established an Internal Audit function carried out by in-house staff as well as outsourced to Messrs Ernst & Young Chartered Accountants.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
D.3 AUDIT COMMITTEE			
(79) Establish arrangements for selection and application of accounting policies, financial reporting and internal control principles	D.3	The Company has established its Audit Committee in keeping with good governance. The principal responsibilities of the Audit Committee include oversight over financial reporting, internal controls and monitoring auditor independence. Its duties include gaining assurance on control over financial processes, integrity of the Company's financial reports, monitoring performance, objectivity and independence of the External Auditor and reviewing work of the internal Auditor. The Audit Committee Report is given on page 110 in the Annual Report.	Complied
(80) Composition and Terms of Reference for Board Audit Committee	D.3.1	The Audit Committee consists of three Non-Executive Directors and is chaired by an Independent Non-Executive Director. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives. The Executive Director/General Manager, Head of Finance, representatives of the External Auditors are invited to attend the meetings.	Complied
(81) Review of External Audit function and relationship with External Auditors	D.3.2	The Committee has a key oversight role in relation to the External Auditor Messrs Edirisinghe & Co, whose primary relationship is with the Committee. The Company's Auditor Independence Policy ensures that the independence and objectivity of the Auditor is not impaired. The Committee has responsibility for recommending to the Board the appointment / re-appointment of the external auditors and reviewing the nature, scope and results of the annual External Audit.	Complied
(82) Terms of Reference	D.3.3	The Terms of Reference of the Audit Committee complies with the Code of Best Practice on Corporate Governance issued by the SEC and ICASL.	Complied
(83) Disclosures regarding Board Audit Committee	D.3.4	The Annual Report of the Board of Directors on the Affairs of the Company given on page 123 provides the disclosures such as the composition of the Audit Committee & a statement regarding the independence of the Auditors.	Complied
D.4 CODE OF BUSINESS CONDUCT AND ETHICS			
(84) Code of business conduct and ethics for Directors and staff	D.4.1	Codes of Conduct and Ethics are in place for the Directors and employees.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
D.5 CORPORATE GOVERNANCE DISCLOSURES			
(85) Corporate Governance Report	D.5.1	The Corporate Governance Report given on pages 87 to 109 provides information regarding Corporate Governance practices in the Company which are in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.	Complied
E. SHAREHOLDERS – INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDER VOTING			
(86) Encourage voting at AGM	E.1	The Company has a history of active shareholder involvement at general meetings and all shareholders are regularly encouraged to state their intentions to vote.	Complied
(87) Regular structured dialogues with institutional investors	E.1.1	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
(88) Encourage institutional investors to give due weight to relevant governance arrangements	E.2	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and any new initiatives are highlighted at regular meetings to ensure that due weightage is given to good corporate governance.	Complied
F. SHAREHOLDER RELATIONS – INDIVIDUAL SHAREHOLDERS			
F.1 INVESTING / DIVESTING DECISION			
(89) Individual shareholders are encouraged to do their own analysis or seek independent advice	F.1	The Annual Report contains sufficient information for a potential investor to carry out their own analysis. This, together with the interim financial statements provided each quarter, provide sufficient information to enable retail investors to make informed judgements regarding the performance of the Company. Shareholders can contact, the Company Secretary for further information if required.	Complied
F.2 SHAREHOLDER VOTING			
(90) Encourage shareholders to participate and vote at the AGM	F.2	It is a tradition at Company to encourage retail investors to participate and vote at the AGM. Additionally, they are encouraged to participate in the Company's affairs by way of submitting proposals.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Compliance Status
G. SUSTAINABILITY REPORTING			
G.1 PRINCIPLES OF SUSTAINABILITY			
Sustainability is a business approach that creates long-term stakeholder value by embracing opportunities and managing risks derived from economic, environmental and social developments and their potential implications and impacts on the business activities of the entity.			
Sustainability reporting is the practice of recognising, measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goals of sustainable development in the context of the overall business activities and strategy of the entity and be directed to the target stakeholders; usually shareholders, employees, consumers, society and Government.			
(91) Economic Sustainability	G.1.1	Please refer pages 115 to 121.	Complied
(92) The Environment	G.1.2	Please refer pages 119 to 120.	Complied
(93) Labour Practice	G.1.3	Please refer pages 120 to 121.	Complied
(94) Society	G.1.4	Please refer pages 115 to 119.	Complied
(95) Product & Service Responsibility	G.1.5	Please refer page 110.	Complied
(96) Stakeholder identification, engagement & effective Communication	G.1.6	Please refer page 121.	Complied
(97) Sustainable reporting & disclosure	G.1.7	Please refer pages 115 to 121.	Complied

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

This section reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

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

All above mandatory provisions have been fully complied with.

CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.1(a)	Non- Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Compliant 7 out of the 9 Board members are Non- Executives.
7.10.2(a)	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Compliant There are 2 Independent Directors and 7 Non- Executive Directors.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant Independence of Directors has been determined in accordance with CSE.
7.10.3(a)	Disclosure relating to Directors	a. The Board shall make a determination annually as to the independence or non independence of each Non-Executive Director b. Names of independent Directors should be disclosed in the Annual Report	Compliant All Independent, Non-Executive Directors have submitted declarations for their independence. Compliant This was disclosed on page 124
7.10.3(b)	Disclosure relating to Directors	In the event a Director does not qualify as independent, but if the Board is of the opinion that the Director is nevertheless independent, shall specify the criteria not met and the basis for the determination in the Annual Report	Not Applicable
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise	Compliant Please refer the Profile of the Directors in the Annual Report on pages 22 & 23.
7.10.3(d)	Disclosure relating to Directors	Upon appointment of a new Director to the Board, a brief resume of each Director should be provided to the CSE.	Compliant
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant
7.10.5(a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent	Compliant 2 out 3 Non-Executive directors are independent.

CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.5(b)	Report of Remuneration	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Compliant
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out: a. Names of Directors comprising the Remuneration Committee b. Statement of remuneration policy c. Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant Compliant Page 112
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant
7.10.6.(a)	The composition of Audit Committee	a. Shall Comprise Non-Executive Directors, a majority of whom can be independent b. Chief Executive officer and the chief Financial Officer should attend Audit committee meetings c. The Chairman of the Audit committee or One member should be a member of a professional Accounting body	Compliant 2 out 3 Non-Executive directors are independent. Compliant He is a member of Institute of Chartered Accountants of Sri Lanka
7.10.6.(b)	Audit Committee functions	Overseeing of the (i) Preparation, Presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. (ii) Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements (iii) Processes to ensure that the internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Compliant Audit Committee oversees the integrity of the financial statements. Compliant Audit Committee oversees the requirement of the Companies Act and other regulations. Compliant Audit Committee oversees effectiveness of internal control and risk management,

CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
		(iv) Assessment of the independence and performance of the external auditors.	Compliant Audit Committee oversees independence and performance of the external auditors.
		(v) Make recommendation to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors	Compliant Audit Committee makes such recommendations.
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee.	Compliant
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.	Compliant (On pages 110 & 111)
9.2.2	Disclosure relating to Related Party Transactions Review Committee	Combination of non-executive directors and independent non-executive directors	Compliant The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director
9.2.3		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Compliant A separate Related Party Transactions Review Committee was formed for the Company.
		Function of the Committee	Compliant The Related Party Transactions Review Committee Report sets out the functions of the Committee on page 113.

CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
9.3.2. (c)	Disclosure in the Annual Report	The Annual report shall contain a Report of the Related Party Transactions Review committee in the prescribed manner.	Complied Please refer Related Party Transactions Review committee report on page 113.

Attendance of the Board and Committees

The attendance of the directors in the board meeting is as follows.

Name of Director	Status	27th May 2016	24th June 2016	09th August 2016	04th November 2016	14th February 2017	No of Attendance
Dr. D S Rajapaksa	NE	✓	✓	✓	✓	✓	5/5
Mr. D K Rajapaksa	E	✓	✓	✓	X	X	3/5
Mr. D M Rajapaksa	NE	X	✓	✓	✓	✓	4/5
Mr. D R Rajapaksa	NE	X	✓	✓	✓	X	3/5
Mr. C Cumararatunge (based in Germany)	NE	X	X	X	X	X	0/5
Mr. T K Bandaranayake	NE/I	✓	✓	✓	✓	✓	5/5
Mr. G H A Wimalasena	NE/I	✓	✓	✓	X	✓	4/5
Mr. D G P S Abeygunawardana	E	✓	✓	✓	✓	✓	5/5
Mr. D D A Rajapaksa	NE	✓	✓	✓	✓	✓	5/5

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

The attendance of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are on page 110, 112 and 113 respectively.

AUDIT

Committee Report

Members of the Audit Committee and Details of Meetings held

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

The Role of the Audit Committee

The functions of the Audit committee are in line with the requirements of the Securities & Exchange Commission of Sri Lanka, Companies Act, No. 7 of 2007, and the best practices of Corporate Governance. These included, inter alia, ensuring the adequacy and 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 attendance of the members of the Audit Committee was as follows:

Name of Director	Status	27th	24th	09th	04th	13th	No of Attendance
		May 2016	June 2016	August 2016	November 2016	February 2017	
Mr. T. K. Bandaranayake	NE/I	√	√	√	√	√	5/5
Mr. G.H.A. Wimalasena	NE/I	√	√	√	√	√	5/5
Mr. D.M. Rajapaksa	NE	X	√	√	√	√	4/5

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

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

Name	Status	27th	24th	09th	04th	13th	No of Attendance
		May 2016	June 2016	August 2016	November 2016	February 2017	
Mr. D.G.P.S Abeygunawardana	Executive Director/GM	√	√	√	√	√	5/5
Mr. T.P Kahanda Gamage (Resigned on 31st October 2016)	Head of Finance	√	√	√	√	-	4/4
Mr. G.K.D Sandaruwan (Joined on 01st December 2016)	Head of Finance	-	-	-	-	√	1/1

AUDIT Committee Report (Contd...)

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

The Role of the Audit Committee

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

The Audit Committee was responsible for the following:

1. Meetings with the auditors to discuss any problems and reservations arising from the audit and any other matters that the auditor may wish to discuss independent of the management.
2. Reviewing the integrity and adequacy of the disclosures in the financial statements of the company in accordance with the Companies Act, No.7 of 2007, the Sri Lanka Accounting Standards and Accounting Policies which are consistently applied.
3. Reviewing the financial reporting system to ensure the accuracy and timelines of the financial statements produced.
4. Reviewing and ensuring the adequacy and effectiveness of the Company's internal control systems and risk management.
5. Oversight on the compliance by the company with the requirements of the statutory and regulatory framework. Compliance is monitored quarterly through Reports submitted to the audit committee.
6. Making recommendations to the Board of Directors on the appointment/ re-appointment and the remuneration of the external auditors based on their performance.

7. Examining any non-audit work performed by the auditors to ensure that their independence is not impaired.

Internal Audit Function

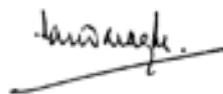
The Audit Committee reviews the Quarterly Internal Audit Reports. The internal audit function is carried out by Messrs Ernst & Young. The internal audit reports are reviewed thoroughly and recommendations are made for rectification.

Conclusion

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

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

The Committee has recommended to the Board of Directors that Messrs Edirisinghe & Co., Chartered Accountants, be re-appointed as the Auditors for the financial year ending 31st March 2018, 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
25th May 2017

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.

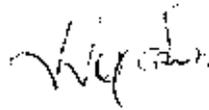
Role of the Committee

The Remuneration Committee reviews and recommends to the Board of Directors the policy on remuneration for the executive staff, specific remuneration packages for the Executive Directors and revision of fees for the Non- Executive Directors. The aggregate remuneration received by the Directors was Rs.10,040,000 Mn (last year Rs. 11,069,532).

Remuneration Policy

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

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



G.H.A. Wimalasena
Chairman
Remuneration Committee
Colombo
25th May 2017

REPORT OF THE RELATED Party Transactions Review Committee

Composition of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) was established with effect from 30th July 2015 in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The establishment of a RPTRC with effect from 1st January 2016 is mandatory in terms of the Code. The Related Party Transactions Review Committee comprises of 3 Non-Executive Directors. The following Directors serve on the Committee.

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

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee. Brief profile of the members are given on pages 22 to 23 of the Annual Report.

Meetings

This Committee held four meetings during the year under review.

Name of Director	Status	27th May 2016	09th August 2016	04th November 2016	13th February 2017	No of Attendance
Mr. T. K. Bandaranayake	NE/I	√	√	√	√	4/4
Mr. G.H.A. Wimalasena	NE/I	√	√	√	√	4/4
Mr. D.D.A. Rajapaksa	NE	-	-	√	√	2/4

The attendance of Executive Director/ General Manager and Head of Finance in the Related Party Transaction Review Committee meetings is as follows.

Name	Status	27th May 2016	09th August 2016	04th November 2016	13th February 2017	No of Attendance
Mr. D.G.P.S Abeygunawardana	Executive Director/GM	√	√	√	√	4/4
Mr. T.P. Kahanda Gamage (Resigned 31st October 2016)	Head of Finance	√	√	√	-	3/3
Mr. G.K.D. Sandaruwan (Joined on 01st December 2016)	Head of Finance	-	-	-	√	1/1

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

Role and Responsibilities

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

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

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

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

4. KMP and their CFM details are updated on a quarterly basis or as and when the need arises in the event of a material change.
5. Details are verified and validated regularly.
6. Reports are submitted to the related party transactions review committee.

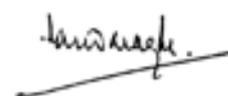
Review Function of the Committee

It has communicated its observations to the Board on the Related Party Transactions published in the Note 27 to the Financial Statement on page 170.

Reporting to the Board

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

On behalf of the Board Related Party Transactions Review Committee



T. K. Bandaranayake

Chairman

Related Party Transactions Review Committee

Colombo

25th May 2017

SUSTAINABILITY

Report

“Our community initiative aim to contribute to society through improve the quality of life for the communities in which we operate and the Company incurred more than Rs. 25Mn or 2% of the turnover on CSR activities for the year “

The values of Samson International Plc are “ Contributing to the country’s socio-economic development, Respecting our national and religious heritage, Protecting and safeguarding our environment, and Enhancing disciplined human resources based on the family concept”. These values of the Company work towards on the sustainable drivers and the management has given the top priority on this.

Our key sustainability drivers are as follows.

- **Our Community**
- **Our Environment**
- **Our People**

Our business framework would function to ensure the creation and implementation of socially, environmentally and financially sustainable business practices. We believe that sustainable business has to be centered on creating immediate and long-term benefits to all of the Company’s stakeholders.

We, as export-oriented Company know that especially global stakeholders at large look at non- financial drivers. Financial profitability as the sole criteria of a company’s success is an outdated concept now and it is rejected by the most of the stakeholders especially by the overseas customers and international institutes. It is understood that an environmentally, economic and socially sustainable organization obtain more customer loyalty, earn respect as a good corporate citizen , get more friendly with neighboring villagers and enhance the motivation of the employees. This enables us to move beyond financial documents.

Our Community

The communities we operate in are significant stakeholders in our business. Therefore, we make every endeavour to establish mutually beneficial relationships especially with villagers, temples and schools by contributing towards their development whom we consider as a part of our family. Our company is situated a few miles away from the city of Galle in a rustic environment of calm and tranquility among lush greenery and vegetation. Social and environmental responsibility has become an integral part of our wealth creation and it is a continuous process. For our contribution to the community, for the benefit of villagers, temples and schools in the Southern Province in particular, the initiatives taken by the Company are as follows:

1) **Under direct CSR activities:**

Distribution of paddy to Samurdhi beneficiaries

Paddy was distributed to a hundred Samurdhi Dorape beneficiaries at free for the 3rd consecutive year at 5 kg per person after reaping the harvest from the Company’s paddy field on 25th August 2016. The balance paddy was distributed among the employees at concessionary price. Further a pair of slippers was also distributed to them. Mr. Kulatunga Rajapaksa, Managing Director and other management staff members participated for this function and distributed it. We decided to provide another gift voucher to buy food and essential items to Samurdhi beneficiaries. Villagers were extremely happy and appreciate the effort taken by the Company. This created a strong bond between the Company and villagers.



Donation of rice from the Company paddy field to Samurdhi beneficiaries

Ice –cream dansala for villagers

An ice –cream dansala was organized for villagers of Valikonda, Bogahagoda, Galle on 20th June 2016 in view of the Posen month in front of the factory premises for the third consecutive time. There were more 1000 villagers of all ages who enjoyed the ice- creams. This creates to have a good rapport with villagers and small children were very happy.



At poson Ice Cream dansala

Attending Atavisi Bodhi pooja

A special bodi pooja was organized by the Company in view of Posen Poya at Dorape Sri Paramananda Viharaya on 16th June 2016. All employees participated for this pooja and a perehara was organized from the Company to Dorape Maha Viharaya which has a distance of 1 km.



Atavisi Buddha Pooja Procession

Donation of company products to needy people & institutions in the neighboring villages

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

Each employee including workers is given a chance to donate either in kind or cash to deserving institutions

SUSTAINABILITY Report (Contd...)

List of Donations made in the year 2016/17.

Date	Description
1 2016-04-09	Donation cash to Divisional Secretarial Office, Imaduwa
2 2016-04-19	Annual Almsgiving Pinkama to "Bona-vista" elders' home, Rumassala, Unawatuna
3 2016-05-03	Donation of mats to Manavila Upananda College, Pinnaduwa
4 2016-05-06	Donation of two tables to Nandarama Viharaya, Yagaha
5 2016-05-30	Donation of school items and dry foods to the victims of flood & land slide, Aranayake
6 2016-06-15	Donation safety shoes to Fire Brigade, Galle
7 2016-06-16	Donation of cash to dansala of "Mithuru Hawla, Puwakwaththa
8 2016-06-16	Donation of cash to Dorape temple for poson pinkama
9 2016-06-17	Donation of cash to Welikonda temple for upasampada pinkama
10 2016-06-23	Donation of cash to Divisional Secretarial Office, Imaduwa
11 2016-07-01	Donation of cash to dancing team of Hawpe School, Hawpe
12 2016-09-04	Donation of garden hose and carpets to Weherahena Rajamaha Viharaya, Matara
13 2016-10-15	Donation rubber slippers to Dorape Temple (on the wap poya day)
14 2017-01-18	Donation rubber carpets to Naga Viharaya, Jaffna
15 2017-02-08	Donation EPDM mats to cardiothoracic unit of Karapitiya Teaching Hospital, Galle

Donations



To Karapitiya teaching hospital



To Weherahena Rajamaha Viharaya, Matara



To Naga Viharaya, Jaffna



To Dorape temple for poson pinkama

SUSTAINABILITY Report (Contd...)



