

2019/20

Annual Report



*“Every dark cloud
has a silver lining”*

SAMSON INTERNATIONAL PLC

Akuressa Road, Bogahagoda, Galle

DSI Samson
group



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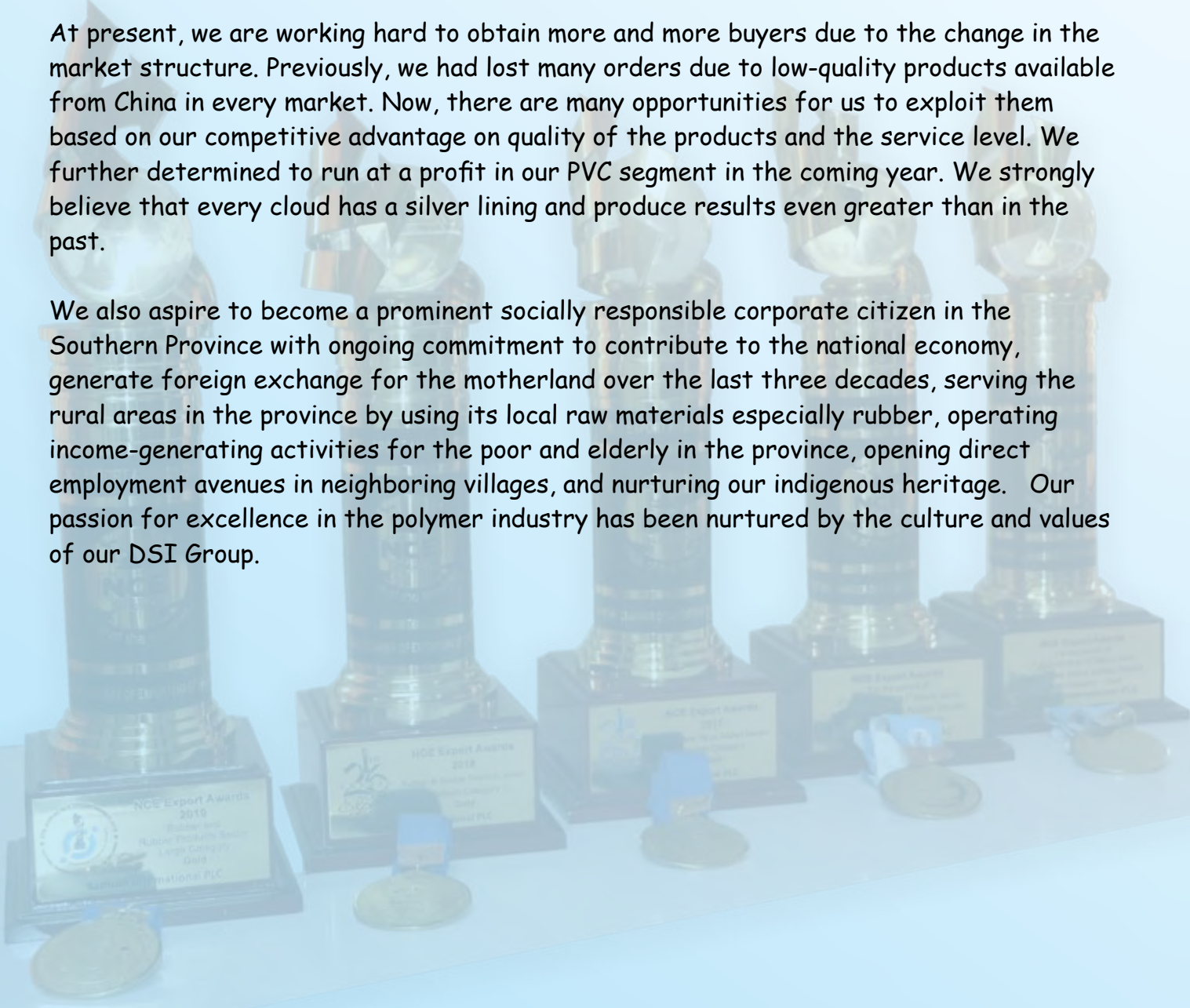
"Every dark cloud has a silver lining"

During the pre-Corona period in the financial year, we did fairly well in the every sphere of the business. We received the Gold award from the National Chamber of Exporters for the fifth consecutive year and another Gold award at the Annual Reports competition. In addition to that, we received many other awards in quality, environment, productivity and human resource.

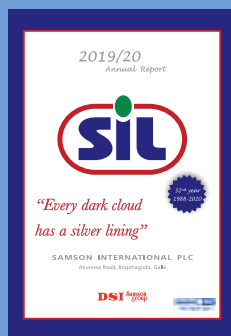
However, during the Corona period, the trading activities of the Company was severely affected as others. Our exports and local sales declined significantly until end of the first quarter in 2020/21. During this period, our employees dedicated significantly to protect the Company by working even during the curfew period.

At present, we are working hard to obtain more and more buyers due to the change in the market structure. Previously, we had lost many orders due to low-quality products available from China in every market. Now, there are many opportunities for us to exploit them based on our competitive advantage on quality of the products and the service level. We further determined to run at a profit in our PVC segment in the coming year. We strongly believe that every cloud has a silver lining and produce results even greater than in the past.

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



About this Report



"This report highlights our performances, business model, strategic directions, investments, governance, risk management, opportunities, CSR activities, progress which we have made in the financial year under review and also our future outlook..."

We present this annual report for our 32nd financial year covering the period from 1st of April 2019 to 31st of March 2020 with the theme of "Reaching the Gold Standards". We have disclosed all the information which are important for all stakeholders to be aware of. The Company has neither subsidiaries nor associate Companies but it has two business segments namely Rubber and PVC-related products.

Scope and Boundary

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

Guiding Principles

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

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

Assurance

The independent auditor's opinion by Messrs Edirisinghe & Co., Chartered Accountants on the Financial Statements is available on page 151 of this report.

A combined assurance model is used to ensure the credibility and integrity of our reporting. Internal Audit work is carried out by Messrs. Ernst and Young quarterly in addition to the work done by our internal audit department. The Company's Audit Committee also monitors adequacy and effectiveness of the financial reporting and internal control systems.

We received the Gold Award for the last Annual Report at the 55th Annual Report Awards Ceremony organized by the Institute of Chartered Accountants of Sri Lanka. Further, we also received the Silver award in the year 2017/18 and a certificate of compliance for the Annual Reports for five consecutive years from 2012/13 to 2016/17.

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 Mr. Sisira Abeywickrama, Head of Finance by email at sisiraa@samsonint.com

Theme of Previous Annual Reports

2012/13- Silver Jubilee and beyond

2013/14 – Aimed at versatility

2014/15 - Let the figures do the walking

2015/ 16 – A wide product range sounds better

2016/17 – There is no end to our search for excellence

2017/18 – The road will never be the same

2018/19 - Bringing Excellence to the Surface

ABOUT Us

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

The Company diversified in to PVC market a few years back with the intention of exploiting big & new markets and growth opportunities in the midst of the boom of the construction industry and positive economic outlook of the country. Samson International Plc has 456 employees and the main factory is situated at Bogahagoda, Galle. Other two factories are in Baddegama and Kalutara.

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 50 Mn and has a workforce more than 9,000 employees. It also has 28 subsidiary Companies in Sri Lanka. 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 28 Bn while Samson International Plc has a turnover of Rs. 1.6 Bn. DSI Group has an export turnover of Rs. 10 Bn and Samson International Plc has an export turnover of Rs. 675 Mn. DSI Samson Group has received a rating of 'BBB (Ika) –Positive Outlook' by Fitch Rating Lanka Limited.

Corporate Philosophy

Our Vision

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

Our Mission

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

Our Values

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



Galle Factory

FINANCIAL and Operational Highlights

Key Performance Indicators 2019/20

Rs. 1.6 Bn
Turnover

26%
PVC Sales
Growth

Rs. 1.2 Bn
Total
Assets

456
Number of
Employees

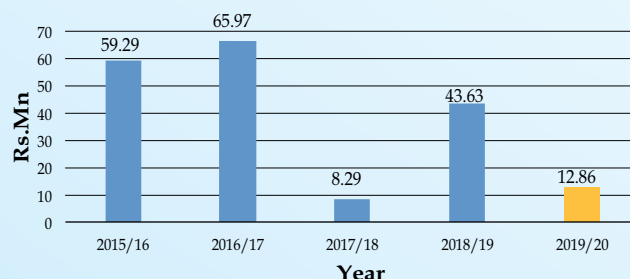
Rs. 34 Mn
Operational
Profit

The Company recorded the highest Turnover
Dividend payout percentage is 34%

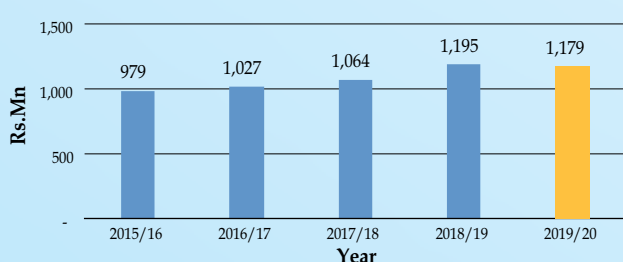
Total Revenue
(Rs.Mn)



Profit before Tax
(Rs.Mn)



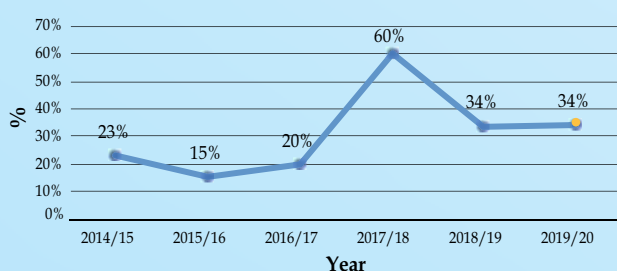
Total Assets
(Rs. Mn)



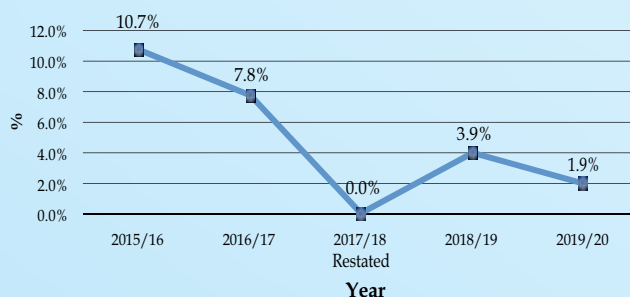
Market Capitalization
(Rs. Mn)



Dividend
Pay out %



ROCE
%



FINANCIAL and Operational Highlights (Contd...)

Financial Highlights

		2019/20	2018/19	Variance	%
Operating Results					
Revenue	Rs. 000	1,590,203	1,569,345	20,858	1.33
Operating profit	Rs. 000	34,137	71,532	(37,395)	(52)
Exchange gain/(loss)	Rs. 000	(6,843)	(17,058)	10,215	60
Profit before tax	Rs. 000	12,086	43,635	(31,549)	(72)
Tax on profit (including deferred tax)	Rs. 000	225	(18,627)	18,852	101
Profit after tax	Rs. 000	12,311	25,007	(12,696)	(51)
Exports earnings	in US \$ Mn	3.55	4.46	(0.91)	(0.2)
ROCE	%	1.92	3.92		
Gross profit to sales	%	18.2	19.6		
Interest cover	Times	1.85	4.16		
Financial Position					
Dividend cover	Times	2.91	2.96		
Current ratio	Times	1.62	1.58		
Gearing	%	31	31		
Interest Cost	Rs. 000	(22,347)	(17,425)	(4,922)	(28)
Financial Investments	Rs. 000	36,481	33,669	2,812	8
Shareholder information					
Group fitch rating		BBB (lka)-Positive	BBB (lka) -Stable		
Dividend per share	Rs.	1.00	2.00	(1.0)	(50)
Market price per share	Rs.	72.10	97.90	(25.8)	
Earnings per share	Rs.	2.91	5.91	(3.0)	
Net assets per share	Rs.	151.77	150.76	1.0	
Price Earnings Ratio	Times	24.78	16.57		
Total assets	Rs. 000	1,178,575	1,195,251	(16,676)	(1)
Number of Shareholders	Nos.	1,249	1,235	14	1
Market Capitalization	Rs. 000	305,183	414,388	(109,205)	(26)
Shareholders' funds	Rs. 000	642,409	638,137	4,272	0.67

Operational Highlights

			2019/20	2018/19
Manufactured Capital	No. of factories	Nos	3	3
	Rubber compound consumed	Kg 000	1,800	1,567
	PVC compound consumed	Kg 000	1,874	1,715
	Investment in PPE	Rs. 000	46,817	56,832
	Value additions	Rs. 000	398,532	390,441
Human Capital	No. of Employees	Nos	456	414
	Retention Rate	%	98.4	97.9
	Employee Remuneration & rewards	Rs. 000	297,438	270,732
	Investment in Training & Development	Rs. 000	667	1,209
	Training	hours	1015	1972
	Gender Diversity Ratio (Male : Female)		82:18	79:21
	Profit per Employee	Rs.	26,998	60,404
Social Relationship Capital	Value additions per employee	Rs/ month	72,831	78,591
	Total Taxes	Rs. 000	(225)	18,627
	Donation in cash	Rs.	362,483	195,568
Natural Capital	Energy Consumption	Kwh	2,027,118	1,746,498
	Waste rubber reused / recycled	Kg 000	54	31.3
Intellectual Capital	Investment in IT development	Rs. 000	2,244	2,101
	Number of awards	Nos	7	4

CORPORATE Information

Name of the Company	: Samson International Plc
Legal Form	: A public quoted Company with limited liability. It was incorporated on 14th October 1988 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008.
Company Registration number	: PQ 192
Stock Exchange listing	: The ordinary shares of the Company were listed in the Colombo Stock Exchange of Sri Lanka on 24th July 1992 and the Company was converted to a public quoted Company.
Principal line of business	: Manufacture of rubber and PVC-based products for the international and local markets.
Registered Office	: No. 110, Kumaran Ratnam Road , Colombo 02. Te: (011) 4728 800, Fax (011) 2440 890 Email: info@samsonint.com
Directors	: Dr D. S. Rajapaksa (Chairman) Mr D. K. Rajapaksa (Managing Director) Mr D. R. Rajapaksa Mr G. H. A. Wimalasena (Resigned on 14th August 2020) Mr T. K. Bandaranayake Mr D. G. P. S. Abeygunawardana (Director/ General Manager) Mr D. D. A. Rajapaksa Mr. D. C. J. Rajapaksa Ms. I. Malwatte (Appointed on 14th August 2020)
Audit Committee	: Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. R. Rajapaksa
Remuneration Committee	: Mr G. H. A. Wimalasena (Chairman) Mr T. K. Bandaranayake Mr D. D. A. Rajapaksa
Related Party Transaction Review Committee	: Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena Mr D. D. A. Rajapaksa
Secretaries	: P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 08. Te (011) 4640 360

CORPORATE Information (Contd...)

Factories

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

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

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

Parent Company : DSI Samson Group (Pvt) Ltd.

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

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

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



Corporate Office

Contact Details:

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

CORPORATE

Milestones

Samson International Plc has been on a journey in reaching the gold standard and has marked many milestones and achievements. These have been analyzed under the category of investments & acquisitions, product certifications and Awards won.

Year	Investments & Acquisitions	Product Certifications	Awards won
1988/89	Incorporated as a private Company		
1992/93	Became a public quoted Company		
1994/95		Received the first " ISO 9001: 1994 certificate" among the rubber-related product manufacturing companies in Sri Lanka.	
1995/96		Produced Hot Water Bottles with the British Standard (BS 1970:2006) and TUV Certification.	
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 Award from the NCE for the first time.

CORPORATE Milestones (Contd...)

Year	Investments & Acquisitions	Product Certifications	Awards won
2012/13			Received the Gold Award from the NCE for the second consecutive year.
2013/14			Received the Silver Award from the NCE and also Business Excellence Silver Award from the NCC for the first time, when the Company celebrated its Silver Jubilee.
2014/15	<p>Purchased assets of Okta PVC Lanka (Pvt) Ltd., Baddegama which manufacture PVC products.</p> <p>Issue of bonus shares on 1: 10 to shareholders</p>	Received the " ISO 9001:2008 certificate" for PVC pressure pipes.	
2015/16		Produced products with FSC Certification.	Received the Gold Award from NCE and five other merit awards.
2016/17		Received Code of Conduct in Business Social Compliance Initiatives (BSCI) certification on Social Responsibility.	Received Gold Award from NCE for the second consecutive time and nine other awards including the top ten CNCI Awards.

CORPORATE Milestones (Contd...)

Year	Investments & Acquisitions	Product Certifications	Awards won
2017/18		Received ISO 9001: 2015, 14001:2015 Environmental Management Systems and 50001:2011 Energy Management System.	Received the Gold Award from the NCE for the third consecutive time and five other merit awards.
2018/19			Award from the NCE for the fourth consecutive time and Silver award at the Annual report competition.
2019/20	Acquisition of an exclusive dealership with a Malaysian manufacturer for PVC tap product range.		Received Gold Award from the NCE for the fifth consecutive time and Gold award at the Annual report competition.

NCE – National Chamber of Exports

NCC – National Chamber of Commerce

CNCI – Ceylon National Chamber of Industries



MONTHLY

Operational Highlights - 2019/20

2019

- **April**
 - Developed new reclaim out of rubber waste in consultation with Rubber Research Institute which is to be used to produce rubber mats.
- **May**
 - We developed and exported our new product - Eco razor - to Germany for the first time.
 - Board proposed a dividend of Rs. 2.00 per share for the year ended 31st March 2019.
- **June**
 - Held our 27th AGM on 28th June 2019 in Colombo 08.
- **July**
 - We exported our new product – Root Trainer - to the Europe for the first time.
- **August**
 - Received a Merit certificate in Sri Lanka National Quality Awards Competition on 21st August 2019.
 - Participated Construct 2019 exhibition held at BMICH, Colombo.
- **September**
 - Received the Gold Award from the National Chamber of Exporters of Sri Lanka on 20th September 2019 for the fifth consecutive years.
 - Participated “National Safety Council Congress and Expo – 2019 in San Diego, USA.
- **October**
 - We exported our new product – Industrial Plug - to the New Zealand market for the first time.
 - Participated “K - Fair” exhibition and Trade Delegation visit in Dusseldorf, Germany.
- **November**
 - Received a certificate of Commendation in Presidential Environment Awards on 20th November 2019.

• December

- Received a Gold award for the Financial Report, in the category of manufacturing companies (Turnover up to Rs. 5 Bn) from the Institute of Chartered Accountants of Sri Lanka on 3rd December 2019.
- Received a certificate of Commendation in National Productivity Award Competition on 26th December 2019.

2020

• January

- Received Bronze award at National Cleaner Production Awards on 21st January 2020.
- Participated “Jaffna International Trade Fair 2020” in Jaffna.
- Received Merit award Social Dialogue and Workplace Cooperation Awards Competition on 22nd January 2020.

• February

- Stepped in to PVC tap business having obtained exclusive dealership with a Malaysian partner.
- PVC segment recorded the highest Turnover and earned a profit

• March

- Operation was adversely affected due to the disruption from Coronavirus.

AWARDS

Won

"We received the NCE Gold Export Award consecutively for five years..."

The Company received many awards and certifications covering every sphere of business this year. The details of these awards have been highlighted in the Chairman's review on page 24 We will use them as a marketing tool to exploit overseas customers and to further streamline current operational systems and procedures.

Summarized Awards Won in the Past:

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

- Export Awards 2019 – Gold Award
- Export Awards 2018 – Gold Award
- Export Awards 2017 – Gold Award
- Export Awards 2015/16 – Gold Award
- Export Awards 2014/15 – Gold Award
- Export Awards 2013 – Silver Award

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

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



Receiving NCE Gold Award 2019

AWARDS Won (Contd...)

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

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

Note: The Company did not participate for this competition in 2018 and 2019.

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

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

Note: The Company did not participate for this competition in 2018 and 2019.

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

- Merit Award in 2019
- Merit Award in 2016
- Certificate of Commendation in 2015



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

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

Note: The Company did not participate for this competition in 2019.

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

- Merit Award in 2019
- Merit Award in 2017
- Merit Award in 2016
- Merit Award in 2015



7) Annual Report Award/Certification in the category of manufacturing Companies turnover up to Rs. 5 Bn from the Institute of Chartered Accountants for five consecutive years:

- Gold Award -2019
- Silver Award -2018
- Certificate of Compliance-2017
- Certificate of Compliance - 2016
- Certificate of Compliance - 2015
- Certificate of Compliance - 2014
- Certificate of Compliance - 2013

AWARDS Won (Contd...)

8) National Productivity Award in the category of Manufacturing sector – Large Scale

- Certificate of Commendation - 2019

9) National Cleaner Production Awards in the category of Manufacturing Large – Rubber Industry.

- Bronze Award - 2019.



10) Presidential Environment Awards in the category of Rubber Based Products Industries.

- Certificate of Commendation - 2019.

11) Presidential Export Awards:

Received in 1996 and 1997

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

- Bronze SLIM DIGIS Award - 2018

13) Awards received by the Managing Director:

- Dr. Kulatunga Rajapaksa was awarded with an honorary Doctorate from University of Sri Jayewardenepura in December 2019 on his contribution to the growth of DSI Samson Group and to the Sri Lankan business community.
- Managing Director Mr. Kulatunga Rajapaksa received "Sri Lanka Entrepreneur of the year (hall of fame) Award" from the Federation of Chamber of Commerce and Industry of Sri Lanka, on 11th December, 2017.

CHAIRMAN'S Review

"Turnover of our new polymer segment of PVC grew by 26% and the Company achieved the highest turnover in the history"

It is my pleasure to present the Annual Report of Samson International Plc for the year ended 31st March 2020, which is our 32nd financial year. The Company achieved the highest turnover this year too and recorded a turnover of Rs. 1.6 Bn in the current financial year as against the previous year turnover of Rs. 1.5 bn. The PVC segment turnover went up by 26% from Rs. 340 Mn in the previous year to Rs. 430 Mn in the current financial year. However, the growth of the rubber segment was 1%. The profit before tax for the year has been Rs. 12 Mn which has come down from Rs. 44 Mn in the previous year. The main reason for the decline is that our two major export products of Sealing Ring and Hot Water Bottle to Europe declined due to the Coronavirus outbreak and unfavorable weather condition for our products. However, the Company is in the process of taking the steps to prevent such declines by exploring new markets. The loss of the PVC segment declined by 50% to Rs. 24 Mn in the current financial year. The Company expects to run at a profit from this PVC segment. Recently the Company obtained an exclusive dealership for water taps with a Malaysian manufacturer in order to widen the PVC product range.

We had been facing a severe competition from China for our products in export and local markets even though we produce comparatively high quality products. Now we have received a golden opportunity to regain some of the export markets due to the short supply of Chinese products which resulted from the recent corona epidemic.

CHAIRMAN'S Review (Contd...)

Awards

This financial year, it is indeed a great honor to mention that our Company received seven awards and certifications covering every sphere of the business. This includes winning the Gold award from National Chamber of Exports of Sri Lanka for the fifth consecutive year and also obtaining the Gold award for the previous year's Annual report from the Institute of Chartered Accountants for the first time. We at Samson International Plc sincerely thank all our customers, shareholders, employees and other stakeholders as this could not have been achieved without your continuous support.

Area	Awarder	Award
1 Export	The National Chamber of Exporters of Sri Lanka on 20th September 2019	Gold Award (for the fifth consecutive year)
2 Finance	The Institute of Chartered Accountants of Sri Lanka for the Annual Report on 3rd December 2019	Gold Award (for the first time)
3 Production	National Cleaner Production Center on 21st January 2020	Bronze Award
4 Quality	Sri Lanka Standard Institute on 21st August 2019	Merit Award
5 Human Resources (Social Dialogue and Workplace Cooperation)	Department of Labour on 22nd January 2020	Merit Award
6 Productivity	National Productivity Secretariat on 26th December 2019	Certificate of Commendation
7 Environment	Central Environmental Authority on 20th November 2019	Certificate of Commendation

By applying for the above award competitions, the Company was able to achieve process improvements, minimization of risk, maintaining a sound relationship with stakeholders, enhance the Company reputation and use as a marketing tool.

Operational Review

The operational matters have been explained in detail under Managing Director's Operational review on page 27.

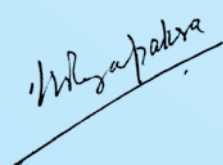
Dividends

The Board of Directors decided to recommend a dividend of Rs. 1.00 per share in the year under review. (Last year - Rs. 2.00 per share)

Appreciation

I would like to thank Mr. G.H.A. Wimalasena for the enormous contribution given to the Company during last 9 years and I would also wellcome Ms. I. Malwatte to the board. I would like to especially thank our invaluable and loyal customers and the Board of Directors for their visionary guidance, the management and every employee of the Company for the dedication and commitment extended to the Company.

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



Dr. D. S. Rajapaksa

Chairman

Colombo

14th August 2020

MANAGING

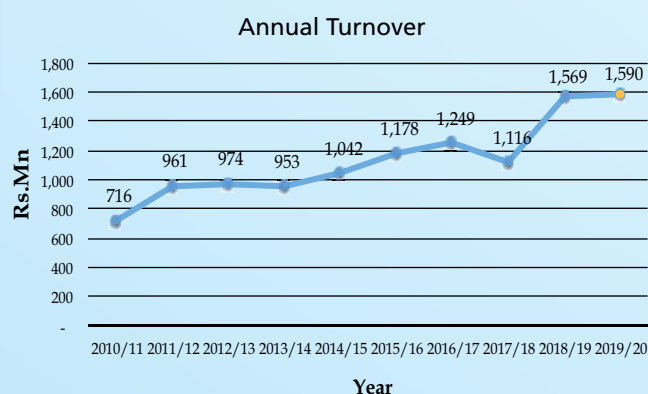
Director's Operational Review



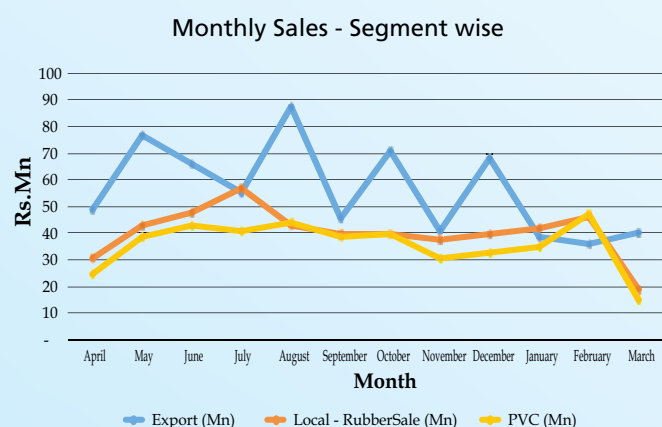
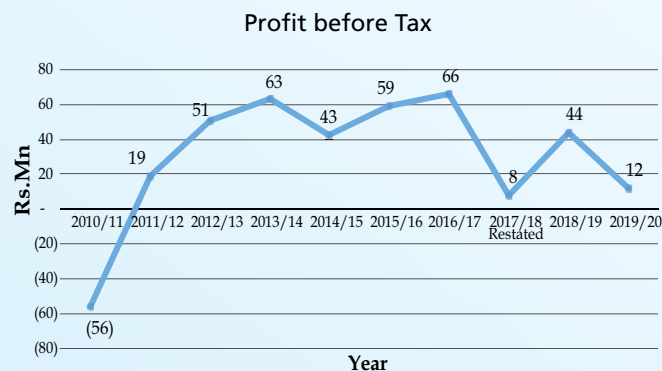
"The Company will make use the every opportunity to exploit some export markets due to the current resistance of Chinese products. In the year, the Company was able to win seven awards including two gold awards covering every sphere of the business."

It is a pleasure to inform you that the Company recorded the highest turnover of Rs. 1.6 Bn in the current financial year (as mentioned in the Chairman's Review) as against the previous year's turnover of Rs. 1.5 Bn. Samson International Plc operates in the export as well as local market in a wide range of rubber and PVC-related products. Our export portfolio consists of a variety of extruded and moulded rubber products for numerous international brands. The main contributor to sales growth is the PVC segment. However, profit before tax of the Company decreased from Rs. 44 Mn in 2018/19 to Rs.12 Mn in 2019/20. The main reason for this decline was the decrease in export sales of Sealing Rings and Hot Water Bottles to the European market due to unfavorable weather conditions in this region and Coronavirus issue in the globe. We will however regain this high contributing jar sealing ring and hot water bottle sales in the near future. Further, a great opportunity has arisen for us due to the short supply of products from China, our main competitor in many products.

We have obtained a consistent turnover growth in the past and the turnover and profit before tax over the last ten years are as shown below:



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



During the year, PVC sales increased from Rs.340 Mn in 2018/19 to Rs.430 Mn in 2019/20, which is a growth of 26% for the second consecutive year. The turnover in the rubber segment decreased by 5% from Rs.1.2 Bn in 2018/19 to Rs.1.1 Bn in 2019/20. The profitability in PVC segment declined especially in the third quarter of the year due to the presidential election atmosphere and excessive rain in most of the areas in the country. However, the loss from this new PVC segment declined by 50% from Rs. 45 mn in 2018/19 to Rs. 25 Mn in 2019/20.

Despite extremely challenging industry conditions, both globally and locally, the Company adopted a long-term view of value creation, investing in innovation, automation, people and its infrastructure. For this, Samson International Plc follows the under-mentioned strategy to retain its leadership position in all our product lines and markets.

- 1) New product development is an ongoing process and is a result of the collective effort of the R&D and marketing teams. During the year we developed fifteen new products in the overseas and local markets (Please see page 104). We invest more than Rs. 25 Mn per annum on Research and Development (R&D) activities, which is around 2% of our turnover. We continuously obtain the services of Sri Lankan universities and foreign consultants

for Research and Development (R&D) work and increased the number of professionals in the R&D department.

- 2) The ability to identify and effectively respond to evolving customer requirements is a strength we have. We therefore continue to widen our product portfolio to cater to the dynamics. We have participated in local and foreign exhibitions to seek new customers especially in the USA and UK this year. At present our products are available in 32 out of 194 countries. During the year we found four new overseas markets including Ecuador, Singapore, Netherland and China.
- 3) We project to record dramatic sales growth in the PVC segment in the coming financial year too, as achieved in the last two financial years. We continuously widen the product range and apply for tenders in government institutions. In the financial year under review, we signed an exclusive agreement with a reputable Malaysian manufacturer for water taps. Further, we are in the process of buying a high-tech extruder to manufacture large size pressure pipes required for government institutions. We maintain tight cost control in all expenditures. Constant efforts are made to find more economical sources of raw materials, which will continue to reduce costs. Efficient working capital management is coupled with other cost-saving initiatives. We hope to run at a profit in the PVC segment during the year 2020/21.
- 4) The DSI Group has over 9,000 employees and Samson International Plc has 456 employees. Developing employee capabilities is a key priority for both rubber and PVC segments and we continued to invest in enhancing leadership and technical skills. We provide training for all employees to develop their talent including out-bound training programs. Further we provide overseas training for professionals from time to time. During the year, the Company paid an extra bonus to all employees for achieving the gold award from the National Chamber of Exports for the fifth consecutive year. In the previous year, all employees were taken on a four-hour adventure ship tour for whale watching in the Southern sea from Galle to Mirissa by ship of the "Princess Lanka" owned by the Sri Lanka Navy. However, due to the Corona outbreak, we cut down some of the administrative, selling & distribution and welfare expenses.

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

- 5) As an organization engaged in manufacturing activities, maintaining and ensuring an injury and hazard-free work environment is our responsibility. Providing our employees with a work environment that is conducive to genuine contentment leads to high motivation and greater productivity. During the year, we obtained the carbon foot print certificate. Further, we follow the advice given by World Health Organization to prevent the spread of Coronavirus and educate all employees and visitors.
- 6) During the year, the Company won seven awards including two gold awards covering every sphere of the business as mentioned in the Chairman's review. We were granted ISO 50001 on Energy Management and ISO 14001 on Environmental Management this year too. We have enjoyed ISO status for rubber since 1994 and we are the first rubber-related product manufacturing Company to receive the ISO 9001:1994 Quality Management Certificate. We also received the British Standard (BS 1970:2006), TUV Certification and FSC Certification for our products. All raw materials used to manufacture our products conform to the "REACH" regulations of Europe. The Company was awarded the BSCI International Certificate following an evaluation of social responsibility and adherence to international and local laws. We have achieved significant international recognition in terms of product quality. Product specification requirements have to be studied in each country in detail and the products must be tailor made to meet those standards. The product that is selling extremely well in the domestic market can totally fail in certain export markets.
- 6) The Company is continuously focusing on expansion and re-engineering its manufacturing processes. This year we invested in a modern PVC extruder, expansion of PVC stores with a new building and upgrading the sealing ring packing section and steam distribution system. The Company upgrades and strengthens its engineering capabilities to face the demands of the sophisticated international market.
- 7) We maintain excellent rapport with our neighbours and villagers which seems to be constructive and improving. Further, our main focus is on contributing to the welfare of rural communities by offering them many more employment opportunities and uplifting their living standards. Every year we donate rice from the harvest of

the Company paddy field to Samurdhi beneficiaries in Bogahagoda.

Future

Sri Lanka must develop an entrepreneurial culture to achieve sustainable development. We should exploit all possible export markets from the great opportunity arising from the short supply of Chinese products. We should turnaround our loss making PVC segment soon. We continue to maintain good manufacturing practices, streamline our process and invest in our people to achieve greater productivity. We are committed to our community development initiatives and manage our environment effectively. Our effort is to further strengthen our financial management, optimal cost structure, best practices in governance and risk management lead to achieve our strategic goals.

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
14th August 2020

PROFILES

of the Directors

The Profiles of the Board of Directors as at 31st March 2020 is as follows.

1. Dr. D. Samson Rajapaksa

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

Chairman

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

Skills & Experiences

Dr Samson Rajapaksa is a medical practitioner by profession and counts over three decades of experience with DSI Group. He served as the Chairman of DSI Samson Group (Pvt) Ltd. until 19th November 2018.

Other Appointments

He is also a Director of Samson Plantations (Pvt) Ltd.

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

Number of shares held in the Company

1 share



2. Dr. D. Kulatunga Rajapaksa

PhD (H.C.) University of Sri Jayawardenapura

D. Litt University of Westminster

B. Sc (Hons) University of Peradeniya

Managing Director

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

Skills & Experience

Mr. Kulatunga Rajapaksa was the Chairman of DSI Samson Groups (Pvt) Ltd. from 19th November, 2018 until 20th January 2020. He has over 54 years of experience in the manufacture of footwear and rubber products.

Other Appointments

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

Dr. Kulatunga Rajapaksa was awarded with an honorary Doctorate from University of Sri Jayawardenapura in December 2019 on his contribution to the growth of DSI Samson Group and to the Sri Lankan business community.

Number of shares held in the Company

10,959 shares



PROFILES of the Directors (Contd...)

3. Mr. D. Ranatunga Rajapaksa

Dip. In Technology

Non - Executive Director

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

Skills & Experiences

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

Other Appointments

He is also the Managing Director of DSI Samson Group (Pvt) Ltd, Samson Rubber Products (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 47 years of experience with DSI Group.

Board committees

Audit Committee

Number of shares held in the Company

11,350 shares



4. Mr. G. H. Ananda Wimalasena

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

Independent, Non –Executive Director

Appointed to the Board on 31st March 2009 and retired on 14th August 2020.

Skills & Experience

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

Other Appointments

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

Board committees

Audit Committee

Related Party Transactions Review Committee

Number of shares held in the Company

Nil



PROFILES of the Directors (Contd...)

5. Mr. Tissa K. Bandaranayake

B.Sc. (Cey), FCA

Independent, Non – Executive Director

Appointed to the Board on 31st March 2009

Skills & Experience

Mr. Tissa Bandaranayake has more than 50 years commercial and professional experience and was a Senior Partner of Ernst & Young from where he retired after 28 years, having serviced a large portfolio of clients, both local and multinational in various industries. Mr. Tissa Bandaranayake is a Past Chairman of the Audit Faculty of the Institute of Chartered Accountants of Sri Lanka.

Other Appointments

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

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

Board committees

Audit Committee

Related Party Transactions Review Committee

Number of shares held in the Company

Nil



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

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

Director / General Manager

Appointed to the Board on 08th August 2013

Skills & Experience

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

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

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

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

Other Appointments

No other appointments.

Number of shares held in the Company

110 shares



PROFILES of the Directors (Contd...)

07. Mr. D. Dilshan A. Rajapaksa

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

Director - Marketing

Appointed to the Board on 01st June 2015

Skills & Experience

Mr. Dilshan Rajapaksa has more than 10 years Management & Information Technology experience in both local and overseas Companies before joining DSI in 2007. He oversees the marketing operations of the rubber sector (export and local) in Samson International Plc.

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

Other Appointments

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

Board committees

Related Party Transactions Review Committee

Number of shares held in the Company

Nil



08. Mr. D. Chandula J. Rajapaksa

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

Non-Executive Director

Appointed to the Board on 10th August 2018

Skills & Experience

Mr. Chandula Rajapaksa has more than 6 years Management experience in both local and overseas Companies. Previously he worked at Price Water House Coopers, Sri Lanka.

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

Other Appointments

He serves as a Managing Director of Samson Exports (Pvt) Ltd., Hydro Trust Lanka (Pvt) Ltd., Werapitiya Hydro Power (Pvt) Ltd., Loggaloya Hydro Power (Pvt) Ltd. and a Director of Samson Rajarata Tiles (Pvt) Ltd., Samson Trading Company (Pvt) Ltd., Samson Manufacturers (Pvt) Ltd., Samson Group Corporate Services (Pvt) Ltd., Samson Compounds (Pvt) Ltd., Samson Apparel Makers (Pvt) Ltd., Samson Bikes (Pvt) Ltd. and Samson Engineers (Pvt) Ltd.

Number of shares held in the Company

Nil



PROFILES of the Directors (Contd...)

The right people with the
right skills ...

Analysis of Directors' Professional Background:

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

Service Analysis of Directors as 31st March, 2020:

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



Board of Directors

PROFILES

of the Executive Management



**Dr. Kulatunga
Rajapaksa**

*PhD (H.C.) University of Sri Jayawardenapura
D. Litt University of Westminster
B. Sc (Hons) University of Peradeniya*

Managing Director

Please refer page No. 30 for the profile



**Mr. Priyantha
Abeygunawardana**

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

Director/ General Manager

Please refer page No. 32 for the profile

Marketing - Rubber Sector



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

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

Director - Marketing

Please refer page No.33 for the profile

PROFILES of the Executive Management (Contd...)



Mr. Sanjeewa Weerakkodi

MBM, BA (Hons) (Economics), ACIM

Marketing Manager

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



Mr Naveendra Kumara

MBA, MAAT, Dip in Business Mgt.

Manager - Commercial

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



Mr. Chanuka Jayasinghe

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

Assistant Business Development Manager

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



Mr. Saminda Madushanka

Marketing Executive

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

PROFILES of the Executive Management (Contd...)

Marketing - PVC Sector



Mr. Nishantha Abeygunawardana
Business Development Manager

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



Mr. P. Weeraratna
Field Sales Manager

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



Mr. M.M.P. Kithulwatta
Field Sales Manager

At present he is overseeing in the Western, Central, North Central and Wayaba Provinces. He has worked 5 years at Kamal PVC Industries (Pvt) Ltd., 4 years at Central Industries (Pvt) Ltd. and 2 years at St. Anthony's Group (Pvt) Ltd. He works as the regional manager for the western north. He studied at Mitigahathanna Vidyalaya, Badulla.



Mr. Janaka Sapukotana
Institutional Sales Manager

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

PROFILES of the Executive Management (Contd...)



Mr. Pradeep Indika Somapala
Regional Manager

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



Mr. M. Z. Ziyad
Regional Manager

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

Research & Development



Mr. Wimal Siriwardana

Dip. in Rubber Technology; Certificate in Hydraulic Technology

Executive, Research and Development, Galle and Kalutara Factories

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



Mr. D.K. Dilan Madhushanka
Executive, Research and Development

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

PROFILES of the Executive Management (Contd...)



Ms. Piumangani Seneviratne

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

Manager - Logistics

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

Finance



Mr. Sisira Abeywickrama

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

Executive, Finance

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

Production



Mr. Asanka Dimuth Edirisinghe

Dip. in Engineering Science

Executive, Production, Galle Factory

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



Mr. M. A. P. Janakantha

Dip. in Engineering Science; Dip. in Rubber Technology

Executive, Production, Baddegama and Kalutara Factories

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

PROFILES of the Executive Management (Contd...)



Mr. Himal Jayaranga

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

Executive Production Engineer

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

Quality Assurance



Mr. Namal Nishantha

B.Sc., Dip. in Rubber Technology

Quality Assurance Manager

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

Engineering



Mr. Nilantha Jayalal Gamage

Dip. in Technology; PgDMM

Executive, Engineering

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



Mr. Sudeshpriya Gamage

Dip. in Technology

Executive, Engineering

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

PROFILES of the Executive Management (Contd...)

Human Resources



Ms. Nishanthi Padmakumari

Dip. in Human Resources Management

Executive, Human Resources

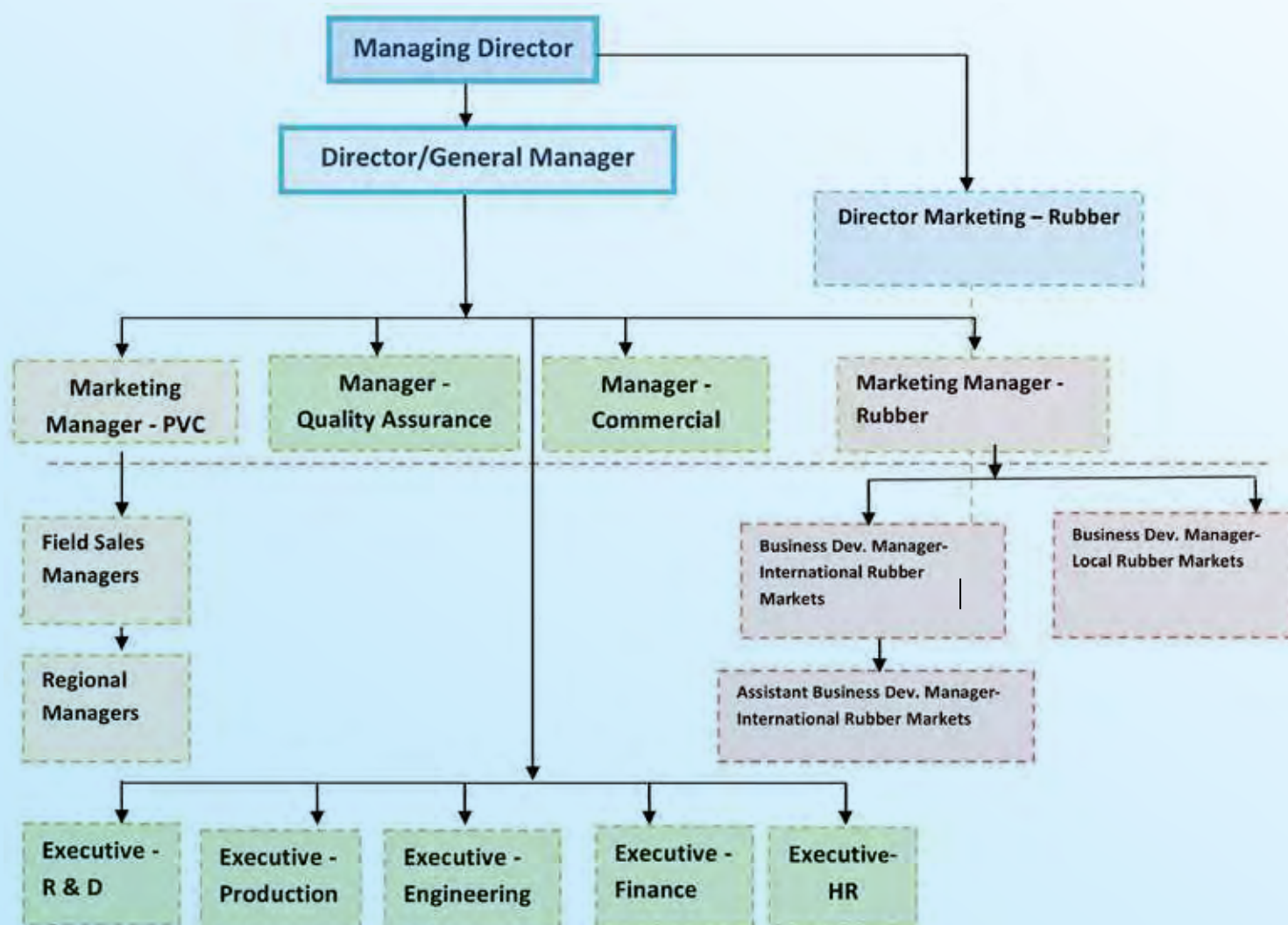
Mrs. Padmakumari joined Samson International Plc in 1993 and is the Head of the Human Resources Department at present. She holds a Diploma in Human Resource Management from NIBM and has over 25 years of experience in Human Resource Management.

Analysis of Educational and Professional qualifications of the Executive Management as at 31st March, 2020

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

PROFILES of the Executive Management (Contd...)

Organization Structure



REVIEW

of the External Environment

“There is a high risk of the coronavirus disease (COVID-19) spreading to the countries around the world which adversely affected to global growth.....”

Global Economic Outlook

Population in the world is currently (2020) growing at a rate of around 1.05% per year (down from 1.08% in 2019, 1.10% in 2018, and 1.12% in 2017). The current average population increase is estimated at 81 million people per year. The world population is 7.8 Billion people in 2020.

The global growth for 2019 is estimated at 2.9 percent which is a decline from 3.6 percent in 2018. Prior to the Corona outbreak, it had estimated a growth of 3.3 percent and 3.4 percent for the year ended 2020 and 2021 as per the World Economic Outlook, 2020. This has favourably resulted from US-China trade negotiations and diminishing fears of Brexit. The recent developments and implications for the forecast are trade policy uncertainty, geopolitical tensions, intensifying social unrest in several countries, weather-related disasters- from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa, and drought in southern Africa. The above figures were projected prior to Coronavirus disruption and this projected figures might come down as this was adversely affected to many countries.

Prior to the Corona outbreak, in advance economies, the World Economic Outlook had forecasted a downward trend for the growth rate. It was projected 1.7 percent this year (2.2 percent in 2018) and for next two years, 1.6 percent will be projected for each year. In the United States, growth was expected to moderate from 2.3 percent in 2019 to 2 percent in 2020 and decline further to 1.7 percent in 2021.

Growth in the euro area is projected to pick up from 1.2 percent in 2019 to 1.3 percent in 2020. In the United Kingdom, growth is expected to stabilize at 1.4 percent in 2020 and firm up to 1.5 percent in 2021. Japan's growth rate is projected to moderate from an estimated 1 percent in 2019 to 0.7 percent in 2020.

For the emerging market and developing economy group, growth is expected to increase to 4.4 percent in 2020 and 4.6 percent in 2021 from an estimated 3.7 percent in 2019. The growth profile for the group reflects a combination of projected recovery from deep downturns for stressed and underperforming emerging market economies and an ongoing structural slowdown in China. Growth in emerging and developing Asia is forecast to move up slightly from 5.6 percent in 2019 to 5.8 percent in 2020 and 5.9 percent in 2021.

In the meantime, the World Health Organization has advised the following measures to be taken to prevent the spread of Coronavirus and Samson International Plc practices them as far as possible.

1. Workplaces are clean and hygienic
2. Promote regular and thorough hand-washing by employees, contractors and customers
3. Promote good respiratory hygiene in the workplace
4. Advise employees and contractors to consult national travel advice before going on business trips
5. Vigilant about the country we travel

REVIEW of the External Environment (Contd...)

Overview of the World Economic Outlook Projections

	Estimate		Projection	
	2018	2019	2020	2021
World Output	3.6	2.9	3.3	3.4
Advanced Economies	2.2	1.7	1.6	1.6
United States	2.9	2.3	2.0	1.7
Euro Area	1.9	1.2	1.3	1.4
Germany	1.5	0.5	1.1	1.4
France	1.7	1.3	1.3	1.3
Italy	0.8	0.2	0.5	0.7
Spain	2.4	2.0	1.6	1.6
Japan	0.3	1.0	0.7	0.5
United Kingdom	1.3	1.3	1.4	1.5
Canada	1.9	1.5	1.8	1.8
Other Advanced Economies	2.6	1.5	1.9	2.4
Emerging Market and Developing Economies	4.5	3.7	4.4	4.6
Emerging and Developing Asia	6.4	5.6	5.8	5.9
China	6.6	6.1	6.0	5.8
India	6.8	4.8	5.8	6.5
ASEAN	5.2	4.7	4.8	5.1
Emerging and Developing Europe	3.1	1.8	2.6	2.5
Russia	2.3	1.1	1.9	2.0
Latin America and the Caribbean	1.3	1.1	2.0	2.5
Brazil	1.3	1.2	2.2	2.3
Mexico	2.1	0.0	1.0	1.6
Middle East and Central Asia	1.9	0.8	2.8	3.2
Saudi Arabia	2.4	0.2	1.9	2.2
Sub- Saharan Africa	3.2	3.3	3.5	3.5
Nigeria	1.9	2.3	2.5	2.5
South Africa	0.8	0.4	0.8	1.0

Source: World Economic Outlook, 2020

Ease of doing business ranking

It is noted that Sri Lanka improved the Ease of doing business ranking from 111 to 100 out of 190 countries with a DTF score of 58.86. China has improved it tremendously and India and

Pakistan also improved their positions in 2019 compared to the previous year. The ease of doing business ranking of our competing countries for our rubber products are as follows.

REVIEW of the External Environment (Contd...)

DB Rank			DB Score	
2019	2020	Economy	2019	2020
27	21	Thailand	80.1	79.5
43	33	Turkey	75.3	76.8
73	73	Indonesia	68.2	69.6
46	31	China	74.0	77.9
61	56	Kenya	71.0	73.2
77	63	India	67.5	71.0
100	99	Sri Lanka	61.8	61.8
136	108	Pakistan	55.5	61.0

Sri Lanka Economy

The Sri Lankan economy faced significant challenges in 2019, emanating from movements in the global economy as well as domestic developments. Fiscal and monetary measures put in place in the past to stabilize balance of payments and fiscal balances, adverse consequences of the Easter Sunday terrorist attacks and the prevailed political uncertainties have significantly weighed down on the performance of the Sri Lankan economy. The spillover effects of the Easter Sunday attacks in particular, were felt across almost all spheres of economic activity, especially in the second quarter of the year. Consequently, below potential economic growth performance continued through 2019. Further, due to the Corona outbreak, during the last two months of the financial year, all business entities were severely affected. Samson International Plc too was adversely affected and sales came down in this period. The economy grew at a slow pace of 2.6 per cent in real terms in the first nine months of 2019. As per the World Bank report, Sri Lanka economy is expected to grow 2.7 percent this year as many important economic sectors show relatively weak performance. However, the World Bank mentions that in the medium-term, the economy is expected to recover from the disruptions in 2019, and growth to accelerate towards 4.0 percent, gradually closing the output gap. Even in the years immediately preceding 2019, economic growth was sluggish, with the country failing to maintain the high growth momentum observed in the immediate aftermath of the end of the internal conflict. Policy uncertainty led to weak investor confidence and low levels of investment. Recurring natural disasters worsened conditions. The inability to address structural issues leading to a weak production economy, has caused this persistent slowdown. However, Central Bank of Sri Lanka expects to formulate policies that will support a

sustained revival of real economic activity through improved utilization of domestic resources, both physical and human. This would help achieving the goal of the government to create productive employment opportunities in the economy on a large scale.

Prior to the Corona outbreak, Sri Lankan government took several measures to re-engineer Sri Lanka's tax Policy framework with a view to stimulate economic activities and ease the tax burden on the general public that created a conducive environment for the private sector for their business planning and investment decisions thereby more economic activities will be generated in the short to medium term, boosting economic growth. The removal of Nation Building Tax (NBT) and the reduction of value Added Tax (VAT) to 8 percent has reduced prices of most goods and services which will also result in a moderation in inflation. It also provided Incentives for tourism, IT and enabling services, construction and property market, exports and rural agriculture and overseas employment earning for professionals with the intention to drive the economy with price stability.

In line with a global downward trend, the World Bank projected growth in South Asia to slow to 5.9 percent in 2019. A slight rebound in investment and private consumption could jump start South Asia's growth up to 6.3 percent in 2020 and 6.7 percent in 2021. However, this was projected just before the disruption from the new Coronavirus disease.

In January 2020 the World Health Organization (WHO) declared the outbreak of a new coronavirus disease in Hubei Province, China to be a Public Health Emergency of International Concern. WHO stated there is a high risk of the coronavirus disease (COVID-19) spreading to other countries around the world. WHO and public health authorities around the world are taking action to contain the COVID-19 outbreak. However, long term success cannot be taken for granted. All sections of our society – including businesses and employers – must play a role if we are to stop the spread of this disease. Amidst varied challenges on both domestic and global fronts, the Central Bank continued to conduct monetary policy in an increasingly forward looking manner using an evidence based approach with a view to maintaining inflation at low and stable levels over the medium term and anchoring inflation expectations at such levels.

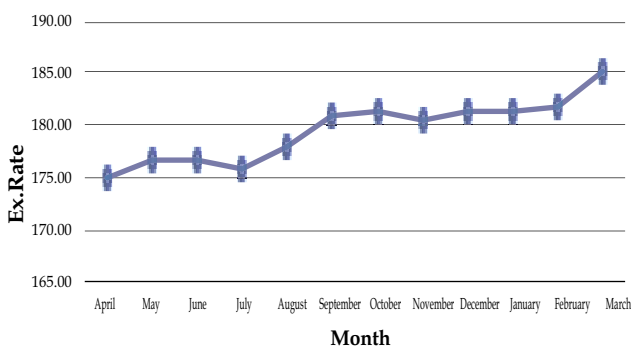
REVIEW of the External Environment (Contd...)

Exports of goods and services as percent of GDP

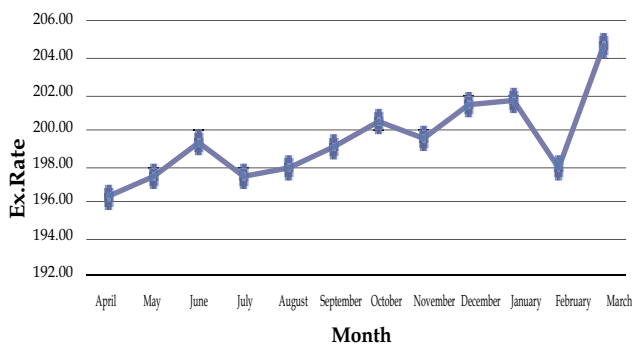
As stated in the data provided by the World Bank from 1960 to 2018, the average export value as a percentage of GDP for Sri Lanka was 27.85 percent with a minimum of 18.39 percent in 1969 and a maximum of 39.02 percent in 2000. The latest value from 2018 is 22.78 percent. For comparison, the world average in 2018 based on 161 countries is 44.82 percent.

Exchange rates

Average Exchange Rate - US\$ to LKR (2019/20)



Average Exchange Rate - EUR to LKR (2019/20)



During the year, rupee has been slightly depreciated against both US dollar and Euro. The Euro has depreciated by 2.6% from Rs. 196.33 in April 2019 to Rs. 201.50 in March 2020. Since most of our exports go to Europe, we receive our proceeds in Euro terms and the slight depreciation of rupee against Euro has made a positive impact on us. On the other hand, US dollar rate has gone up by 4% from Rs. 174.75 in April 2019 to Rs. 181.55 in March 2020 which gives us a negative impact on cash flows as we have to pay for the raw material imports in dollar terms and obtain packing credit loans in US dollars. At the end of the year, this currency depreciation has given us a net impact Rs. 6.8 Mn foreign exchange loss.

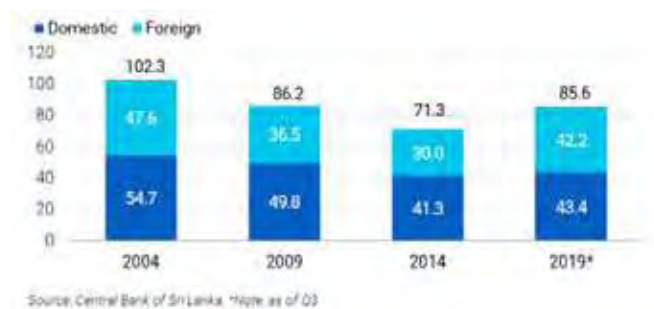
Interest rates

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on January 29, 2020 decided to reduce interest rates by 50 basis points in a bid to stimulate the economy and encourage economic activity. It was decided to reduce the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 50 basis points to 6.50 per cent and 7.50 per cent, respectively. The Board has arrived at this decision following a careful analysis of current and expected developments in the domestic economy and the financial market as well as the global economy. This decision supports a continued reduction in market lending rates, thereby facilitating the envisaged recovery in economic activity given the favourable medium term outlook for inflation, which is well secured within the 4-6 per cent range. Samson International Plc pays interest for packing credit loans at 5.4% (LIBOR+3.5%) and overdraft at 10.5% with a gearing of 31%.

Sri Lanka Government debt as a percentage of GDP

During the ten-year period from 2004 to 2014, the government debt as a percentage of GDP declined from 102% to 71%. During this period, foreign debts reduced from 48% to 30%. However, subsequent five year period ended 2019, this went up to 85% of the GDP. The foreign debts in this period went up from 30% to 42%. During the last five year period, there was no significant change in domestic debts.

Sri Lanka government debt as % of GDP



Sri Lanka Economic Outlook for next year

As stated in the forecast given in the trading economic prior to the Corona outbreak, Sri Lanka will get the following economic projections. As per their forecast, the Dollar will appreciate by 1% and will stand at Rs. 187 in 2021. The unemployment rate, Inflation rate and interest rate will decline. The stock market position will remain at the same level.

REVIEW of the External Environment (Contd...)

Markets	2020	Q1	Q2	Q3	Q4	2021
Currency - USD	184.80	185	185	186	186	187
Stock Market (points)	4874.73	5261	5180	5100	5021	4864
GDP Annual Growth Rate (%)	2.70	3.5	3.1	3.9	3.8	4
Unemployment Rate (%)	5.10	4.3	4.6	4.6	4.6	4.6
Inflation Rate (%)	6.20	6.9	4.6	4.7	4.7	4.7
Interest Rate (%)	6.25	6.25	6	6	6	6
Balance of Trade (USD Million)	-784.30	-910	-500	-450	-820	-820
Current Account (USD Million)	-522.26	-650	-900	-850	-810	-810
Current Account to GDP (%)	-3.00	-2.5	-2.5	-2.5	-2.5	-2.2
Government Debt to GDP (%)	82.90	72	72	72	72	70
Government Budget (% of GDP)	-5.30	-5.5	-5.5	-5.5	-5.5	-4.5
Corporate Tax Rate (%)	28.00	28	28	28	28	28
Personal Income Tax Rate (%)	24.00	24	24	24	24	24

Source: Trading Economics.com

OVERVIEW

of Rubber Industry

“Sri Lanka’s natural rubber has a high-demand in the world market due to its unique properties ...”

Global Rubber Consumption

World demand for rubber had estimated to have fallen 1.5 percent year-on-year in 2019 to 28.7 million metric tons as per the figures from the International Rubber Study Group show published prior to the Corona outbreak. Further, global synthetic rubber demand increased by 1.5 percent in 2018 to 15.4 million tons. The market, however, was expected to decline by 2.8 percent in 2019, reaching 14.98 million tons, before registering growth of 3.4 percent in 2020.