Annual armstronging to Bona-vista



Safety shoes to Fire Brigade, Galle



Mats to Manavila Upananda College, Pinnaduwa



Dry foods to the victims of flood & land slide, Aranayake

Training facilities to outside students

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

2. Under indirect CSR activities:

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

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

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

We have been doing this Corporate Social responsibility activity for the last 28 years. Total amount paid to such people is approximately Rs. 2Mn per month. We give them more than 7Mn of V straps, 650,000 hot water bottles, 100,000 bath mats, 500,000 soles for trimming for a year. In these 45 trimming operation centers work more than 200 of such poor elderly, disabled and house-bound people. These products of Samson International Plc are delivered to and collected from their operation centers daily. Necessary training is given and also help them to arrange for facilities such as aluminum roofing, cement, bricks etc. for their work. Income for such poor elderly, disabled and house-bound people are generated and paid them out the sales proceeds of exports and local sales. These trimming centers enable them to earn an income while being at home.

SUSTAINABILITY Report (Contd...)

In the meantime, able young villagers are taken into the factory operation as full time employees of the company. More than 80% such employees have come from neighboring villagers. Total number of employees at present is 436.



Providing works for needy and disabled villagers to earn an income

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

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

Our Environment

Environment Policy

Samson International PLC is committed to minimize the adverse impact of its operations on the environment, utilizing the best environment practices, instilling the highest environment values in all its employees and continual improvement.

We adopt environmentally friendly processes and practices and Samson International Plc is committed to meeting the requirements of customers by conducting its operations in compliance with legal and other environment requirements. Mitigating environmental impact has become a key factor during our investment decision making process. The eco- friendly non-hazardous chemicals under REACH certification are used in the Company.

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

- 1. Obtaining ISO 50001, ISO 14001 and ISO 18001**
We are in the process of obtaining ISO 50001 on Energy Management, ISO 14001 on Environmental Management and ISO 18001 on Occupational Health and Safety Management.
- 2. Following 3R method of Reduce-Reuse-Recycle**
We adopt the 3R method of Reduce- Reuse- Recycle. This method covers in waste rubber and water management. We all our waste rubber is being recycled. Energy consumption has been minimized by eliminating energy waste, installing capacity banks, using transparent roof sheets and energy saving bulbs. We monitor electricity consumption on a daily basis with sub-meters and energy audits are carried out from time to time.
- 3. Following Sinhala, Buddhist cultural values while respecting to other religions**
Refrain from making in investment in businesses in the areas of distilleries and hotels as Samson International Plc, like the other companies in the Group, is

SUSTAINABILITY Report (Contd...)

imbued with Sinhala, Buddhist cultural values with a conservative and paternalistic outlook.

Employees commence their daily chores after reciting the five precepts



Members of the Buddhist Association

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



Aurudu Ganu Denu with Managing Director

Traditional customs and practices were observed by employees who presented betel leaves to the Managing Director and paid last obeisance to him on 21th

April 2017. On the first working day after new year, machinery in all three factories are switched on during the pirth ceremony and all employees have traditional meals with the top management simultaneously after wishing each other for the new year. All employees including the top management presents betel leaves to the Managing Director and Managing Director gives cash (first ganu denu) to employees at the end of the new year ceremony.

The Company has a Buddhist Association comprising workers and staff members from each section. They organizes all religious activities of the Company.

4. Developing the Southern province

We also continue to be committed to contributing to the national economy, serving the rural areas in the Southern Province by using local raw materials. Out of our total raw materials cost, 60 % is from rubber and it comes from the plantation estates in the Southern Province. Further this will open direct employment avenues for neighbouring villages of the plantation estates.

Our People

As previously stated, the Company's most valued asset is our people. We have long recognized the value of human capital as a pivotal factor in our success and sustainability. Therefore the employee and industrial relations plays a very important role in this regard. We have discussed this in detail under "Our People" and its strategies on page 47 to 60.

The industry of manufacturing rubber related products is drained by the shortage of skilled human resources and the Samson International Plc has addressed that issue to a greater extent through its best practices that focus on the personal development of our staff & workers through skills and knowledge building. Training programmes are conducted by industry experts. Our human resources department is dynamic in recruiting and maintaining a well talented work force;

Providing a safe and pleasant work environment is essential for a healthy and productive workforce. As

SUSTAINABILITY Report (Contd...)

guided by the philosophy of our parent Company, we are committed to providing our employees with a work environment that is conducive to genuine contentment, and an employee engagement system that offers the highest level of motivation.

We ensure a motivated workforce by providing competitive remuneration and other benefits together with career growth opportunities.

Stakeholder engagement

Our business units regularly meet with members of the community to listen and understand their views of our operations.

We have created more channels to interact with above stakeholders (such as community, environment, employees, customers, shareholders and suppliers) to obtain their feedback which create a strong relationship and form the foundation to our sustainability journey.

- **Community** - This is done through one-to-one communication, social responsibility oriented audits. We organize distribution of rice ceremony, poson ice cream dansal, attending atavisi Bodhi pooja by all employees, pirith ceremony, helping funeral houses, university students, schools & temples in the village and interact with each other on a personal level. Such events give an opening to us to mix and get to know each villager and create better relationships.
- **Environment** - This happens through one-to-one meeting with government departments/regulators such as Environment Authority, Health department, labour department, Water Boards to obtain reports, advice & organize training programs from time to time.

- **Employees** - This takes place through one-to-one communication, open door policy, suggestion box, join consultative committee, attitude surveys, group newsletters and information obtained with regard to number of grievances complaints, number of cases in labour tribunals, labour courts and arbitration, employee turnover rates, exit interviews, number of accidents, rate of absenteeism, and quality of production and services.
- **Customers** - This is carried out through one-to-one communication, customer satisfaction survey and social responsibility oriented audits carried out international institutions.
- **Shareholders** - This is handled through annual general meeting and one-to-one communication.
- **Suppliers** - This is carried out through semiannual survey and one – to - one communication.

In Conclusion, we at Samson International Plc believe that our corporate goals should be aligned with our sustainability policies to enhance the lives of Sri Lankan, in particular villagers in the Southern province. As such, due to our commitment to our key sustainability drivers namely community, environment and people we have endured tremendous goodwill and support to our business operations by all stakeholders. We are confident that our sustainability policies built on the belief in being a responsible corporate citizen will be an example to the entire southern province in Sri Lanka.

STATEMENT of Directors Responsibility

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

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

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

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

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

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

The Directors are of the opinion that the Financial Statements of the Company set out on pages 137 to 170 have been

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

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

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

Messrs Edirisinghe & Co, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders' and Directors' meetings and express their opinion in their Report on page 136 of this Annual Report.

On behalf of the Board



D. K. Rajapaksa
Managing Director



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

Colombo
25th May 2017

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 2017, which was approved by the Directors at a meeting held on 25th May 2017.

General

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

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

Turnover by segment:

The Principal Activities of the Company

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

Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on page 142 of this report as required by Section 168 (1) (d) of the Companies Act No. 7 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

Review of the year

The Chairman's review and the Managing Director's operational review together with the Financial Statements highlight the Company's performance during the period under review and the state of affairs as at 31st March 2017.

Turnover

Turnover of the Company is Rs.1,250 Mn in 2016/17 as compared to Rs. 1,178 Mn in the last year.

Rs in 000'

Segment	2016/2017	2015/2016
Medical items	160,123	172,873
Sealing rings	337,440	324,132
Household items	86,591	137,854
Other rubber items	473,125	348,019
Total Rubber-related items	1,057,279	982,878
PVC-related items	192,228	195,462
Total	1,249,497	1,178,338

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

Profits:

Rs in 000'

	2016/2017	2015/2016
Profit before tax (after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	65,972	59,299
Tax on profits	(23,074)	(4,152)
Profit after taxation	42,898	55,147
Other Comprehensive income net of tax ;		
Loss on available for sale financial assets	(1,037)	(531)
Actuarial gain/(loss) on post-employment benefit liability	2,365	(4,060)
Differed tax on actuarial gain / (loss)	(493)	487
Total Comprehensive income net of tax	43,732	51,043

Retained Earnings:

Rs in 000'

	2016/2017	2015/2016
Balance brought forward	296,477	253,369
Profit for the year	42,899	55,146
Other Comprehensive income	1,871	(3,573)
Proposed final dividend	(8,466)	(8,466)
Balance carried forward	332,781	296,477

Segment Reporting

The revenue and results of the Company Segment-wise is provided in Note 28 to the Financial Statements on page 170.

Taxation

Under Section 52 of the Inland Revenue Act No 10 of 2006, tax profit on export sales, tax profit on local sales and interest income of the Company are taxed at the rate of 12%, 28% and 28% respectively.

Investments in Property, Plant & Equipment

During the year 2016/2017, the Company invested Rs. 96.8 Mm (2015/16 -Rs.43.5 Mn) in property, plant & equipment. The total investments in property, plant & equipment as at 31st March 2017 amounted Rs. 787 Mn as opposed to Rs. 691Mn as at 31st March 2016. The information relating to the movement in property, plant & equipment is given in Note 13 to the Financial Statement on page 158.

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

Stated Capital & Reserves

Stated Capital

	2016/2017	2015/2016
Stated capital- Rs in 000's	109,600	109,600
No. of Ordinary shares	4,232,771	4,232,771

The movement of the stated capital is as follows:

Details of the stated capital are given in Note 21 to the Financial Statements on page 164 of this Annual Report. The rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

Reserves

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

Rs in 000'

	2016/2017	2015/2016
General reserves	110,000	110,000
Revenue reserves	332,781	297,514
Total reserves	442,781	407,514

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 22 and 23.

- 1) DR D.S. Rajapaksa (Chairman)
- 2) Mr D. K. Rajapaksa (Managing Director)
- 3) Mr D. R. Rajapaksa (Non- Executive Director)
- 4) Mr D. M. Rajapaksa (Non- Executive Director)
- 5) Mr C. Cumararatunge (Non- Executive Director)
- 6) Mr G.H.A. Wimalasena (Independent, Non- Executive Director)
- 7) Mr T. K. Bandaranayake (Independent, Non- Executive Director)
- 8) Mr D. G. P. S. Abeygunawardana (Director/ General Manager)
- 9) Mr D.D.A. Rajapaksa (Non-Executive Director)

The attendance of the Directors in the board meeting is in the Corporate governance on page 109.

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

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

Directors' interest in shares

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

	No of Shares as at		No of shares as at	
	31.03.2017	%	31.03.2016	%
Dr. D.S. Rajapaksa	7,871	0.186	7,871	0.186
Mr. D. K. Rajapaksa	10,959	0.259	10,959	0.259
Mr. D. R. Rajapaksa	11,350	0.268	11,350	0.268
Mr. D. M. Rajapaksa *	10,224	0.242	10,224	0.242
Mr. C. Cumaranatunge	2,468	0.058	2,468	0.058
Mr. G.H.A. Wimalasena	Nil	-	Nil	-
Mr. T. K. Bandaranayake	Nil	-	Nil	-
Mr. D. G. P. S. Abeygunawardana	110	0.003	110	0.003
Mr. D.D.A. Rajapaksa	Nil	-	Nil	-
Total	42,982	1.016	42,982	1.016

*Mr. D.M. Rajapaksa has 999 shares and he has another 9,225 shares jointly with Mr. D.B.D. Rajapaksa
Percentage above is calculated based on the total number of shares of the Company

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

Directors' Remuneration and Other Benefits

The details of the Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2017 is given in Note 8.1 to the Financial Statements on page 155 of this Report, as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007. Directors' remuneration for the financial year 2016/17 is Rs. 10,040,000 (last year 11,069,432).

Directors' interest in transactions

The Directors of the Company have made a disclosure as required under Section 192(2) of the Companies Act No. 07 of 2007. Note 27.3 on page 167 to the financial statements dealing with related party disclosures include their interests in transactions.

Interest Register

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

Board Committees

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

Audit Committee

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

The Report of the Audit Committee is given on pages 110 and 111, 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 112, which forms a part of the Annual Report.

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

Related Party Transactions Review Committee

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

The Report of the Related Party Transaction Review Committee is given on pages 113 and 114, which forms part of the Annual Report.

Employment Policies

The Company continues to invest in human resource development and implements effective practices to develop and build an efficient and effective workforce to ensure optimum contribution toward the achievement of its corporate goals. The Company employment policies are based on recruiting the best people, providing them training to enhance their skills, and recognition of the innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Company as long as possible. The number of persons employed by the Company at year-end was 436 (last year 456).

System of internal controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable and accurate. Monthly Management Accounts are prepared, giving management relevant, reliable and up -to-date Financial Statements and key performance indicators. The internal control systems across the organization are regularly evaluated by the internal auditors to the audit committee. The findings of the internal audit are reviewed first by the audit committee and significant issues are thereafter reported to the Board. The Statement on Directors' responsibility for financial reporting of the Company is set out on page 122 of this Report.

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

Financial Risk

The interest and finance rate risks associated with the operation of the company are discussed in detail under risk management on page 85 of this report.

Donations

The total amount of donations in cash was Rs 223,856 in the year 2016/17 (2015/16 – Rs. 30,405). This has not exceeded the amount approved by shareholders at the last Annual General Meeting.

No donation was made for political purposes.

Major Transactions

There have been no transactions during the year under review which fall within the definition of "Major Transactions" in terms of Section 185 of the Companies Act, No. 07 of 2007. The total assets of the Company is Rs. 1,027 mn and 50% of the total assets is Rs. 513 mn. The Company has not bought any assets or undertaken any liabilities greater than Rs. 513 mn during the year under review.

Share information

The information pertaining to earnings per share, dividend per share, net assets per share and market value per share is given in the Financial highlights on page 06 and in the Ten-year summary on page 180 of this Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2017 are given on page 189 of the Annual Report.

Public holding of shares in the Company

As at 31st March 2017, the public held 42.408% (in 2015/16- 42.41%) of the shares of the Company.

Statutory Payments

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

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

Compliance with laws and regulations

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

Social and Environmental Responsibility

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

Sustainability Reporting

Sustainability practices have been built into every aspect of our businesses and we consider sustainability goals along with our operational and financial goals. This Sustainability Report is on page 115 of this Annual Report.

Corporate Governance

The Company maintains and practices high principles of good corporate governance. The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long-term adopting good governance in managing the affairs of the Company. The practices adopted by the Company in relation to corporate governance are set out on page 87 of this Report.

Auditor's Report

The Company's external auditor, Messrs Edirisinghe & Company, performed the audit on the Financial Statements for the year ended 31 March 2017. The Auditor's Report on the Financial Statements is given on page 136 of this Report as required by Section 168 (1) (c) of the Companies Act.

Appointment of Auditors

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

Auditor's Remuneration and Independence

The Company paid audit fees to the external auditors for the year 2016/17 amounting to Rs. 385,250 (2015/16 - Rs. 350,200). Based on the declaration provided by Messrs Edirisinghe & Co. and as far as the Directors are aware, the Auditors do not have any relationship with or interests in the Company that may have a bearing on their independence, within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

Outstanding litigation

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

Post Balance sheet events

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

Going Concern

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

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

Financial Statements of the Company

The Financial Statements of the Company, duly certified by the Head of Finance and approved by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act No. 7 of 2007, are given from pages 137 to 170 of the Annual Report.

Secretaries

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

Dividends

During the year under review, the company contributed to our shareholders providing income gains in the form of dividends. The Board of Directors decided to recommend a dividend of Rs. 2.00 per share in the year 2016/17. (Dividend for 2015/16 is Rs. 2.00 per share). This is to be paid on or before 15th June 2017.

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

Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting on page 191.

25th Annual General Meeting

The 25th Annual General Meeting of the Company will be held on Monday the 30th day of June 2017 at the Sri Lanka College of Obstetricians and Gynecologists, Samson Rajapaksa Auditorium, at No 112, Model Farm Road, Colombo 08, which was the same venue for the previous year.

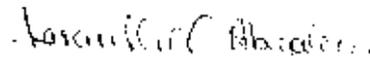
For and on behalf of the Board of Directors,



D. K. Rajapaksa
Managing Director



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



P W Corporate Secretarial (Pvt) Ltd.
Secretaries
Colombo
25th May 2017

FINANCIAL Review

“To deliver our business objectives, safeguard our financial health and preserve our ability to grow into the future, we adopt a long-term, prudent approach to financial risk management. This involves balancing the needs of our various stakeholders to deliver shareholder value”

“The Company recorded the highest turnover of Rs. 1,249 Mn while the operating profit increased by 78% to Rs.72.3 Mn in the year under review.... ”

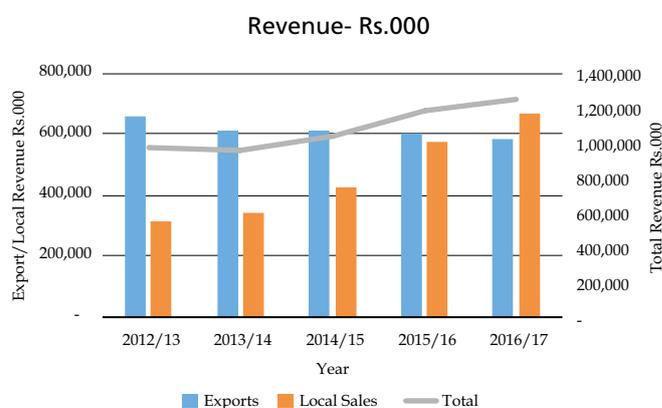
Yearly Performance

Revenue

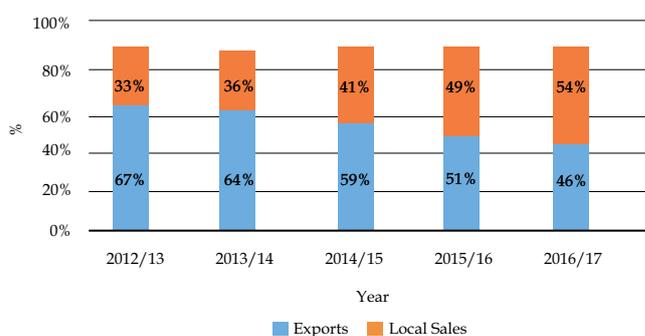
The Company recorded a turnover of Rs. 1,249 Mn in the current year as against Rs. 1,178 Mn in the previous year. The growth in turnover of the company in the year was 6%. Out of the total revenue of Rs 1,249 Mn for the year ended 31st March 2017, 54% was earned from local sales and the balance 46% was from export sales. Local sales went up by Rs 95 Mn from Rs. 574 Mn in the previous year to Rs. 668Mn in the current year. Local sales are growing after the Company stepped into the PVC business. Export sales was decreased by Rs. 24 Mn compared with the previous financial year.