The world largest top three natural rubber consuming countries are China (40% or 5.5 million metric tons), India (9% or 1.2 million metric tons) and USA (7% or 1.0 million metric tons). Sri Lanka consumes 1% of the world consumption which is around 135,000 metric tons. Samson International Plc consumes 1,500 metric tons which is 1.1% consumption of the country.

Similarly top three natural rubber producers in the world are Thailand (37% or 5.2 million metric tons), Indonesia (25% or 3.5 million metric tons) and Vietnam (8% or 1 million metric tons). Sri Lanka produces 0.6% of the world production which is around 81,000 metric tons.

Some of the projections and observations given prior to the Corona outbreak, in the Statistical Summary of World Rubber Situation for the coming years (which are important to our industry) are given below.

1. Due to the disruption from the corona virus, the rubber consumption in China would dramatically drop in the next six months. As a result, the consumption from Asia-Pacific region will decrease significantly from the current consumption level of 10,000 metric tons. Please see the Table given on page 49.
2. We could also expect some decline in the consumption in the Europe region, especially Italy due to the disruption from the corona virus.
3. Since the demand for natural rubber declines, the rubber prices may not go up in the international market. 90% of the rubber production is given by Asia-Pacific region.
4. In the past, synthetic rubber production is little greater than the natural rubber production volume. Due to the drop in demand in the China consumption for natural rubber, the price of the synthetic rubber would also adversely affect to the producers.
5. As shown in the Rubber Prices and Related Indicators Table, it is noted that the rubber prices have declined marginally in general. Relative NR/SR Price Ratio has dropped from 68.4% in 2018 to 49% in the 4th quarter of 2019.

OVERVIEW of Rubber Industry (Contd...)

Statistical Summary of World Rubber Situation

('000 tonnes)

	2017			2018			2019	
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2
NATURAL RUBBER PRODUCTION								
Asia – pacific	12352	2888	2899	3401	3467	12655	2864	2749
Europe, Middle-East and Africa	867	196	209	252	243	901	208	242
Americas	332	87	98	70	77	332	87	95
TOTAL	13551	3170	3206	3724	3787	13887	3160	3086
NATURAL RUBBER CONSUMPTION								
Asia-Pacific	9763	2478	2575	2578	2608	10239	2503	2588
Europe, Middle-East and Africa	1728	448	465	432	427	1771	439	454
Americas	1713	453	474	409	421	1755	460	466
TOTAL	13203	3376	3514	3418	3456	13764	3401	3508
WORLD NR SUPPLY-DEMAND SURPLUS/DEFICIT	348	-206	-309	306	332	123	-241	-422
SYNTHETIC RUBBER PRODUCTION								
Asia-Pacific	8045	2030	2012	2058	2184	8284	2099	2060
Europe, Middle-East and Africa	4073	1106	1047	986	993	4132	1039	988
Americas	2990	746	655	711	724	2836	735	647
TOTAL	15108	3881	3715	3756	3900	15252	3873	3695
SYNTHETIC RUBBER CONSUMPTION								
Asia-Pacific	8399	2115	2092	2181	2200	8588	2098	2080
Europe, Middle-East and Africa	3831	1028	1009	926	926	3890	993	939
Americas	3004	755	696	741	753	2945	795	716
TOTAL	15234	3898	3798	3848	3879	15422	3887	3734
WORLD SR SUPPLY-DEMAND SURPLUS/DEFICIT	-126	-17	-82	-92	21	-170	-14	-40
% SR IN TOTAL RUBBER CONSUMPTION	53.6	53.6	51.9	53.0	52.9	52.8	53.3	51.6

OVERVIEW of Rubber Industry (Contd...)

Rubber Price and Related Indicators

	2017			2018			2019			
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
NATURAL RUBBER PRICE										
SGX,RSS3, US\$/tonne	2000	1723	1638	1457	1394	1533	1723	1633	1825	1605
SGX,TSR20, US\$/tonne	1651	1468	1397	1332	1265	1651	1365	1375	1514	1349
Europe, TSR 20, US\$/tonne	1728	1529	1470	1408	1384	1728	1448	1490	1571	1434
SYNTHETIC RUBBER PRICE										
Japan, SBR Export value '000 yen/tonne	263	245	258	275	289	263	267	245	234	223
France, SBR Export Value /tonne1264	1944	1800	1985	1871	1924	1944	1895	1778	1759	1776
USA,SBR Export value US\$/tonne	2415	2242	2588	2748	2653	2415	2558	2243	2590	2753
RELEIVE NR/SR PRICE RATIO										
SGX,TSR20 Spot/USA SBR Export Unit Value	68.4	65.5	54.0	48.5	47.7	68.4	53.4	61.3	58.5	49.0
RETAILED INDICATORS										
Brent Crude Oil, US\$ per barrel	54.2	66.8	74.5	75.2	67.7	54.2	71.1	63.2	68.9	61.9
Butadiene, US cents per lb (2)	62.2	48.4	68.0	71.9	61.6	62.2	62.5	49.5	48.2	41.0

Source: ANRPC

Sri Lankan Rubber Industry

Sri Lanka's rubber industry is positioned as the fourth largest source of foreign exchange for the country accounting for approximately 8 percent of export income whilst Samson International Plc earns more than Rs. 600 Mn per year from exports of rubber- related products such as sealing rings, hot water bottles and mats & floorings etc.

The rubber industry in Sri Lanka began way back in 1876. The country lured traders and colonizers from the west which resulted in the Portuguese, the Dutch and the British governing the island for over 150 years from the 16th century. The natural rubber industry in Sri Lanka is one of the enduring colonial legacies that is providing sustained socio- economic benefits to the country, even today. This is an industry with significant strategic importance to Sri Lankan economy since its origin. The rubber industry generates a vast number of employment opportunities for people mainly from rural areas and is providing them with economic sustenance for their livelihood. President Gotabhaya Rajapakse's government wanted the minimum daily wage of tea plantation workers increased to 1,000 rupees (\$US5.50), starting on March 1 2020. This might be extended to rubber plantation workers as well. This would

result increase in cost of production for the rubber plantation companies.

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 provides 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 exports almost all types of natural rubber available in the market including ribbed smoked sheet rubber, latex crepe rubber, scrap crepe, all grades of technically specified rubber, centrifuged latex and specialty rubbers. Presently, Sri Lanka produces around 81,000 metric tons of natural rubber

OVERVIEW of Rubber Industry (Contd...)

annually. Sri Lanka prides itself in manufacturing a number of value added rubber products by processing raw rubber. These products include extrusion products like rubber bands, beadings, rubber latex products such as medical, industrial and household gloves, industrial products like hose, auto parts, industrial components, tyres, tubes, automotive and aviation tyres and general rubber products like rubber flooring, floor mats, carpets, sports goods, footwear, hot water bottles and related components. DSI Group and Samson International Plc produces most of these products.

Sri Lanka's natural rubber has a high-demand in the world market due to its unique properties. The country now has a

premium quality natural rubber type known as Lankaprene which is odour free to a certain extent, light coloured, and clean which is ideally suited for medical equipment and up-market value added products. The competent workforce with right attitudes and training will be more productive resulting enhanced earnings and lower turnover making the rubber industry more attractive for employment. The rubber sector needs more investments, private and public, foreign and local, and thereby common industry infrastructure facilities will improve. Collaboration among industry players in pre-competitive areas will lead to synergistic effects in industry operations.

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

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

OVERVIEW of Rubber Industry (Contd...)

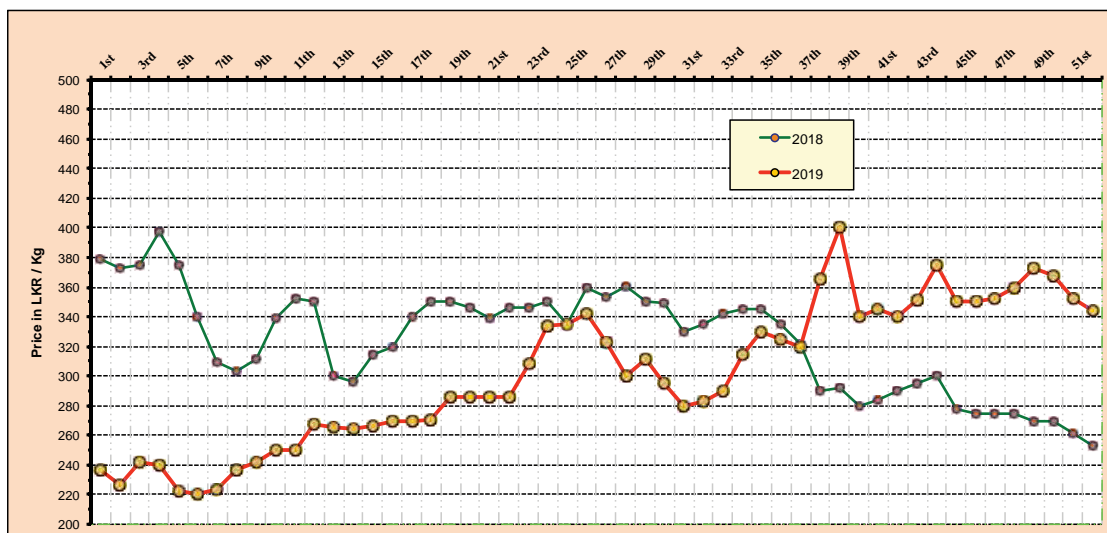
Rubber Prices

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

crude oil prices which pushup the synthetic rubber. If the crude oil prices goes up, the demand for natural rubber is expected to grow as China and other major consuming countries are expected to begin limiting synthetic rubber imports and instead opt to source natural rubber for their end products. However, during the next six months the situation might change due to the disruption from the corona virus in china. The rubber prices could also change from time to time depending on the weather pattern in Sri Lanka and other competing countries.

It is noted that the rubber graph for 2019 had an upward trend while the same for the 2018 had a downward line. In the 38th week (Mid of October) of 2019, the rubber price started increasing above the rubber prices of 2018. The pale crepe price at the end of March in 2018 and 2019 are Rs. 253 and Rs. 344 respectively. This is an increase of Rs. 91 or USD 0.5 per Kg. Please see the rubber graph given below.

Latex Crepe Rubber Price Weekly Trend 2018 ~ 2019



REVIEW

of Operating Environment

“We consistently review and follow the Environmental Compliance, Sustainability, Carbon Footprints and Renewable Energy Sources ...”

Our main rubber factory is located in the city of Galle and the other rubber factory is in Kalutara. The PVC factory is in Baddegama. All these factories are within 15 Kilometers from the Southern highway express which is now connected from Mattala to Katunayaka airports. The seaside town of Galle is 116 Km away from Colombo by road or rail, down the south coast of Sri Lanka. Anyone can also take the Southern Expressway to reach the city of Galle by one and half hours from Colombo.

Since we are operating in the international market and some of the products are related to food grade, the operating environment is paramount important. In fact some of our buyers send their audit teams annually to verify our operating environment before placing their orders to us. Therefore in order to meet the expected environmental objectives, our factories focus in the areas of Environmental Compliance, Sustainability, Carbon Footprints and Renewable Energy Sources.

Environmental Compliance

We are adhering to all regulatory compliances, standards and environmental laws. Our measures to follow these standards and social compliances, in-house and overseas laboratory tests are continuously carried out in order to retain/ grow our market share for our products. During the year, we obtained

Greenhouse Gas Assertion ISO 14064-1:2006 certification from National Cleaner Production Center Sri Lanka for the first time.

At present we have the following certifications:

- REACH Certificates for the chemicals we use
- BSCI Certification on such social responsibility practices
- ISO 14001 for Environment Management System
- ISO 50001 for Energy Management System
- ISO 9001:2015 Quality Management System for Rubber & PVC products
- FSC Certification for Forest Stewardship Council - Chain of Custody
- British Standard (BS 1970:2012) for hot water bottles
- TUV Certification for hot water bottles
- SGS test reports for jar sealing rings according to German and French standards
- SATRA, UK Certificate for fire retardant mats
- SATRA, UK Certificate for fire retardant floorings
- Electrical Resistant Certificates from Universities

During the year under review,

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

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

REVIEW of Operating Environment (Contd...)

The following are some of the Acts we use frequently and complied with:

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

REVIEW of Operating Environment (Contd...)

Sustainability

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, social and environmental and also known informally as profits, people and planet. In this regard, our practice is the creation and maintaining the conditions on humans and nature that lead to exist in productive harmony. We will achieve this through the aspirational goals of creating zero waste (Through - Reduce, Reuse, Recycle) and by selling products that sustain our resources and the environment. At present our rubber and PVC waste is less than 1% and we all our rubber waste is recycled and given to another sister company to manufacture reclaimed rubber products. PVC waste is re-used to produce non-pressure pipes. Solid waste generated from our operations are segregated and disposed with minimal environmental damage. A water purification system has been installed and our factory noise level are within the industry & regulatory norms. Samson International Plc produces many products under Forest stewardship Council (FSC). These are Hot water bottles, V-Straps, soles, Jar sealing rings and Seed trays which are exported to European market every year. We conduct a sustainable business, or a green business, that has minimal negative impact on the global or local environment, society, or economy and we strives to meet the triple bottom line objectives of social, environmental/ ecological and financial.

Carbon Footprints

We focus on reducing their carbon footprint for social and financial reasons. A carbon footprint means that total emissions caused by an individual, event, organization, or product, expressed as carbon dioxide equivalent. During the year we obtained Greenhouse Gas Assertion ISO 14064-1:2006 certification from National Cleaner Production Center Sri Lanka for the first time. We hope to have a continues improvement in this area and have planned to invest much in the future. The certificate we received is given below. Since we are dealing with export business we pay much focus on caron footprints and other envirmetal aspects.



Samson International Plc planted more than 500 timber trees inside and outside the factory premises on 14th October 2018 at our 30th anniversary of the Company. We also invested in a modern and environment friendly generator for the Galle factory. The Company has the own paddy field and its harvest is distributed among the villagers.

Renewable Energy Sources

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

Energy consumption

	Unit	2019/20	2018/19
Non-renewable sources			
Furnace oil	Litres	338,600	353,800
Diesel	Litres	10,641	12,213
Renewable sources			
Electricity from CEB	kwh	2,027,118	1,746,498

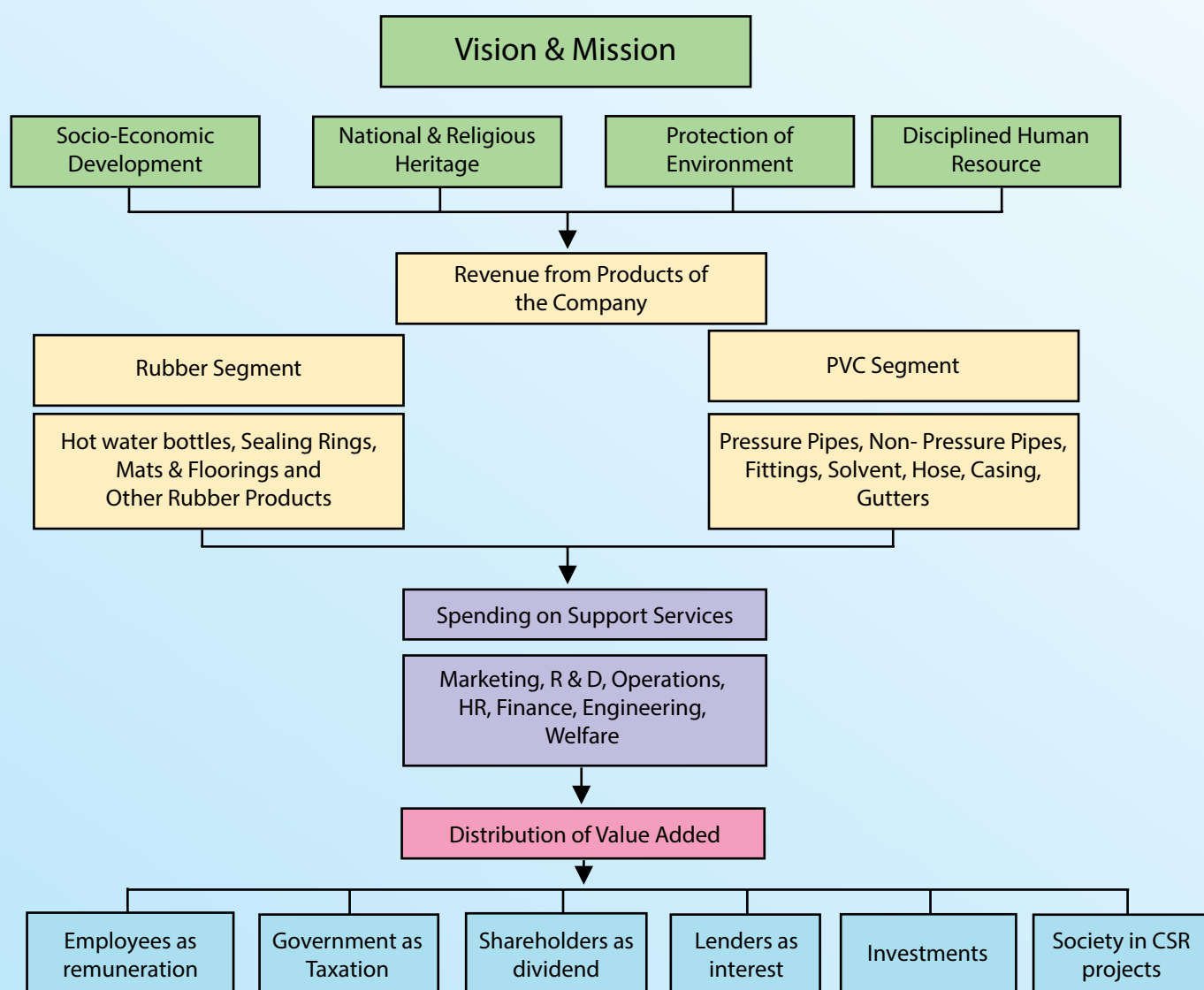
In conclusion, review of operating environment is extremely important as Sri Lanka as well as Samson International Plc exports our products mostly to the advanced countries than the developing countries. The advanced countries expect more stringent quality, regulatory compliances, standards and environmental laws. Further, Corona virus has disrupted the global supply chain and it is a scale beyond either SARS in China, floods in Thailand or the earthquakes in Japan.

VALUE

Creation and Stakeholder Engagement

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

Company revenue distribution diagram



Statement of Value Added and distributed

The Company has been doing value additions continuously since its inception (1988). The Company generated a value addition of Rs. 398 Mn during the year against Rs. 390 Mn in 2018/19 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 decreased by 7% from Rs. 78,591 in the previous year to Rs 72,831 in the current year.

VALUE Creation and Stakeholder Engagement (Contd...)

	2019/20	2018/19	Decreased by
Value addition per employee per month – Rs	72,831	78,591	7%

Value additions increased by 2% in the current year and 75% of the total value additions was distributed to employees.

Statement of value added and distributed

	2019/20		2018/19	
	Rs.'000	%	Rs.'000	%
Turnover	1,590,203	100	1,569,345	100
Less: Cost of materials and services purchased	1,191,671	(75)	1,178,904	(75)
Total Value additions	398,532	25	390,441	25

Value Distributed

	2019/20		2018/19	
	Rs.'000	%	Rs.'000	%
To Employees as remuneration and welfare	297,439	75	270,529	69
To the Government as taxation	(225)	(0)	18,627	5
To the Shareholders as dividend	8,465	2	5,291	1
To lenders of capital as interest	22,347	6	17,425	4
To retain in the business - as depreciation	57,768	14	54,380	14
As retained profits	12,738	3	24,189	6
	398,532	100	390,441	100

Stakeholder Engagement

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

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

VALUE Creation and Stakeholder Engagement (Contd...)

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

VALUE Creation and Stakeholder Engagement (Contd...)

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

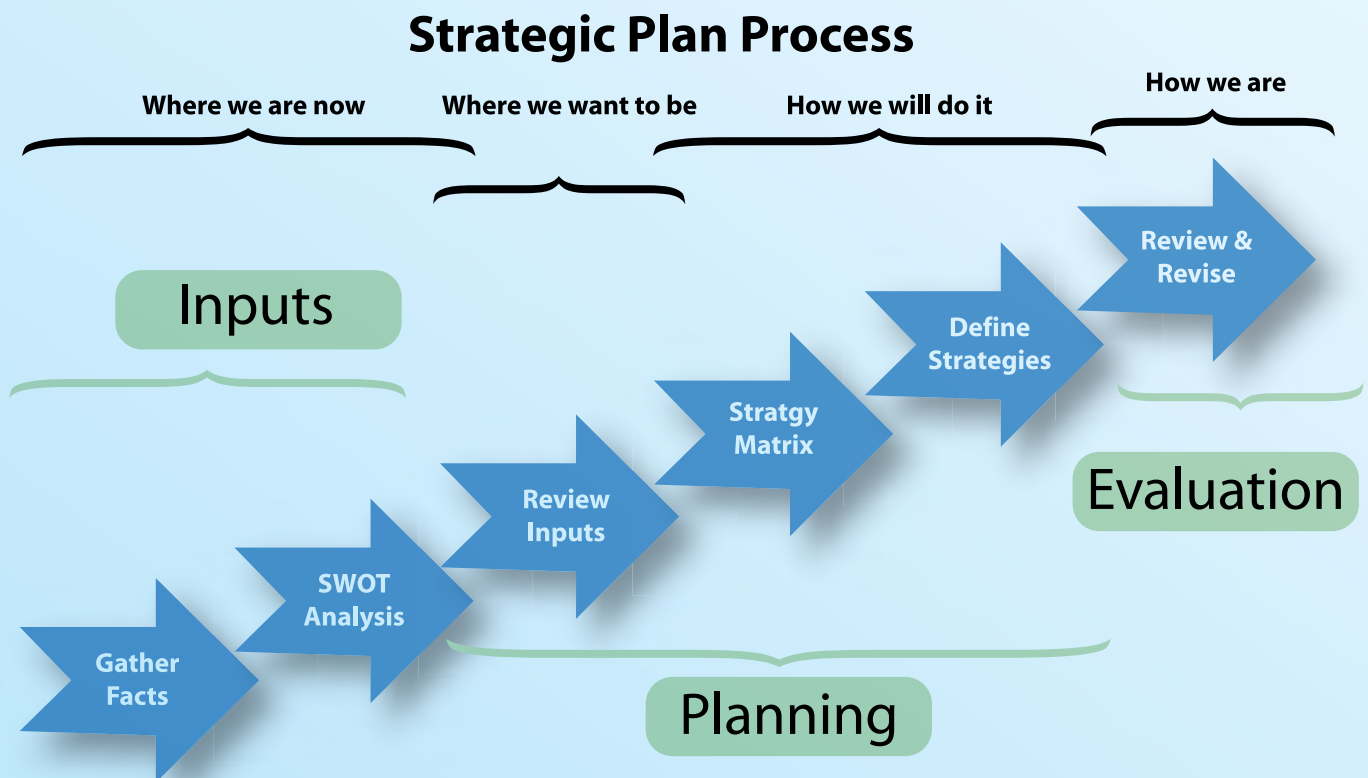
The government departments/regulators includes Environment Authority, Health department, labour department, Water Boards to obtain reports, advice & organize training programs from time to time.

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

GOALS and Strategies

We formulate our three year's Strategic plan and revise it annually before the commencement of a financial year. This strategic plan covers with the critical success factors and a SWOT analysis, Business performance Analysis and PEST analysis. In this planning session, we set priorities, strengthen operations, focus energy & other resources to ensure that employees and other stakeholders are working toward common goals, establish agreement around intended outcomes/results, and assess, and adjust the organization's direction (Mission and Objectives) in response to a changing environment.

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



GOALS and Strategies (Contd...)



Business Performance Analysis

Key Strengths

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

Key Challenges

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

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

Key Opportunities

1. New market for USA, South America and Japan
2. Potential for jar sealing rings and yoga mat market
3. Investing for a roto cure to produce continuous sheets.
4. Gaining Chinese markets due to their supply shortage.

Material Issues

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

GOALS and Strategies (Contd...)

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

Strategies

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

Long-term Goals

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

GOALS and Strategies (Contd...)

Objectives and Strategies set in 2019/20

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

Objectives set in 2018/19 and extend of achievements :

Objective set in 2018/19	Extend of Achievement
1 Exploit five new markets in Middle East, South America and USA	Found five countries. Hot Water Bottle in Korea, Industrial plug in New Zealand, Root trainers in German, Lid seal in German and Gutters in local market
2 Discontinue PVC business if we cannot run at a profit	We run at a profit in 2020/21
3 Minimize exchange losses	Achieved to a great extent
4 Strengthens the R & D department	Done
5 Hire sister company employees for temporary labour shortages	Done
6 Carry out environmental audits and investing in CSR activities	Done
7 Invest in a banbury	Not yet done
8 Construct a new warehouse	Construction began in July 2020
9 Develop our brand name	Done
10 Participate all leading exhibitions	Done

FINANCIAL

Capital

Key Performance Indicators 2019/20

31%

Gearing

Rs. 7 Mn

Exchange loss

Rs. 17 Mn

Interest cost

2 times

Interest cover



Receiving Annual Report Gold Award

"We will maintain a healthy financial position with a consistent asset growth, low gearing level and strong base of reserves"

1) Yearly

Performance Revenue

The Company recorded a turnover of Rs. 1,590 Mn in the current year as against Rs. 1,569 Mn in the previous year.

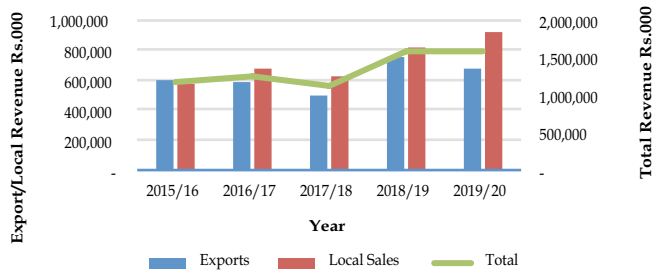
The growth in turnover of the Company in the year was 1.3%. The main reason for the low turnover growth rate is due to the adverse impact from the outbreak of Coronavirus in the

last quarter. Out of the total revenue of Rs 1,590 Mn for the year ended 31st March 2020, 58% was earned from local sales and the balance 42% was from export sales. Local sales went up by Rs 98 Mn from Rs. 817 Mn in the previous year to Rs. 915 Mn in the current year. Local sales have been growing tremendously after the Company stepped into the PVC business. In local rubber sales, it is noted that sale of v-straps has gone up significantly in the current financial year.

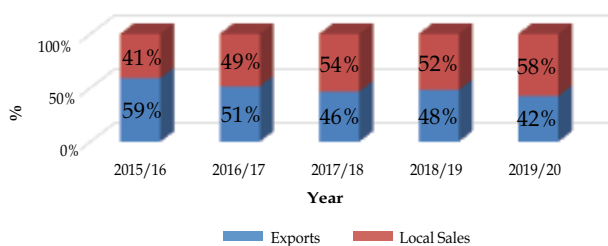
However, there is a 10% drop in export sales compared with the previous financial year. The highest contribution for this drop is coming from Jar sealing rings and hot water bottles which is due to the adverse impact occurred in the European market from Coronavirus. We are formulating new strategies to capture new export markets for our other products.

FINANCIAL Capital (Contd...)

Revenue - Rs.000



% of Export Sales and Local Sales Last Five Years



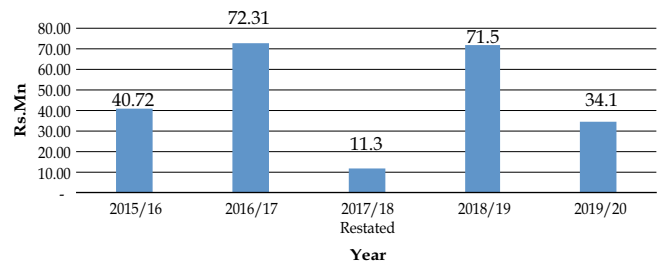
Gross Profit Margin

The Company has recorded a gross profit of Rs. 289.9 Mn as against Rs. 307.5 Mn in the previous year. The Gross Profit Ratio in the current year is 18.2% which was 19.6% in previous year. The main reason for the decrease in gross profit ratio was the drop in sale of jar sealing ring which gives one of the highest contributions among other products.

Operational Profit (Profit before Finance cost)

The Operational profit in the current financial year is Rs. 34.1 Mn as against Rs. 71.5 Mn in the previous year. We have incurred Rs. 68.6 Mn for the selling and distribution cost in the current year as against Rs.65.5 Mn in the previous year. The main reason for the increase in selling and distribution cost is the increase in transportation cost and sales commissions which are directly related to the sales growth in PVC. The Administrative overhead cost was Rs. 190.9 Mn during the year under review as against Rs 176.6 Mn in the previous year. This is mainly due to the reallocation of director fees and the increase in salaries & wages and training cost of the employees.

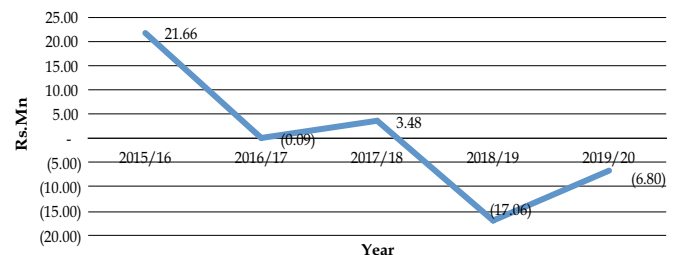
Operational Profit (Profit before finance cost) Rs. Mn



Profit / (Loss) before Taxation

The profit before taxation in the current year is Rs. 12.1 Mn as compared to Rs. 43.6 Mn in the previous year. The finance cost decreased by Rs. 5.3 Mn from Rs. 34.5 Mn in the previous year to Rs. 29.2 Mn in the current year due to the decrease of exchange loss. The exchange loss for the year is Rs. 6.8 Mn as against of Rs. 17 Mn in the previous year. The interest cover is 2 times in the year under review.

Exchange Gain / (Loss) Rs. Mn



The Company obtained Rs. 25 Mn of a working capital loan from DFCC Bank under Sawbhagya loan scheme at the concessionary interest rate of 4%.

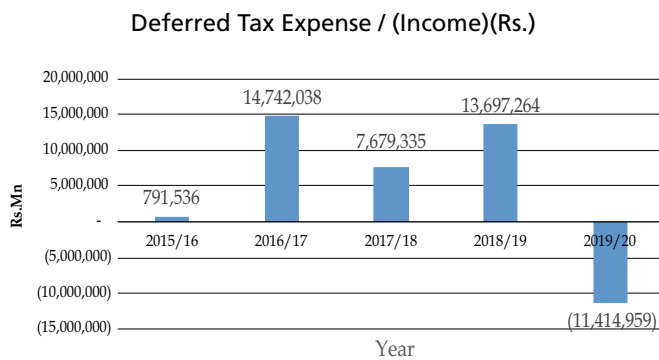
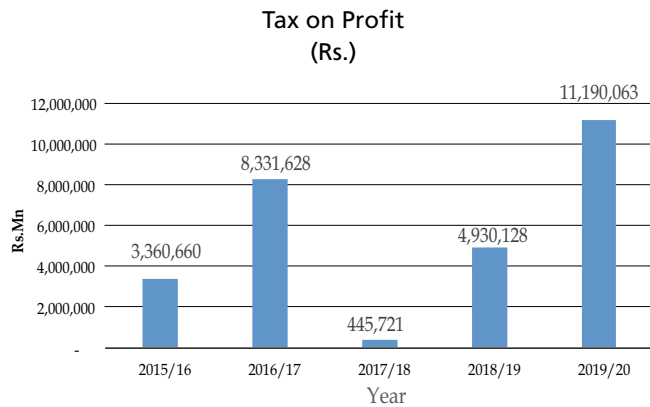
The Company continues to maintain a clear and coherent approach to hedging which is carried out with pre-approved financial institutions. Our company enter into such arrangements only with financial institutions we believe that they are able to perform their obligations over the entire tenor of our economic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

Taxation

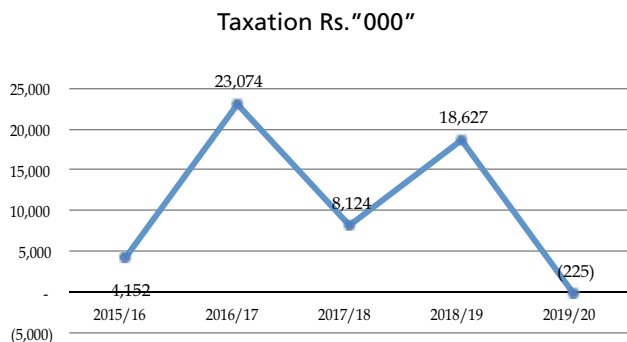
There is a tax gain during the year mainly due to the deferred tax adjustment. The corporate tax rate decreased from 28% to 24% with effect from 01st January 2020.

FINANCIAL Capital (Contd...)

	2018/19	2018/19
Tax on profit of the year	11,190,063	4,930,128
Deferred tax expense/(Income)	(11,414,959)	13,697,264
Total	(224,896)	18,627,392



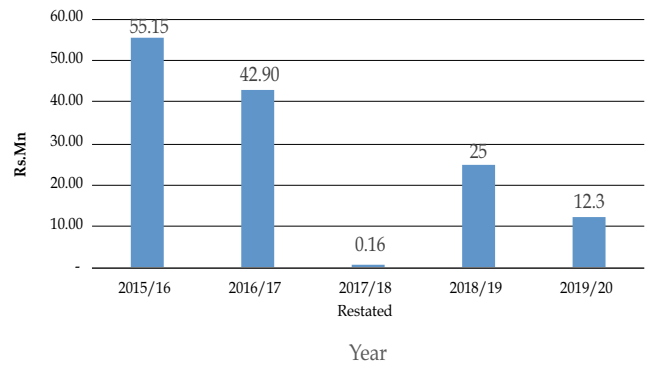
The effective tax rate in the current financial year is 27%. (Refer Note 10 of the Financial Statements for a detailed explanation).



Profit for the year

During the year, the Company recorded a Rs. 12.3 Mn profit as against Rs. 25 Mn in the previous year.

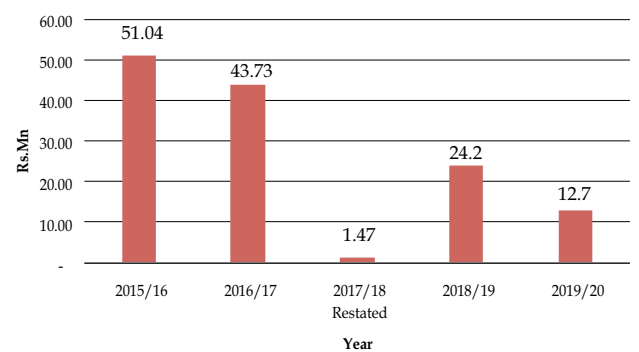
Profit for the Year (after tax) (Rs. Mn)



Total Comprehensive Income

The total comprehensive income for the year is Rs. 12.7 Mn. This total comprehensive income includes the actuarial gain on post-employment benefit liability of Rs. 0.5 Mn and deferred tax on actuarial gain of Rs. 0.1 Mn in the current financial year. The total comprehensive income for the previous year is Rs. 24.2 Mn.

Total Comprehensive Income (Rs.Mn)



Dividend

The Directors have proposed and approved, final dividend of Rs. 1.00 per share, amounting to Rs. 4.2 Mn for the year ended 31st March 2020. Company paid a final dividend of Rs. 2.00 per share amounting to Rs. 8.6 Mn during the year, in respect of the year ended 31st March 2019. In accordance with LKAS in which, the proposed final dividend, subsequent to the reporting date is not recognized as a liability in the Financial Statements as at 31st March 2020. The Company has necessary funds to finance the payment of the final dividend. Dividend will be paid before 10th September 2020 as per the Article of Association.

FINANCIAL Capital (Contd...)

Solvency

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

The actual performance Vs predetermined targets (Budgeted)

	Predetermined targets Rs. in "000"	Actual Rs. in "000"	Variance Rs. in "000"
1 Turnover – Rubber segment	1,368	1,160	(208)
2 Turnover- PVC segment	391	430	39
3 Total Turnover	1,759	1,590	(169)
4 Exports	857	675	(182)
5 Local sales	902	915	13
6 Gross Profit %	19.8%	18.2%	(1.6%)
7 Net profits (before tax)	55	12	(43)

Investments

During the year, the Company invested Rs 46.8 Mn in fixed assets including Rs. 16 Mn in stores building, Rs. 12 Mn for a PVC pipes extruder and Rs 3.3 Mn in installing a new steam line. Total assets in the current financial year decreased by 1%. Net assets value per share as at 31st March 2020 was Rs. 151.77 as against Rs. 150.76 as at 31st March 2019.

As at 31st March 2020, the Company had following financial investments.

Investment	Bank	Rs. Mn	Rs. Mn
Debentures	Commercial Bank	10.0	
	HNB Bank	5.0	
	Sampath Bank	5.0	20.0
Fixed Deposits	Bank of Ceylon	10.9	
	DFCC Bank	11.9	22.8
Treasury bills			16.4
Total			59.2

Working Capital Cycle

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

	2019/2020	2018/2019	Variance
Debt Collection Period (Days)	76	100	24
RM Holding Period (Days)	57	35	-23
WIP Holding Period (Days)	8	12	4
FG Holding Period (Days)	25	20	-5
Credit Settlement Period (Days)	-44	-50	-6
Cash Operating Cycle (Days)	166	167	1
Operating Cycle (Days)	122	117	-5

FINANCIAL Capital (Contd...)

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

Cash flows

Cash and cash equivalents decreased from a negative balance of Rs. 37.8 Mn as at 31st March 2019 to a negative balance of Rs.1.4 Mn at the end of the current financial year. This is mainly due to the effective management of the working capital requirements of the Company. Company has generated Rs. 101 Mn from the operating activities during the year.

Net cash used for investing activities is Rs. 41 Mn for this year. This outflow was led by the investment in Property, plant and equipment. Net cash outflow for financing activities in the year under review was Rs. 23.5 Mn as against the outflow of Rs. 14 Mn in the previous year.

Total Liabilities

Total liabilities of the Company decreased by 4% compared to the position as at 31st March 2019. This is mainly due to the decrease in deferred tax liability. The gearing ratio including short-term debts in the current year is maintained 31% as same as 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. 305.1 Mn at the closing price of the share, down from Rs. 414.4 Mn recorded in the previous year. During the year under review, the highest traded price of the Company's share was Rs. 99.00, while the lowest price was Rs. 72.1. PE ratio for the year ended 31st March 2020 is 25 times.

Discussion on Internal Control System

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

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

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

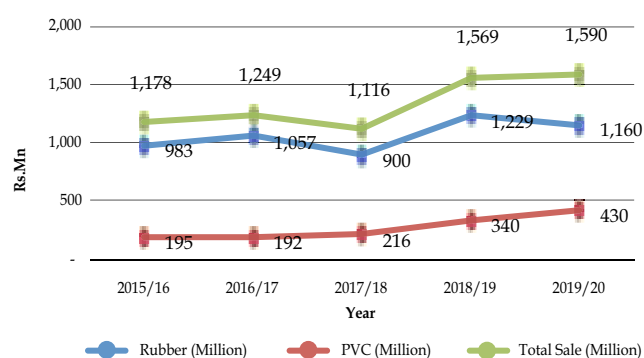
Segmental Review

This year, PVC sector recorded the highest turnover and it is a growth of 26% as against the previous year. Rubber sector has dropped by 5% and the Company recorded sales growth of 1%. The sales analysis segment-wise is given below.

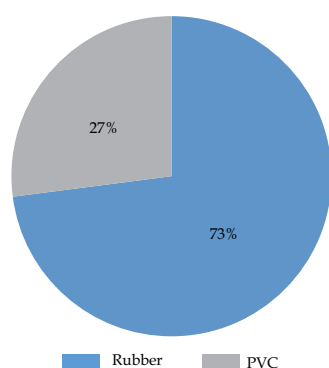
	Rs in 000's		
Year ended	Rubber	PVC	Total
31st March 2020	1,160,566	429,636	1,590,202
31st March 2019	1,229,609	339,736	1,569,345
31st March 2018	900,474	215,975	1,116,449
31st March 2017	1,057,269	192,228	1,249,497
31st March 2016	982,878	195,460	1,178,338
31st March 2015	994,177	47,579	1,041,756

FINANCIAL Capital (Contd...)

Turnover - Rubber & PVC



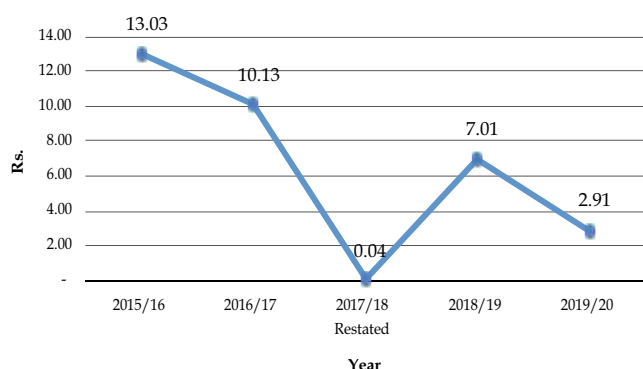
Turnover - Segment wise 2018/19



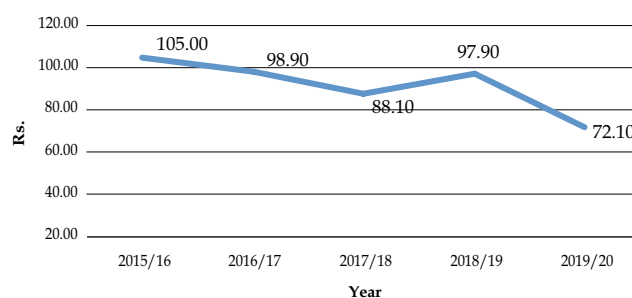
Key Ratios

Earnings per share are Rs. 2.91 in the current year as against Rs. 5.91 in the previous year. The market price as at 31st March 2020 was Rs. 72.1 (last year Rs.97.90). The Return on Capital Employed (ROCE) in the year is 2%.

Earning Per Share (EPS)



Market Price per Share Rs.



The PE ratio for the year is 25 and Dividend pay-out ratio is 34%. The current ratio as at 31st March 2020 and 31st March 2019 are 1.62 and 1.58 respectively. The liquidity ratio as at 31st March 2020 is 1.01 as against 1.14 as at 31st March 2019. The total assets as at 31st March 2020 is Rs. 1,178 Mn. The graphs of Dividend pay-out Ratio, Total assets, ROCE and Market capitalization have also been shown in the Financial Highlights.

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

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

Key Audit Matter	Current status
Provision for deferred tax	Potential risk and errors have been eliminated as much as possible when significant management estimates, judgments and uncertainties are involved

3) Quarterly performance

The Company did well during the first and second quarters and earned a marginal profit in third quarter. During these two quarters, we have high turnover due to the seasonally. During last quarter we have made all annual adjustments and provisions. The summarized four-quarter financial summary is shown in page 190. The annual adjustments and provisions made during the year are bad debt provision of Rs. 2.8 Mn and Rs. 1 Mn gratuity provision based on actuarial valuation method.

FINANCIAL Capital (Contd...)

4) Financial Calendar:

	2019/20	2018/19
Interim Reports:		
Quarter ended 30th June	09th August 2019	10th August 2018
Quarter ended 30th September	08th November 2019	12th November 2018
Quarter ended 31st December	07th February 2020	08th February 2019
Quarter ended 31st March	14th August 2020	24th May 2019
<i>Interim Financial Statements have be published as per rule 7.4 of the Colombo Stock Exchange</i>		
Annual Report	14th August 2019	24th May 2019
AGM:		
27th Annual General Meeting	-	28th June 2019
28th Annual General Meeting	30th September 2020	-
Date of Dividends Recommended	14th August 2020	24th May 2019



MANUFACTURED

Capital

Key Performance Indicators 2019/20

Rs. 47 Mn

Capital
expenditure

Rs. 398 Mn

Value addition

Rs. 3.5 Mn

Turnover
per employee

3

Number of
factories



Opening new JSR packing building

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

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

Our Product Range

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

Production Efficiency Ratios

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

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

MANUFACTURED Capital (Contd...)

Production efficiency ratio		2019/20	2018/19
1	Turnover per employee per month - Rs.	293,191	290,607
2	Turnover / total man hours - Rs	1,396	1,454
3	Value additions per employee per month- Rs	72,831	78,591
4	Total rubber compound in Kg/total direct labour hours (Kg per hour)	3.5	4.3
5	Wages cost per direct employee per month - Rs	36,692	37,576
6	Salary cost per indirect employee per month- Rs	44,841	45,998
7	Total labour cost (including other overheads) per direct employee per month – Rs	42,396	43,875
8	Total labour cost (including other overheads) per indirect employee per month – Rs	52,085	52,983
9	Labour turnover for the year - %	1.6	1.6

Energy Efficiency Ratios

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

The adoption of energy efficient machinery and reducing dependence on fossil fuels continues to be one of the key priorities and during the year we invested in energy saving projects which are expected to result in significant reduction in our energy consumption in the future. We have installed meter reading units for each mill, extruder and press lines and monitored them daily. Every month we calculate the energy ratios and compare them with the budget, previous year and other manufacturing Companies in the rubber sector. From

time to time, meters were checked by the Ceylon Electricity Board on our request. Capacity banks have been installed. Transparent roofing sheets were installed and steam lines were repaired to prevent steam leaks. In all plants, we monitor electricity consumption on a daily basis. All halogen bulbs have been replaced with LED or CFL bulbs. We invested for a modern generator to operate all machinery in the factory uninterruptedly during the year.

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



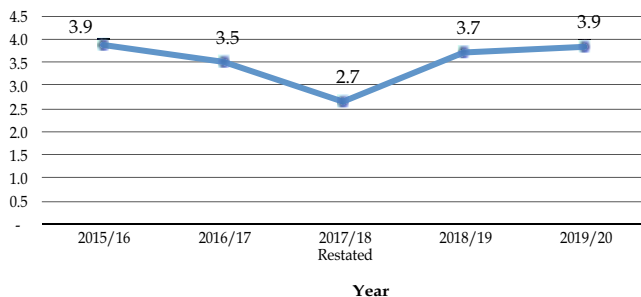
Training programme on Energy Saving

MANUFACTURED Capital (Contd...)

Plant and Machinery

During the year the Company invested Rs. 24 Mn in plant and machinery as shown under Note number 13 of the Financial Statement on page 169.

Fixed Assets Turnover Ratio (Times)



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



Opening new JSR packing building

Energy efficiency ratio	2019/20	2018/19
1 Electricity units per MT of rubber compound (Units per MT)	523	471
2 Fuel liters per metric ton of Rubber compound – (Liters per ton)	175	238

Plant Capacity

During the year, the Company build up a modern packing room for rubber sealing rings and a two stories building for increasing the storing capacity in the PVC plant at Baddegama. Further Company Invested in a modern and hi-tec extruder to manufacture PVC conduits.

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

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



MANUFACTURED Capital (Contd...)



Galle Factory



Baddegama Factory



Kalutara Factory

MANUFACTURED Capital (Contd...)

Location of Properties

Currently the Company owns the following properties:

Description	Address	Land		Building		Total Market Value of the property
		Extent	Market value Appox	Extent	Market value Appox	
1) Galle factory (Bought during the period from 16/9/91 to 30/11/93)	Akuressa Road, Bogahagoda, Galle.	7 A 2 R 17 P	Estimated to be Rs. 260.5 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.) During the year the Company bought 23 perches of neighboring land for Rs. 2.5 Mn	94,900 Sq ft	Estimated to be Rs. 300 Mn as at to date.	Current value estimated to be Rs. 560.5 Mn.
2) Kalutara factory (Bought in 2009)	No. 57/B, Fullerton Industrial Zone, Nagoda, Kalutara	120 perches	Estimated to be Rs. 25 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.)	5,990 Sq ft	Estimated to be Rs. 15 Mn as at to date.	Current value estimated to be Rs. 40 Mn.
3) Baddegama factory (Bought in July 2014)	Gilcroft Estate, Kiribathwila, Ampegama, Baddegama	2 A 2 R 0.11 P	Rs. 20 Mn as at to date. (This was valued on 27th September 2018 done by a professional valuer.)	25,191 Sq ft	Rs. 100 Mn as at to date.	Current value estimated to be Rs. 120 Mn.
4) Paddy Field, Bogahagoda (Bought in Feb 2002)	Akuressa Road, Bogahagoda, Galle.	1 A 3 R 3 P	Rs. 1.1Mn as at to date (This was valued on 27th September 2018 done by a professional valuer.)	-	-	Rs. 1.1Mn as at to date
Total		12 A 2R 43.11 P	306.6 Mn	124,541	415Mn	Rs. 721.6 Mn (Current estimated Value)

MANUFACTURED Capital (Contd...)

Quality

The responsibility for the quality of the products is assigned to everybody at Samson International PLC and it has not restricted up to the quality department. Quality is checked at every stage or process of the production in order to meet the expectation of the overseas customers and the guidelines and regulations given by internationally recognized laboratories.

During the year, we received a bronze award from National Cleaner Production Center on 21st January 2020 and also a certificate of commendation from the National Productivity Secretariat on 26th December 2019. We conduct Kizen quality competition in the factory and awards are given to employees.



Kizen Quality competition Awardees

Quality Policy

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

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

HUMAN Capital

Key Performance Indicators 2019/20

456

Employees

1972

**Training in man
hours**

1.6

**Labour Turnover
ratio**

79:21

**Gender ratio
(Male: Female)**



Staff of Galle Factory

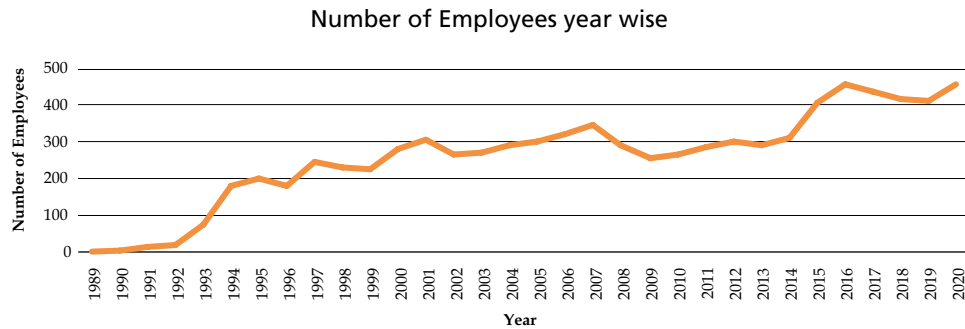
Human Capital Management plays a vital role in any Organization. It ensures that business enterprises sustain its activities profitably in the longer term due to high performing and effective workforce of the organization. Fifty seven years ago, the founder of the DSI Group the late Mr. Samson Rajapaksa envisaged that "Employer and Employee should work as one family." His vision guided us to treat our human resources as the greatest asset of our Company.

In our Company, the majority of our employees have been recruited from neighboring villages since 1988, the year in which the Company was incorporated. Now, 456 villagers have been given exposure to work in an international Company

and to earn a regular income without migrating to Colombo or other cities in Sri Lanka or abroad. We value each and every one of them. The Company's employee turnover rate is around 1.6 % is well below the industry norm which is the result of its sustainable employee policies and practices. The table given below indicates how we have increased the number of employees since inception.

Introduction of production incentive to employees has been implemented to obtain a higher income to them while improving the productivity. Developing employee capabilities is a key priority for both segments and we continued to invest in enhancing leadership and technical skills.

HUMAN Capital (Contd...)



Year	Number of Employees	Year	Number of Employees
1989	1	2005	301
1990	6	2006	323
1991	14	2007	349
1992	19	2008	293
1993	72	2009	258
1994	179	2010	267
1995	201	2011	288
1996	178	2012	302
1997	246	2013	293
1998	232	2014	312
1999	224	2015	409
2000	279	2016	456
2001	306	2017	436
2002	267	2018	415
2003	272	2019	414
2004	292	2020	456

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

Now, 456 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

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

The industry of manufacturing rubber-related products is drained by the shortage of skilled human resources and the Samson International Plc has addressed that issue to a greater extent through its best practices that focus on the personal development of our staff & workers through skills and knowledge building. Training programmes are conducted

HUMAN Capital (Contd...)



Staff of Kalutara Factory



Staff of Baddegama Factory

Age-wise:

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	127	20	25	17	2	0	191
30-50 years	142	20	42	17	17	2	240
Above 50 years	14	1	7	2	1	0	25
TOTAL	283	41	74	36	20	2	456

Factory-wise:

Galle	201	35	35	33	19	2	325
Baddagama	67	3	38	3	1	0	112
Kalutara	15	3	1	0	0	0	19
TOTAL	283	41	74	36	20	2	456

HUMAN Capital (Contd...)

Benefits given to employee when becomes a permanent

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

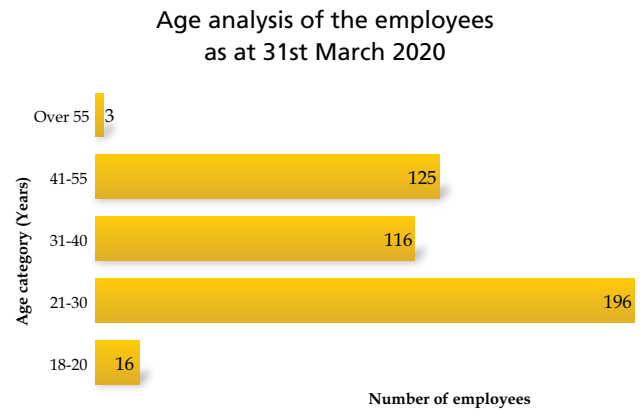
1. Salary increase
2. Productivity incentives
3. Attendance bonus
4. Annual bonus
5. Medical insurance
6. Death donation
7. Gift vouchers to buy DSI shoes
8. Uniform
9. Wedding gift
10. Transport
11. Additional allowance for employees with more than
12. Additional allowance for employees with more than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



Medical Clinic on Diabetic & Cholesterol

Age analysis of the employees

We maintain a right mix of aged employees. We have mostly from the category of 31-50 years and next from the category of Below 30 years. These 31-50 matured category provides highest productivity.

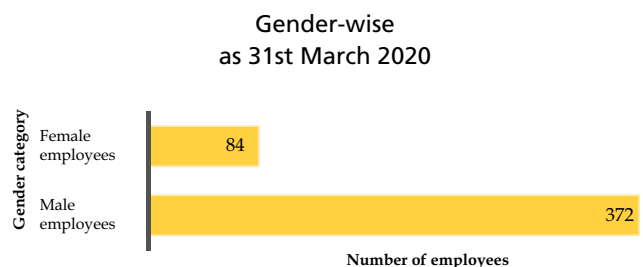


The age analysis of the employees is as follows:

Age Category	As at 31st March 2020		As at 31st March 2019	
	No	%	No	%
18-20	16	4	20	5
21-30	196	43	174	42
31-40	116	25	116	28
41-55	125	27	102	25
Over 55	3	1	2	0
Total	456	100	414	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.



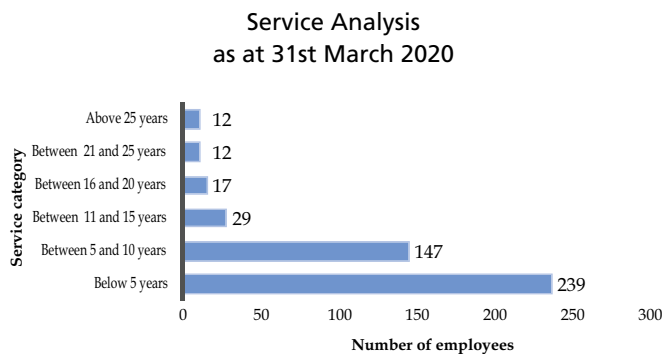
HUMAN Capital (Contd...)

No. of employees gender-wise is as follows.

	As at 31st March 2020		As at 31st March 2019	
	No	%	No	%
Male employees	372	82	329	79
Female employees	84	18	85	21
Total employees	456	100	414	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., 52% of our employees have worked less than 5 years. 84% of the employees have worked less than 10 years.



Service analysis of the employees is as follows:

Service Category	As at 31st March 2020		As at 31st March 2019	
	No	%	No	%
1 Below 5 years	239	52	232	56
2 Between 5 and 10 years	147	32	117	28
3 Between 11 and 15 years	29	6	33	8
4 Between 16 and 20 years	17	4	12	3
5 Between 21 and 25 years	12	3	14	3
6 Above 25 years	12	3	6	2
Total	456	100	414	100

Employee and Industry relations

The Company takes all possible steps maintain good employee and industry relations. Human resource Department plays a significant role in an organization's uphold and success in this regard. The employee relations and industrial relations are a part of human resources functions which deals in maintaining a harmonious relationship between the employer and the

employee. As you are aware, the consequences of good employee relations are high efficiency, ensures optimum use of scarce resources, low wastage, generate innovative ideas, facilitate change, decrease in indirect costs incurred through high labour turnover, absenteeism and bring goodwill to the Company.

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

- 1) Having good human resource policies: We have a comprehensive human resources policies and procedures which cover recruitments & selection, promotion, transfers, compensation, performance appraisals, dispute management, grievance handling and overall employee conduct. The human resources philosophy of our company is to be an equal opportunity employer. Our recruitment philosophy is to attract employees with appropriate knowledge, skills, values and attitudes that would be in line with the culture and goals of the organization whilst catering to growth and providing opportunities for such employees. The Company does not discriminate on the basis of gender, race, nationality, age, social origin, religion, or any other basis.

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

HUMAN Capital (Contd...)

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 received a merit award for Social Dialogue and Workplace Cooperation from the Department of Labour on 22nd January 2020.



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 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

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

HUMAN Capital (Contd...)

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

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



Joint Consultative Committee

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

Welfare activities: We give meals and uniforms to employees at a nominal fee, providing transport facilities, loan systems, insurance schemes, death donation schemes, medical insurance, gift vouchers to buy DSI shoes, wedding gift, and additional allowance for employees having more

than three children. Please see on page 75 under the "Benefits given to employee when becomes a permanent" for more details.

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

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

Last year, for the annual get-together, we organized a four hour adventured Ship tour for Whale watching in Southern sea from Galle to Mirissa for all employees by ship of "Princess Lanka" owned to Sri Lanka Navy on 15th February 2019. There were 313 participants (76%) in this annual event, which they enjoyed very much and appreciated the management as this is a very rare chance for a worker to go on a ship and whales watching. Our objective is to create an atmosphere for our employees where they can work with happiness, enthusiasm and pride. However due to the Covid-19 virus outbreak, we had to postpone the annual get-together this year.



Receiving a bicycle for the best player

HUMAN Capital (Contd...)



SIL Teams in the Volleyball tournament at SIL Volleyball court

The inter-department softball men's and women's cricket tournament is conducted annually. This year it was held at the Samanala ground at Galle, on 13th October 2019 and 13 teams including the employees from Kalutara and Baddegama factories participated. This year, in the men's tournament, the Baddegama factory team among 13 teams. Baddegama team was also champions in the women's tournament. Malith and Rohini were selected as the best players and they were awarded a Samson International Plc

conducted inter-company volleyball tournament for the 5th consecutive time at Company's volleyball courts. The winners were given Kulatunga Rajapaksa challenge trophy. SIL team was the runner up in men's tournament.



Inter-department Softball cricket tournament at Samanala ground, Galle



Receiving a bicycle for the best player



Enthusiastic spectators

HUMAN Capital (Contd...)