In local sales, it is noted that sales of V strap and shoe soles have gone up significantly in the current financial year despite increase in VAT from 11% to 15%, increase in interest rates and exchange rates which had an impact on imported raw materials.

We have still not seen a significant sales improvement in floorings and beadings. In exports sales, we noted a considerable drop in sales in rubber mats in the current year. We are formulating new strategies to capture the market for these products.



% of Export Sales and Local Sales-Last Five Years



Gross Profit Margin

The Company has recorded a gross profit of Rs. 274.7 Mn as against Rs. 240.4 Mn in the previous year. The Gross Profit Ratio in the current year 22% as against 19% in the previous year. The reduction of production overheads and wastage levels were also achieved.

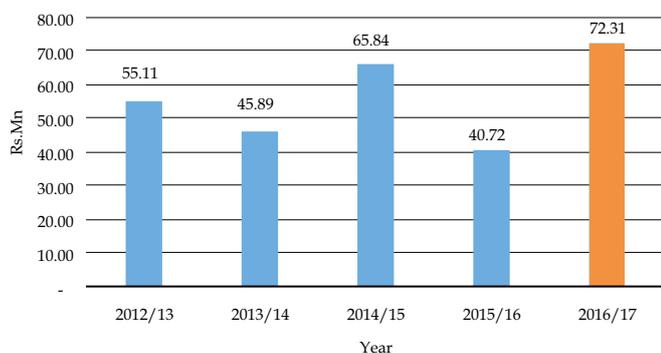
Operational Profit (Profit before Finance cost)

The Operational profit in the current financial year is Rs. 72 Mn and last year it was Rs. 41 Mn. The selling and distribution cost was Rs. 43 Mn in the current year as against Rs. 53 Mn in the previous year while Administrative overheads was Rs. 164

FINANCIAL Review (Contd...)

Mn during the year under review as against Rs 150 Mn in the previous year. This is mainly due to the increase in salaries and wages. Despite of this increase in overheads the Company could record a 78% growth in operational profit mainly due to the contribution received from gross profit and other income.

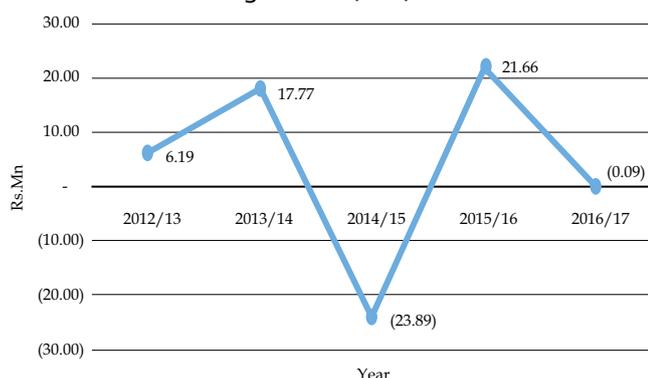
Operational Profit (Profit before finance cost) Rs. Mn



Profit / (Loss) before Taxation

The profit before taxation in the current year is Rs. 65.9 Mn as compared to the profit of Rs. 59.3 Mn in the previous year. The finance cost increased by Rs. 4.5 Mn from Rs. 8 Mn in the previous year to Rs. 12.5 Mn in the current year due to increase in interest rates. The exchange loss for the year is Rs. 0.09 Mn as against the exchange gain of Rs. 21.6 Mn in the previous year. The interest cover (excluding exchange gain and loss) is 6.3 in the year under review.

Exchange Gain / (Loss) Rs. Mn



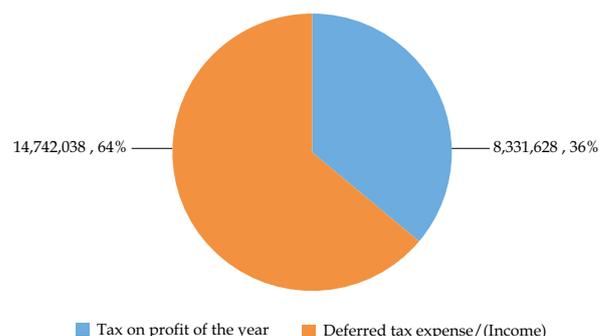
The Company continues to maintain a clear and coherent approach to hedging which is carried out with pre-approved financial institutions. Our company enter into such arrangements only with financial institutions that we believe are able to perform their obligations over the entire tenor of our economic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

Taxation

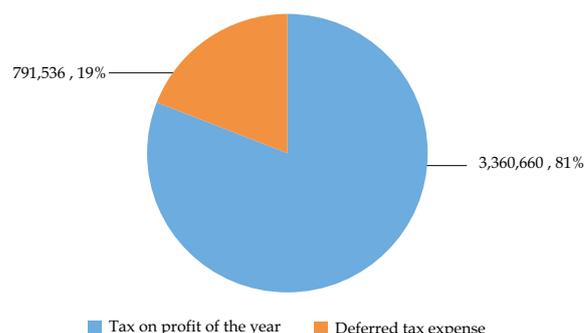
During the year, tax provision has increased due to the deferred tax adjustment. The braekdown of taxation is shown under note 10.1 on page 156.

	2016/17 Rs.	2015/2016 Rs.
Tax on profit of the year	8,331,628	3,360,660
Deferred tax expense/(Income)	14,742,038	791,536
Total	23,073,666	4,152,196

Analysis of Taxation -2016/17



Analysis of Taxation -2015/16



After the tax provision, the Company recorded a profit of Rs 42.8 Mn in the current year as against Rs. 55.1 Mn in the previous year. The effective tax rate in the current financial year is 20.86%. (Refer Note 10 of the Financial Statements for a detailed explanation).

Taxation Rs."000"



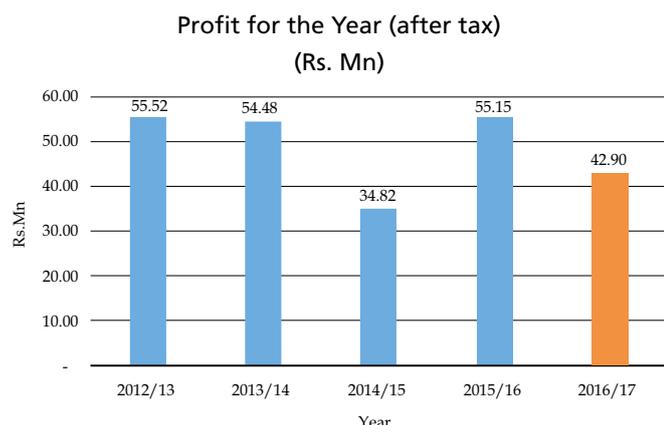
This is mainly due to the increase in deferred tax provision for recent investments in plant and machinery in both rubber and PVC segments and increase in effective tax rate. Effective tax

FINANCIAL Review (Contd...)

rate in the current financial year increased to 20.86% as we had fully claimed the tax losses from the local sale income in the previous year.

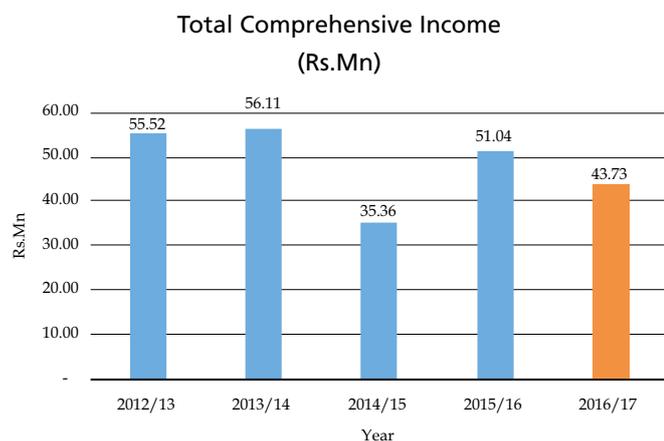
Profit for the year

During the year the profit for the has decreased from Rs. 55.15 Mn to Rs. 42.89 Mn even though the profit before taxation has increased by Rs. 6.68 Mn. This is mainly due to the increase in deferred tax provision.



Total Comprehensive Income

The total comprehensive income includes the loss of available for sale financial assets of Rs. 1 Mn, actuarial gain on post-employment benefit liability of Rs. 2.4 Mn and deferred tax on actuarial gain of Rs. 0.49 Mn in the current financial year.



Dividends

The Directors have proposed and recommended, final dividend of Rs. 2.00 per share, amounting to Rs. 8.46 Mn for the year ended 31st March 2017. Company paid a final dividend of Rs. 2.00 per share amounting to Rs. 8.46 Mn during the year, in respect of the year ended 31st March 2016. In accordance with LKAS 10 on 'Events after the Reporting period', the proposed final dividend, subsequent to the reporting date is not recognised as a liability in the Financial Statements as at 31st March 2017. The Company has necessary funds to finance

the payment of the final dividends. Dividend will be paid before 15th June 2017 as per the Article of Association.

Solvency

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

Investments

During the year, the Company invested Rs 96.7 Mn in fixed assets including Rs. 11.2 Mn in the Conveyer belt plant, Rs. 8.7 Mn in the new boiler and Rs. 34.1Mn in PVC extruders. We also invested another Rs. 10.5 Mn Fire hydrant systems for Galle and Baddegama factories. Total fixed assets and total assets in the current financial year increased by 18% and 5% respectively. Net Assets Value per Share as at 31st March 2017 was Rs. 130.50 as against Rs. 122.17 as at 31st March 2016.

The working capital cycle for the current year and the previous year as follows.

	2016/ 2017	2015/ 2016	Variance
Debt Collection Period (Days)	82	92	10
RM Holding Period (Days)	60	38	-22
WIP Holding Period (Days)	11	16	5
FG Holding Period (Days)	28	26	-2
Credit Settlement Period (Days)	-104	-84	20
Cash Operating Cycle (Days)	181	172	-9
Operating Cycle (Days)	77	88	11

It is noted that there is a slight improvement in the operating cycle compared to previous year.

Cash flows

Cash and cash equivalents increased by Rs.80.4 Mn to Rs.41.6 Mn as at 31 March 2017. Net cash flow from operating activities increased by Rs. 184.67 Mn to Rs. 152.87 Mn. Net cash outflow used in investing activities increased by 41.01 Mn to Rs.86.36 Mn from Rs. 45.35 Mn reported in the previous year. This outflow was led by the increased investment in Property, plant and equipment. Net cash outflow from financing activities increased by Rs. 63.26 Mn to a negative

FINANCIAL Review (Contd...)

of Rs. 24.87 Mn (FY 2015/16 : Rs. 38.9 Mn) chiefly led by increased short term borrowings. As at 31 March 2017 the Company has unutilised banking facilities amounting to Rs. 541 Mn respesting 61% of the total banking facilities from the consortium banks.

Total Liabilities

Total liabilities of the Company increased by 2.8% to reach Rs. 474.91 Mn, compared to the 31st March 2016. The gearing ratio including short-term debts in the current year is 24.6% as against 30.2% in the previous year. There were no long-term debts in the current financial year.

Market Capitalization

The market capitalization of the Company was Rs. 418.6 Mn at the closing price of the share, down from Rs. 444.4 Mn recorded in the previous year. During the year under review, the highest traded price of the Company's share was Rs. 115, while the lowest price was Rs. 75.70 this graph is shown under financial highlights on page 7.

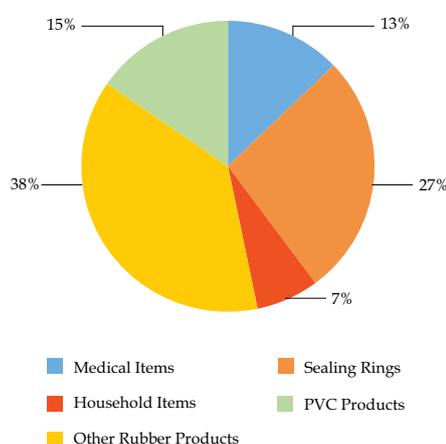
Segmental Review

It is noted that the turnover of the medical items has dropped as we lost the orders for hot water bottles from our buyer in Australia (who bid for orders to a leading super market) this year as our price was not competitive. Chinese suppliers also provided inferior quality products to the market at a cheaper price. The turnover of food grade items showed a slight increase compared to the previous years. In fact this was the highest turnover we recorded during the last six years. Turnover of the household segment dropped significantly, mainly due to the decrease in turnover of rubber mats. The turnover of other products increased by Rs. 125 Mn or 36%. This is the highest turnover recorded during the past 6 years. This is mainly due to the increase in sales of footwear components such as V straps and shoe soles. The sales analysis segment-wise is given below.

The PVC sector did not show the expected progress in terms of turnover this year and it remained at Rs. 200 Mn. We could not see any progress from Sabaragamuwa province even though other provinces showed remarkable progress. Now this has been rectified and new distributors have been appointed to ensure better results in the next financial year.

At present we produce pressure pipes, Agriculture & irrigation pipes, fittings, Conduits and other products (Fittings, PVC hoses, Solvents). The Company was awarded new and advanced SLS accreditation for pressure pipes, fittings and solvent. The Company invested in two modern extruders which provides a greater output and productivity. We also introduced casing into the markets and expect to sell gutters in the near future. We sell all our products under the "Samson PVC" brand. We also sell our rubber related products such as mats and rubber hoses through PVC distribution channels which is quite successful. The Company carries out regular market research to elicit the information on customer behavior and attitude and customer satisfaction.

Segmental Revenue-2016/17



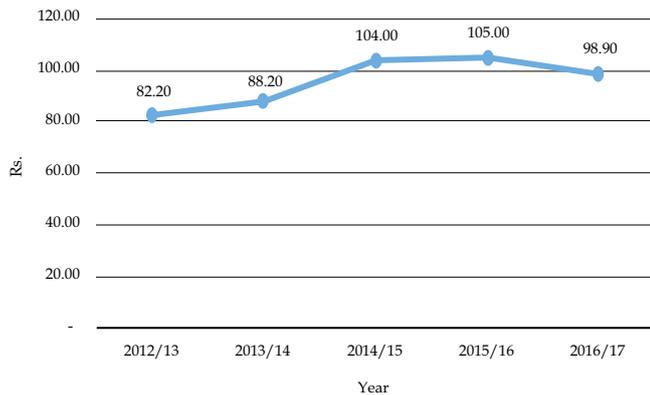
Year ended						Rs in 000's	
	Medical Items	Sealing Rings	Household items	Others	PVC	Total	
31st March 2017	160,123	337,430	86,591	473,125	192,228	1,249,497	
31st March 2016	172,873	324,132	137,854	348,019	195,460	1,178,338	
31st March 2015	164,775	314,347	128,640	386,415	47,579	1,041,756	
31st March 2014	209,361	286,664	108,275	348,262	-	952,561	
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	

FINANCIAL Review (Contd...)

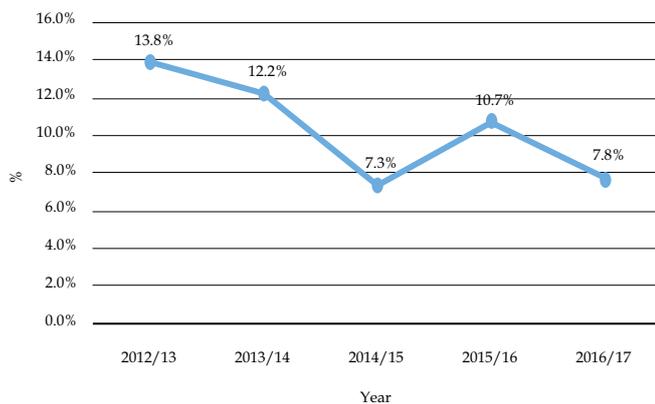
Key Ratios

Earnings per share are Rs. 10.13 in the current year as against Rs. 13.03 in the previous year. The market price as at 31st March 2017 was Rs. 98.90 (last year Rs.105.00). The Return on Capital Employed (ROCE) in the year is 7.8% as against 10.7% in the previous year.

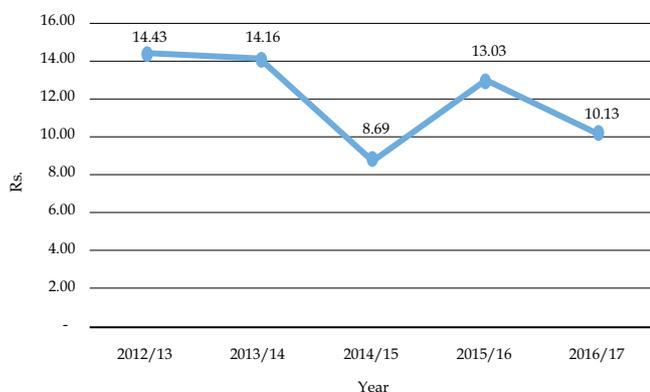
Market Price per Share Rs.



ROCE-%



Earning Per Share (EPS)



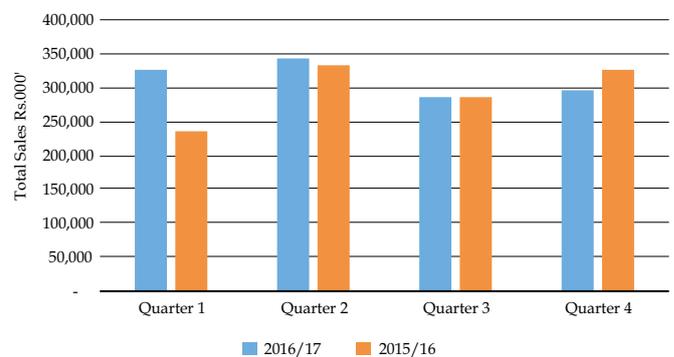
The PE ratio for the year is 9.8 and Dividend pay-out ratio is 20%. The total assets as at 31st March 2017 is Rs. 1,027 Mn. The graphs of PE ratio, Dividend pay-out Ratio and Total assets have also been shown in the Financial Highlights

Quarterly performance

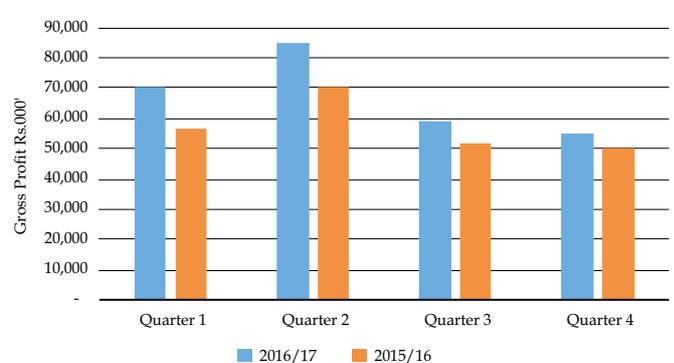
The Company did well during the quarters ended 30th June 2016 and 30th September 2016. However, the bottom-line of the last two quarters were affected due to the increase in rubber prices, interest rates and tax rate, and also the depreciation of euro against rupee. The summarized four-quarter financial summary is shown in page 179.