Inter-department Softball cricket tournament at Samanala ground, Galle

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

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

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

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

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

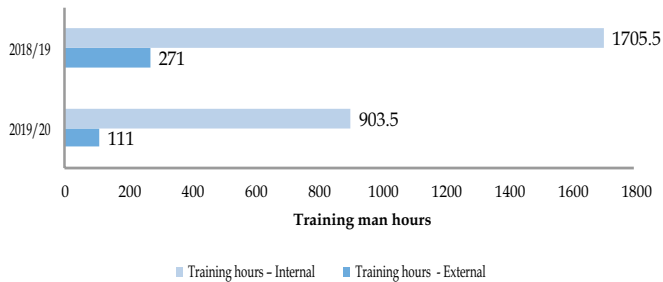
We continued to invest in our employees through regular training and development programmes conducted in-house, outside and overseas which is designed to develop technical as well as soft skills. Training is an integral component of our business success as well as our strategy to achieve sustainable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

During the year, employees underwent many internal and external training programmes. These programmes span on the job, off the job, external, hands on and internal programmes which are designed to enhance knowledge,

HUMAN Capital (Contd...)

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

Training Hours



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.



Training for Engineering team

Description	2019/20		2018/19	
	No of Hours	%	No of Hours	%
Training hours - External	111	11	271	15
Training hours – Internal	903.5	89	1705.5	85
Total Training hours	1014.5	100	1976.5	100

Traininig Programmes in 2019/20

In-House	No of Training			Training Hours		
	Total	Male	Female	Total	Male	Female
Wastage Reduction Methods	10	8	2	30	24	6
Electrical Safety Program	210	140	70	630	420	210
Testing (Specific Gravity)	6	3	3	12	6	6
Day Fire Drill	230	157	73	115	78.5	36.5
Process control (SPC) Sampling Techniques and Inspection	6	3	3	6	3	3
FSC Awareness Program	27	12	15	54	24	30
Pre Shipment Inspection	5	3	2	10	6	4
In Process Inspection	5	3	2	10	6	4
Sampling Techniques	7	4	3	14	8	6
Moulding Methods	15	15	-	22.5	22.5	-
Total	521	348	173	903.5	598	305.5

Outside

Finite Element Theory	2	2	-	16	16	-
Digital Marketing Plan	1	1	-	8	8	-
Empowering Supervisors	1	1	-	8	8	-
Process Control (SPC) Sampling Technics and Inspection	1	-	1	16	-	16
Occupational Health & Safety	1	1	-	8	8	-
Calibration	1	1	-	8	8	-
Role of Junior Managers and Supervisors on ISO standards	2	-	2	16	-	16
Seminars on Synthetic Rubber - EPDM Technology	2	1	1	16	8	8
Modernizd Customs Procedure and & Imports/Exports	1	1	-	7.5	7.5	-
Industrial Water Treatment	1	1	-	7.5	7.5	-
Total	13	9	4	111	71	40
Full Total	534	357	177	1014.5	669	345.5

HUMAN Capital (Contd...)

The number of programmes category wise is as follows

Group	Category	No. of Training Programmes	
		External	Internal
Male	Executive Staff	4	0
	Clerical Staff	3	0
	Workers	1	3
	Total	8	3
Female	Executive Staff	0	0
	Clerical Staff	2	1
	Workers	0	0
	Total	2	1
Male & Female	Executive Staff	0	0
	Clerical Staff	0	2
	Workers	0	4
	Total	0	6
Total Training		10	10

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



Fire preventive team - SIL



HUMAN Capital (Contd...)

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

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



Best attendance awardees

We recognize long service employees and outstanding employees at our annual felicitation ceremony 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. However, due to the Corona epidemic, we couldn't organize this event for this year.



Company CSR display notice board

- 10) Employee participation: participative management is the involvement of employees in the decision making of companies through methods such as suggestion boxes, join consultative committee, all CSR activities. This results in employee competency development, increase in employee satisfaction and motivation due to increased self-worth, better settlement of production problems, lesser disputes, increased team work, better performance and easy implementation of decisions. Each employee including workers is given an opportunity to donate cash & company products on behalf of the company and these photographs are displayed on the Corporate Social Responsibility notice board of the Company.

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

- 12) Health and safety programme: We implement health and safety programs to safe guard employee health and safety. These results to increase employee cooperation and satisfaction, motivation, commitment due to management's concern for employees and safe and healthy work environment.

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

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"

HUMAN Capital (Contd...)

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.

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.



Safety Committee headed by Maintenance Engineer

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

A "Health Week" is organized by the Company annually. A work shop and Training programmes were conducted on all employees. Further a special healthy meal is given to employees during this health week.



First Aid Committee headed by Company Nurse

Boiler certificates were obtained under Section 34 of Factory Ordinance, No 45 of 1942. Further the Company checks TVOC's test and ambient test with help of Industrial Technology Institute, Colombo 7, and passed all these tests to ensure that the prevention of air pollution. The Central Environmental Authority has renewed our license every year for the last 32 years continuously without any obstacle.

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

Labour Turnover

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

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

HUMAN Capital (Contd...)

The labour turnover for the year ended 31st March 2020 is as follows:

**Employee Retention
Rate is 98.4%**

Labour Turnover Analysis - Month wise

Month	2019/20 (%)	2019/19 (%)
April	1.5	3.1
May	1.7	1.5
June	2.5	0.5
July	1.0	2.5
August	2.2	1.7
September	1.2	2.0
October	1.4	1.0
November	1.2	1.2
December	1.4	2.2
January	1.9	1.7
February	1.9	0.7
March	0.7	1.0
Average	1.6	1.6

Labour Turnover Analysis - Age-wise (2019/20)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Below 30 years	27	12	6	5	0	0	50
30-50 years	11	4	7	4	1	0	27
Above 50 years	0	0	0	0	0	0	0
TOTAL	38	16	13	9	1	0	77

Labour Turnover Analysis - Factory-wise (2019/20)

	Workers		Staff		Executive		TOTAL
	Male	Female	Male	Female	Male	Female	
Galle	25	11	7	9	1	0	53
Baddegama	11	5	6	0	0	0	22
Kalutara	2	0	0	0	0	0	2
Total	38	16	13	9	1	0	77

HUMAN Capital (Contd...)

Analysis on Departmental wise

The highest number of employees in the Company work in the production department. This is 292 employees out of 456 which is 64% of the total cadre. We have employed 45 employees for marketing section which includes PVC local sales channel and export department of the rubber sector.

Total Workers Department Wise

	Workers		Staff		Executive		Total
	Male	Female	Male	Female	Male	Female	
Production	231	42	11	5	3	-	292
Engineering	19	-	3	1	2	-	25
IT	-	-	1	-	-	-	1
Accounts	-	-	6	13	1	-	20
Marketing	-	-	34	2	9	-	45
Stores	25	-	3	-	-	1	29
Human Resource	-	-	3	4	-	1	8
Administration	-	-	1	2	-	-	3
Supply	-	-	2	4	1	-	7
Quality Assurance	14	1	1	2	2	-	20
Others	-	-	2	1	3	-	6
Total	289	43	67	34	21	2	456

The incentive paid for above employees gender wise as follows.

	Male Rs.	Female Rs.
Apr-19	407,477.17	75,768.21
May-19	551,590.51	92,068.04
Jun-19	622,277.69	94,876.57
Jul-19	642,130.28	96,053.36
Aug-19	578,950.35	82,574.40
Sep-19	565,210.65	89,519.58
Oct-19	589,216.43	73,176.28
Nov-19	523,471.06	67,193.82
Dec-19	505,092.11	73,176.28
Jan-20	493,317.99	77,530.38
Feb-20	528,853.48	76,064.44
Mar-20	311,800.22	44,504.22
Total	6,319,387.93	942,505.58

During the year, we have promoted eight male and three female employees.

SOCIAL and Relationship Capital

Key Performance Indicators 2019/20

32

**Global presence
(No of
countries)**

2

**Overseas
exhibitions
participated**

Rs. 1.2 Bn

**Total payments to
suppliers**

22

**No of CSR
activities**



Donation for Dorape Dhamma School Children

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

1) Our Customers

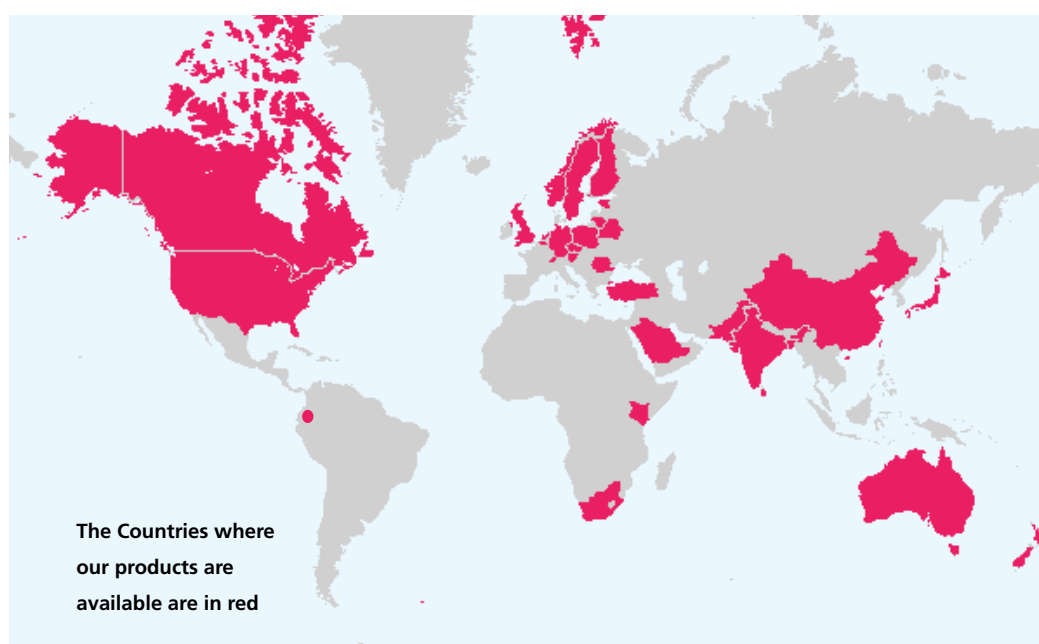
Of the 194 countries in the world our products are available in the under-mentioned 32 countries which cover 16% of the total number of countries in the world. Strategies are being followed to widen our global presence by participating in trade exhibitions, trade delegations and aggressive sales promotion.

SOCIAL and Relationship Capital (Contd...)

Global presence

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

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



Global presence analysis

Region	2019/20 (Rs.000')	2018/19 (Rs.000')
Europe	522,047	630,704
Australia and New Zealand	21,568	2,444
USA and Canada	22,634	24,337
South Africa and Middle East	38,272	38,682
Asia	985,681	873,98
Total	1,590,202	1,569,345

SOCIAL and Relationship Capital (Contd...)

Exhibitions Participated

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

- “National Safety Council Congress and Export -2019” exhibition in San Diego, USA in September 2019.
- “K - Fair” exhibition and Trade Delegation visit in Dusseldorf, Germany in October 2019.

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

- Construct 2019 exhibition held at BMICH Colombo in August 2019
- Jaffna International Trade Fair 2020 held in January 2020.



At National Safty Export Exhibition USA

During the year, six new overseas customers joined the Company. Further, many of our customers visited our factory in the year using the Highway from Katunayake to Galle.

Twenty customers from various parts of the world met us in our factory to discuss mutual business growth. The number of customers lost is zero. 50% of our customers have been with us for over 10 years and 10% of our customers have been with us for over 15 years. We received Gold award from the National Chamber of Exporters of Sri Lanka on 20th September 2019, for the fifth consecutive year.



Customer Complaints

Year	Number of Customer complaints
2012/13	29
2013/14	14
2014/15	17
2015/16	12
2016/17	14
2017/18	12
2018/19	25
2019/20	16

The numbers of customer complaints we received for the last eight years are shown in the table above. During the year the number of customer complaints has decreased by nine compared to the previous year.

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 lessor 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.

SOCIAL and Relationship Capital (Contd...)

2) Our Community

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

2.1 CSR activities to villagers:

Distribution of paddy to Samurdhi beneficiaries

Paddy was distributed to a hundred Samurdhi Dorape beneficiaries at free for the 6th consecutive year at 5kg per person after reaping the harvest from the Company's paddy field on 26th June 2019. The balance paddy was distributed among the employees at concessionary price. Further a pair of slippers and a food voucher were also distributed to them. Mr. Kulatunga Rajapaksa, Managing Director and other management staff members participated for this function and distributed it. Villagers were extremely happy and appreciate the effort taken by the Company. This created a strong bond between the Company and villagers.



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

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

Company's rubber mats, hose, other PVC- related and rubber-related products were donated to neighboring schools,

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

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

List of Donations made in the year 2019/20:

	Date	Description
1	2019-04-05	Donation cash, Rubber carpets, Rubber slippers to Katagoda primary school, Baddegama
2	2019-06-13	Donation Rubber mats, Rubber H.W.B. to Devinuwara temple
3	2019-07-23	Donation cash to Sri Jeewananda primary school, Welikonda for prefect badge awarding ceremony
4	2019-08-22	Donation cash to Welikonda temple
5	2019-10-01	Donation Rubber slippers & Bath mats to poor children and elders in Dorape area
6	2019-12-27	Donation shoes to poor children in Baddegama area
7	2020-01-01	Donation Water tank, Rubber carpet and Rubber hose to Devinuwara temple, Matara
8	2020-01-11	Donation Rubber carpets to Maha Viharaya, Ahangama
9	2020-01-16	Donation Rubber flooring mat to Welikonda Jeewananda college
10	2020-01-24	Donation cash to Angulugaha College
11	2020-03-12	Donation School shoes to Little Champs preschool, Pilana

SOCIAL and Relationship Capital (Contd...)

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



Donation of Rubber mats to christ Church Boys' College Baddegma



Donation to Welikonda School



Donation of cash to Agulugaha School



Donation of shoes to school children in baddegama area



Donation of a water tank, rubber mats and rubber hose to Devinuwara temple

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 to 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.



Donation of cash and Company products to Katagoda primary School, Baddegama

SOCIAL and Relationship Capital (Contd...)

We have been doing this corporate social responsibility activity for the last 32 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.

Sub-Contract Week was held during the week ended 23rd June 2019. During this meeting we discuss the Quality issues, productivity improvements and their welfare matters. Usually all 45 Sub-Contractors participate for this discussion and meeting. We also donate company products for their usage. In the meantime, able young villagers are taken into the factory as full time employees of the Company. More than 80% such employees have come from neighbouring villagers. Total number of employees at present is 456.



Sub-contract team

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

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

2.2) Training facilities to outside students

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

3) Trade associations

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

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

We participate in the award competitions organized by above institutions.

4) Employees

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

Employees commence their daily chores after reciting the five precepts

Traditional customs and practices are usually observed by employees who presented betel leaves to the Managing Director and pay last obeisance to him. On the first working day after new year, machinery in all three factories are switched on during the Pirith ceremony and all employees have

SOCIAL and Relationship Capital (Contd...)

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. However, due to the Coronavirus outbreak, we couldn't organize it for this year.



On the first working day after New Year



Buddhist Association

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

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

In order to maintain a strong relationship with the employees of the other sister companies in the Group, we organized and participated inter-Company Volley Ball tournament for the fourth consecutive time at Samson International Volley ball court on 01st February 2020. The winners were given Kulatunga Rajapaksa Challenge Trophy for the men and women tournaments. In this tournament, there were 17 teams from the Group.

5) Suppliers

Our major supplier is Samson Compounds (Pvt) Ltd. who provides compounds to our rubber products. So we have a strong relationship as it is a sister Company which is also situated in Galle. We carry out service evaluation with the major supplier and inform our ranking to them monthly. For other suppliers, we carry out semi-annual survey for their services and regular one - to - one communication. We frequently visit suppliers locations and our Quality Assurance Department inspects the quality of all raw material and compounds. All capital expenditure amount exceeding Rs. 25,000 are approved by the Board of Directors.

During the year, the Company found a reputed manufacturer for PVC taps in Malaysia and signed an agreement with them for an exclusive dealership for supplying water taps for the PVC segment.



Signing for exclusive dealership for water taps

The details of purchases from sister companies in the Group have been given under Note 27.5 to the Financial Statement on page 180.

The Company owes to the bank Rs. 283 Mn as at March 31, 2020. (Rs. 284 Mn as at March 31, 2019). We have received the banking facilities from well-established and having high credit rating banks and their credit ratings are as follows:

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

NATURAL Capital

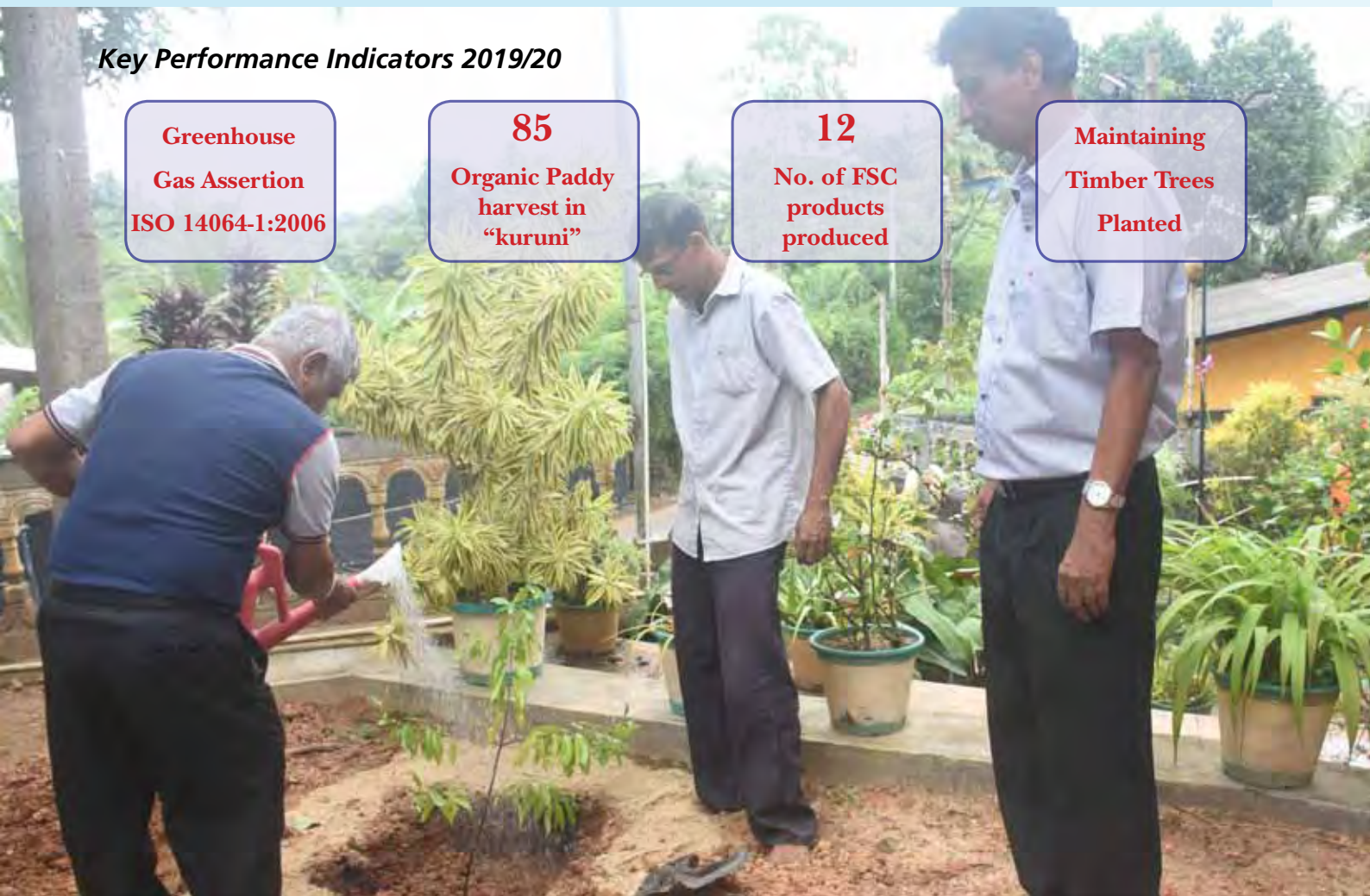
Key Performance Indicators 2019/20

**Greenhouse
Gas Assertion
ISO 14064-1:2006**

**85
Organic Paddy
harvest in
“kuruni”**

**12
No. of FSC
products
produced**

**Maintaining
Timber Trees
Planted**



Planting a Sandalwood tree by Managing Director

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

Environment Policy

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

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

1) Tree planting

This year, the Managing director planted a Sandalwood tree in the factory at the ceremony organized by the employees for his achievement of doctor of philosophy. All we know that trees contribute to their environment by providing oxygen, improving air quality, climate amelioration, conserving water, preserving soil, and supporting wildlife. During the process of photosynthesis, trees take in carbon dioxide and produce the oxygen we breathe. Last year too we celebrated our 30th

NATURAL Capital (Contd...)

anniversary of the Company on 14th October 2018, our employees planted timber trees on the Company premises. Further we also distributed more than 400 timber plants to villagers at Bogahagoda on this day.

2) Obtaining ISO 50001 and ISO 14001

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

Environmental friendly products

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

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

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

3) Sustainability work-stream

We adopt the 3R method of Reduce- Reuse- Recycle. This method covers in waste rubber and water management. Our water management policy focuses on recycling and re-use with state of the art recycling plants established at our factory. We persistently monitor the quality of the water discharged from our operations, and these continue to be within the parameters specified by the Central Environmental Authority. We all our waste rubber is recycled and given to another sister Company to manufacture reclaimed rubber products. Solid waste

generated from our operations are segregated at source and disposed with minimal environmental damage. Energy consumption has been minimized by eliminating energy waste, installing capacity banks, using transparent roof sheets and energy saving bulbs. We monitor electricity consumption on a daily basis with sub-meters and energy audits are carried out from time to time. We invested Rs.25 Mn for modernized sound proof Generator. A training programme was carried out to all employees on electrical safety on 05th February 2019 by an external electrical engineer.

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

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

During the year, we received a certificate of commendation in the Presidential Environmental Award competition organized by Central Environmental Authority on 20th November 2019.



NATURAL Capital (Contd...)

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

Developing the Southern province

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

INTELLECTUAL Capital

Key Performance Indicators 2019/20

12

**No of new
Products
launched**

Rs. 30 mn

**Investment in
R & D**

23

**No of Products
in pipeline**

4

**No of owned
brands**



Discussion on branding

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

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

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

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

INTELLECTUAL Capital (Contd...)

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

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

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

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



Best Innovative workers

Patent rights

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



Branding

At present we sell our products with following brands.

Rubber

- SIL
- Decosil
- DSI rubber parking accessories
- Mayura Yoga
- Samson Agro

PVC

- Samson PVC
- Jopex

Further, there are some customers who place orders under their reputed and established brands.



INTELLECTUAL Capital (Contd...)

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 and Jopex taps 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 printed” Samson PVC “brand name on this year’s uniforms.

New products introduced during the year:

Industry	Products introduced
Pharmaceutical	<ul style="list-style-type: none"> • Cosmetic Bottle Lid Insert • Eco Razer
Food and packaging	<ul style="list-style-type: none"> • Caprolactam free Bottle Cap • Fat Resistant Jar Sealing Ring
Matting and Flooring	<ul style="list-style-type: none"> • Yoga Mat
Automotive Industry	<ul style="list-style-type: none"> • Convoluted hose • CDJ Natural Rubber Tube
Construction	<ul style="list-style-type: none"> • Industrial Plug • L Profile
Agricultural	<ul style="list-style-type: none"> • Long Root Trainer • Seed Tray Large Pod
Chemical	<ul style="list-style-type: none"> • Reclaim Rubber



CORPORATE Governance

“ Ethical Business Practices and Good Governance are modern concepts that are increasingly recognized by Buyers, Consumers and other Stakeholders, related to Products and Services, in International Trade.... ”

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

The Company's corporate governance framework is expected to ensure a transparent and good governance system leading towards enhancing profitability and long-term sustainability.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices.

Role of the Chairman:

Role of the Chairman and Managing Director (who is the Chief Executive Officer) is distinct and the division of responsibility

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

Role of the Board of Directors

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

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

CORPORATE Governance (Contd...)

responsibilities and succession plan. They are also responsible to protect the untarnished reputation of the company from employees.

Our Board agenda includes the following items.

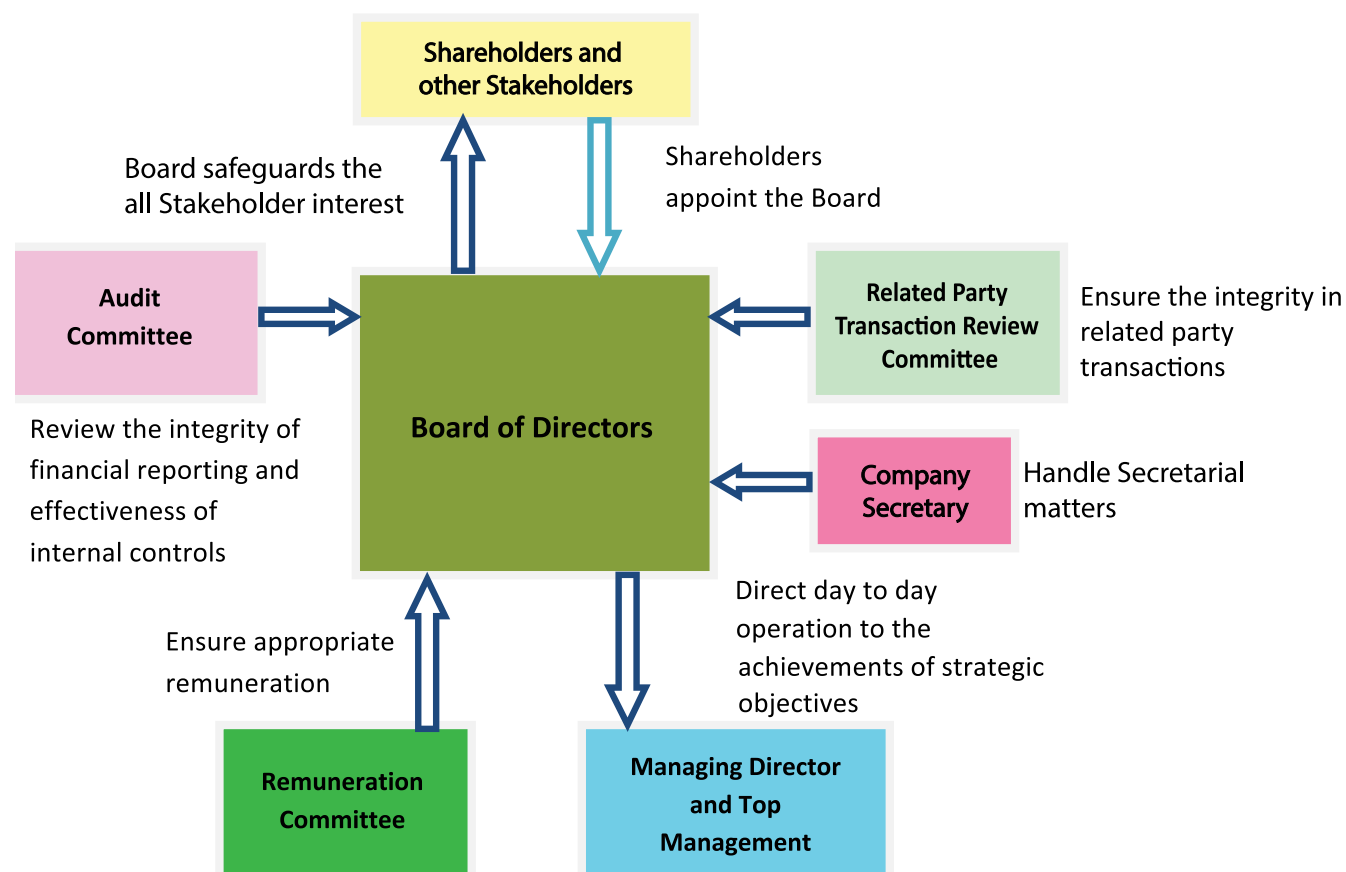
- Confirmation of previous minutes
- Matters arising from the previous meeting
- Review of financial performance
- Approval of interim and annual financial statements
- Review of quarterly internal audit report
- Ratification of senior management appointments
- Debtors age analysis
- Board sub-committee reports and other matters exclusive to the Board
- Status updates of major projects
- Ratification and approval for capital expenditure
- Statutory compliance report
- New Board resolutions
- Statutory reports in the Annual report
- Any other business

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.

Statement of Compliance

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

Governance framework



CORPORATE Governance (Contd...)

Governance Structure

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

Business Ethics

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

Business Ethics of the Company

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

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

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

Code of Best Practice on Corporate Governance:

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

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

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

CORPORATE Governance (Contd...)