It is noted that the turnover of Quarter 1 & Quarter 2 in the current financial year is greater than the same in the previous years. Out of four quarters, the quarter 2 had the highest turnover. This is because we have seasonal products such as Hot water bottles and Jar sealing rings. The bottom line of the quarter 3 and quarter 4 was affected due to the adverse exchange rate and increase in rubber prices. Throughout the current financial year, we didn't have a significant exchange gain even though the company had an exchange gain of Rs. 21 Mn in the previous year. It is also noted that short-term borrowings and over draft balance improved in the last quarter significantly.

Total Revenue -Quarter wise

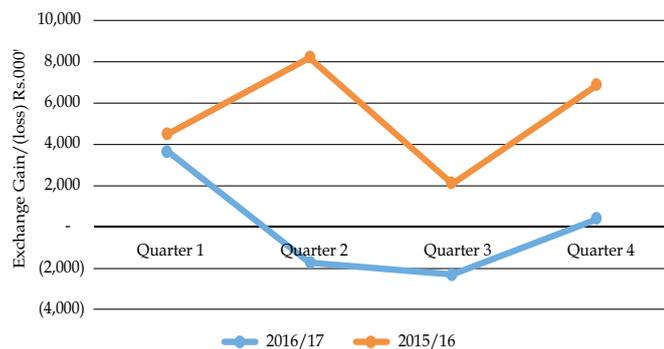


Gross Profit -Quarter wise

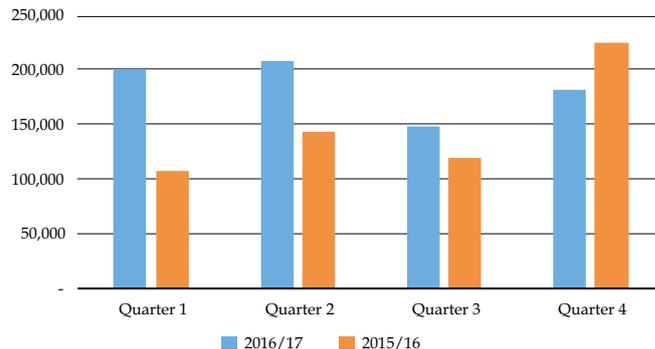


FINANCIAL Review (Contd...)

Exchange Gain/(Loss)- Quarter wise



Short term borrowings & Bank ODs



Financial Calendar

	2016/17	2015/16
Interim Reports:		
Quarter ended 30th June	09th August 2016	29th July 2015
Quarter ended 30th September	4th November 2016	10th November 2015
Quarter ended 31st December	13th February 2017	08th February 2016
Quarter ended 31st March	25th May 2017	27th May 2016
Annual Report		
	25th May 2017	24th June 2017
AGM:		
24th Annual General Meeting	-	29th July 2016
25th Annual General Meeting	30th June 2017	-
Date of Dividends to be paid		
	25th May 2017	24th June 2017

AUDITOR'S Report



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 March 31, 2017, and the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (Set out on pages 137 to 170).

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017 and of 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

As required by Section 163(2) of the Companies Act No. 07 of 2007, we state the following:

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company,
 - the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

A handwritten signature in blue ink that reads "Edirisinghe".

Edirisinghe & Co.
Chartered Accountants
Colombo
25th May 2017

45, Braybrooke Street, Colombo 02, Sri Lanka. Telephone: +94 11 2433933 Fax: +94 11 2445683, E-mail: info@eco.lk Web: www.eco.lk

A. D. Jayasena FCA, Partner, P. P. Edirisinghe FCA, ACIM, MBA, Partner, Ms. M. K. K. Karunaratne, ACA, ACMA, Partner,
P. K. A. M. Alahakoon, ACA, MAT, Partner, A. T. P. Edirisinghe, FCA, FCMA (UK) Consultant/Advisor

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STATEMENT

of Profit & Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH		2017	2016
	NOTES	Rs.	Rs.
Revenue	6	1,249,497,643	1,178,338,561
Cost of sales		(974,787,331)	(937,910,399)
Gross Profit		274,710,312	240,428,162
Other income	7	4,571,788	2,941,384
Distribution cost		(42,797,525)	(53,083,914)
Administrative expenses		(164,177,400)	(149,561,461)
Operating Profit	8	72,307,175	40,724,171
Finance income	9.1	6,168,020	26,665,358
Finance cost	9.2	(12,503,004)	(8,090,891)
Net Finance Income / (Cost)		(6,334,984)	18,574,467
Profit before income taxation		65,972,191	59,298,638
Income tax expense	10	(23,073,666)	(4,152,196)
Profit for the year		42,898,525	55,146,442
Other comprehensive income / (expense) net of tax :			
Loss on available for sale financial assets	15.1	(1,037,925)	(530,575)
Actuarial gain / (loss) on post employment benefit liability	22	2,364,709	(4,059,995)
Deferred tax on actuarial gain / (loss)	17	(493,281)	487,199
Total Comprehensive Income for the year, net of tax		43,732,028	51,043,071
Earnings per share - Basic	11	10.13	13.03
Dividends per share	12	2.00	2.00

Notes : 1. All values are in Rupees, unless otherwise stated.

2. Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 141 to 170 are an integral part of these financial statements.

STATEMENT of Financial Position

AS AT		31.03.2017	31.03.2016
ASSETS	NOTES	Rs.	Rs.
Non Current Assets			
Property, plant and equipment	13	357,105,063	302,327,177
Intangible assets	14	7,068,500	7,940,336
Available for sale financial assets	15	30,159,190	37,392,225
Other financial assets	16	16,532,111	15,774,153
Deferred tax assets	17.1	6,195,699	3,286,994
		417,060,563	366,720,885
Current Assets			
Inventories	18	203,931,604	178,413,327
Trade and other receivables	19	324,728,029	363,998,930
Tax recoverable		-	3,007,579
Cash and cash equivalents	20	81,572,038	66,623,014
		610,231,671	612,042,850
Total Assets		1,027,292,234	978,763,735
EQUITY AND LIABILITIES			
Stated capital	21	109,600,211	109,600,211
General reserve		110,000,000	110,000,000
Available for sale reserve		-	1,037,925
Retained earnings		332,781,180	296,476,769
Total Equity		552,381,391	517,114,905
Non- Current Liabilities			
Deferred tax liability	17.2	33,092,133	14,948,109
Retirement benefit obligation	22	29,701,179	27,195,480
		62,793,312	42,143,589
Current Liabilities			
Trade and other payables	23	230,949,462	195,404,914
Short term borrowing	24	180,739,729	224,100,327
Income tax payable		428,340	-
		412,117,531	419,505,241
Total Liabilities		474,910,843	461,648,830
Total Equity and Liabilities		1,027,292,234	978,763,735

The Significant Accounting Policies and Notes on pages 141 to 170 are an integral part of these financial statements. I certify that above Financial Statements comply with the requirements of Companies Act No.07 of 2007.


G.K.D. Sandaruwan
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements on pages 137 to 170 were approved by the board of directors and were signed in Colombo on 25th May, 2017 on its behalf by:


D. K. Rajapaksa
Managing Director


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

STATEMENT of Changes in Equity

FOR THE YEAR ENDED 31ST MARCH 2017

	Stated Capital Rs.	General Reserve Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2015	109,600,211	110,000,000	1,568,500	253,368,665	474,537,376
Profit for the year - 2015/16	-	-	-	55,146,442	55,146,442
Other Comprehensive Income	-	-	(530,575)	(3,572,796)	(4,103,371)
Total Comprehensive Income for the year	-	-	(530,575)	51,573,646	51,043,071
Transactions with equity holders :					
Dividends Paid	-	-	-	(8,465,542)	(8,465,542)
Balance as at 31st March 2016	109,600,211	110,000,000	1,037,925	296,476,769	517,114,905
Profit for the year - 2016/17	-	-	-	42,898,525	42,898,525
Other Comprehensive Income	-	-	(1,037,925)	1,871,428	833,503
Total Comprehensive Income for the year	-	-	(1,037,925)	44,769,953	43,732,028
Transactions with equity holders					
Dividends Paid	-	-	-	(8,465,542)	(8,465,542)
Balance as at 31st March 2017	109,600,211	110,000,000	-	332,781,180	552,381,391

Notes -

1. General reserve represents the amount set aside by the Directors for future expansion and to meet any contingencies.
2. All values are in Rupees, unless otherwise stated.
3. Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 141 to 170 are an integral part of these financial statements.

STATEMENT of Cash Flows

FOR THE YEAR ENDED 31ST MARCH		2017	2016
	NOTES	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(Loss) before taxation		65,972,191	59,298,638
Adjustment for :			
Depreciation	13	41,915,501	37,129,206
Amortization of intangible assets	14	871,836	871,836
Transfer capital work-in-progress		74,052	-
Loss on available for sale financial assets		1,195,110	-
Loss/(profit) on disposal property plant & equipment		8,214	(347,300)
Exchange gain loss effect on borrowings		(273,118)	1,512,566
Increase in retirement benefit obligation	22	5,505,757	4,751,400
Interest income	9.1	(6,168,020)	(5,008,038)
Interest cost	9.2	12,414,565	8,090,891
Profit Before Working Capital Changes		121,516,088	106,299,199
Changes in Working Capital :			
Decrease / (Increase) in inventories	18	(25,518,277)	(17,587,600)
Decrease / (increase) in trade & other receivable	19	39,270,901	(63,167,483)
Increase / (decrease) in trade & other payable	23	35,544,548	(47,956,768)
Cash generated from operations		170,813,260	(22,412,652)
Interest paid	9.2	(12,414,565)	(8,090,891)
Income tax paid		(149,665)	(121,482)
ESC paid		(4,746,044)	-
Retiring gratuity paid	22	(635,349)	(1,185,527)
Net cash generated from operating activities		152,867,637	(31,810,552)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(96,775,653)	(43,512,125)
Additions to intangible assets	14	-	(185,000)
Investment in debentures		(5,000,000)	(15,000,000)
Investment in treasury bills	16	(757,958)	(824,153)
withdrawal / (Investment) in fixed deposits	16	10,000,000	6,595,500
Interest income	9.1	6,168,020	5,008,038
Proceeds from sale of property plant & equipment		-	2,558,304
Net cash used in investing activities		(86,365,591)	(45,359,436)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(8,465,542)	(8,465,542)
Proceeds from short term borrowings	24	461,139,533	364,050,201
Repayment of short term borrowings	24	(477,545,713)	(317,185,918)
Net cash from / (used in) financing activities		(24,871,722)	38,398,741
Net (decrease)/increase in cash and cash equivalents		41,630,324	(38,771,247)
Cash and cash equivalents at the beginning of the year		(13,645,812)	25,125,435
Cash and cash equivalents at the end of the year		27,984,512	(13,645,812)

Notes : 1. All values are in rupees, unless otherwise stated.
2. Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes on pages 141 to 170 are an integral part of these financial statements.

NOTES

to the Financial Statements

1. General Information

1.1 General

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

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Enterprise & ultimate Parent Enterprise

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

1.4 Approval of Financial Statements

These financial statements have been approved for issue by the Board of Directors on 25th May 2017.

1.5 Number of Employees

The number of employees of the Company at the end of the year was 436. (2016 - 456 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.

2.2 Basis of Measurement

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

2.2.1 Going concern

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

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

NOTES to the Financial Statements (Contd...)

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 on page 150.

3. Significant Accounting Policies

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

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

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

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

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

3.2.1.1. Recognition and Measurement

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

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

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

3.2.1.2. Subsequent Costs

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

3.2.1.3. Derecognition

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

3.2.1.4. Depreciation

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

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

NOTES to the Financial Statements (Contd...)

The estimated useful lives are as follows:

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

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

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

3.2.2. Intangible Assets

3.2.2.1. Software

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

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

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

3.2.2.2 Subsequent Expenditure

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

3.2.2.3. 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.

Category of Asset	Useful Life (Years) Re-estimated	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.

3.2.2.4. Derecognising

Gains or losses arising from derecognising of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.2.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs

NOTES to the Financial Statements (Contd...)

to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.2.4. Inventories

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

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

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

Net 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 sale.

3.2.4.1 Allowance for Impairment

All inventory items are tested for impairment periodically.

3.2.5. Trade Receivables

3.2.5.1. Recognition and Measurement

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

3.2.5.2. Provision For Impairment

Trade receivables are 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.

3.2.5.3. Trade Receivables Write Off

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

3.2.6. Cash and Cash Equivalents

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

3.3. Financial Instruments

3.3.1. Financial Assets

3.3.1.1. Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity

NOTES to the Financial Statements (Contd...)

investments or available-for-sale financial assets, as appropriate. The Company determines the classification 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 and other financial assets.

3.3.1.2. Subsequent Measurement

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

Financial assets at fair value through profit and loss

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

The company did not have any financial assets classified at fair value through profit or loss as at 31st March 2017.

Available-for-sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the statement of comprehensive income in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity.

NOTES to the Financial Statements (Contd...)

After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, 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.

The company did not have any financial assets classified as held-to-maturity investments as at 31st March 2017.

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 under finance income in the statement of comprehensive income.

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

3.3.2. Impairment of Financial Assets

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

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.

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

NOTES to the Financial Statements (Contd...)

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 of 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

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The liability recognized in the statement of financial

position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the "Projected Unit Credit Method".

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

3.4.2. Defined Contribution Plans – Employees'

Provident Fund and Employee Trust Fund

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

3.5 Stated Capital

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

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

3.6 Provisions

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

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

NOTES to the Financial Statements (Contd...)

to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Company. The following specific criteria are used for the purpose of recognition of revenue.

3.7.1.1.1 Sale of Goods

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

3.7.1.1.2. Other Income

Interest income

For all financial instruments measured at 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

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 favourable and unfavourable, 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. New Accounting Standards Effective

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an

effective date in the future and have not been applied in preparing these Financial Statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future Financial Statements.

Sri Lanka Accounting Standard (SLFRS 9) –“Financial Instruments: Classification and Measurement

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 01 January 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

Sri Lanka Accounting Standard (SLFRS 15) –“Revenue from Contracts with Customers”

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Sri Lanka Accounting Standard (LKAS 18) – “Revenue”, Sri Lanka Accounting Standard (LKAS 11)“Construction Contracts” and IFRIC 13 – “Customer Loyalty Programmes”.

This standard is effective for the annual periods beginning on or after 01 January 2018. The Company will adopt these standards when they become effective.

3.13. Segment Reporting

Segment information is provided for the different business segments of the company. Business segmentation has been determined based on the nature of goods provided by the company after considering the risks and rewards of each type of product.

The activities of the segments are described in note 28 on page 170 to the financial statements.

NOTES to the Financial Statements (Contd...)

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 Estimated Useful lives of Intangible Assets

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

4.3 Defined Benefit Obligations

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in

these assumptions will impact the carrying amount of gratuity obligations.

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

4.4 Allowance for Doubtful Debts

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

5. Financial Risk Management

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

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

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

5.1 Credit Risk

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

NOTES to the Financial Statements (Contd...)

5.1.1 Exposure to credit risk

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

as at 31 March	2017 Rs.	2016 Rs.
Trade and other receivables	276,111,991	291,662,435
	276,111,991	291,662,435

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

Trade receivables from related parties	83,859,868	76,801,865
Trade receivables - others	192,252,123	214,860,570
	276,111,991	291,662,435

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

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

as at 31 March	2017 Rs.	2016 Rs.
Domestic	162,269,556	173,799,216
European Region	95,113,712	92,943,751
Australian Region	5,464,838	11,795,045
Asian Region	11,796,412	7,959,389
American Region	1,467,473	-
Middle East Region	-	424,918
African Region	-	4,740,116
	276,111,991	291,662,435

5.1.2 The company has received bank guarantees of Rs. 41.4 Mn from authorized distributors for PVC products.

5.2 Finance and Interest rate risk

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

5.2.1 As at 31 March 2017, Company has unutilised banking facilities amounting to Rs. 541 million representing 61% of the total bank facilities from the consortium of banks.

NOTES to the Financial Statements (Contd...)

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

as at 31 March	2017	2016
	Rs.	Rs.
Carrying amount		
trade creditors - related companies	101,533,667	101,438,718
Trade creditors - direct import	69,034,690	29,713,144
Trade creditors - other	20,784,876	25,671,032
Sundry creditors including accrued expenses	36,809,295	35,694,905
Bank borrowings - overdrafts	53,587,526	80,268,826
Bank borrowings - short term borrowings	127,152,203	143,831,501
	408,902,257	416,618,126

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

5.3 Foreign Exchange rate risk

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

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

As at 31 March (in Rs)	2017		2016	
	USD	EUR	USD	EUR
Foreign currency advances paid	3,293,426	1,360,759	17,271,694	12,897,937
Trade and other receivables	16,454,651	90,048,193	23,268,814	85,611,310
Cash and cash equivalents	4,113,825	70,531,485	30,136,541	31,335,286
Short-term borrowings and other payables	(108,695,237)	(60,772,682)	(75,767,985)	(58,823,583)
Gross statement of financial position exposure	(84,833,335)	101,167,755	(5,090,937)	71,020,950

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

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
USD	147.98	137.14	151.99	142.59
EUR	161.83	151.20	162.36	160.63

5.3.3 Sensitivity analysis

A strengthening or weakening of the LKR, as indicated below, against the USD and Euro at 31 March 2017 would have increased/(decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES to the Financial Statements (Contd...)

	Increase / (decrease) Revenue Rs.000's	Increase / (decrease) Revaluation of FCY assets and liabilities Rs.000's	Increase / (decrease) Profit & loss Rs.000's
USD			
10% increase in exchange rate	10,732	(8,483)	2,249
10% decrease in exchange rate	(10,732)	8,483	(2,249)
Euro			
10% increase in exchange rate	43,991	10,117	54,108
10% decrease in exchange rate	(43,991)	(10,117)	(54,108)

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

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

NOTES to the Financial Statements (Contd...)