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

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

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

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

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
A. DIRECTORS			
(1) Effective Board	A.1	The Board of Directors comprises 8 Directors of whom 5 are Non-Executive Directors including the Chairman. The three Executive Directors are the Managing Director and Director/General Manager and Director Marketing who are also part of the Corporate Management to whom the day to day running of the organization has been delegated. The Board has appointed Board Sub Committees to assist in discharge of their collective duties and also approves policies, governance structures and the delegation of authority to provide a conducive business environment for effective performance of the Company. The Board is closely involved in developing strategy and setting the short, medium and long term goals of the Company and regularly monitors performance against pre-determined Key Performance Indicators which include both quantitative and qualitative measures on a regular basis.	Complied
(2) Regular Meetings	A.1.1	<p>Board meetings are held quarterly whilst special Board meetings are convened as the need arises. During year ended 31st March 2019, the Board held 4 scheduled meetings. The following Board Sub Committees met quarterly:</p> <p>Board Audit Committee</p> <p>Board Related Party Transactions Review Committee</p> <p>However, Board Remuneration Committee held one meeting during the year under review.</p> <p>Attendance of Board Meetings and Sub Committee Meetings are given on pages 127, 139, 141 & 142 of this report.</p>	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(13) Independent Judgment	A.1.5	The Directors of the Company have no vested interests and take decisions on matters before them using independent judgment.	Complied
(14) Dedication of adequate time and effort of the Directors	A.1.6	<p>The Board of Directors were allocated adequate time and effort before a meeting to review Board papers and call for additional information and clarification, and to follow up on issues consequent to the meeting.</p> <p>Therefore, they are able to familiarize with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company.</p>	Complied
(15) Training for Directors	A.1.7	The MD in consultation with the Chairman recommends Directors to attend training sessions/seminars.	Complied
A.2 DIVISION OF RESPONSIBILITIES BETWEEN CHAIRMAN AND MANAGING DIRECTOR			
(16) Conducting the business of the Board separately; to the executive responsibilities of the management of the Company	A.2	<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
A.3 CHAIRMAN'S ROLE			
(17) Chairman's role in preserving good corporate governance	A.3	The Chairman's Functions and Responsibilities which include all aspects specified in the Code and the continuing listing requirements of the CSE.	Complied
(18) Conduct Board proceedings in a proper manner	A.3	Board proceedings are conducted according to the Agenda. The papers for discussion and the Agenda are circulated Seven (07) days prior to the meeting.	Complied
A.4 FINANCIAL ACUMEN			
(19) Availability of financial acumen and knowledge to offer guidance on matters of finance	A.4	<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> <p>Their profiles are on the pages 31 and 32.</p>	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
A.5 BOARD BALANCE			
(20) Non Executive Directors of sufficient calibre and number	A.5.1 & A.5.2	The Board comprises the 5 Non-Executive Directors including the Chairman and 3 Executive Directors who are the CEO / MD, the Director/General Manager and Director Marketing. The Non-Executive Directors are professionals/ academics/business leaders, holding senior positions in their respective fields and are therefore deemed to be of sufficient calibre. As the majority of the Board comprises Non-Executive Directors, their opinions and views carry significant weight in the Board decisions.	Complied
(21) Independence of Non-Executive Directors	A.5.3	2 of the Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Complied
(22) Annual declarations of independence from Directors	A.5.4	Annual declarations of independence or non-independence have been obtained from the Independent Directors for 2019/20.	Complied
(23) Annual evaluation of independence	A.5.5	The Board makes an annual evaluation of independence of the Directors based on the submission of the annual declarations. Based on these, the following Directors are deemed to be independent: Mr. T.K. Bandaranayake Mr. G.H. Wimalasena There were no Directors deemed Independent where all criteria were not met.	Complied
(24) Senior Independent Director	A.5.6 & A.5.7	If an alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied. In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent. Non-Executive Directors to be the 'Senior Independent Director' (SID) and disclose this appointment in the Annual Report. At present Chairman and CEO are no the Same person.	Complied
(25) Senior Independent Director (SID) meeting with other Directors	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company. At present SID is not appointed.	Complied
(26) Chairman to hold meetings with Non-Executive Directors, without Executive Directors being Present	A.5.9	Chairman met Non-Executive Directors without the Executive Directors being present, on a need basis.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(32) Annually assess Board composition	A.7.2	The Board annually assesses its composition to ascertain whether the combined knowledge and experience of the Board match the strategic demands facing the Company and is satisfied that it complies with the criteria.	Complied
(33) Disclosure of information to shareholders upon appointment of new Directors	A.7.3	All new appointments are communicated to the shareholders via the Colombo Stock Exchange in the English language. The profiles of the current Directors are given on page 30 to 37 in this report.	Complied
A.8 RE-ELECTION			
(34) All Directors should submit themselves for reelection at regular intervals	A.8	As per the Articles of Association of the Company, 1/3rd of the Directors and also those who are more than 70 years old, should retire at each Annual General Meeting and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election / re-appointment. In accordance with this provision, all the Directors other than following retire and offer themselves for re-election: Mr. D.G.P.S. Abeygunawardana, Mr. D.D.A Rajapaksa The Board is actively engaged in succession planning for both Executive and Non-Executive roles to ensure that Board composition is periodically renewed and that the Board retains its effectiveness at all times.	Complied
(35) Non Executive Directors are appointed for specified terms subject to reelection	A.8.1	Non-Executive Directors are appointed for re-election at Annual General Meetings in terms of Articles of Association.	Complied
(36) All Directors including Chairman to be subject to re-election at first opportunity after appointment and re-election at least every 3 years thereafter	A.8.2	All Non-Executive Directors including Chairman stand for re-election at Annual General Meetings.	Complied
(37) Resignation	A.8.3	In the event of a resignation of a director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Complied
A.9 APPRAISAL OF BOARD PERFORMANCE			
(38) Appraisal of Board Performance	A.9.1	The Board annually appraises their own performance to ensure that they are discharging their responsibilities satisfactorily.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(39) Appraisal of Board Sub Committees	A.9.2	The Board Sub Committees follow the same process.	Complied
(40) Disclosure of the method of appraisal of the Board and Board Sub Committee Performance	A.9.3	As explained in A.9.1 & A.9.2 above	Complied
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS			
(41) Annual Report to disclose specified information regarding Directors	A.10.1	Information specified in the Code with regard to Directors are disclosed within this Annual Report as follows: Name, qualifications, expertise, material business interests and brief profiles are given on page 30 to 34 Details of whether a Director is Executive, Non- Executive / or Independent, Non Independent are given on page 30 to 34. Related Party Transactions are given on page 183 under note 27. Membership of Board Sub Committees is given on page 139 to 143 and attendance at Board Meetings and Board Sub Committee meetings are given on pages 127, 139, 141 & 142.	Complied
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR			
(42) Set reasonable financial and nonfinancial targets to be met by the CEO / MD	A.11.1	The Board discussed and set financial and non-financial targets to be achieved during the year by the MD with reference to the short, medium and long term objectives of the Company at the beginning of 2019/20.	Complied
(43) Evaluate performance of the CEO/MD with reference to targets	A.11.2	The performance evaluation of the Managing Director was carried out by the Board, HR & Remuneration Committee with reference to targets and goals achieved by the Company which was reported to the Board.	Complied
B. DIRECTORS' REMUNERATION			
B.1 REMUNERATION PROCEDURE			
(44) Appointment of a Remuneration Committee	B.1.1	The Board has established a Board Remuneration Committee to develop policies and determine remuneration for the Directors and Key Management Personnel respectively. No Director is involved in deciding his own remuneration. The Terms of Reference of this committee complies with Schedule C of the Code and other investor guidelines. In support of this requirement, a Board approved Reward Management Policy for Key Management Personnel is in place. Further information regarding the Board Remuneration Committee is given in the Board Remuneration Committee Report on page 141.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(45) Remuneration Committee to comprise exclusively Non Executive Directors	B.1.2 & B.1.3	The Board Remuneration Committee comprises the following Directors who are all Non-Executive Directors. Mr. G.H. Wimalasena (Chairman) - Retired on 14th August 2020 Mr. T.K. Bandaranayake	Complied
(46) Remuneration for Non- Executive Directors	B.1.4	Remuneration of Non-Executive Directors is recommended by the Board Remuneration Committee for approval of the Board in line with market practice. A Board approved Policy on Directors' Remuneration is in place.	Complied
(47) Remuneration of Executive Directors	B.1.5	Remuneration of Executive Directors is determined by the Board Remuneration Committee who has access to professional advice from within or outside the company in formulating their proposals which are then discussed with the Chairman. A Reward Management Policy for Key Management Personnel approved by the Board is in place.	Complied
B.2 THE LEVEL AND MAKE UP OF REMUNERATION			
(48) Remuneration for Executive Directors should attract, retain and motivate	B.2.1 & B.2.2	Remuneration for Executive Directors is designed to attract, retain and motivate the Executive Directors as determined by the Board Remuneration Committee. Their remuneration comprises a fixed salary component, which includes perquisites and allowances, The Board Remuneration Committee takes into account market practices and seeks professional advice when required in order to discharge its responsibilities.	Complied
(49) Positioning company remuneration levels relative to other companies	B.2.3	The Board Remuneration Committee reviews the Company's remuneration levels in relation to other Companies in the country annually.	Complied
(50) Performance related elements of remuneration for Executive Directors	B.2.4	A performance related element of remuneration for Executive Directors has been implemented.	Complied
(51) Share option Schemes	B.2.5	There was no share option scheme during the year under review.	Complied
(52) Designing schemes of performance related remuneration	B.2.6	A scheme of performance related remuneration is in place.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(53) Early termination of Directors	B.2.7	Not applicable to the Board except for the MD and the Director/General Manager who are employees of the Company and their terms of employment are governed by the respective contracts of service.	Complied
(54) Dealing with early termination	B.2.8	Refer to B.2.7 above	Complied
(55) Levels of remuneration for Non -Executive Directors	B.2.9	The Board & Remuneration Committee determines the levels of remuneration for Non-Executive Directors taking into account the time commitment and responsibilities of their role and market practices. A Board approved policy on Directors' Remuneration is in place.	Complied
B.3 DISCLOSURE OF REMUNERATION			
(56) Composition of Board & Remuneration Committee, Remuneration Policy and disclosure of aggregate remuneration paid to Directors	B.3.1	The composition of the Board & Remuneration Committee and its report is given on page 145 & 141. The aggregate remuneration to Executive and Non-Executive Directors are given in Note No. 8 to the Financial Statements on page 172. Names of the Directors of the Board & Remuneration Committee are disclosed on pages 30 and 141 the Annual Report.	Complied
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS			
(57) Constructive use of the AGM & Other General Meetings	C.1	The Annual General Meeting is the main forum of contact between small shareholders and the Board. The Annual Report is circulated to all shareholders 15 working days prior to the AGM. Additionally, the Chairman's Review is translated into Sinhala each year.	Complied
(58) Count of all proxy votes lodged	C.1.1	All proxy votes lodged, together with the votes of shareholders present at the AGM are considered for each resolution.	Complied
(59) Separate resolutions for each substantially separate issue	C.1.2	A separate resolution is proposed at the AGM for each substantially separate issue. The adoption of the report and accounts is proposed as a separate resolution.	Complied
(60) Availability of Board Sub Committee Chairperson at AGM	C.1.3	All Board Sub Committee Chairpersons are present at the AGM to answer any questions raised at the AGM and will respond when requested to do so by the Chairman.	Complied

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
C.3 MAJOR AND MATERIAL TRANSACTIONS			
(69) Disclosure of major transactions	C.3.1	During the year 2019/20, the Company did not engage in or commit any "Major Related Party Transaction" which materially affected the Company's net asset base. This has been disclosed in the report of the directors.	Complied
D. ACCOUNTABILITY AND AUDIT			
D.1 ASSESSMENT OF THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE			
(70) Balance and understandable information to shareholders	D.1	The Company's position and prospects have been discussed in detail in the following sections of this Annual Report. Chairman's Review is given on pages 24 to 25. Managing Director's Review is given on pages 27 to 29. Financial capital is given on pages 64 to 70.	Complied
(71) Presence of a balanced and understandable assessment of Company's financial position, performance and prospects in the Annual report	D.1.1	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. In the preparation of Financial Statements, company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission.	Complied
(72) Interim reports, price-sensitive public reports, regulatory reports and statutory information requirements	D.1.2	Interim reports were published within 45 days of each quarter end which included information to assist shareholders gain an understanding of the state of affairs of the Company. Price sensitive information was disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by the regulators including Inland Revenue, Registrar of Companies, Colombo Stock Exchange and Central Bank were all filed in a timely manner in compliance with their requirements and these provided sufficient information for the user to obtain a balanced assessment of the Company's operations.	Complied
(73) MD's & Head of Finance's approval on financial Statements prior to Board approval	D.1.3	Head of Finance and two other Directors (MD & Director/General Manager) have signed the Financial Statements on behalf of the Board.	
(74) Declaration in Annual Report of the Board of Directors on the Affairs of the Company	D.1.4	The Annual Report of the Board of Directors on the Affairs of the Company on pages 145 to 150 contains the declarations as required by the Code.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
(75) Responsibilities of the Board for the preparation and presentation of Financial Statements and statement by the Auditors about their reporting responsibilities	D.1.5	The Statement of Directors' Responsibility for Financial Reporting and Report of the Auditors which includes a statement about their reporting responsibilities are provided on pages 144 & 151 respectively.	Complied
(76) Include a Management Discussion & Analysis	D.1.6	The Management Discussion and Analysis contained in pages 64 to 104 (Capital Management Report) and covers the information specified in the Code as given below; Global Impact, Industry structure and development, opportunities and threats, Risks, Internal control systems and their adequacy, Social and environmental protection activities carried out by the Company, Financial performance & analysis, Material developments in human resource/industrial relations and prospects for the future.	Complied
(77) Summon on EGM to notify serious loss of capital	D.1.7	This situation has not risen	Complied
(78) Related Party Transactions	D.1.8	There is an approved documented process identifying related parties, type of related party transaction and the mechanism to ensure that no favourable treatment is granted to said parties in order for related parties to avoid any conflict of interest in this regard. An effective and comprehensive system of Internal Control for identifying, recording and disclosing related party transactions too is in place. Directors and KMPs submit declarations declaring their transactions to the Company on a annual basis. All related party transactions as defined in Sri Lanka Accounting Standards - LKAS 24 (Related Party Transactions) are disclosed in Note No. 27 to the Financial Statements on page 183.	Complied
D.2 RISK MANAGEMENT AND INTERNAL CONTROL			
(79) Maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets	D.2.1	The Board is responsible for formulating and implementing appropriate and adequate internal control systems. The Board Audit Committee has responsibility to the Board to ensure that the system of internal controls is sufficient and effective.	Complied
(80) Review need for Internal Audit Function	D.2.2	The Company has established an Internal Audit function carried out by in-house staff as well as outsourced to Messrs Ernst & Young Chartered Accountants.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
D.3 AUDIT COMMITTEE			
(81) Establish arrangements for selection and application of accounting policies, financial reporting and internal control principles	D.3	The Company has established its Board Audit Committee in keeping with good governance. The principal responsibilities of the Board Audit Committee include oversight over financial reporting, internal controls and monitoring auditor independence. Its duties include gaining assurance on control over financial processes, integrity of the Company's financial reports, monitoring performance, objectivity and independence of the External Auditor and reviewing work of the internal Auditor. The Board Audit Committee Report is given on page 139 in the Annual Report.	Complied
(82) Composition and Terms of Reference for Board Audit Committee	D.3.1	The Board Audit Committee consists of three Non-Executive Directors and is chaired by an Independent Non-Executive Director. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives. The Executive Director/General Manager, Head of Finance, representatives of the External Auditors are invited to attend the meetings.	Complied
(83) Review of External Audit function and relationship with External Auditors and terms of reference	D.3.2	The Committee has a key oversight role in relation to the External Auditor Messrs Edirisinghe & Co, whose primary relationship is with the Committee. The Company's Auditor Independence Policy ensures that the independence and objectivity of the Auditor is not impaired. The Committee has responsibility for recommending to the Board the appointment / re-appointment of the External Auditors and reviewing the nature, scope and results of the annual External Audit.	Complied
(84) Disclosures regarding Board Audit Committee	D.3.3	The Annual Report of the Board of Directors on the Affairs of the Company given on pages 145 to 150 provides the disclosures such as the composition of the Board Audit Committee & a statement regarding the independence of the Auditors.	Complied
D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
(85) Related Party Transactions	D.4.1	Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in note 27 to the financial statements (page 183).	Complied
(86) Composition of Related Party Transactions Committee	D.4.2	The Related Party Transactions (RPT) Review Committee of Samson International PLC acts as the company's RPT review committee and consists of Mr T. K. Bandaranayake (Chairman) Mr G. H. A. Wimalasena - Retired on 14th August 2020 Mr D. D. A. Rajapaksa	Complied
(87) Terms of Reference	D.4.3	Related Party Transactions Review committee has written terms of reference dealing with its authority and duties. RPT review committee report describing the duties, task and attendance of the committee appear on page 142.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
D.5 CODE OF BUSINESS CONDUCT AND ETHICS			
(88) Code of business conduct and ethics for Directors and staff	D.5.1	Codes of Conduct and Ethics are in place for the Directors and employees.	Complied
D.6 CORPORATE GOVERNANCE DISCLOSURES			
(89) Disclosure of adherence to Corporate Governance	D.6.1	The Corporate Governance Report given on pages 105 to 127 provides information regarding Corporate Governance practices in the Company which are in compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.	Complied
E. SHAREHOLDERS – INSTITUTIONAL INVESTORS			
E.1 SHAREHOLDER VOTING			
(90) Encourage voting at AGM	E.1	The Company has a history of active shareholder involvement at general meetings and all shareholders are regularly encouraged to state their intentions to vote.	Complied
(91) Regular structured dialogues with institutional investors	E.1.1	A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	Complied
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
(92) Encourage institutional investors to give due weight to relevant governance arrangements	E.2	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and any new initiatives are highlighted at regular meetings to ensure that due weightage is given to good corporate governance.	
F. OTHER INVESTORS			
F.1 INVESTING / DIVESTING DECISION			
(93) Individual shareholders are encouraged to do their own analysis or seek independent advice	F.1	The Annual Report contains sufficient information for a potential investor to carry out their own analysis. This, together with the interim financial statements provided each quarter, provide sufficient information to enable retail investors to make informed judgments regarding the performance of the Company. Shareholders can contact, the Company Secretary for further information if required.	Complied

CORPORATE Governance (Contd...)

Principle	SEC & CA Sri Lanka Code Reference	Compliance & Implementation	Status
F.2 SHAREHOLDER VOTING			
(94) Encourage shareholders to participate and vote at the AGM	F.2	It is a tradition at Company to encourage retail investors to participate and vote at the AGM. Additionally, they are encouraged to participate in the Company's affairs by way of submitting proposals.	Complied
G. INTERNET OF THINGS AND CYBERSECURITY			
(95) Cyber security risk of sending and receiving information	G.1	Disaster recovery plan is implemented with hardware infrastructure. All the data backups are maintained by Group IT.	Complied
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)			
(96) Provide Sufficient information relating to ESG risks	H.1.1	Annual report contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognized, managed, measured and reported in pages 128 to 138.	

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

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

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

CORPORATE Governance (Contd...)

CSE Rule No.	Subject	Applicable Requirement	Compliance Status
7.10.1(a)	Non- Executive Directors	At least 1/3 of the total number of Directors should be Non-Executive Directors	Compliant 5 out of the 8 Board members are Non- Executives.
7.10.2(a)	Independent Directors	2 or 1/3 of Non-Executive Directors, whichever is higher should be independent	Compliant There are 2 Independent Directors and 5 Non- Executive Directors.
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non-independence	Compliant Independence of Directors has been determined in accordance with CSE.
7.10.3(a)	Disclosure relating to Directors	a. The Board shall make a determination annually as to the independence or non independence of each Non-Executive Director b. Names of independent Directors should be disclosed in the Annual Report	Compliant All Independent, Non-Executive Directors have submitted declarations for their independence. Compliant This was disclosed on page 30.
7.10.3(b)	Disclosure relating to Directors	In the event a Director does not qualify as independent, but if the Board is of the opinion that the Director is nevertheless independent, shall specify the criteria not met and the basis for the determination in the Annual Report	Not Applicable this year
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise	Compliant Please refer the Profile of the Directors in the Annual Report on page 30.
7.10.3(d)	Disclosure relating to Directors	Upon appointment of a new Director to the Board, a brief resume of each Director should be provided to the CSE.	Compliant
7.10.5	Remuneration Committee	A listed Company shall have a Remuneration Committee	Compliant
7.10.5(a)	Composition of Remuneration Committee	Shall comprise Non-Executive Directors, a majority of whom shall be independent	Compliant 2 out 3 Non-Executive directors are independent.

CORPORATE Governance (Contd...)

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

CORPORATE Governance (Contd...)

Rule No.	Subject	Applicable Requirement	Compliance Status
		(iv) Assessment of the independence and performance of the external auditors.	Compliant Audit Committee oversees independence and performance of the external auditors.
		(v) Make recommendation to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors	Compliant Audit Committee makes such recommendations.
7.10.6.(c)	Disclosure in the Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee.	Compliant
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant
		c. The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance of the function.	Compliant
9.2.2	Disclosure relating to Related Party Transactions Review Committee	Combination of non-executive directors and independent non-executive directors	Compliant The Committee comprises of two Independent Non-Executive Directors, one Non-Executive Director
9.2.3		Separate Committee to be formed for the Company or the Listed Parent's Committee to be used.	Compliant A separate Related Party Transactions Review Committee was formed for the Company.
		Function of the Committee	Compliant The Related Party Transactions Review Committee Report sets out the functions of the Committee on page 142.

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 142.

The Attendance of the Board of Directors:

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

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

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

The attendance of the Audit Committee Report, Remuneration Committee Report and Related Party Transaction Review Committee are on page 139, 141 and 142 respectively with their individual committee reports.

RISK

Management

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

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

At present the following reviews the risks regularly.

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

At a strategic level, our risk management objectives are

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

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

The Company has a proactive approach to business and aimed to control this uncertainty and thereby enhancing shareholder value. However, in March 2020, the Company like others faced the interruption of the operation and business due to the Covid-19 virus which we had not heard and anticipated previously. The Company took all precautions to protect all employees from this virus and steps have been taken to face and minimize the risk if such possible global virus occurs. The



risk management framework of the Company could be shown in the following manner.

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

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

RISK Management (Contd...)

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

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Macroeconomic Risk				
1) Market Specific Characteristics Risk	Seasonality period generates a substantial proportion of revenue and operating profit during the third financial quarter. Adverse trading in this relatively short period is likely to impact significantly the full year's results.	Financial and manpower planning takes into account expected peak period and the business is run accordingly. Contacting sister companies to obtain excess workers. Increase attendance bonus during the peak time. Maintain a buffer stock	Medium	Medium
2) Foreign Exchange rate Risk	Depreciation of the rupee value and loss of exchange in conversion in relation to export proceeds, import payments and foreign currency debt transactions.	Exchange rate movements are taken in to consideration before conversion and pricing. Practicing effective hedging techniques. Continuous evaluation of the impact of Central Bank regulations.	High	High
3) Socioeconomic Risks	Sri Lanka's socioeconomic and political environment has an impact on the local sales	Management reviews prices in comparison to inflation and negotiates with suppliers for lower prices and credit terms. Export grade two products to low-end markets such as India & Pakistan	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Competitor and Market Risk				
4) Risk of Competition	Risk of losing our market share and sales growth to Chinese low quality products and to other substitute products, e.g. PVC Hot water bottles.	<p>Ensuring high standards of quality in the eyes of the customer and branding all our products.</p> <p>Participate in trade fairs both local and foreign to attract new customers.</p> <p>Identify the products which are in the decline stage of the Product life cycle and take corrective action.</p> <p>Sourcing new markets and developing new products.</p> <p>Make necessary investments to upgrade the facilities.</p> <p>Corporate plan is prepared every three years and monitored closely.</p> <p>Increasing productivity and efficiency in order to ensure our prices remain competitive.</p> <p>Carrying out Research and Development activities to identify needs.</p> <p>The provision of various value added services for our key customers.</p> <p>Manufacture PVC- related products where there is high demand, e.g., PVC hose</p>	High	High
5) Technological risk	Risk of low productivity and high maintenance costs compared to the products manufactured by competitors.	<p>Frequent visits of overseas exhibitions and continuous investment in modern machinery.</p> <p>Continuous competitor analysis is carried out.</p> <p>Investing in Research and Development activities throughout the year.</p> <p>Investing in ERP system, hardware and developing software in-house.</p>	Medium	Medium

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Competitor and Market Risk contd...				
6) Reputation Risk	Adverse impact on the corporate image and brand which is likely to diminish shareholder value. This will finally lead to a decline in market share and customer base.	<p>Maintenance of highest ethical standards at all times in all business activities and make compliance audit as part of internal audit scope.</p> <p>Proper adherence to the statutory, health and safety concerns by obtaining appropriate quality certification standards.</p> <p>Continuous review of customer comments in order to exceed customer expectations and ensure quality standards are adhered to and improved upon.</p> <p>The Company plays a corporate citizen role through CSR initiatives.</p>	Low	Low
7) Product Risk	<p>Products could turn out to be defective or inappropriate for the market in terms of price, functionality or perceived value. They are also liable to be rendered obsolete. In such instances, the Company is exposed to market risks arising from consumer dissatisfaction and consequent rejection of its products.</p>	<p>The Company's plant and machinery are rigorously maintained and upgraded whenever necessary.</p> <p>Established quality control measures as well as product testing through sampling are performed on all product lines.</p> <p>The in-house Quality Surveillance Unit tests samples of new products or components from external suppliers before order placement.</p>	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Operational Risk				
8) Process Risk	Internal process failures, fraud, pilferage and breakdown of internal controls	<p>The Company sources its products and services from approved suppliers</p> <p>Outsource internal audit to reputed audit firm to review and report on the adequacy of the financial and operational controls to the Audit Committee.</p> <p>Systems and procedures are in place to ensure compliance with internal controls, which are monitored and reviewed for their continued efficiency and effectiveness.</p> <p>Provide focused and structured training to staff at all levels to familiarize themselves with processes and procedures.</p> <p>Carrying out mandatory preventive maintenance programmes.</p>	Medium	Medium
9) Supply Chain Risk	Risk of non- availability of raw materials and excessive prices.	<p>Establishing relationships with many global and local suppliers for raw materials and commodities in order to reduce over dependency on a single supplier/brand.</p> <p>Store raw materials when the prices are low and enter into forward contracts for raw material purchases.</p> <p>Consume energy in the most efficient way.</p> <p>Re-order level and economic order quantity are established.</p>	Medium	Medium
10) Inventory Risk	Risk of having non-moving stock	<p>Identifying slow-moving stocks and sell them in a different market.</p> <p>Offering discount for bulk orders.</p>	Medium	Medium

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Operational Risk contd...				
11) People Risk	Risk of losing skilled and trained human capital	<p>Provide focused and structured training to staff at all levels to aid personal and professional development.</p> <p>Establish career development programmes and succession plans in order to retain and motivate them.</p> <p>Maintaining good relationships with employees through regular dialogue.</p> <p>Top priority is given to automation of manual work.</p>	Medium	Medium
12) Fraud, Compliance and Internal Controls Risk	As the business grows in size and geographical scope, the potential for fraud and dishonest activity by our suppliers, customers and employees increase.	<p>Clear behavioral guidance given to employees through operational manuals.</p> <p>Appropriate procedures and controls set out and audited across the business to reduce fraud risks; internal Audit and external Audit undertake detailed investigations into all business areas and report their findings to the Audit Committee.</p> <p>Regular update and new introduction of relevant policies and procedures.</p> <p>Whistle-blower policy.</p> <p>Periodical review of the internal controls by outsourced consultants.</p>	Low	Low

RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
13) Asset Risk	Risks associated with the physical assets of the Company include the destruction, loss or theft as well as technical and other defects.	<p>All such assets are insured against all identifiable risks.</p> <p>The relevant insurance policies are subject to a comprehensive annual review, with modifications made as deemed necessary.</p> <p>Procedures in place to control technical and other defects include purchasing from reputable suppliers who comply with acceptable standards on product and service quality; active, standards-based quality assurance at all manufacturing facilities.</p> <p>Provisioning is also made against obsolete inventory, warranty claims and doubtful debtors.</p>	Low	Low
14) Governance Risk	Risk of non-compliance with changes in legal and regulatory environment, taxation, labour and other laws will result in judiciary actions.	<p>Create awareness of statutory obligations at all levels.</p> <p>Seek advice from external consultants on all matters relating to litigation and contracts.</p> <p>Product liability insurance is taken for hot water bottles.</p> <p>Have a central record room to keep all our important documents for 10 years.</p> <p>Continuous dialogue with statutory bodies to meet updated reporting requirements.</p>	Low	Low

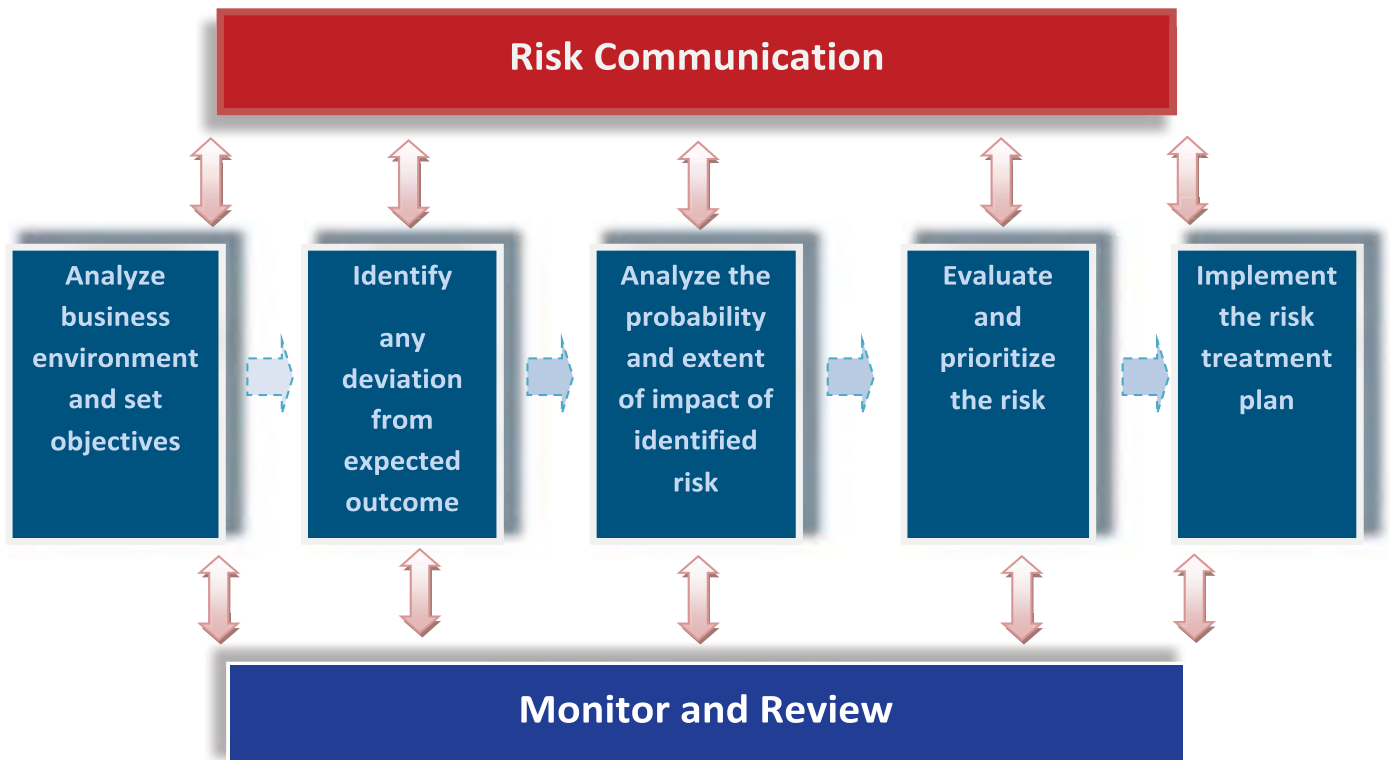
RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Financial Risk				
15) Credit Risk	Risk arising due to default of payment. Higher credit risk may adversely impact both liquidity and profitability.	<p>Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</p> <p>Credit is allowed only for the approved customers which is reviewed yearly.</p> <p>Obtaining bank guarantees, deposits, post- dated cheques from local debtors and insurance cover for export debtors whenever there is a doubt about recovery.</p> <p>Closely monitoring the debtor balances and laying down action plans accordingly.</p>	Medium	Medium
16) Interest rate and Finance risk	Inability to satisfy debt repayments and obtain the best interest rates.	<p>To have adequate facilities for obtaining loans and borrowings in foreign currency to bring down finance charges.</p> <p>Funding of long- term assets through equity and long- term loans.</p> <p>To have adequate short term borrowing facilities available at all times.</p> <p>Low gearing is maintained (31%).</p>	Low	Low
17) Investment Risks	<p>New projects/Capital expenditures involve high risks and uncertainties in terms of delays and cost overruns.</p> <p>Failure of major projects will affect profitability, capital structure and reputation.</p>	<p>Conduct a PESTEL analysis and feasibility study before initiating the projects.</p> <p>Board approval should be received for all investments.</p> <p>Post-evaluation of the projects is carried out for each investment.</p>	Low	Medium

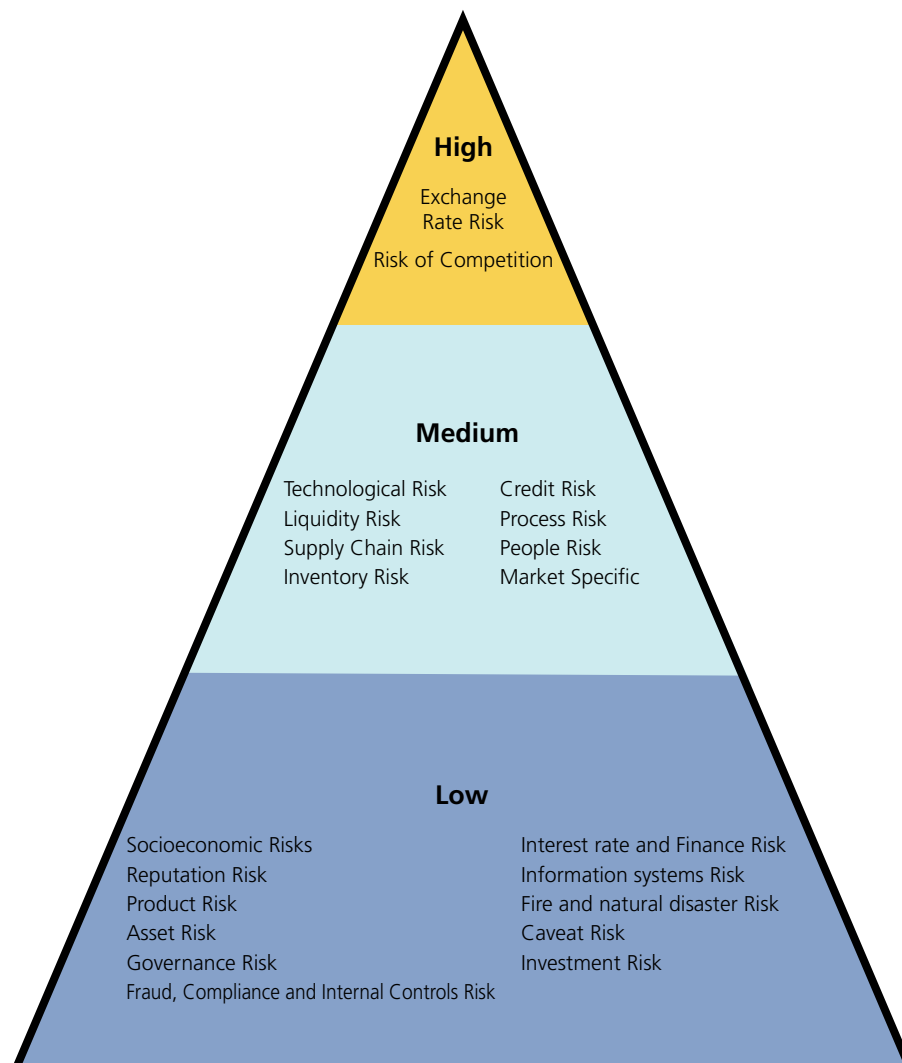
RISK Management (Contd...)

Risk identification	Risk assessment	Risk Management	Risk Ranking as at 31st March 2020	Risk Ranking as at 31st March 2019
Financial Risk contd...				
18) Liquidity Risk	Inadequate liquidity can have an adverse impact on ongoing operations, marketing and investment in new products and brands.	<p>The liquidity position of the Company is regularly reviewed and reported to the Board.</p> <p>Projected net borrowings are covered by committed banking facilities and a healthy industry-related gearing ratio is maintained.</p> <p>The Company's good relationships and facilities with many banks and other sources of finance ensure reliable access to funds.</p>	Medium	Medium
Other Risk				
19) Information systems risk	To minimize risk associated with data security, hardware & communication and software.	<p>Data back-ups stored in off- site locations.</p> <p>Maintaining of spare servers.</p> <p>Vendor agreements for support service and regular maintenance.</p>	Low	Low
20) Caveat Risk	Although the key sources of risk and their mitigation have been discussed in this document, no assurance can be given that the Company is fully-protected against all possible risks. The best that can be achieved is reasonable management of risks through a sound operational framework that identifies, evaluates and mitigates the negative impacts in a timely manner at multiple levels.	The Company is confident that all material risk factors have been adequately assessed and managed to ensure the uninterrupted and profitable continuance of the business.	Low	Low
21) Fire and natural disaster risk	Fire and natural disasters can halt or cease operations	<p>Obtaining comprehensive insurance cover for fire and natural disasters.</p> <p>Fire safety drills and training is given to ensure the occurrence of fire is kept to a minimum.</p> <p>The Company is equipped with fire fighting equipment at all strategic locations in the factory.</p>	Low	Low

RISK Management (Contd...)



The summarized risk ranking of the Company is as follows.



AUDIT

Committee Report

Members of the Audit Committee and Details of Meetings held:

The Audit Committee comprises two Non-Executive Independent Directors and one Non-Executive Director as at 31st March, 2020. The Committee is chaired by Mr T.K. Bandaranayake, who is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and former Senior Partner of Messrs Ernst & Young.

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

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

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

Name of Director	Status	24th May 2019	09th August 2019	08th November 2019	07th February 2020	No of Attendance
Mr. T. K. Bandaranayake	NE/I	✓	✓	✓	✓	4/4
Mr. G. H. A. Wimalasena (Retired on 14th August 2020)	NE/I	✓	✓	✓	✓	4/4
Mr. D. R. Rajapaksa	NE	✓	✓	✓	✓	4/4

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

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

Name	Status	24th May 2019	09th August 2019	08th November 2019	07th February 2020	No of Attendance
Mr. D. G. P. S. Abeygunawardana	Executive Director/GM	✓	✓	✓	✓	4/4
Mr. A. P. Sisira Kumara	Head of Finance	✓	✓	✓	✓	4/4

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

Accounting Standards and Accounting Policies which are consistently applied.

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

AUDIT Committee Report (Contd...)

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

Internal Audit Function

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

Conclusion

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

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

The Committee has recommended to the Board of Directors that Messrs Edirisinghe & Co., Chartered Accountants, be re-appointed as the Auditors for the financial year ending 31st March 2021, 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
14th August 2020

REPORT OF the Remuneration Committee

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent, Non- Executive Directors, Mr. G.H.A. Wimalasena and Mr.T.K. Bandaranayake. The committee is chaired by Mr. G.H.A. Wimalasena and he retired on 14th August 2020.

Role of the Committee

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

Remuneration Policy

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

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



G.H.A. Wimalasena

Chairman

Remuneration Committee

Colombo

14th August 2020

REPORT OF THE RELATED Party Transactions Review Committee

Composition of the Related Party Transactions Review Committee

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

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

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee. Brief profile of the members is given on pages 30 to 34 of the Annual Report.

Meetings

This Committee held four meetings during the year under review.

Name of Director	Status	24th May 2019	09th August 2019	08th November 2019	07th February 2020	No of Attendance
Mr. T.K. Bandaranayake	NE/I	✓	✓	✓	✓	4/4
Mr. G.H.A. Wimalasena (Retired on 14th August 2020)	NE/I	✓	✓	✓	✓	4/4
Mr. D.D.A. Rajapaksa	E	✓	✓	–	✓	3/4

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

Name	Status	24th May 2019	09th August 2019	08th November 2019	07th February 2020	No of Attendance
Mr. D.G.P.S. Abeygunawardana	Executive Director/ GM	✓	✓	✓	✓	4/4
Mr. A.P. Sisira Kumara	Head of Finance	✓	✓	✓	✓	4/4

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

Role and Responsibilities

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

1. Developing a Related Party Transaction Policy consistent with the provisions of the Code and the Rules for adoption by the Board of Directors of the Company.
2. Reviewing in advance all proposed Related Party Transactions in compliance with the provisions of the Code.
3. Advising the Boards on making immediate market disclosures and disclosures in the Annual Report where necessary, in respect of Related Party Transactions, in compliance with the provisions of the Code and the Rules.
5. All Managers are advised to report Related Party Transactions to the Company Secretary who has been identified as the crucial Point, for this purpose.
6. Details are shared with the Company Secretary to meet the regulatory requirements if required.

Review Function of the Committee

It has communicated its observations to the Board on the Related Party Transactions published in the Note 27 to the Financial Statements on pages 183 to 186.

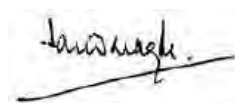
Reporting to the Board

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

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

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

On behalf of the Related Party Transactions Review Committee.



T. K. Bandaranayake

Chairman

Related Party Transactions Review Committee

Colombo

14th August 2020

STATEMENT of Directors Responsibility

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

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

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

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

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

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

The Directors are of the opinion that the Financial Statements of the Company set out on pages 154 to 188 have been prepared in accordance with the above requirements and that they have appropriately discharged their responsibilities as set out in this Statement.

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

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

Messrs Edirisinghe & Co, Chartered Accountants, the Auditors of the Company, have examined the Financial Statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders' and Directors' meetings and express their opinion in their Report on page 151 of this Annual Report.

On behalf of the Board



D. K. Rajapaksa
Managing Director



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

Colombo
14th August 2020

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 2020, which was approved by the Directors at a meeting held on 14th August 2020.

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

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

The Vision, Values and Corporate Conduct

The vision and values of the Company are given on page 04 of the Annual Report. The business activities of the Company are conducted at a high level of ethical standards in achieving its vision.

The Principal Activities of the Company

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

Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on page 158 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 2020.

Turnover

Turnover of the Company is Rs.1,590 Mn in 2019/20 as compared to Rs. 1,569 Mn in the last year.

Turnover by segment:

Rs in 000'

Segment	2019/20	2018/19
Rubber-related items	1,160,566	1,229,609
PVC-related items	429,636	339,736
Total	1,590,202	1,569,345

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

Profits:

Rs in 000'

	2019/20	2018/19
Profit for the year (after payment of all expenses, making provision for known liabilities and depreciation on property, plant and equipment)	12,086	43,634
Tax on profits	225	(18,627)
Profit after taxation	12,311	25,007
Actuarial gain/(loss) on Post-Employment Benefit Liability	561	(1,136)
Diferred tax on Actuarial gain / (loss)	(134)	318
Total Comprehensive income net of tax	12,738	24,189

Retained Earnings:

Rs in 000'

	2019/20	2018/19
Balance brought forward	418,537	399,639
Profit for the year	12,311	25,007
Other Comprehensive income	427	(818)
Final dividend	(8,466)	(5,291)
Balance carried forward	422,809	418,537

Segment Reporting

The revenue and results of the Company Segment-wise is provided in Note 29 to the Financial Statements on page 187.

Taxation

Under of the Inland Revenue Act No (IRA) 24 of 2017, tax profit on export sales, local sales and interest income are taxed at the rate of 28% for the period ended 31st December 2020 and 24% for the fourth quarter in 2019/20.

Investments in Property, Plant & Equipment

During the year 2019/20, the Company invested Rs. 47 Mn (2018/19 -Rs.57 Mn) in property, plant & equipment. The total investments in property, plant & equipment as at 31st March 2020 amounted Rs. 862 Mn as opposed to Rs. 815 Mn as at 31st March 2019. The information relating to the movement in property, plant & equipment is given in Note 13 to the Financial Statement.

Stated Capital & Reserves

Stated Capital

The movement of the stated capital is as follows:

Rs in 000'

	2019/20	2018/19
Stated capital- Rs	109,600	109,600
No. of Ordinary shares	4,232,771	4,232,771

Details of the Stated capital are given in Note 21 to the Financial Statements on page 181 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.

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

Reserves

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

Rs in 000'

	2019/20	2018/19
General reserves	110,000	110,000
Revenue reserves	418,537	399,639
Total reserves	528,537	509,639

Directorate

The names of the Directors who held office at the end of the financial year are given below and their brief profiles appear on pages 30 and 34.

- 1) DR D.S. Rajapaksa (Chairman)
- 2) Mr D. K. Rajapaksa (Managing Director)
- 3) Mr D. R. Rajapaksa (Non - Executive Director)
- 4) Mr G. H. A. Wimalasena (Independent, Non - Executive Director) - Retired on 14th August 2020
- 5) Mr T. K. Bandaranayake (Independent, Non - Executive Director)
- 6) Mr D. G. P. S. Abeygunawardana (Director/ General Manager)
- 7) Mr D. D. A. Rajapaksa (Executive Director)
- 8) Mr. D. C. J. Rajapaksa (Non - Executive Director)
- 9) Ms. I. Malwatte (Appointed on 14th August 2020)

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.

Further Ms. I. Malwatte who will retire by rotation in terms of Article 95 of the Article of Association as a Director of the Company would be re-elected as a Director at the Annual General Meeting.

Mr T. K. Bandaranayake who was appointed as an Independent Director of the Company had served their respective first term of nine years and thereupon the Board of Directors Resolved on 14th August 2020 that despite having previously served for a term of nine years that they are yet regarded as Independent Directors in terms of Rule 7.10.4 [read with sub-rules (a) to (h)] of the Revised Rules of the Colombo Stock Exchange, and accordingly were reappointed for a second term of nine years.

The attendance of the directors in the Board meetings are given on page 127 under Corporate Governance.

Directors' interest in shares

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

	No of Shares as at 31.03.2020	No of shares as at 31.03.2019
Dr. D. S. Rajapaksa	1	1
Mr. D. K. Rajapaksa	10,959	10,959
Mr. D. R. Rajapaksa	11,350	11,350
Mr. G. H. A. Wimalasena	Nil	Nil
Mr. T. K. Bandaranayake	Nil	Nil
Mr. D. G. P. S. Abeygunawardana	110	110
Mr. D. D. A. Rajapaksa	Nil	Nil
Mr. D. C. J. Rajapaksa	Nil	Nil
Total	22,420	22,420

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

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

Directors' Remuneration and Other Benefits

The details of the Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2020 is given in Note 8 to the Financial Statements on page 172 of this Report, as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007. Directors' remuneration for the financial year 2019/20 is Rs. 27,781,941 (last year 12,229,666).

Directors' interest in transactions:

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

Interest Register

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

Board Committees

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

Audit Committee

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

The Report of the Audit Committee is given on pages 139 and 140, which forms part of the Annual Report.

Remuneration Committee

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

The Report of the Remuneration Committee is given on page 141, which forms a part of the Annual Report.

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	Executive Director

The Report of the Related Party Transaction Review Committee is given on pages 142 and 143, 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 456 (last year 414).

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

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

thereafter reported to the Board. The Statement on Directors' responsibility for financial reporting of the Company is set out on page 144 of this Report.

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

Financial Risk

The finance and interest rate risks associated with the operation of the company are discussed in detail under risk management on page 128 of this report.

Donations

The total amount of donations in cash was Rs 362,483 in the year 2019/20 (2018/19 – Rs. 195,568). This has not exceeded the amount approved by shareholders at the last Annual General Meeting.

No donation was made for political purposes.

Major Transactions

There have been no transactions during the year under review which fall within the definition of "Major Transactions" in terms of Section 185 of the Companies Act, No. 07 of 2007. The total assets of the Company are Rs. 1.18 Bn and 50% of the total assets is Rs. 589 Mn. The Company has not bought any assets or undertaken any liabilities greater than Rs. 589 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 05 and in the Ten-year summary on page 192 of this Annual Report.

The twenty major shareholders and percentages held by each one of them as at 31st March 2020 are given on page 206 of the Annual Report.

Public holding of shares in the Company

As at 31st March 2020, the public held 43.207% (in 2018/19-43.208%) 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.

Compliance with laws and regulations

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

Social and Environmental Responsibility

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

Corporate Governance

The Company maintains and practices high principles of good corporate governance. The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long-term adopting good governance in managing the affairs of the Company. The practices adopted by the Company in relation to corporate governance are set out on pages 105 and 127 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 2020. The Auditor's Report on the Financial Statements is given on page 151 of this Report as required by Section 168 (1) (c) of the Companies Act.

Appointment of Auditors

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

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

Auditor's Remuneration and Independence

The Company paid audit fees to the external auditors for the year 2019/20 amounting to Rs. 409,300 (2018/19 - Rs. 389,600). 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. The assessment includes the anticipated effect of the COVID-19 pandemic on the significant assumption that are sensitive or susceptible to change or are inconsistent with historical trend. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underline performance and future funding requirements.

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 154 to 187 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. 1.00 per share base on the profit of 2019/20. (Dividend for 2018/19 is Rs. 2.00 per share). This is to be paid before 9th September 2020.

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. 4.2Mn.

Notice of Meeting

Details of the Annual General Meeting are given in the Notice of Meeting on page 208.

28th Annual General Meeting

The 28th Annual General Meeting of the Company will be held on Friday the 30th day of September 2020 at the Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists at No 112, Model Farm Road, Colombo 08, which was the same venue for the previous year.

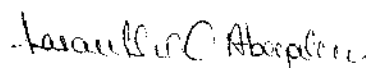
For and on behalf of the Board of Directors,



D. K. Rajapaksa
Managing Director



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



P W Corporate Secretarial (Pvt) Ltd.

Secretaries

Colombo

14th August 2020

INDEPENDENT

Auditor's Report



Edirisinghe & Co.
Chartered Accountants
45, Braybrooke Street
Colombo 02
Sri Lanka

T: +94 11 2433933
F: +94 11 2445683
E: info@bakertilly.lk
W: www.bakertilly.lk

TO THE SHAREHOLDERS OF SAMSON INTERNATIONAL PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Samson International PLC (the Company), which comprise the statement of financial position as at March 31, 2020, and the statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter

01) Provision for deferred tax

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

How Our Audit Addressed the Key Audit Matter

Our procedures included the following:

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

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

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

INDEPENDENT Auditor's Report (Contd...)

EDIRISINGHE & CO.
Chartered Accountants

Key Audit Matter

02) Management assessment of material uncertainty relating to impact of COVID 19

The financial statements have been prepared on a going concern basis of preparation of financial statements, the directors have reviewed the company's cash flow projection for next 12 months. Cash flow projections were based on the management's assumption and estimation of future cash inflows and outflows, taking into consideration the potential impact of COVID 19 pandemic.

Note 2.4 and note 28 to the financial statements, described the impact of COVID 19 outbreak to the current year financial statement and possible effect to the company's future projection, performance and cash flows. further the management considered its appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the end of the financial year.

How Our Audit Addressed the Key Audit Matter

Assessed the director's assessment of the company's ability to continue as going concern including challenging the underline data and key assumptions used to make the assessment, and evaluated the plan for future action in relation to the going concern assessment.

Assessed the adequacy of disclosures in the financial statements in relation to the going concern basis of accounting reference to requirement of prevailing accounting standards and potential impact of COVID 19 outbreak.

Other Information

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

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

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

45, Braybrooke Street, Colombo 02, Sri Lanka. T: +94 11 2433933 F: +94 11 2445683 E: info@bakertilly.lk W: www.bakertilly.lk

INDEPENDENT Auditor's Report (Contd...)

EDIRISINGHE & CO.
Chartered Accountants

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2256.



Edirisinghe & Co.
Chartered Accountants
Colombo
14th August 2020

45, Braybrooke Street, Colombo 02, Sri Lanka. T: +94 11 2433933 F: +94 11 2445683 E: info@bakertilly.lk W: www.bakertilly.lk

STATEMENT

of Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH		2020	2019
	NOTE	Rs.	Rs.
Revenue	06	1,590,202,615	1,569,344,864
Cost of sales		(1,300,271,205)	(1,261,795,596)
Gross profit		289,931,410	307,549,268
Other income	07	3,843,506	6,133,005
Distribution cost		(68,645,882)	(65,507,068)
Administrative expenses		(190,992,443)	(176,642,955)
Profit from operations	08	34,136,591	71,532,250
Finance income	09.1	7,140,110	6,585,773
Finance cost	09.2	(29,190,588)	(34,483,468)
Net finance cost		(22,050,478)	(27,897,695)
Profit before income taxation		12,086,113	43,634,555
Income tax expense	10	224,896	(18,627,392)
Profit for the year		12,311,009	25,007,162
Other comprehensive income / (expense), net of tax:			
Items that will not be reclassified subsequent to the Statement of Profit or loss			
Actuarial gain / (loss) on post employment benefit liability		561,423	(1,136,247)
Deferred tax on actuarial gain/(loss)		(134,742)	318,149
Items that will be reclassified subsequent to the Statement of Profit or loss		-	-
Total comprehensive income / (loss) for the year, net of tax		426,681	(818,099)
Total comprehensive income for the year, net of tax		12,737,690	24,189,064
Basic earnings per share	11	2.91	5.91
Dividends per share	12	2.00	1.25

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

The significant accounting policies and notes on pages 156 to 187 are an integral part of these financial statements.

STATEMENT


of Financial Position


AS AT 31ST MARCH		2020	2019
	NOTE	Rs.	Rs.
Assets			
Non current assets			
Property, plant and equipment	13	412,773,558	423,723,870
Intangible assets	14	4,452,992	5,324,828
Financial assets at fair value through profit and loss	15	20,079,350	18,703,210
Financial assets at amortized cost	16	16,401,793	14,965,959
Deferred tax assets	17.1	11,227,026	11,221,917
		464,934,719	473,939,784
Current assets			
Inventories	18	269,490,083	198,337,225
Trade and other receivables	19	355,830,769	471,814,451
Income tax refund		4,476,391	7,247,468
Cash and cash equivalents	20	83,842,921	43,912,089
		713,640,164	721,311,233
Total assets		1,178,574,883	1,195,251,017
Equity and liabilities			
Equity			
Stated capital	21	109,600,211	109,600,211
General reserve		110,000,000	110,000,000
Retained earnings		422,809,189	418,537,041
Total equity		642,409,400	638,137,252
Non current liabilities			
Deferred tax liability	17.2	48,416,109	59,691,217
Retirement benefit obligation	22	46,779,277	40,078,274
		95,195,386	99,769,491
Current liabilities			
Trade and other payables	23	158,230,915	173,082,055
Short term borrowings	24	282,739,182	284,262,219
		440,970,097	457,344,274
Total liabilities		536,165,483	557,113,765
Total equity and liabilities		1,178,574,883	1,195,251,017

The significant accounting policies and notes on pages 156 to 187 are an integral part of these financial statements.
The above financial statements comply with the requirements of Companies Act No.07 of 2007.


A.P. Sisira Kumara
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements on pages 154 to 188 were approved by the board of directors and were signed in Colombo on 14th August 2020 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 2020

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings Rs.	Total Rs.
For the year ended 31st March 2019				
Balance as at 01st of April 2018	109,600,211	110,000,000	399,638,940	619,239,151
Profit for the year	-	-	25,007,162	25,007,162
Other comprehensive income	-	-	(818,098)	(818,098)
Dividends paid	-	-	(5,290,964)	(5,290,964)
Balance as at 31st March 2019	109,600,211	110,000,000	418,537,041	638,137,252
For the year ended 31 March 2020				
Balance as at 1st April 2019	109,600,211	110,000,000	418,537,041	638,137,252
Profit for the year	-	-	12,311,009	12,311,009
Other comprehensive income	-	-	426,681	426,681
Dividends paid	-	-	(8,465,542)	(8,465,542)
Balance as at 31st March 2020	109,600,211	110,000,000	422,809,189	642,409,400

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

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

The significant accounting policies and notes on pages 156 to 187 are an integral part of these financial statements.

STATEMENT of Cash Flows

FOR THE YEAR ENDED 31ST MARCH 2020		2020	2019
	NOTES	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(Loss) before taxation		12,086,113	43,634,555
Adjustment for :			
Depreciation	13	57,767,850	54,379,750
Amortization of intangible assets	14	871,836	871,836
(Profit) / loss on available for sale financial assets		(1,376,140)	(986,325)
Exchange (gain) / loss on borrowings		9,916,694	(4,920,976)
Increase in provision for retirement benefit obligation	22	8,399,581	6,991,516
Interest income	09.1	(7,140,110)	(6,585,773)
Interest cost	09.2	29,190,588	34,483,468
Profit Before Working Capital Changes		109,716,412	127,868,051
Changes in Working Capital :			
Increase in inventories	18	(71,152,858)	(15,603,556)
Decrease / (increase) in trade and other receivable	19	115,983,683	(133,334,571)
Increase / (decrease) in trade and other payable	23	(14,851,140)	(9,306,990)
Cash generated from/(used in) operations		139,696,097	(30,377,066)
Interest paid	09.2	(29,190,588)	(34,483,468)
WHT paid		(154,926)	(72,382)
ESC paid		(8,264,061)	(7,393,398)
Retiring gratuity paid	22	(1,137,155)	(1,750,528)
Net cash generated from operating activities		100,949,367	(74,076,842)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(46,817,538)	(56,832,311)
Investment in treasury bills	16	(1,435,834)	(1,192,295)
Net proceeds from withdrawal of fixed deposits	16	-	11,414,740
Interest income	09.1	7,140,110	6,585,773
Net cash used in investing activities		(41,113,262)	(40,024,093)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(8,465,542)	(5,290,964)
Proceeds from short term borrowings	24	637,219,499	419,982,063
Repayment of short term borrowings	24	(652,223,119)	(347,174,473)
Net cash generated from / (used in) financing activities		(23,469,162)	67,516,626
Net decrease in cash and cash equivalents		36,366,943	(46,584,309)
Cash and cash equivalents at the beginning of the year		(37,803,454)	8,780,856
Cash and cash equivalents at the end of the year	20	(1,436,511)	(37,803,454)

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

The significant accounting policies and notes on pages 156 to 187 are an integral part of these financial statements.

NOTES

to the Financial Statements

1. General Information

1.1 General

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

1.2 Principal activities and nature of operations

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

1.3 Parent enterprise and ultimate parent enterprise

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

1.4 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on 14th August 2020.

1.5 Number of employees

The number of employees of the Company at the end of the year was 456 (2018/19 - 414 Employees)

2. Basis of Preparation

2.1 Statement of compliance

The Company prepares the financial statements in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 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.

2.3 Measurement of Fair Values

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES to the Financial Statements (Contd...)

2.4 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future. The assessment includes the anticipated effect of the COVID-19 pandemic on the significant assumption that are sensitive or susceptible to change or are inconsistent with historical trend. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlined performance and future funding requirements. Management is not aware of any material uncertainties that may cast significant doubt on company's ability to continue as going concern. Therefore, the financial statements continued to be prepared on the going concern basis.

2.5 Functional and presentation currency

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

2.6 Use of Estimates and Judgments

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

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

3. Significant Accounting Policies

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

3.1 Foreign Currency

3.1.1 Foreign currency transactions

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

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

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

3.2 Assets and the Bases of their Valuation

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

3.2.1 Property, Plant and Equipment

Property, Plant and Equipment is recognised if it is probable that future economic benefits associated with the assets will flow to the entity and the cost of the assets can be measured in reliably in accordance with LKAS 16 - Property, Plant and Equipment.

3.2.1.1 Recognition and measurement

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

Such cost includes expenditure that is directly attributable to the acquisition of the assets.

3.2.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic

NOTES to the Financial Statements (Contd...)

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 derecognised in accordance with the derecognition policy given below. The cost of repair and maintenance of property, plant and equipment are of profit or loss as incurred.

3.2.1.3 De-recognition

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

3.2.1.4 Depreciation

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

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

The estimated useful lives are as follows:

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

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 Leased assets

The Company applied SLFRS 16 for the first time with effect from 1st April 2019, however there is no any impact on the financial statements with the application of the standard.

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

The Company recognises a right- of - use asset and a lease liability at the inception of a contract,. However, the company has elected not to apply the recognition requirements to,

- Short- term Leases ; and
- Leases for which the underlying asset is of low value

Where the company recognises the lease payments associated with those leases as an expense on a straight- line basis over the lease term

3.2.3 Intangible Assets

The Company recognises intangible assets if it is probable that future economic benefit associated with the assets can be measured reliably in accordance with LKAS 38.