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

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2017	2016
	NOTES	Rs.	Rs.
06. Revenue			
Sale of goods	6.1	1,249,497,643	1,178,338,561
		1,249,497,643	1,178,338,561
6.1 Revenue			
Export turnover		580,524,069	604,516,944
Local turnover		668,973,574	573,821,617
Sale of goods		1,249,497,643	1,178,338,561
07. Other Income			
Profit on disposal of property, plant & equipment		-	347,300
Recovery of bad debts written off		3,082,605	190,000
Payables written back		-	1,305,150
Reversal of over provision on insurance claim		443,822	-
Other income		1,045,361	1,098,934
		4,571,788	2,941,384
08. Operating Profit			
Operating Profit is stated after charging :			
Cost of purchase		673,993,337	679,428,843
Employee benefit expenses	8.1	243,200,612	220,294,965
Other overheads		66,984,444	68,414,191
Depreciation	13	41,915,501	37,129,205
Amortization of intangible assets		871,836	871,836
Export expenses		9,496,751	10,665,639
Machinery maintenance		17,723,377	22,178,133
Sub contract wages		14,774,408	12,537,351
Auditors remuneration - assurance services		322,500	293,200
Auditors remuneration - non assurance services		62,750	57,000
Others		112,416,740	88,685,411
Total cost of purchase, distribution and administrative expenses		1,181,762,256	1,140,555,774
8.1 Employee Benefit Expenses			
Director's emoluments		10,040,000	11,069,532
Bonus & other allowances		1,618,254	1,765,638
Salaries, wages, overtime & other staff costs		208,701,609	188,131,795
Post employment benefit - gratuity		5,503,758	4,751,400
EPF & ETF		17,336,991	14,576,600
		243,200,612	220,294,965

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2017	2016
	NOTES	Rs.	Rs.
9. Net Finance Income			
9.1 Finance Income			
Interest income from FDs & staff loans		736,419	355,983
Interest income from RFC		433,248	716,740
Interest income from treasury bills		842,176	981,009
Interest income from debentures		4,156,177	2,954,306
Foreign exchange gain		-	21,657,320
		6,168,020	26,665,358
9.2 Finance Cost			
Interest Expenses on bank borrowings		6,581,952	5,027,741
Foreign exchange loss		88,439	-
Overdraft interest		5,832,613	3,063,150
		12,503,004	8,090,891
Net finance income / (cost)		(6,334,984)	18,574,467
10. Income Tax Expenses			
Current tax expenses:			
Current tax on profit for the year	10.1	8,331,628	3,360,660
Deferred tax expenses:			
Origination and reversal of temporary differences of deferred tax assets and liabilities	17	14,742,038	791,536
Income tax expenses in statement of comprehensive income		23,073,666	4,152,196
10.1 Reconciliation between Current Tax Expenses and the Accounting Profits			
Profit before tax		65,972,191	59,298,638
Tax effects of:			
– Total disallowable expenses		60,703,435	47,781,735
– Total allowable expenses		(86,539,011)	(63,994,989)
Taxable income from ordinary activities		40,136,615	43,085,384
Tax loss claimed		(196,137)	(15,079,884)
Taxable income		39,940,478	28,005,500
Tax profit on export sales At 12%		2,138,779	3,360,660
Interest income At 28%		6,192,849	-
Tax on profit for the year		8,331,628	3,360,660

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH	2017	2016
	Rs.	Rs.
11. Earnings per Share		
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at year end .		
Amount Used as the Numerator		
Profit for the year	42,898,525	55,146,442
Profit attributable to equity holders of the company	42,898,525	55,146,442
Number of Ordinary Shares Used as the Denominator		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
Weighted average number of ordinary shares for earnings per share	4,232,771	4,232,771
Basic Earnings Per Share (Rs.Cts)	10.13	13.03
12. Dividends paid during the year		
Amounts Used as Numerator		
Dividends Paid	8,465,542	8,465,542
Number of Ordinary Shares Used as the Denominator		
Weighted average number of ordinary shares in issue	4,232,771	4,232,771
Dividend Per Share (Rs. Cts.)	2.00	2.00

NOTES to the Financial Statements (Contd...)

13. Property, Plant and Equipment

As at	01.04.2016	Additions	Disposals	Transfers	As at
	Rs.	Rs.	Rs.	Rs.	31.03.2017
COST/VALUATION	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets					
Freehold land	19,365,655	-	-	-	19,365,655
Buildings	181,643,415	11,665,923	-	-	193,309,338
Plant and machinery	300,750,873	64,020,060	-	-	364,770,933
Machine accessories	141,639,662	3,459,026	-	(8,500)	145,090,188
Furniture and fittings	1,471,790	-	-	-	1,471,790
Office equipment	18,283,881	3,192,212	-	-	21,476,093
Motor vehicles	9,749,324	-	-	-	9,749,324
Sundry assets	18,239,528	14,438,432	-	-	32,677,960
Total value of depreciable assets	691,144,128	96,775,653	-	(8,500)	787,911,281
Capital work-in-progress	74,052	-	-	(74,052)	-
	74,052	-	-	(74,052)	-
Total	691,218,180	96,775,653	-	(82,552)	787,911,281
DEPRECIATION					
Freehold assets					
Freehold land	-	-	-	-	-
Buildings	60,766,854	9,598,359	-	-	70,365,213
Plant and machinery	196,809,484	19,846,743	-	-	216,656,227
Machine accessories	101,307,092	8,360,981	-	(286)	109,667,787
Furniture and fittings	920,522	104,041	-	-	1,024,563
Office equipment	12,169,577	1,071,879	-	-	13,241,456
Motor vehicles	5,550,490	1,288,345	-	-	6,838,835
Sundry assets	11,366,984	1,645,153	-	-	13,012,137
Total	388,891,003	41,915,501	-	(286)	430,806,218
WRITTEN DOWN VALUE					
Freehold assets					
Freehold land	19,365,655				19,365,655
Buildings	120,876,561				122,944,125
Plant and machinery	103,941,389				148,114,706
Machine accessories	40,332,570				35,422,401
Furniture and fittings	551,268				447,227
Office equipment	6,114,304				8,234,637
Motor vehicles	4,198,834				2,910,489
Sundry assets	6,872,544				19,665,823
Total	302,253,125				357,105,063
Capital work-in-Progress	74,052			(74,052)	-
	74,052			(74,052)	-
Total carrying amount of property, plant and equipment	302,327,177				357,105,063

NOTES to the Financial Statements (Contd...)

13 (a) Fully depreciated property, plant and equipment

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

As at	31.03.2017	31.03.2016
	Rs.	Rs.
Furniture & fittings	432,878	421,578
Motor vehicles	3,282,668	3,282,668
Office equipment	9,215,173	8,455,956
Plant and machinery	125,247,791	123,279,548
Sundry assets	9,547,095	8,787,059
Tools and accessories	70,161,732	59,159,616
Total	217,887,337	203,386,425

(b) Temporarily idle property, plant and equipment

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

(c) Property, plant and equipment retired from active use

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

(d) Title restriction of property, plant and equipment

There were no restrictions on the title of property, plant and equipment as at the reporting date.

(e) Land holdings

The value of office and factory situated at Akuressa Road, Bogahagoda, Angulgaha, Galle was valued by an independent incorporated valuer at a value of Rs. 132 Mn as at 29th August 2009. The factory at No: 57B, Industrial Processing Zone, Nagoda, Kaluthara was purchased in 2010/2011 at the market value of Rs. 18 Mn and the PVC factory at Gilcroft Estate, Kiribathwila, Ampegama, Baddegama was purchased in 2014/15 at the market value of Rs. 105.5 Mn.

Location	Address	No. of Buildings	Extent of land	Extent of Building
Galle Factory	Akuressa Road, Bogahagoda, Galle.	10 Buildings	7 Acres 2 Roods & 17 Perches	94,900 Sq ft
Kalutara Factory	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara.	03 Buildings	120 Perches	5,990 Sq ft
Baddegama Factory	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	01 Building	2 Acres 2 Roods & 0.11 Perches	25,191 Sq ft
Paddy Field Bohagagoda	Akuressa Road, Bogahagoda, Galle.	-	1 Acres 3 Roods & 3 Perches	-
Total			12 Acres 2 Roods & 20.11 Perches	124,541 Sq ft

The land and buildings at Bogahagoda, Galle were valued by Mr. G.K.D.K. Abayathunga, Bsc. (Hon) Estate management and valuation, Diploma in valuation, Incorporated valuer of Baddegama road, Beligaha junction, Galle.

NOTES to the Financial Statements (Contd...)

As at	2017 Rs.	2015 Rs.
14. Intangible Assets		
Cost		
As at 1 April	8,812,172	8,627,172
Inventory and Invoice Software Package	-	185,000
At 31 March	8,812,172	8,812,172
Amortisation		
As at 1 April	871,836	-
Charge for the year	871,836	871,836
At 31 March	1,743,672	871,836
Net book value	7,068,500	7,940,336

15. Available for Sale Financial Assets

Quoted Debentures	Maturity Date	Interest Rate %	No of Debentures Rs.	Market Price Rs.	Market Value As at 31.03.2017 Rs.	Market Value As at 31.03.2016
Hayleys PLC	09.07.2016	14.25	-	-	-	10,020,000
National Development Bank PLC	19.12.2018	13.00	50,200	99.07	4,973,073	5,220,800
Hatton National Bank PLC	12.06.2018	14.00	63,343	112.89	7,150,817	7,151,425
Commercial Bank PLC	08.03.2021	10.75	100,000	85.33	8,533,150	10,000,000
Hatton National Bank PLC	28.03.2021	11.25	50,000	90.10	4,505,005	5,000,000
Sampath Bank	10.06.2021	12.75	50,000	99.94	4,997,145	-
					30,159,190	37,392,225

15.1 Movement of Available for Sale Financial Assets

Balance at the Beginning of the year	37,392,225	36,354,300
Debenture addition for the year (Investment)	5,000,000	-
Debenture disposal for the year (Matured)	(10,000,000)	-
Charge/ (Reversal) to Available for Sale Reserve	(1,037,925)	1,037,925
Charge to Profit & Loss Account	(1,195,110)	-
Balance at the end of the year	30,159,190	37,392,225

16. Other Financial Assets

Unquoted investments		
Investment in treasury bills	12,532,111	11,774,153
Investment in fixed deposits	4,000,000	4,000,000
Total	16,532,111	15,774,153

The carrying amount and fair value are equal in both financial assets of "fair value through profit and loss", and "available for sale financial assets". Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of quoted equities, debentures and bonds is based on price quotations in an active market at the reporting date. The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- Level 1 - Quoted (unadjusted)
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES to the Financial Statements (Contd...)

As at	Notes	31.03.2017 Rs.	31.03.2016 Rs.
17. Deferred Income Tax Assets and Liabilities			
17.1 - Deferred tax assets			
Balance at the beginning of the year		3,286,994	5,872,136
Recognised in profit & loss		3,401,986	(3,072,341)
Recognised in other comprehensive income		(493,281)	487,199
Balance at the end of the year		6,195,699	3,286,994
17.2 - Deferred tax liabilities			
Balance at the beginning of the year		14,948,109	17,228,914
Recognised in profit & loss		18,144,024	(2,280,805)
Balance at the end of the year		33,092,133	14,948,109
Deferred tax liabilities / Asset (net)		26,896,434	11,661,115

17.3 - Recognised Deferred Tax Assets and Liabilities

As at	31.03.2017		31.03.2016	
	Assets	Liabilities	Assets	Liabilities
	Rs.	Rs.	Rs.	Rs.
Property, plant & equipment	-	33,092,133	-	14,948,109
Defined benefit obligation	6,688,980	-	2,776,259	-
Tax Loss	-	-	23,536	-
Recognised in Other Comprehensive income	(493,281)	-	487,199	-
Total	6,195,699	33,092,133	3,286,994	14,948,109

As at	NOTES	31.03.2017 Rs.	31.03.2016 Rs.
18. Inventories			
Raw Materials		110,226,405	70,895,589
Work-in-progress		29,942,964	42,289,613
Finished Goods		75,539,587	66,844,334
Goods In Transit		-	44,797
		215,708,956	180,074,333
Provision for Inventories		(11,777,352)	(1,661,006)
		203,931,604	178,413,327

As at	2017 Rs.	2016 Rs.
Movements on the Company provision for impairment of inventory is as follows:		
At 1 April	1,661,006	911,065
Provision / (Reversal) for inventory impairment	10,116,346	749,941
As at 31 March	11,777,352	1,661,006

NOTES to the Financial Statements (Contd...)

As at	NOTES	31.03.2017 Rs.	31.03.2016 Rs.
19. Trade and Other Receivables			
Current			
Trade receivables - Local		83,239,305	101,636,952
Trade receivables - Foreign		114,876,214	117,863,219
Trade receivables - Related parties	19.1	83,859,868	76,801,865
		281,975,387	296,302,036
Less: Specific Provision for doubtful trade receivables		(5,863,396)	(4,639,601)
Trade receivables - net		276,111,991	291,662,435
Other Receivables		2,347,650	13,013,716
Deposits and prepayments		8,941,441	7,111,564
Advances		31,780,348	37,303,795
VAT Receivable		5,546,599	14,907,420
		324,728,029	363,998,930
Total		324,728,029	363,998,930
19.1 Trade Receivables - Related parties			
D. Samson Industries (Pvt) Ltd.		80,653,334	73,960,404
Samson Engineers (Pvt) Ltd.		-	152,824
Samson Trading (Pvt) Ltd.		1,401,957	1,297,161
Samson Reclaim Rubbers Ltd.		145,253	183,886
Samson Rubber Products (Pvt) Ltd.		258,727	244,138
DSI Ansel Outlet		22,500	-
DSI Shana Sala - Kaluthara		29,925	-
DSI Shana Sala - Bataduwa		15,552	-
Samson Compounds (Pvt) Ltd.		1,238,904	125,130
Samson Rubber Industries (Pvt) Ltd.		93,718	404,996
Samson Group Corporate Services (Pvt) Ltd.		-	433,326
		83,859,868	76,801,865

19.2 As at 31 March 2017, Trade Receivables of Rs. 258,497,524/- (as of 31 March 2016 was Rs. 269,348,897/-) were fully performing.

As at 31 March 2017, Trade Receivables of Rs. 17,614,467/- (as at 31 March 2016 was Rs. 22,313,538/-) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

3 to 6 months	14,533,847	18,996,259
over 6 months	3,080,620	3,317,279
	17,614,467	22,313,538

As at 31 March 2017, trade receivables of Rs. 5,863,396/- (as at 31 March 2016 Rs. 4,639,601 /) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that no portion of the impairment provision for receivables is expected to be recovered.

NOTES to the Financial Statements (Contd...)

As at	NOTES	2017 Rs.	2016 Rs.
Movements on the company provision for impairment of trade receivables is as follows:			
As at 1 April		4,639,601	590,680
Provision / (Reversal) during the year		1,223,795	4,048,921
At 31 March		5,863,396	4,639,601

The additional provision for impaired receivables have been included under 'Administrative expenses' in the statement of comprehensive income. 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.

19.3 Analysis of financial instruments by category - Loans and receivables

Trade and other receivables excluding prepayments, statutory payments and advances		278,459,641	304,676,151
Cash and cash equivalents	20	81,572,038	66,623,014
		360,031,679	371,299,165
Financial liabilities at amortised cost			
Trade and other payables (excluding statutory liabilities and advances)	23	228,162,528	192,517,799
Borrowings	24	180,739,729	224,100,327
		408,902,257	416,618,126

19.4 Exposure to Credit Risk

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

Trade receivables	19	276,111,991	291,662,435
		276,111,991	291,662,435

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	19.1	83,859,868	76,801,865
Trade receivables - others		192,252,123	214,860,570
		276,111,991	291,662,435

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

NOTES to the Financial Statements (Contd...)

As at	NOTES	31.03.2017 Rs.	31.03.2016 Rs.
20. Cash and Cash Equivalents			
Favourable Cash and Cash Equivalent Balances			
Bank balances		81,110,210	66,259,858
Cash in hand		461,828	363,156
		81,572,038	66,623,014
Unfavourable Cash and Cash Equivalent Balances			
Bank Overdrafts		53,587,526	80,268,826
		53,587,526	80,268,826
Cash and cash equivalents for the purpose of cash flow statement		27,984,512	(13,645,812)

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

21. Stated Capital

Issued and fully paid:	No. of shares		
Number of Ordinary Shares in Issue with no par value	4,232,771	109,600,211	109,600,211
	4,232,771	109,600,211	109,600,211

22. Retirement Benefit Obligation

Movement in the Present Value of Defined Benefit Obligation			
Balance as at the beginning of the year		27,195,480	19,569,612
Current Service Cost		2,721,747	1,957,161
Interest Cost		2,784,010	2,794,239
		5,505,757	4,751,400
Actuarial (gain) / loss on obligation		(2,364,709)	4,059,995
Benefit Paid		(635,349)	(1,185,527)
Balance as at the end of the year		29,701,179	27,195,480

22.1 As at 31st March 2017, the gratuity liability was actuarial valued under the Projected Unit Credit (PUC) by a professionally qualified actuary Mr. Munisamy Poopalanathan of Actuarial and Management Consultants (Pvt) Ltd, 1st floor, 434, R.A. De Mel mawatha, Colombo 03 who is a qualified actuary, A.I.A (London). A required account provision of the Company as at 31st March 2017 has been determined based on the recommendation on this report.

Actuarial assumptions:	31.03.2017	31.03.2016
Salary Incremental rate	10.00%	10.00%
Rate of Discount	12.50%	11.00%
Staff turnover rate	4% to 42%	4% to 42%

Staff Turnover rate varies ranging from 4% to 42% per annum based on the category on the age level.

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

NOTES to the Financial Statements (Contd...)

22.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation and discount rate used in the actuarial valuation as at 31st March 2017, sensitivity analysis has been carried out as follows;

Discount Rate	Salary Escalation Rate	Staff Turnover Rate	Present Value of Defined Benefit Obligation -(Rs.)
1% Increase	As given in the report	As given in the report	28,369,662
1% Decrease	As given in the report	As given in the report	31,157,267
As given in the report	1% Increase	As given in the report	31,202,691
As given in the report	1% Decrease	As given in the report	28,306,683
As given in the report	As given in the report	10% Increase	29,776,838
As given in the report	As given in the report	10% Decrease	29,614,129

As at	NOTES	31.03.2017 Rs.	31.03.2016 Rs.
23. Trade and Other Payables			
Trade creditors - related companies	23.1	101,533,667	101,438,718
Trade creditors - direct import		69,034,690	29,713,144
Trade creditors - other		20,784,876	25,671,032
Customer advances		7,041,498	3,303,061
Sundry creditors including accrued expenses		29,767,797	32,391,844
Statutory payable		2,786,934	2,887,115
		230,949,462	195,404,914
23.1 Trade Creditors - Related Companies			
D. Samson Industries (Pvt) Ltd.		224,828	136,723
Samson Rubber Industries (Pvt) Ltd.		-	11,297
Samson Engineers (Pvt) Ltd.		75,280	101,187
Samson Reclaim Rubbers Ltd.		165,080	850,400
Samson Rubber Products (Pvt) Ltd.		1,305,165	400,890
Samson Group Corporate Services (Pvt) Ltd.		402,953	195,643
Samson Compounds (Pvt) Ltd.		97,497,763	99,237,802
D S I Welfare Shop		32,850	5,075
Mount Spring Water (Pvt) Ltd.		2,815	960
Samson Information Technologies (Pvt) Ltd.		14,850	16,800
D Tech (Pvt) Ltd		1,812,083	481,941
		101,533,667	101,438,718
24. Borrowings			
Current			
Bank borrowings - Overdrafts		53,587,526	80,268,826
- Short-term Borrowings		127,152,203	143,831,501
		180,739,729	224,100,327

NOTES to the Financial Statements (Contd...)

24.1 - Securities for the above facilities are as follows:

Nature of Asset	Nature of the Loan Facility	Bank/Institution	Securities
Inventory	Overdraft	Hatton National Bank PLC	Finished Good Stocks & Debtors and lien of Euro 108,000/-
Inventory	Overdraft	Seylan Bank PLC	Finished Good Stocks & Debtors
Inventory	Overdraft	Bank Of Ceylon	Fixed deposit of Rs. 4,000,000/-
Inventory	Overdraft	Bank Of Ceylon	Raw Material Stocks
Inventory	Overdraft	Commercial Bank PLC	Finished Good Stocks & Debtors
Inventory	Overdraft	Nations Trust Bank PLC	Finished Good Stocks & Debtors
Financial assets	Overdraft	DFCC Vardhana Bank PLC	Treasury bills of Rs. 12,532,111/-
Confirmed Order Confirmation	Term Loan	Hatton National Bank PLC	Confirmed Order Confirmation

As at	NOTES	31.03.2017 Rs.	31.03.2016 Rs.
24.2 - Short-Term Borrowings			
Balance at the beginning of the year		143,831,501	95,454,652
Obtained during the year		461,139,533	364,050,201
Exchange gain/ loss		(273,118)	1,512,566
Repayments during the year		(477,545,713)	(317,185,918)
Balance at the end of the year		127,152,203	143,831,501

25. Commitments and Contingencies

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

26. Events occurring after the reporting date

(a) No circumstances have arisen, since reporting date, which would require adjustments to, or disclosure, in the financial statements other than disclosed below:

(b) At the board meeting held on 25th May 2017, final dividend of Rs. 2/- per share amounting to Rs. 8,465,542/- has been proposed for the year ended 31st March 2017 by the board of directors.

27. Related Party Disclosures

Details of significant related party disclosures are as follows:

27.1 Key Management Personnel of the Company

The Key Management personnel (KMP) comprise the members of its Board of Directors. Directors' remuneration for the financial year ended March 31, 2017 is given in Note 8.1 to the Financial Statements.

Dr. D.S. Rajapaksa - (Chairman)

Mr. D.K. Rajapaksa - (Managing Director)

Mr. D.R. Rajapaksa

Mr. D.M. Rajapaksa

Mr. C. Cumararatunge

Mr. G.H.A. Wimalasena

Mr. T.K. Bandaranayake

Mr. D.G.P.S. Abeygunawardana (Director/General Manager)

Mr. D.D. A. Rajapaksa

NOTES to the Financial Statements (Contd...)

27.2 Transactions with Key Management Personnel of the Company

27.2.1 Key Management Personnel Compensation

	2017	2016
	Rs.	Rs.
Short-term employee benefits	10,040,000	11,069,532
	10,040,000	11,069,532

The Company has not incurred any amount as termination benefits or post employment benefits on account of the Key Managerial Personnel during the year.

27.2.2 Other Transactions with Key Management Personnel

Mr. C Cumarathunge a director of the Company is also Chairman/ Managing Director of M/s Sanger GMBH, Gummitex GMBH and Sanger Hose Products GMBH to which Company's sales amounting to Rs. 443,474,740/- have been made during the year as specified below.

For the year ended	31.03.2017	31.03.2016
	Rs.	Rs.
To Sanger GMBH	156,861,197	64,486,257
To Gummitex GMBH	258,466,121	363,021,531
To Sanger Hose Products GMBH	28,147,422	-
	443,474,740	427,507,788

27.3 Directors Interest In Contracts with the Company

None of the Directors of the Company had any direct or indirect interests in any existing or proposed contracts with the Company other than those stated below:

Dr. D.S. RAJAPAKSA who is a Director of the company is also holding directorships in the following companies within the group.

Name of Company	Relationship
DSI Samson Group (Pvt) Ltd.	Chairman
D Samson & Sons (Pvt) Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
Samson Footwear (Pvt) Ltd.	Director
Samson Velada Nivasa (Pvt) Ltd	Director

NOTES to the Financial Statements (Contd...)

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

Name of Company	Relationship
Samson Compounds (Pvt) Ltd.	Chairman
D. Samson Industries (Pvt) Ltd.	Chairman
Hydro Trust Lanka (Pvt) Ltd	Chairman
DSI Samson Group (Pvt) Ltd.	Managing Director
Samson Rajarata Tiles (Pvt) Ltd.	Managing Director
Samson Information Technologies (Pvt) Ltd.	Director
D Samson & Sons (Pvt) Ltd.	Director
Samson Apparel Makers (Pvt) Ltd.	Director
Samson Velada Nivasa (Pvt) Ltd	Director
Werapitiya Hydro Power (Pvt) Ltd	Director
Loggal Oya Hydro Power (Pvt) Ltd	Director

'Mr. D.R. RAJAPAKSA who is a Director of the company is also holding directorships in the following companies within the group.

Name of Company	Relationship
Mount Spring Water (Pvt) Ltd.	Managing Director
Samson Engineers (Pvt) Ltd.	Managing Director
Samson Rubber Industries (Pvt) Ltd.	Managing Director
Samson Rubber Products (Pvt) Ltd.	Managing Director
Vechenson (Pvt) Ltd	Managing Director
Samson Bikes (Pvt) Ltd.	Managing Director
SRG Holdings (Pvt) Ltd	Managing Director
Samson Rajarata Tiles (Pvt) Ltd.	Director
Samson Reclaim Rubbers Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd.	Director
Samson (Exports) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Footwear (Pvt) Ltd.	Director
Samson Steel Housing (Pvt) Ltd.	Director
Samson Property Developers (Pvt) Ltd	Director

NOTES to the Financial Statements (Contd...)

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

Name of Company	Relationship
Samson (Exports) Ltd.	Managing Director
D. Samson Industries (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd.	Director
Hydro Trust Lanka (Pvt) Ltd	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Group Corporate Services (Pvt) Ltd	Director
Samson Manufacturers (Pvt) Ltd.	Director
Samson Rubber Industries (Pvt) Ltd.	Director
Samson Rubber Products (Pvt) Ltd.	Director
Vechenson (Pvt) Ltd.	Director
Werapitiya Hydro Power (Pvt) Ltd	Director
Loggal Oya Hydro Power (Pvt) Ltd	Director
Samson Property Developers (Pvt) Ltd	Director

Mr. D.D.A Rajapaksa who is a Director of the company is also holding directorships in the following companies within the group.

Name of Company	Relationship
Samson Insurance Broker (Pvt) Ltd	Director
Samtessi Brush Manufacturers (Pvt) Ltd.	Director
Samson Investments (Pvt) Ltd.	Director
Capital Lanka (Pvt) Ltd.	Director

27.4 The company has entered into transactions during the year with following companies in which some of the directors of the company are also directors.

Name of Company	Relationship	Nature of Transactions			
		2017		2016	
		Sales Rs.	Purchases Rs.	Sales Rs.	Purchases Rs.
D. Samson Industries (Pvt) Ltd.	Company	386,798,863	2,253,660	282,716,901	2,121,613
D Samson & Sons (Pvt) Ltd	- do -	198,420	2,173,519	-	2,057,991
Samson Rubber Industries (Pvt) Ltd	- do -	556,498	226,147	652,111	378,191
Samson Trading Company (Pvt) Ltd.	- do -	2,973,730	-	3,797,327	-
Samtessi Brush Manufacturers (Pvt) Ltd	- do -	-	-	5,648	-
Samson Compounds (Pvt) Ltd.	- do -	5,194,489	427,321,249	3,329,036	465,078,225
Samson Engineers (Pvt) Ltd	- do -	397,500	658,593	691,014	925,838
Samson Reclaim Rubbers Ltd.	- do -	1,605,070	4,332,512	1,301,796	6,572,190
Samson Group Corporate Services (Pvt) Ltd.	- do -	-	4,573,414	-	5,195,559
Samson Rubber Products (Pvt) Ltd	- do -	8,643,728	11,419,574	21,024,846	10,796,957
Mount Spring Water (Pvt) Ltd	- do -	-	46,245	-	35,873
Samson Bikes (Pvt) Ltd	- do -	-	29,894	-	-
Samson Information Technologies (Pvt) Ltd.	- do -	-	299,650	-	876,954
Samson Rajarata Tiles (Pvt) Ltd	- do -	698,335	-	-	-
D Tech (Pvt) Ltd	- do -	-	2,839,650	-	-
DSI Welfare Shop	Other related party	-	452,037	-	-

27.5 Outstanding Amounts due from and to related parties are disclosed in Note 19.1 and 23.1 respectively.

27.6 Terms and conditions of transactions with related parties

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions only if such terms can be substantiated.

Transactions with related parties were carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement will be made in cash subject to normal credit terms of 2 months.

28. Segment Operating Results

28.1 Business Segment	Rubber Medical Items		Rubber Sealing Items		Rubber Household Items		Rubber Other Items		PVC Items		Company	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Turnover	160,123	172,873	337,430	324,131	86,591	137,855	473,125	348,019	192,228	195,460	1,249,497	1,178,338
Segmental Expense	(145,100)	(161,220)	(288,742)	(283,749)	(74,514)	(125,611)	(436,549)	(332,369)	(232,284)	(234,665)	(1,177,190)	(1,137,614)
Operating Profit/(Loss)	15,023	11,653	48,688	40,382	12,077	12,244	36,576	15,650	(40,056)	(39,205)	72,307	40,724
28.2 Geographical Segment												
Europe	98,624	78,845	317,839	303,260	21,871	35,385	36,004	35,243	-	-	474,338	452,733
Australia & New Zealand	40,311	69,274	-	-	1,318	2,212	1,350	1,924	-	-	42,979	73,409
America	8,020	14,942	-	-	1,055	-	1,947	1,686	-	-	11,022	16,627
Africa & Midlist	-	-	-	-	1,726	12,251	3,771	-	-	-	5,497	12,251
Asia/Sri Lanka	13,168	9,812	19,591	20,871	60,621	88,007	430,053	309,167	192,228	195,460	715,661	623,317
Total	160,123	172,873	337,430	324,131	86,591	137,855	473,125	348,019	192,228	195,460	1,249,497	1,178,338

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

GLOBAL

Reporting Initiative (GRI) G4

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. GRI provides the world's most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society and citizens to make better decisions based on information that matters. In fact, 92% of the world's largest 250 corporations report on their sustainability performance.

Sustainability reporting is being practiced by many corporates using various frameworks among which the most commonly

seen in Sri Lanka is the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

Integrated Reporting endeavors to incorporate key aspects of sustainability, along with financial and other dimensions relevant to value creation in an organization in short, medium and long term.

Hence this section of the guide provides in summary the GRI G4 disclosures and indicators under general and specific categories.

These categories are shown in the table here.

Category	Sub Category	GRI Index Index No.
General Standard Disclosures		
Strategy and Analysis		G4-1
Organisational Profile		G4-3 to G4-16
Identified Material Aspects and Boundaries		G4-17 to G4-23
Stakeholder Engagement		G4-24 to G4-27
Report Profile		G4-28 to G4-33
Governance		G4-34
Ethics and Integrity		G4-56
Specific Standard Disclosures		
Economic		G4-EC1 to G4-EC8
Environmental		G4-EN1 to G4-EN29
Social	Labour Practices and Decent Work	G4-LA1 to G4-LA9
	Human Rights	G4-HR1 to G4-HR5
	Society	G4-SO3 to G4-SO8
	Product Responsibility	G4-PR3 to G4-PR9

GLOBAL Reporting Initiative (GRI) G4 (Contd...)



Independent Assurance Report

To the Board of Directors of Samson International PLC on the Integrated Report- 2016/17

Introduction and scope of the engagement

The management of ("the Company") engaged us to provide an independent assurance on the following elements of the Integrated Report-2016/17 ("the Report")

- 01 Reasonable assurance on the information on financial performance as specified on statement of Value Addition of the Report.
- 02 Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Institute of Chartered Accountants of Sri Lanka ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI G4 'In accordance' - Comprehensive guideline publication, publicly available at GRI's global website at "www.globalreporting.org". Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company's responsibility for the Report

The management of the company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustaining reporting process in line with the GRI Sustainability Reporting Guidelines.

Auditor's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative G4 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 31st March 2016.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

01. Interviewing the company's relevant personnel to understand the process for collection, analysis, aggregation and presentation
02. Reviewing and validation of the information contained in the Report
03. Checking the calculations performed by the company on a sample basis through recalculation
04. Reconciling and agreeing the data on financial performance are properly derived from the company's audited financial statements for the year ended 31st March 2017 and Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

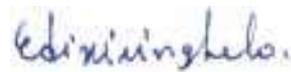
Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that:

- 01 The information on financial performance as specified on statement of Value Addition of the Report are properly derived from the audited financial statements of the Company for the years ended 31st March 2016 and 31st March 2017.
- 02 Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from GRI-G4-'In accordance' Core Sustainability Reporting Guidelines.

Yours faithfully,



Edirisinghe & Co.

Chartered Accountants

Colombo

25th May 2017

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An independent member of BAKER TILLY International

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

Samson international Plc voluntarily adopted Global Reporting Initiative (GRI) G4 'In accordance' core Guidelines during the financial year 2015/16 as a measure of improving the standard of accountability and reporting on accountability, These details are given below.

General Standard Disclosures

GRI Index No.	Description	Reported Section	Page No.
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G4-1	Statement from the Chairman	Chairman's Review	09
Organization profile			
G4-3	Name of the organization.	Samson International Plc / Corporate Information	04
G4-4	Primary brands, products, and/or services.	Our Products	34
G4-5	Location of organization's headquarters.	Corporate Information	04
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Management Discussion and Analysis - Our Global Presence	70
G4-7	Nature of ownership and legal form.	Corporate Information and Shareholder Information	04-193
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Management Discussion and Analysis - Our Global Presence and Our Products	70,34
G4-9	Scale of the reporting organization.	Corporate Information and Shareholder Information	04
G4-10	Total work force by employment type, employment contract, and region, broken down by gender.	Our People	47
G4-11	Percentage of employees covered by collective bargaining	Our People - Recognition of Joint consultative committee	50
G4-12	Organizations supply chain	Management Discussion and Analysis - intenal control system	69
G4-13	Significant changes during the reporting period regarding size structure and ownership	Shareholder Information	189
G4-14	Addressing the Precautionary principles/approach	Risk Management, Management Discussion Analysis	80,63
G4-15	List of Charters, principles or other initiatives	Management Discussion and Analysis	67
G4-16	List of Memberships of association	Management Discussion and Analysis- Memberships of Associations	69

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GRI Index No.	Description	Reported Section	Page No.
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G4-18	Process for defining report content.	About this report	02
G4-19	Material aspect identified for report content.	Report of the Board of Directors Financial and Operational Highlights	123 06
G4-20	Aspect boundary for identified material aspects within the organization.	Managing Director's Operational Review	17
G4-21	Aspect boundary for identified material aspects outside the organization.	Chairman's Review, Management Discussion and Analysis	61,09
G4-22	Restatements of information provided in the previous reports.	Changes in Equity Statement	139
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	Notes to the Financial Statements	141
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization.	Sustainability Report-Shareholder engagement	121
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Sustainability Report-Shareholder engagement	121
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Sustainability Report-Shareholder engagement	121
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	Sustainability Report-Shareholder engagement	121
Report Profile			
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G4-30	Reporting cycle	Quarterly and Annually	
G4-31	Contact point for questions regarding the report or its contents.	Corporate Information About this report	04 02
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and External Assurance Report.	GRI G4 Audit Report	172-178
G4-33	Policy and current practice with regard to seeking external assurance for the report.	Audit Report and Audit Committee Report GRI G4 Audit Report	136 172

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Ethics and integrity			
G4-56	The values, principles , standards and norms of behaviour	Company Profile	03
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G4-EN18	Greenhouse gas (GHG) emissions intensity	Management Discussion and Analysis- efficiency ratio	63
Aspect Effluents and Waste			
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G4-EN29	Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Management Discussion and Analysis - Legal Environment Analysis	67

Category: Social

● Labor Practices and Decent Work

Aspect Employment			
G4-LA1	Total number and rate of new employee hires and employee turnover by age group gender and region.	Our People	60
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Aspect Labour/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Management Discussion and Analysis-Legal	67
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G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.	Our People	50,58
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GRI Index No.	Description	Reported Section	Page No.
Aspect Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Our People - Training	55
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Aspect Investment			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Management Discussion and Analysis	67
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G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	Management Discussion and Analysis	67
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G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Risk Management	80
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G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Management Discussion and Analysis-Legal Analysis	67
● Product Responsibility			
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G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Our Products	34
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G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Management Discussion and Analysis - legal Analysis	67
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FOUR-QUARTER Financial Summary

PROFIT AND LOSS ACCOUNTS	For the Quarter ended 30th June		For the Quarter ended 30th September		For the Quarter ended 31st December		For the Quarter ended 31st March	
	2016	2015	2016	2015	2016	2015	2017	2016
	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited	Rs. '000 Unaudited
Continuing Operation								
Revenue								
Export	164,528	116,999	153,151	175,855	137,321	137,946	125,526	173,719
Local	162,568	119,969	190,265	155,783	147,281	146,831	168,859	151,505
Total revenue	327,096	236,968	343,416	331,638	284,602	284,777	294,385	325,224
Cost of sales	(256,302)	(180,420)	(258,531)	(260,900)	(225,533)	(232,860)	(239,463)	(274,898)
Gross profit	70,794	56,548	84,885	70,738	59,069	51,917	54,922	50,326
Other operating income	1,784	1,445	1,431	1,063	5,454	2,272	2,302	2,956
Exchange gain / (loss)	3,684	4,493	(1,781)	8,210	(2,363)	2,028	373	6,838
Selling & distribution cost	(9,532)	(11,342)	(12,542)	(14,606)	(12,368)	(15,695)	(7,929)	(4,956)
Administrative expenses	(33,092)	(28,066)	(41,041)	(36,765)	(38,893)	(31,075)	(46,766)	(47,984)
Operating profit	33,638	23,078	30,952	28,640	10,899	9,447	2,902	7,180
Finance costs	(2,614)	(1,669)	(3,380)	(2,485)	(3,248)	(2,204)	(3,174)	(1,737)
Profit before income tax	31,024	21,409	27,572	26,155	7,651	7,243	(272)	5,443
Income tax expense	(7,390)	(481)	(8,972)	(5,407)	(3,895)	(2,711)	(2,819)	(1,211)
Profit for the period	23,634	20,928	18,600	20,748	3,756	4,532	(3,091)	4,232
BALANCE SHEETS	As at 30th June		As at 30th Septembe		As at 31st December		As at 31st March	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Assets								
Non-current assets								
Property plant & equipment	336,266	291,594	362,736	289,150	362,469	281,231	357,105	302,327
Investments	16,337	23,114	15,979	15,116	15,979	15,290	16,532	15,774
Available for sales financial investments	42,035	22,923	32,393	22,922	32,945	22,922	30,159	37,392
Intangible assets	7,723	8,409	7,504	8,192	7,287	8,159	7,069	7,940
Deferred tax assets	4,266	5,172	5,134	5,554	6,093	3,361	6,196	3,286
	406,627	351,212	423,746	340,934	424,773	330,963	417,061	366,719
Current assets								
Inventories	189,277	183,414	203,683	169,817	212,354	198,783	203,932	178,413
Trade & other receivables	290,054	205,910	313,425	277,528	267,029	262,546	324,728	363,998
Income tax refund due	-	4,353	-	-	-	118	-	3,008
Investments - Short Term Bank Deposit	-	-	10,000	-	-	-	-	-
Cash and cash equivalents	34,357	44,091	34,452	57,946	24,793	39,559	81,572	66,623
	513,688	437,767	561,560	505,291	504,176	501,006	610,232	612,042
Total Assets	920,315	788,979	985,306	846,225	928,949	831,969	1,027,293	978,761
Equity and liabilities								
Stated capital	109,600	109,600	109,600	109,600	109,600	109,600	109,600	109,600
General reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Available for Sale Reserve	1,038	1,568	1,038	1,568	1,038	1,568	-	1,037
Retained earnings	320,110	274,296	330,246	286,577	334,002	291,145	332,781	296,477
Total equity	540,748	495,464	550,884	507,745	554,640	512,313	552,381	517,114
Liabilities								
Non-current liabilities								
Deferred tax liabilities	18,923	15,116	24,791	15,963	29,456	17,186	33,093	14,948
Retirement benefit obligations	28,446	20,385	29,337	22,124	30,464	22,402	29,702	27,195
	47,369	35,501	54,128	38,087	59,920	39,588	62,795	42,143
Current liabilities								
Trade and other payables	130,252	150,089	167,079	155,803	160,667	159,370	230,947	195,405
Short term borrowings	132,896	57,787	155,407	92,754	99,598	69,238	127,153	143,831
Bank overdrafts	67,662	50,138	52,449	51,247	48,579	51,460	53,589	80,268
Income tax Payables	1,388	-	5,359	589	5,545	-	428	-
	332,198	258,014	380,294	299,804	308,844	280,068	412,117	419,504
Total liabilities	379,567	293,515	434,422	338,480	374,309	319,656	474,912	461,647
Total equity and liabilities	920,315	788,979	985,306	846,225	928,949	831,969	1,027,293	978,761

TEN - YEAR

Financial summary

Year Ended 31st March	2016/17 Rs.'000	2015/16 Rs.'000	2014/15 Rs.'000	2013/14 Rs.'000	2012/13 Rs.'000	2011/12 Rs.'000	2010/11 Rs.'000	2009/10 Rs.'000	2008/09 Rs.'000	2007/08 Rs.'000
Income Statement :										
Turnover	1,249,498	1,178,339	1,041,756	952,561	973,858	961,489	716,102	588,207	620,518	698,876
Profit before taxation	65,972	59,299	42,675	62,969	51,077	19,123	(55,980)	(7,608)	14,533	70,012
Taxation	(23,074)	(4,152)	(7,853)	(8,491)	4,438	696	(229)	(663)	(5,757)	(9,776)
Profit after taxation	42,899	55,146	34,822	54,478	55,515	19,820	(56,209)	(8,271)	8,775	60,295
Total comprehensive income	43,732	51,043	35,362	56,107	55,515	18557	(56,209)	(8,271)	8,775	60,295
Balance Sheet :										
Capital and reserves										
Stated capital	109,600	109,600	109,600	105,752	105,752	105,752	105,752	105,752	105,752	105,752
Capital reserves	110,000	110,000	110,000	110,000	110,000	110,000	10,000	10,000	10,000	10,000
Revenue reserves	332,781	297,515	254,937	231,119	185,152	137,332	223,893	280,102	288,373	279,597
Shareholders funds	552,381	517,115	474,537	446,871	400,904	353,084	339,645	395,854	404,125	395,349
Non current liabilities										
Interest bearing borrowings	-	-	-	-	-	-	-	868	5,120	16,877
Deferred tax	33,092	14,948	17,229	11,149	8,831	11,408	11,388	11,703	11,202	7,808
Retirement benefit obligation	29,701	27,195	19,570	15,130	14,528	9,906	7,775	6,306	5,234	8,150
Total Equity & Non Current Liabilities	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731	425,681	428,184
Assets Employed										
Current assets	610,232	612,043	539,103	424,020	402,853	388,248	388,205	476,617	481,125	421,581
Current liabilities	(412,118)	(419,505)	(384,890)	(180,975)	(168,845)	(208,197)	(222,481)	(232,670)	(231,810)	(176,186)
Working capital	198,114	192,538	154,213	243,045	234,008	180,051	165,724	243,947	249,315	245,395
Property, plant & equipment	370,369	313,554	312,654	179,751	190,255	194,347	193,084	170,784	176,366	182,789
Investment	46,691	53,166	44,468	50,354	-	-	-	-	-	-
Total Assets Less current Liabilities	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731	425,681	428,184
Financial Ratios :										
Earnings per share (rs.)	10.13	13.03	8.69	14.16	14.43	5.15	(14.61)	(2.15)	2.28	15.67
Net profit (%)	3.43	4.67	3	6	6	2.10	(7.85)	(1.41)	1.41	8.63
Dividends (rs. '000)	8,466	8,466	8,466	7,696	7,696	-	-	-	-	-
Dividends per share (rs.)	2.00	2.00	2.00	2.00	2.00	-	-	-	-	-
Bonus shares issue (rs.)	-	-	3,848	-	-	-	-	-	-	-
Others										
Market price per share (rs.)	98.90	105.00	104.00	88.20	82.20	90.00	100.00	86.75	50.25	62.00
Price earnings ratio (times)	10	8	12	6	6	17	(7)	(40)	22	4
Net assets per share (rs.)	130.50	122.17	112.10	116.13	104.18	91.75	88.27	102.87	105.02	102.74
Annual sales growth (%)	6	9	9	(2)	1	34	22	(5)	(11)	9
Quick assets ratio (times)	0.99	1.03	0.96	1.60	1.53	1.26	1.11	1.69	1.77	1.84
Fixed asset turnover ratio (times)	3.50	3.90	3.49	5.53	5.31	4.95	3.71	3.44	3.52	3.82

TEN - YEAR Economic Summary

Economic Indicators		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GDP Indicators:											
GDP growth	Percent	4.4	4.0	4.9	3.4	9.1	8.4	8.0	3.5	6.0	6.8
GDP (current prices)	Rs. billion	11,839.0	11,183.0	10,448.0	9,592.0	8,732.0	7,219.0	6,413.0	4,835.0	4,411.0	3,578.0
GDP (current prices)	USD billion	81.3	80.5	79.3	74.3	68.4	65.3	56.7	42.1	40.7	32.3
GDP per capita (USD) Growth	Percent	(0.21)	0.58	5.9	7.7	7.2	13.9	33.6	2.1	24.6	13.8
GDP per capita (market prices)	Rs "000"	558.4	533.0	503.0	466.0	427.0	346.0	310.0	236.4	218.2	178.8
GDP per capita (market prices)	USD	3,835.0	3,843.0	3,821.0	3,609.0	3,351.0	3,125.0	2,744.0	2,054.0	2,011.0	1,614.0
Fiscal policy Indicators :											
Budget deficit	Per cent of GDP	-5.4	-7.4	-5.7	-5.9	-6.5	-6.9	-8.0	-9.9	-7.0	-6.9
Monetary policy Indicators :											
12 month T-Bill yield (year - end)	Percent	10.2	7.3	6.0	8.3	11.7	9.3	7.6	9.3	19.1	20.0
Prime lending rate (year - end)	Percent	11.5	7.4	6.4	10.1	14.4	10.8	9.3	10.9	18.5	18.0
M2b money supply growth	Percent	18.4	15.2	13.3	16.7	17.6	19.1	15.8	18.6	8.5	16.6
Other Economic Indicators:											
Inflation annual average (CCPI 2006/07 = 100)	Percent	4.0	4.8	3.3	6.9	7.6	6.7	6.2	3.5	0.0	0.0
Unemployment rate	Percent	4.4	4.6	4.3	4.4	4.0	4.2	4.9	5.8	5.4	6.0
All share index (year - end)	Points	6,228.3	6,894.5	7,299.0	5,913.0	5,643.0	6,074.0	6,636.0	3,386.0	1,503.0	2,541.0
Population	Million	21.2	21.0	20.8	20.5	20.3	20.9	20.7	20.5	20.2	20.0
External Sector Indicators:											
Export USD	Billion	10.3	10.5	11.1	10.4	9.8	10.6	8.6	7.1	8.1	7.7
Import USD	Billion	19.4	18.9	19.4	18.0	19.2	20.3	13.5	10.2	14.1	11.3
Balance of payments	Percent of GDP	2.4	2.3	4.3	1.5	0.3	-1.9	1.9	6.5	-3.5	1.6
Current account balance	USD billion	-1.9	2.0	2.0	-2.5	-4.0	-4.6	-1.1	-0.2	-1.4	-1.4
Current account % of GDP	Per cent	-2.4	2.4	2.5	-3.8	-6.7	-7.8	-2.2	-0.5	-9.5	-4.2
Foreign Currency Indicator :											
Exchange rate (annual average)	Rs/USD	145.6	135.9	130.5	129.1	127.6	110.6	113.1	114.9	108.3	110.6
	RS/Euro	161.2	150.8	173.5	171.5	164.0	153.9	150.1	160.2	159.3	151.6
	Rs/Yen	1.3	1.1	1.2	1.3	1.6	1.4	1.3	1.2	1.1	0.9
	Rs/INR	2.2	2.1	2.1	2.2	2.4	2.4	2.5	2.4	2.5	2.7
Exchange rate change USD (annual average)	Percent	7.1	4.2	1.1	1.2	15.4	-2.2	-1.6	6.1	-2.1	6.4
Rubber Sector Information:											
Production	Kg mn	79.1	88.6	98.6	130.4	152.0	158.2	152.9	136.9	129.2	117.6
Total extent	Hectares '000'	136.0	135.0	134.0	134.0	131.0	129.0	126.0	124.0	122.0	120.0
Yield	Kg/hectares	851.0	950.0	889.0	1,247.0	1,459.0	1,566.0	1,561.0	1,437.0	1,382.0	1,261.0
Average price :											
Colombo Auction	Rs/Kg	239.3	248.2	286.1	376.9	416.6	508.8	403.0	211.7	269.5	234.2
Export (FOB)	Rs/kg	294.3	342.0	362.8	389.8	420.7	535.4	377.5	202.3	278.4	234.5

FOREIGN

Currency Financial Statements

FOR THE YEAR ENDED 31ST MARCH	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	2017	2016	2017	2016
Revenue	7,721,051	7,793,244	8,443,693	8,592,231
Cost of sales	(6,023,527)	(6,203,111)	(6,587,291)	(6,839,072)
Gross Profit	1,697,524	1,590,133	1,856,402	1,753,159
Other income	28,251	19,454	30,895	21,448
Distribution cost	(264,460)	(351,084)	(289,212)	(387,078)
Administrative expenses	(1,014,505)	(989,163)	(1,109,457)	(1,090,575)
Operating Profit	446,809	269,340	488,628	296,953
Finance income	38,114	176,358	41,681	194,439
Finance cost	(77,260)	(53,511)	(84,491)	(58,997)
Net Finance Income	(39,146)	122,847	(42,810)	135,442
Profit before taxation	407,664	392,187	445,818	432,395
Income tax expense	(142,580)	(27,462)	(155,924)	(30,277)
Profit for the year	265,084	364,725	289,894	402,118

AS AT	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
ASSETS				
Non Current Assets				
Property, plant and equipment	2,199,465	1,882,134	2,349,530	2,120,255
Intangible assets	43,536	49,432	46,506	55,686
Available for sale financial assets	185,755	232,785	198,429	262,236
Other financial assets	101,824	98,202	108,771	110,626
Deferred tax assets	38,160	20,463	40,764	23,052
	2,568,740	2,283,016	2,744,000	2,571,856
Current Assets				
Inventories	1,256,046	1,110,710	1,341,744	1,251,233
Trade and other receivables	2,000,049	2,266,071	2,136,509	2,552,766
Tax recoverable	-	18,724	-	21,092
Cash and cash equivalents	502,415	414,761	536,693	467,235
	3,758,510	3,810,265	4,014,946	4,292,327
Total Assets	6,327,250	6,093,281	6,758,946	6,864,182
EQUITY AND LIABILITIES				
Stated capital	675,044	682,315	721,101	768,639
General reserve	677,507	684,804	723,732	771,443
Available for sale reserve	-	6,462	-	7,279
Retained earnings	2,049,650	1,845,712	2,189,494	2,079,226
Total Equity	3,402,201	3,219,292	3,634,327	3,626,586
Non- Current Liabilities				
Deferred tax liability	203,819	93,059	217,726	104,833
Retirement benefit obligation	182,934	169,305	195,415	190,725
	386,754	262,364	413,141	295,558
Current Liabilities				
Trade and other payables	1,422,453	1,216,491	1,519,504	1,370,397
Short term borrowings	1,113,204	1,395,134	1,189,155	1,571,641
Income tax payable	2,638	-	2,818	-
	2,538,295	2,611,624	2,711,478	2,942,038
Total Liabilities	2,925,048	2,873,989	3,124,619	3,237,596
Total Equity And Liabilities	6,327,250	6,093,281	6,758,946	6,864,182

Note: This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. This has been presented for the information purpose only. Exchange rates prevailed at the end of each financial year have been used to convert the statement of financial position and average exchange rates prevailed during the financial year have been used to convert the income statement.

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 for the year divided by gross dividend.
5. Dividend per Share : Total Gross Dividend divided by no. of shares at the end of the year.
6. Gross Dividend : Portion of Profits, inclusive of tax withheld, distributed to shareholders.
7. Dividend Rate : Gross Dividends declared per share.
8. Earnings per Share : Profit attributable to shareholders divided by the no. of shares issued.
9. Interest Cover : Profit from operating activities before tax and finance cost divided by finance cost.
10. Net Assets per Share : Net Assets divided by the no. of shares.
11. Price Earnings Ratio : Market Price per share divided by earnings per share.
12. Deferred Taxation : Sum set aside for tax in the financial statement that will become payable in a financial year other than the current financial year.
13. Value Additions : The quantum of wealth generated by the activities of the Company.
14. Revenue Reserves : Reserve considered as being available for distributions and investments.
15. Capital Reserves : Reserves identified for specific purposes and considered not available for distribution.
16. Return on Capital Employed : Profit after interest, tax divided by capital employed or shareholders funds at the year end.
17. Shareholders Fund : Total of stated capital and reserves.
18. Capital employed : Shareholders' funds plus long - term bearing loans and borrowings.
19. Gearing : Total short term and loan term borrowings divided by total borrowings and shareholder funds.
20. Corporate Governance : A system by which Companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.
21. Market Capitalization : Number of ordinary shares in issue multiplied by the Market Value per share at the balance sheet date.
22. Related Parties : Parties who could control or significantly influence the financial and operating policies of the business.
23. Intangible Assets : An intangible asset is an identifiable non-monetary asset without physical substance.
24. Impairment : This occurs when the recoverable amount of an asset is less than its carrying amount.
25. Fair value : This is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

COUNTRY Profile

“The Sri Lanka’s population has a literacy rate of 92%, higher than that expected for a third world country; it has the highest literacy rate in South Asia and overall, one of the highest literacy rates in Asia.”

Sri Lanka is the one of the few places in the world where it has a remarkable combination of stunning landscapes, pristine beaches, captivating cultural heritage and unique experiences within such a compact location. Within a mere area of 65, 610 kilometers lie 8 UNESCO World Heritage Sites, 1,330 kilometers of coastline (much of it pristine beach), 15 national parks showcasing an abundance of wildlife, nearly 500,000 acres of lush tea estates, 250 acres of botanical gardens, 350 waterfalls, 25,000 water bodies, to a culture that extends back to over 2,500 years. It is a place where the original soul of Buddhism still flourishes and where nature’s beauty remains abundant and unspoilt. This is an island of magical proportions, once known as Serendib, Taprobane, the Pearl of the Indian Ocean, and Ceylon. Discover refreshingly Sri Lanka!

The country lured traders and colonisers from the west which resulted in the Portuguese, the Dutch and the British governing the island for over 150 years from the 16th century. Colombo, the present commercial capital, is an interesting blend of varying influences and is over 600 years old. Almost one million out of the entire 21.2 million strong population of Sri Lanka resides in Colombo, and the country prides itself on having one of the highest literacy rates in Asia. The people of Sri Lanka are of diverse races and faiths, with the majority being Sinhalese who are mainly Buddhists but who harmonize with the Tamils, Muslims, Burghers and other ethnic groups. Although well on the road to modernization, the country and its people still cherish their traditional values and take pride in their rich culture, an aspect that continues to attract visitors.

- | | | | |
|----|--------------------|---|--|
| 1 | Land area | : | 65,610 sq km |
| 2 | Commercial capital | : | Colombo |
| 3 | Climate | : | Tropical (10c – 32 c) |
| 4 | Population | : | 21.2 mn |
| 5 | Labour force | : | 8 mn |
| 6 | Languages | : | Sinhala, Tamil and English as the link language. |
| 7 | Currency | : | Sri Lankan Rupee |
| 8 | Legal system | : | Roman- Dutch and English |
| 9 | Literacy rate | : | 92% |
| 10 | Main Religions | : | Buddhism, Christian, Muslim, Hindu |



COUNTRY Profile (Contd...)

Sri Lanka natural rubber industry

The country lured traders and colonizers from the west which resulted in the Portuguese, the Dutch and the British governing the island for over 150 years from the 16th century. The natural rubber industry in Sri Lanka is one of the enduring colonial legacies that is providing sustained socio- economic benefits to the country, even today. Sri Lanka has a well established natural rubber industry with a well organized infrastructure comprising of all supporting institutes in public and private sector. Rubber Research Institute (RRI) of Sri Lanka is one of the oldest research institutes for rubber in the world.

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

Sri Lanka was in the sixth position among the global natural rubber producers in 2014, and exported almost all types of natural rubber available in the market including ribbed smoked sheet rubber, latex crepe rubber, scrap crepe, all grades of technically specified rubber, centrifuged latex and specialty rubbers. Presently, Sri Lanka produces about 153,000 metric tons of natural rubber annually.

Sri Lanka prides itself in manufacturing a number of value added rubber products by processing raw rubber. These products include extrusion products like rubber bands, beadings, rubber latex products such as medical, industrial and

household gloves, industrial products like hoses, auto parts, industrial components, tyres, tubes, automotive and aviation tyres and general rubber products like rubber flooring, floor mats, carpets, sports goods, footwear, hot water bottles and related components. DSI Group and Samson International Plc produces most of these products. Sri Lanka's natural rubber has a high-demand in the world market due to its unique properties. The country now has a premium quality natural rubber type known as Lankaprene which is odour free to a certain extent, light coloured, and clean which is ideally suited for medical equipment and up- market value added products.

City of Galle

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

The Fort is the heart of the Galle's history. The walled city has stood since the early sixteenth century, through the Colonial periods of the Portuguese, Dutch and British and in our present times is proclaimed as an Archaeological Reserve and has been identified as a living World Heritage Site.

Unawatuna bay in Galle provides safe swimming and snorkelling, since it is protected by a reef. Rhumassala Kanda is also associated with the legend of the traditional Ramayana story. The drive to Baddegama is a delightful experience and leads out to the fine church consecrated in 1825, by Bishop Heber – Bishop of Calcutta.

Today, Galle is a tourist resort which is also a historical city in Sri Lanka.



SHAREHOLDER Information

“ The Board believes the AGM is a means of continuing effective dialogue with shareholders. While valuing the patronage of all our shareholders, the Company has made every endeavours to ensure equitable

treatment to all our shareholders irrespective of the number of shares they hold. Therefore, the active participation of shareholders at the Annual General Meeting is encouraged ”.



Last Annual General Meeting

The Board seeks Annual General meeting to communicate with investors and all shareholders are also encouraged to participate. The chairmen of audit committee, of remuneration committee and of related party transactions review committee will be available at the Annual General meeting to answer any questions raised by the shareholders.

1. Share Details

- | | | |
|--------------------|---|---|
| a) Stated capital | - | Rs. 109,600,211 |
| b) No. of Shares | - | 4,232,771 (as at 31st March 2016 - 4,232,771) |
| c) Class of Shares | - | Ordinary Shares |
| d) Date of Listing | - | The Company was listed on 24th July 1992 with the Colombo Stock Exchange. |
| e) Ticker symbol | - | SIL.N0000 (in the Colombo Stock Exchange) |
| f) Market sector | - | Manufacturing |

INVESTOR Information (Contd...)

2 Submission of audited accounts to CSE

The audited income statement for the year ended 31st March 2017 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 Market Capitalization

The market capitalization of the Company which is the number of ordinary shares issued multiplied by the market value of a share (at the year-end), was Rs .418.6Mn at 31st March 2017 (Rs. 444.4Mn as at 31st March 2016).

4 Market Value of the Company's Ordinary Shares

Market Value per share	2016/17 Rs	Date	2015/16 Rs	Date	Increased by
Highest Price	115.00	29.11.2016	121.00	19.11.2015	(4.9)
Lowest Price	75.70	01.03.2017	90.00	16.04.2015	(15.8)
Closing	98.90	31.03.2017	105.00	31.03.2016	(5.8)
All share price index	6061.94	31.03.2017	6071.88	31.03.2016	(0.2)
S & P Sri Lanka 20 index	3438.88	31.03.2017	3204.44	31.03.2016	7.2



It is noted that the share price of the Company has increased by more than two-fold during last ten years

INVESTOR Information (Contd...)

5 Analysis of Shareholders based on number of shares held as at 31st March 2017

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,113	91.0	136,466	3.2
1,001 – 10,000	94	7.7	265,573	6.3
10,001-100,000	10	0.8	256,093	6.1
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000.000 & Over	2	0.2	2,333,016	55.1
Total	1,223	100	4,232,771	100

DSI Samson Group (Pvt) Ltd and Seylan Bank PLC/ Dr Thirugnanasambander Senthilvel have invested 55.1% of the stake of the Company as at 31st March 2017.

Analysis of Shareholders based on number of shares held as at 31st March 2016

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,092	90.4	136,815	3.2
1,001 – 10,000	99	8.2	277,061	6.6
10,001-100,000	11	0.9	329,420	7.8
100,001 – 1,000,000	5	0.4	2,164,169	51.1
1,000.000 & Over	1	0.1	1,325,306	31.3
Total	1,208	100	4,232,771	100

6 Analysis of Shareholders category-wise as at 31st March 2017

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,168	95.5	453,944	10.7
Institutional-local	48	3.9	3,663,718	86.6
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	0	-	0	-
Total	1,223	100	4,232,771	100

It is noted that 95.5% of the number of shareholders are Sri Lankan individuals which represent 10.7% of the stake of the Company as at 31st March 2017.

Analysis of Shareholders category-wise as at 31st March 2016

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,153	95.4	541,636	12.8
Institutional-local	51	4.2	3,668,278	86.7
Individual – foreign	4	0.4	22,857	0.5
Institutional- foreign	0	-	0	-
Total	1,208	100	4,232,771	100

INVESTOR Information (Contd...)

7 Twenty Major Shareholders as at 31st March 2017

Shareholder	No of Shares as at 31/3/2017	%	No of Shares as at 31/3/2016	%
1 DSI Samson Group (Pvt) Ltd.	1,325,306	31.31%	1,325,306	31.31%
2 Seylan Bank PLC/ Dr Thirugnanasambander Senthilvel	1,007,710	23.81%	944,722	22.32%
3 D. Samson Industries Ltd.	603,633	14.26%	603,633	14.26%
4 D. Samson & Sons Ltd.	301,782	7.13%	301,782	7.13%
5 Sampath Bank PLC/ Dr Thirugnanasambander Senthilvel	230,000	5.43%	207,824	4.91%
6 Samson Rubber Industries (Pvt) Ltd.	106,208	2.51%	106,208	2.51%
7 Sanger GMBH	86,484	2.04%	86,484	2.04%
8 Mr. A.H. Munasinghe	33,117	0.78%	33,117	0.78%
9 Mr. K.G. Piyasena	25,278	0.60%	25,278	0.60%
10 Samson Manufacturers (Pvt) Ltd.	24,369	0.58%	24,369	0.58%
11 Mr. H. Tanigawa	22,506	0.53%	22,506	0.53%
12 Asha Financial Services/Mr. N. C. Pakianathan	20,053	0.47%	18,002	0.43%
13 Mrs. D. R. Wimalasena	11,753	0.28%	11,763	0.28%
14 Mr. D.R. Rajapaksa	11,350	0.27%	11,350	0.27%
15 Mr. D.K. Rajapaksa	10,959	0.26%	10,959	0.26%
16 Mr. D.M.Rajapaksa & Mr. D.B.D.Rajapaksa	10,224	0.24%	9,225	0.22%
17 Mr. U.I.Suriyabandara	9,783	0.23%	9,339	0.22%
18 Waldock Mackenzie Ltd./ Hi-Line Trading (Pvt) Ltd.	9,777	0.23%	9,777	0.23%
19 Mr. T S Salim	8,740	0.21%	8,740	0.21%
20 Dr D S Rajapaksa	7,871	0.19%	7,871	0.19%
Total of 20 Major Shareholders	3,866,903	91.36%	3,778,255	89.26%
Other 1,203 Shareholders-31/03/2017	365,868	8.64%	-	-
Other 1,188 Shareholders-31/03/2016	-	-	385,535	10.74%
Total Shareholdings of the Company	4,232,771	100.00%	4,232,771	100.00%

8 Public Holdings

As at 31st March 2017, the public held 42.408% (on 31st March 2016 - 42.413%) of the shares of the Company.

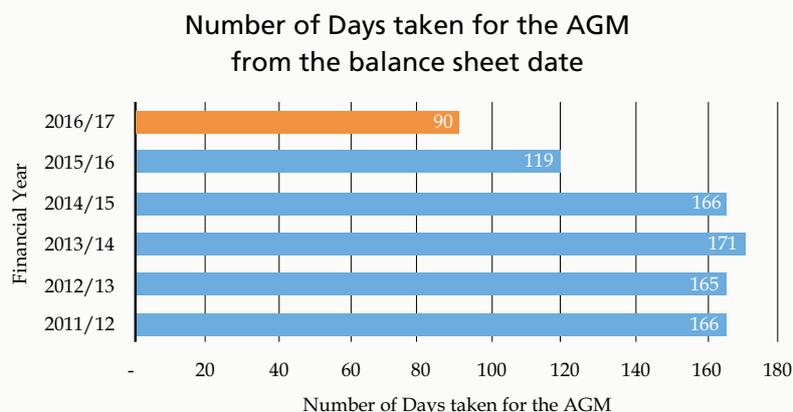
9 No of Share transactions

	2016/17	2015/16
No of Transactions	405	551
No of Shares Traded	127,385	205,004

The Value of shares traded during the year under review was Rs. 12,278,895.10.

10 No of Days taken for the AGM from the balance sheet date

Financial Year	Date of AGM held	Number of Days taken for the AGM from the balance sheet date
2011/12	14-Sep-12	166
2012/13	13-Sep-13	165
2013/14	19-Sep-14	171
2014/15	14-Sep-15	166
2015/16	29-Jul-16	119
2016/17	30-Jun-17	90



11 Last year AGM

The last AGM was held 29th July 2016 with the participation of 374 shareholders (31% of the total number of shareholders) at Sri Lanka College of Obstetricians and Gynecologists, Samson Rajapaksa Auditorium, Colombo 8.

The following resolutions were approved at the last AGM.

1. Approved the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements for the year ended 31st March 2016 and the Report of the Auditors thereon.
2. Dr. D S Rajapaksa who was 72 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D S Rajapaksa".
3. Mr. D K Rajapaksa who was 71 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
4. Mr. T K Bandaranayake who was 73 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
5. Mr. G H A Wimalasena who was 75 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. G H A Wimalasena."
6. Re-elected Mr. C Cumararatunga who retires by rotation in terms of Article 88(i) of the Articles of Association, as a Director of the Company.
7. Re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
8. Authorized the Directors to determine donations for the year ending 31st March 2017 and up to the date of the next AGM.

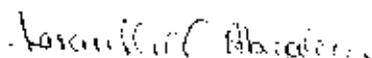
NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Fifth Annual General Meeting of Samson International PLC will be held on 30th June, 2017 at the Sri Lanka College of Obstetricians and Gynecologists, Samson Rajapaksa Auditorium at No. 112, Model Farm Road, Colombo 08 at 3.00 p.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements the year ended 31st March 2017 and the Report of the Auditors thereon.
2. To appoint Dr. D.S Rajapaksa who is 73 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Dr. D.S Rajapaksa who is 73 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D.S Rajapaksa".
3. To appoint Mr. D K Rajapaksa who is 72 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D K Rajapaksa who is 72 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
4. To appoint Mr. D R Rajapaksa who is 71 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D R Rajapaksa who is 71 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".
5. To appoint Mr. T K Bandaranayake who is 74 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 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
6. To appoint Mr. G H A Wimalasena who is 76 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 76 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. G H A Wimalasena."
7. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine donations for the year ending 31st March 2018 and up to the date of the next Annual General Meeting.

By Order of the Board

SAMSON INTERNATIONAL PLC



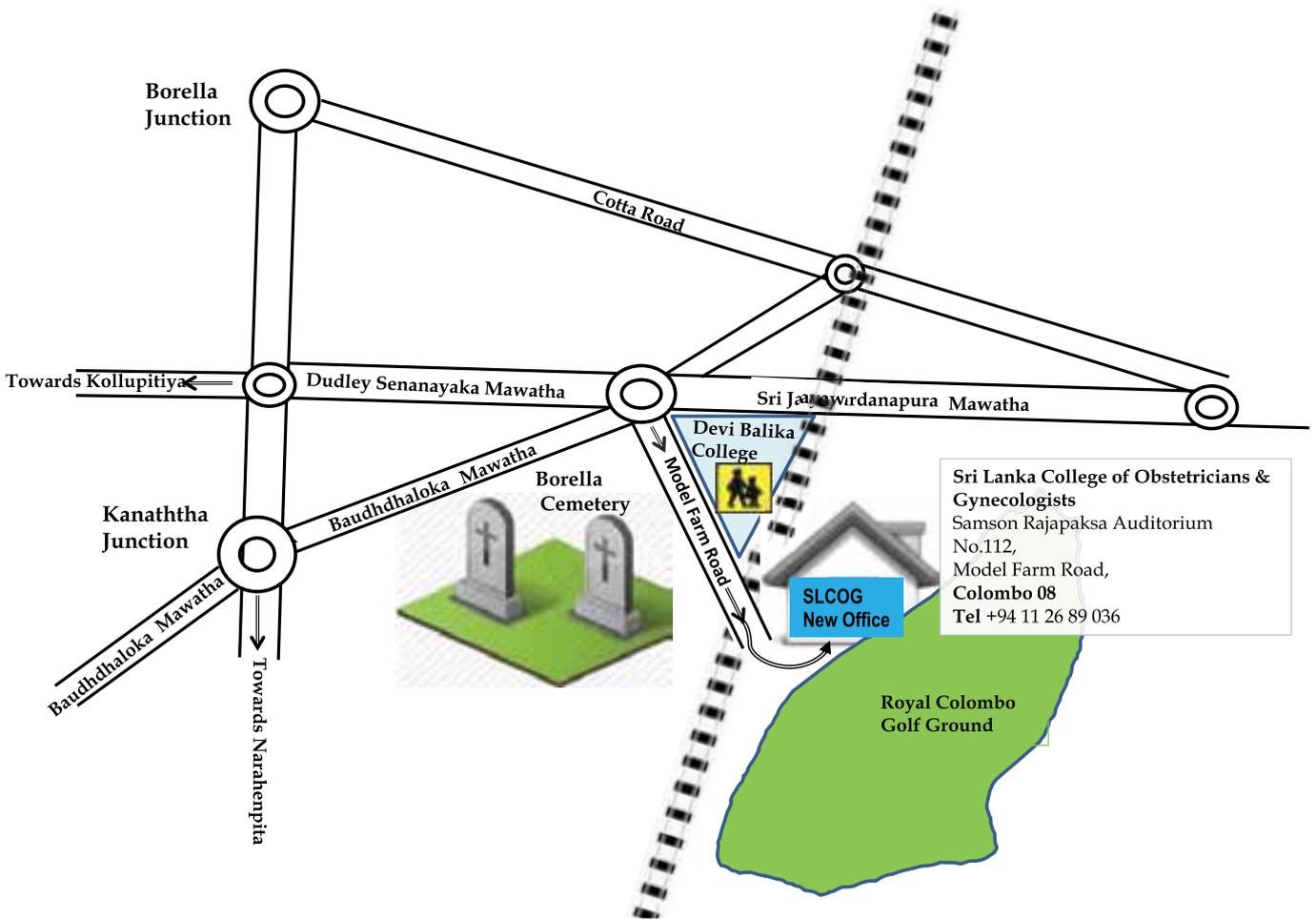
P W Corporate Secretarial (Pvt) Ltd
Secretaries

25th May 2017.
Colombo

- Notes:-
1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his / her behalf.
 2. A Proxy need not be a shareholder of the Company.
 3. A Form of Proxy accompanies this Notice.
 4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 110, Kumaran Ratnam Road, Colombo 02, not less than 48 hours before the time for holding the Meeting.

DIRECTIONS

to the venue of the AGM



FORM of Proxy

I/We of being a shareholder/ shareholders of SAMSON INTERNATIONAL PLC, do hereby appoint ofor failing *him/her*

Dr. D S Rajapaksa	of Colombo or failing him*
Mr. D K Rajapaksa	of Colombo or failing him*
Mr. D 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 T K Bandaranayake	of Colombo or failing him*
Mr G H A Wimalasena	of Colombo or failing him*
Mr. D G P S Abeygunawardana	of Colombo or failing him*
Mr. D D A Rajapaksa	of Colombo

as *my/our Proxy to represent me/us*, to speak and vote for *me/us on *my/our behalf at the Twenty Fifth ANNUAL GENERAL MEETING OF THE COMPANY to be held on 30th June. 2017 at 3.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1. To appoint Dr. D.S Rajapaksa who is 73 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Dr. D.S Rajapaksa who is 73 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Dr. D.S Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
2. To appoint Mr. D K Rajapaksa who is 72 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D K Rajapaksa who is 72 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
3. To appoint Mr. D R Rajapaksa who is 71 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D R Rajapaksa who is 71 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Mr. T K Bandaranayake who is 74 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 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".	<input type="checkbox"/>	<input type="checkbox"/>
5. To appoint Mr. G H A Wimalasena who is 76 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 76 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. G H A Wimalasena."	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorize the Directors to determine donations for the year ending 31st March 2018 and upto the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

*Signature/s

Note: 1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
3. In the case of a Corporate shareholder, the Form of Proxy must be completed under its Common Seal, which should be affixed in the manner prescribed by the Articles of Association.
4. If the Form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 110, Kumaran Ratnam Road, Colombo 02, not less than Forty Eight (48) hours before the appointed time for the Meeting.



SIL Flag

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SAMSON INTERNATIONAL PLC.

Corporate Office:

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E-mail : info@samsonint.com Web : www.samsonint.com