The Company's intangible assets include the value of acquired computer software.

3.2.3.1. 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.

NOTES to the Financial Statements (Contd...)

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

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

3.2.3.2 Subsequent expenditure

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

3.2.3.3 Amortization

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

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

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

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

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

3.2.3.4 Derecognition

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

3.2.4 Impairment of non-financial assets

The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the assets is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired assets except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

NOTES to the Financial Statements (Contd...)

3.3.1 Financial assets

3.3.1.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 09 are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. The Company determines the classification of its financial assets at initial recognition. the classification depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. Trade receivables that do not contain a significant financial component or for which the company has applied the practical expedient are measured at the transaction price determined under SLFRS 15. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.3.1.2 Subsequent measurement

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

3.3.1.2.1 Financial assets at fair value through profit and loss

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

3.3.1.2.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include financial assets

designated as such at fair value through other comprehensive income at initial recognition. However as at 31 March 2020, there were no financial assets at fair value through other comprehensive income.

3.3.1.2.3 Financial assets at amortized cost

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

3.3.1.3 De-recognition

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

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

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

3.3.2 Impairment of financial assets

The Company assesses at each reporting date whether the credit risk on a financial assets have increased

NOTES to the Financial Statements (Contd...)

significantly since initial recognition. When making the assessment, company consider the change in the risk of default occurring over the expected life of the financial assets.

The Company recognises a loss allowance since its initial recognition for expected credit loss on financial assets that are measured at amortised cost. For the financial assets, which the credit risk on that has increased significantly since initial recognition, the company measures and recognises the loss allowance at an amount equal to the life time expected credit loss.

Credit risk on financial assets has not increased significantly since its initial recognition, the company measure the loss allowance for that assets at an amount equal to 12 months expected credit loss.

Trade receivable result from SLFRS 15 are measured the loss allowance at an amount equal to life time expected credit losses.

3.3.2.1 Credit - impaired financial assets

The company assesses whether the financial assets which are carried at amortised cost are credit impaired at each reporting date and recognises a life time expected credit loss. Loss allowance are deducted from the gross carrying amount of the assets.

3.3.2.2 Write-off

Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering the financial asset in its entirety or portion thereof.

3.3.3 Financial liabilities

3.3.3.1 Initial recognition and measurement

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

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

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

3.3.3.2 Subsequent measurement

3.3.3.2.1 Financial liabilities at amortized cost

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit or Loss.

3.3.3.3 De-recognition

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

3.4 Inventories

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

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

NOTES to the Financial Statements (Contd...)

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

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

3.5 Cash and Cash Equivalents

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

3.6 Post employment benefits

3.6.1 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" with the advice of an independent professional actuary as requested by LKAS 19 on 'Employee Benefit'.

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.

3.6.2 Defined contribution plans - EPF and ETF

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust

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

3.7 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.

3.8 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.

3.9 Statement of comprehensive income

3.9.1 Revenue from contract with customers

3.9.1.1 Revenue recognition

Revenue from contract with customers is recognized within the scope of SLFRS 15 when the following criteria are met.

- The parties to the contract have approved the contract and are committed to perform their respective obligation.
- Company can identify each party's rights regarding the goods or services to be transferred.
- Ability to identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance and
- It is probable that the company will collect the consideration in exchange for the goods or services that will be transferred to the customer."

NOTES to the Financial Statements (Contd...)

3.9.1.1.1 Revenue from sale of goods

At the contract inception company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer either:

- A good or service that is distinct or
- A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer

Company recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Goods or services are transferred when the customer obtains control of that asset. The amount of the transaction price which is allocated to a performance obligation is recognise as revenue.

Company consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer excluding amounts collected on behalf of third parties.

3.9.1.1.2 Other income

Interest income

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

3.9.2 Expenditure recognition

3.9.2.1 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.

3.9.2.2 Borrowing costs

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

3.9.3 Net finance income / (expenses)

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

3.9.4 Taxation

3.9.4.1 Current taxes

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 No 24 of 2017.

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

NOTES to the Financial Statements (Contd...)

3.9.4.2 Deferred taxation

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

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

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

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

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

3.10 Related part 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.

3.11 Cash flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for

the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

3.12 Earning 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.

3.13 Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3.14 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 29 to the financial statements.

04. Critical Accounting Estimates, Assumptions and Judgments

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

4.1 Estimated useful lives of property, plant and equipment

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

4.2 Estimated useful lives of intangible assets

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

4.3 Defined benefit obligations

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

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of

estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

05. Financial Risk Management

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

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

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

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	2020 Rs.	2019 Rs.
Trade receivables	328,853,748	429,253,679
	328,853,748	429,253,679

NOTES to the Financial Statements (Contd...)

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

As at 31 March	2020 Rs.	2019 Rs.
Trade receivables from related parties	80,330,782	115,908,531
Trade receivables - others	248,522,966	313,345,148
	328,853,748	429,253,679

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	2020 Rs.	2019 Rs.
Domestic	225,602,933	261,564,179
Export	103,250,815	167,689,500
	328,853,748	429,253,679

5.1.2 The Company has received refundable deposit of Rs. 8.7 Mn from authorized distributors for PVC products.

5.2 Finance and interest rate risk

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

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

As at 31 March	2020 Rs.	2019 Rs.
Carrying amount		
Trade Creditors - Related Companies	78,828,350	96,311,652
Trade Creditors - Direct Import	8,362,497	330,611
Trade Creditors - Other	26,728,527	26,428,460
Customer advances	17,055,775	6,274,033
Expenses creditors	21,918,096	27,334,452
Statutory payables	5,337,670	16,402,847
Bank borrowings - Overdrafts	85,279,432	81,715,543
Bank borrowings - Short Term Borrowings	197,459,750	202,546,676
	440,970,097	457,344,274

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

NOTES to the Financial Statements (Contd...)

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)	2020		2019	
	USD	EUR	USD	EUR
Foreign currency advances paid	20,265	-	1,636	1,457
Trade and other receivables	162,531	310,086	952,078	847,773
Cash and cash equivalents	33,137	242,025	4,156	3,701
Short term borrowings and other payables	(610,000)	(170,000)	(1,149,984)	(1,023,997)
Gross statement of financial position exposure	(394,067)	382,111	(192,114)	(171,066)

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

	Average rate		Reporting date spot rate	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
USD	189.91	168.72	188.62	176.13
EUR	209.42	195.25	209.42	197.80

NOTES to the Financial Statements (Contd...)

5.4 Risk Management

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

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

NOTES to the Financial Statements (Contd...)

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

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2020	2019
	NOTE	Rs.	Rs.
06. Revenue			
Sale of goods	Note 06.1	1,590,202,615	1,569,344,864
		1,590,202,615	1,569,344,864
6.1 - Composition of Revenue			
Export turnover		675,133,367	752,629,633
Local turnover		915,069,248	816,715,231
		1,590,202,615	1,569,344,864
07. Other Income			
Other income		373,593	1,635,654
Reversal of over provided specific provision for receivables		2,093,773	3,511,026
Fair value gain on financial instruments		1,376,140	986,325
		3,843,506	6,133,005
08. Profit from Operations is Stated after charging all expenses including following:			
Cost of purchase		950,180,207	903,669,481
Employee benefit expenses	Note 08.1	297,438,457	270,528,853
Other overheads		8,473,506	7,436,611
Depreciation		57,767,850	54,379,750
Amortization of intangible assets		871,836	871,836
Export expenses		14,897,769	13,461,728
Machinery maintenance		19,234,677	22,809,358
Sub contract wages		15,953,546	16,016,763
Auditors remuneration - Assurance services		409,300	389,600
Auditors remuneration - Non assurance services		69,900	75,600
Others		194,612,482	214,306,039
Total cost of purchase, distribution and administrative expenses		1,559,909,530	1,503,945,619
8.1 Employee Benefit Expenses			
Directors emoluments		27,780,941	12,229,666
Bonus and other allowances		863,192	2,816,511
Salaries, wages, overtime and other staff costs		240,652,378	229,954,730
Post employment benefit - Gratuity		8,399,581	6,991,516
EPF and ETF		19,742,365	18,536,430
		297,438,457	270,528,853

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH		2020	2019
	NOTE	Rs.	Rs.
9. Net Finance Income			
9.1 Finance Income			
Interest income from fixed deposit		2,089,517	1,808,497
Interest income from foreign currency deposits		278,531	569,178
Interest income from treasury bills		1,403,584	1,290,931
Interest income from debentures		2,275,000	2,817,228
Interest income - Staff loans		86,001	99,939
Related party due charges		1,007,477	-
		7,140,110	6,585,773
9.2 Finance Cost			
Interest expenses on bank borrowings		13,583,409	10,933,049
Foreign exchange loss		6,842,681	17,058,039
Overdraft interest		8,764,498	6,492,380
		29,190,588	34,483,468
Net finance cost		(22,050,478)	(27,897,695)
10. Income Tax Expenses			
Income tax provision for the year	Note 10.1	11,190,063	4,692,909
(Over) /under provision in previous years		-	237,219
Origination and reversal of temporary differences of deferred tax assets and liabilities	Note 17	(11,414,959)	13,697,264
		(224,896)	18,627,392
10.1 Reconciliation between Income Tax Expenses and the Accounting Profits			
Profit before income tax		12,086,113	43,634,555
Tax effects of:			
– Total disallowable expenses		76,230,720	68,535,926
– Total allowable expenses		(45,496,014)	(68,023,068)
Taxable income / (taxable loss) from ordinary activities		42,820,819	44,147,413
Income not part of adjusted business profit / (loss)		(8,516,250)	(4,085,753)
Adjusted business profit / (loss)		34,304,569	40,061,660
Tax loss claimed on adjusted business profit		-	(26,400,699)
Taxable business profit		34,304,569	13,660,961
Interest on fixed deposits and treasury bills		7,140,110	3,099,428
Total taxable income		41,444,679	16,760,389
Total taxable income			
Taxable @ 24%		10,361,170	-
Taxable @ 28%		31,083,509	16,760,389
Income tax expenses			
Tax @ 24%		2,486,681	-
Tax @ 28%		8,703,383	4,692,909
Tax for the year		11,190,063	4,692,909

NOTES to the Financial Statements (Contd...)

FOR THE YEAR ENDED 31ST MARCH	2020 Rs.	2019 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	12,311,009	25,007,162
Profit attributable to equity holders of the Company	12,311,009	25,007,162
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)	2.91	5.91
12. Dividend Per Share		
Amounts used as numerator		
Dividend paid	8,465,542	5,290,964
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	1.25

NOTES to the Financial Statements (Contd...)

13. Property, Plant and Equipment

	As at 01.04.2019	Additions	Disposals	As at 31.03.2020
COST/VALUATION	Rs.	Rs.	Rs.	Rs.
Freehold assets				
Freehold land	19,365,655	2,625,000	-	21,990,655
Buildings	197,842,247	16,708,069	-	214,550,316
Plant and machinery	420,205,576	23,935,009	-	444,140,586
Machine accessories	150,073,216	850,305	-	150,923,521
Furniture and fittings	1,726,585	-	-	1,726,585
Office equipment	16,050,578	2,699,154	-	18,749,733
Motor vehicles	9,580,824	-	-	9,580,824
	814,844,681	46,817,537	-	861,662,219
ACCUMULATED DEPRECIATION				
Freehold assets				
Freehold land	-	-	-	-
Buildings	90,689,219	10,685,523	-	101,374,742
Plant and machinery	189,445,567	35,110,474	-	224,556,041
Machine accessories	94,899,365	9,796,449	-	104,695,814
Furniture and fittings	813,846	120,192	-	934,038
Office equipment	7,128,319	1,477,948	-	8,606,267
Motor vehicles	8,144,495	577,264	-	8,721,759
	391,120,811	57,767,850	-	448,888,661
WRITTEN DOWN VALUE				
Freehold assets				
Freehold land	19,365,655	-	-	21,990,655
Buildings	107,153,028	-	-	113,175,574
Plant and machinery	230,760,010	-	-	219,584,545
Machine accessories	55,173,850	-	-	46,227,706
Furniture and fittings	912,739	-	-	792,547
Office equipment	8,922,259	-	-	10,143,466
Motor vehicles	1,436,329	-	-	859,065
Net book value	423,723,870	-	-	412,773,558

NOTES to the Financial Statements (Contd...)

13.1 Other explanatory notes for Property, Plant and Equipment

(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	2020 Rs.	2019 Rs.
Furniture and fittings	126,413	-
Motor vehicles	3,142,328	-
Office equipment	2,186,348	-
Plant and machinery	5,385,660	-
Machine Accessories	17,913,819	-
Total	28,754,568	-

(b) Temporarily idle property, plant and equipment

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

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

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

(d) Title restriction of property, plant and equipment

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

(e) Land holdings

The value of factory lands situated at Akuressa Road, Bogahagoda, Galle was valued by independent incorporated valuer at a value of Rs. 260.5 Mn as at 27th September 2018. Paddy field at Akuressa Road Bogahagoda was valued at Rs.1.1Mn. PVC factory at Gilcroft Estate, Kiribathwila, Ampegama, Baddegama was purchased in 2014/15 and its market value is Rs. 20 Mn. The factory at No: 57B, Industrial Processing Zone, Nagoda, Kaluthara was purchased in 2010/2011 and its current market value is Rs. 25 Mn.

Location	Address	No. of Buildings	Extent of land	Extent of Building
Galle Factory	Akuressa Road, Bogahagoda, Galle.	10 Buildings	7 Acres 2 Roods & 40 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 & 43.11 Perches	124,541 Sq ft

The above lands were valued by Mr. D. L. Pathmasiri, Bsc.(Sp) Estate Management and valuation, Associate Member of Institute of Values of Sri Lanka, of Pathmasiri Liyanage and Associates Private Limited , No 06,1st Floor, City View Shopping Complex,Talbat Town,Galle in September 2018.

During the year the Company bought 23 perches of neighbouring land for Rs. 2.6 Mn

NOTES to the Financial Statements (Contd...)

As at 31st March	2020 Rs.	2019 Rs.
14. Intangible Assets		
Cost		
Balance at the beginning of the year	8,812,172	8,812,172
Additions during the year	-	-
Balance at the end of the year	8,812,172	8,812,172
Amortisation		
Balance at the beginning of the year	3,487,344	2,615,508
Charge for the year	871,836	871,836
Balance at the end of the year	4,359,180	3,487,344
Net book value	4,452,992	5,324,828

15. Financial Assets at Fair Value through Profit and Loss

Quoted debentures	Note 15.1	20,079,350	18,703,210
		20,079,350	18,703,210

15.1. Quoted Debentures	No of Debentures	Market Price Rs. Cts	Market Value As at 31.03.2020 Rs.	Market Value As at 31.03.2019 Rs.
Commercial Bank PLC	100,000	100.05	10,004,980	9,000,950
Hatton National Bank PLC	50,000	100.20	5,010,070	4,700,000
Sampath Bank	50,000	101.29	5,064,300	5,002,260
			20,079,350	18,703,210

As at 31st March	2020 Rs.	2019 Rs.
16. Financial Assets at Amortized Cost		
Investment in treasury bills	16,401,793	14,965,959
	16,401,793	14,965,959

Based on available Auction market information, the fair value of investments in treasury bills equals to its carrying value as at 31st March 2020.

17. Deferred Tax Assets and Liabilities

17.1 Deferred tax assets		
Balance at the beginning of the year	11,221,917	16,828,487
Recognized in profit and loss	139,851	(5,924,719)
Recognized in other comprehensive income	(134,742)	318,149
Balance at the end of the year	11,227,026	11,221,917

NOTES to the Financial Statements (Contd...)

As at 31st March		2020 Rs.	2019 Rs.
17.2 Deferred tax liabilities			
Balance at the beginning of the year		59,691,217	51,918,673
Recognized in profit and loss		(11,275,108)	7,772,544
Balance at the end of the year		48,416,109	59,691,217
Net deferred tax liability		37,189,083	48,469,300
17.3 Composition of net deferred tax liability is as follows;			
Deferred tax liability on property, plant and equipment		48,416,109	59,691,217
Deferred tax asset on retirement benefit obligation		(11,227,026)	(11,221,917)
		37,189,083	48,469,300
18. Inventories			
Raw materials		148,948,399	85,620,271
Work in progress		28,283,599	40,241,600
Finished goods		88,164,113	69,738,121
Stationery, consumable maintenance and energy		10,022,900	8,666,161
		275,419,011	204,266,153
Provision for inventories		(5,928,928)	(5,928,928)
		269,490,083	198,337,225
18.1 Movements on the provision for inventory is as follows:			
Balance at the beginning of the year		5,928,928	5,856,267
Provision / (reversal) for inventory impairment		-	72,661
Balance at the end of the year		5,928,928	5,928,928
As at 31st March		2020 Rs.	2019 Rs.
	NOTE		
19. Trade and Other Receivables			
Trade receivables - Local		148,101,121	147,749,421
Trade receivables - Foreign		103,250,815	167,689,500
Trade receivables - Related parties	Note 19.1	80,330,782	115,908,531
Less: Specific Provision for doubtful trade receivables		(2,828,970)	(2,093,773)
Trade receivables - net		328,853,748	429,253,679
Other receivables		5,492,643	2,944,689
Deposits and prepayments		6,124,111	7,689,173
Advances		14,710,319	28,367,425
VAT receivable		-	3,559,485
NBT receivables		649,948	-
		355,830,769	471,814,451

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2020 Rs.	2019 Rs.
19.1 Trade Receivables - Related parties			
D. Samson Industries (Pvt) Ltd.		60,458,832	101,441,648
Samson Engineers (Pvt) Ltd.		21,180	67,913
Samson Trading (Pvt) Ltd.		11,757,970	3,830,792
Samson Rubber Products (Pvt) Ltd.		2,194,036	1,610,345
Samson Compounds (Pvt) Ltd.		5,402,634	8,948,587
Samson Rubber Industries (Pvt) Ltd.		-	9,246
Samson Rajarata Tiles Pvt) Ltd.		496,130	-
		80,330,782	115,908,531
19.2 Movement in provision for doubtful trade receivables			
Balance at the beginning of the year		2,093,773	5,190,549
Provision / (reversal) for the year		2,828,970	414,250
Written off during the year		(2,093,773)	(3,511,026)
Balance at the end of the year		2,828,970	2,093,773

As of 31st March 2020, Trade Receivables of Rs 283,361,670/- (as of 31st March 2019 was Rs. 378,784,897/-) were fully performing.

As of 31st March 2020, Trade Receivables of Rs.45,492,078 (as of 31st March 2019 was Rs. 50,468,782/-) 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:

	2020 Rs.	2019 Rs.
3 to 6 months	40,631,939	40,210,331
over 6 months	4,860,139	10,258,451
	45,492,078	50,468,782

As of 31st March 2020, trade receivables of Rs 2,828,970 (as of 31 March 2019 Rs 2,093,773/-) 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.

As at 31st March	NOTE	2020 Rs.	2019 Rs.
19.3 Analysis of current financial instruments by category			
Financial assets at amortized cost			
Trade and other receivables excluding prepayments, statutory payments and advances		334,996,339	432,198,368
Cash and cash equivalents	Note 20	83,842,921	43,912,089
		418,839,260	476,110,457
Financial liabilities at amortized cost			
Trade and other payables (excluding statutory liabilities and advances)	Note 23	135,837,470	150,405,175
Borrowings	Note 24	282,739,182	284,262,219
		418,576,652	434,667,394

NOTES to the Financial Statements (Contd...)

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:

As at 31st March	NOTE	2020 Rs.	2019 Rs.
Trade receivables	Note 19	328,853,748	429,253,679
		328,853,748	429,253,679

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

Trade receivables from related parties	Note 19.1	80,330,782	115,908,531
Trade receivables - others		248,522,966	313,345,148
		328,853,748	429,253,679

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

20. Cash and Cash Equivalents

Cash at bank	60,172,796	21,208,093
Cash on hand	733,840	875,900
Short term deposits	22,936,285	21,828,096
	83,842,921	43,912,089

20.1 For the purpose of statement of cash flows, cash and cash equivalents comprise the following:

Cash at bank	60,172,796	21,208,093
Cash on hand	733,840	875,900
Short term deposits	22,936,285	21,828,096
Bank overdrafts	(85,279,432)	(81,715,543)
	(1,436,511)	(37,803,454)

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

As at 31st March	NOTE	2020 Rs.	2019 Rs.
4,232,771 Number of Ordinary shares issued and fully paid		109,600,211	109,600,211
		109,600,211	109,600,211

21. Stated Capital

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2020 Rs.	2019 Rs.
22. Retirement Benefit Obligation			
Movement in the Present Value of Defined Benefit Obligation			
Balance at the beginning of the year		40,078,274	33,701,039
Current service cost		3,990,971	3,621,412
Interest cost		4,408,610	3,370,104
Actuarial (gain) / loss on obligation		(561,423)	1,136,247
Benefit paid		(1,137,155)	(1,750,528)
Balance at the end of the year		46,779,277	40,078,274
The expenses is recognised in the following line items in the Statement of Profit or Loss.			
For the year ended 31st March			
Cost of sales		5,161,833	4,194,910
Administrative expenses		3,237,748	2,796,606
Balance at the end of the year		8,399,581	6,991,516

As at 31st March 2020, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method 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 2020 has been determined based on the recommendation on this report.

22.1 Actuarial assumptions:	2020	2019
Salary incremental rate	9.00%	10.00%
Rate of discount	10.00%	11.00%
Staff turnover rate	5% to 48%	4% to 42%

Salary increment rate decreased by 1% in the current period based on the management decision considering the adverse economic condition in the country. Rate of discount is set based on published average (4 - 10 years) government treasury bond rate prevailing as at 16 January 2020.

Staff turnover rate varies ranging from 5% to 48% per annum based on the category on the age limit.

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

22.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation and discount rate used in the actuarial valuation as at 31st March 2020, sensitivity analysis has been carried out as follows;

Discount Rate	Salary Escalation Rate	Staff Turnover Rate	Present Value of Defined Benefit Obligation - (Rs.)
1% Increase	As per Note 22.1	As per Note 22.1	44,758,635
1% Decrease	As per Note 22.1	As per Note 22.1	48,992,818
As per Note 22.1	1% Increase	As per Note 22.1	49,106,883
As per Note 22.1	1% Decrease	As per Note 22.1	44,618,624
As per Note 22.1	As per Note 22.1	10% Increase	46,785,979
As per Note 22.1	As per Note 22.1	10% Decrease	46,766,660

NOTES to the Financial Statements (Contd...)

As at 31st March		2020	2019	
	NOTE	Rs.	Rs.	
22.3	Distribution of employee benefit obligation over future working lifetime			
	Within the next 12 months	11,044,452	5,577,788	
	Between 1 and 2 years	8,167,880	10,377,622	
	Between 3 and 5 years	12,777,535	9,813,867	
	Beyond 5 years	14,789,410	14,308,997	
		46,779,277	40,078,274	
23.	Trade and Other Payables			
	Trade creditors - Related Companies	Note 23.1	78,828,350	96,311,652
	Trade creditors - Direct Import		8,362,497	330,611
	Trade creditors - Other		26,728,527	26,428,460
	Customer advances		17,055,775	6,274,033
	Expense creditors		21,918,096	27,334,452
	Statutory payables		5,337,670	16,402,847
		158,230,915	173,082,055	
23.1	Trade Creditors - Related Companies			
	D. Samson Industries (Pvt) Ltd.	293,092	181,099	
	Samson Reclaim Rubbers Ltd.	243,900	158,900	
	Samson Rubber Products (Pvt) Ltd.	15,694	1,363,872	
	Samson Group Corporate Services (Pvt) Ltd.	390,621	214,301	
	Samson Compounds (Pvt) Ltd.	76,667,724	94,034,122	
	D S I Welfare Shop	51,420	31,050	
	Mount Spring Water (Pvt) Ltd.	-	2,400	
	D S I Factory Outlet	-	10,000	
	D Tech (Pvt) Ltd	465,982	315,908	
	Samson Rubber Industries(Pvt) Ltd	78,935	-	
	D.Samson & Sons (Pvt) Ltd	522,750	-	
	Samson Engineers (Pvt) Ltd	98,233	-	
		78,828,350	96,311,652	
24.	Short Term Borrowings			
	Bank overdrafts	85,279,432	81,715,543	
	Other short term borrowings	197,459,750	202,546,676	
		282,739,182	284,262,219	

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
Confirmed order confirmation	Packing Credit Loan	Hatton National Bank PLC/ DFCC Bank	Confirmed Order Confirmation.
Inventory	Overdraft	Seylan Bank PLC	Finished Good Stocks & Debtors.
Fixed deposit	Overdraft	Bank of Ceylon	Fixed deposit of Rs. 4,000,000/-.
Inventory	Overdraft	Bank of Ceylon	Raw Material Stocks
Financial assets	Overdraft	DFCC Vardhana Bank PLC	Treasury bills of Rs. 16,401,793/-
Inventory	Overdraft	Commercial Bank PLC	Finished Good Stocks & Debtors.
Inventory	Overdraft	Nations Trust Bank PLC	Raw Material Stocks.

NOTES to the Financial Statements (Contd...)

As at 31st March	NOTE	2020 Rs.	2019 Rs.
24.2 Other short term borrowings			
Balance at the beginning of the year		202,546,676	134,660,061
Obtained during the year		637,219,499	419,982,063
Exchange gain/(loss)		9,916,694	(4,920,976)
Repayments during the year		(652,223,119)	(347,174,473)
Balance at the end of the year		197,459,750	202,546,676

25. Commitments and Contingencies

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

26. Events Occurring after the Reporting date

No circumstances have arisen, since reporting date, which would require adjustments to, or disclosure, in the financial statements other than disclosed below:

At the Board Meeting held on 14th August 2020, Final dividend of Rs. 1.00 per share amounting to Rs. 4,232,771 has been proposed for the year ended 31st March 2020 by the Board of Directors.

27. Related Party Disclosures

Details of significant related party disclosures are as follows:

27.1 Parent and ultimate controlling party

Company does not have an identifiable parent of its own.

27.2 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, 2020 is given in note 8.1 to the financial statements.

Dr. D.S. Rajapaksa - (Chairman)
 Mr. D.K. Rajapaksa - (Managing Director)
 Mr. D.R. Rajapaksa
 Mr. G.H.A. Wimalasena - (Retired on 14th August 2020)
 Mr. T.K. Bandaranayake
 Mr. D.G.P.S. Abeygunawardana - (Director/General Manager)
 Mr. D.D. A. Rajapaksa
 Mr. D.C.J. Rajapaksa

27.3 Transactions with Key Management Personnel of the Company

27.3.1 Key Management Personnel Compensation

For the year ended 31 March	2020 Rs.	2019 Rs.
Short-term employee benefits	27,780,941	12,229,666
	27,780,941	12,229,666

The Company has not incurred any amount as termination benefits or post employment benefits on account of the key managerial personnel during the year.

NOTES to the Financial Statements (Contd...)

27.4 Directors Interest In Contracts with the Company

'None of the directors of the Company had any direct or indirect interests in any existing or proposed contracts with the Company other than those stated below:

'Dr. D.S. RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson Plantations (Pvt) Ltd.	Director

'Mr. D.K RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson Plantations (Pvt) Ltd	Director

'Mr. D.R. RAJAPAKSA who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson Rubber Industries (Pvt) Ltd.	Managing Director
Vechenson (Pvt) Ltd	Managing Director
Samson Rajarata Tiles (Pvt) Ltd.	Managing Director
Samson Rubber Products (Pvt) Ltd	Managing Director
D. Samson Industries (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd.	Managing Director
Samson (Exports) Ltd.	Director

'Mr. D.D.A Rajapaksa who is a director of the company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
Samson Insurance Broker (Pvt) Ltd	Director
Samtessi Brush Manufacturers (Pvt) Ltd.	Director
Samson Investments (Pvt) Ltd.	Director
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
DSI Samson Group (Pvt) Ltd	Director
Samtessi Brush Manufacturers (Pvt) Ltd	Director
Samson Rajarata Tiles (Pvt) Ltd	Director

NOTES to the Financial Statements (Contd...)

'Mr. D.C.J Rajapaksa who is a director of the Company is also holding directorships in the following Companies within the group.

Name of Company	Relationship
D. Samson Industries (Pvt) Ltd.	Director
Samson Compounds (Pvt) Ltd.	Director
Samson Group Corporate Services (Pvt) Ltd	Director
Samson Bikes (Pvt) Ltd.	Director
Samson Engineers (Pvt) Ltd.	Director
Hydro Trust Lanka (Pvt) Ltd	Director
Werapitiya Hydro Power (Pvt) Ltd	Director
Loggal Oya Hydro Power (Pvt) Ltd	Director
Samson Plantations (Pvt) Ltd	Director
Samson Trading Company (Pvt) Ltd	Director
Samson Manufacturers (Pvt) Ltd	Director
Samson Rajarata Tiles (Pvt) Ltd	Director
Samson Exports (Pvt) Ltd	Managing Director
Samson Apparel Makers (Pvt) Ltd	Director

27.5 Transaction with related companies

The Company has entered into transactions during the year with following Companies in which some of the directors of the Company are also directors of those companies.

Company has performed below transaction with D. Samson Industries (Pvt) Ltd and Samson Compounds (Pvt) Ltd during the year. Aggregate value of which exceed 10% of the revenue of the Company as at 31st March 2019 audited financial statements, which required additional disclosure in the 2019/20 Annual Report under Colombo Stock Exchange listing rule 9.3.2.

Name of Company	Relationship	Nature of the transaction	Aggregate value of the RPTs entered during the year	Aggregate value of the RPTs entered during the year as a % of 2018/19 revenue	Terms & condition
D. Samson Industries (Pvt) Ltd.	Affiliate	Sales	406,505,944	25.9%	Terms equivalent to those that prevail at arm's length transaction
		Interest on delayed payments	1,574,461	0.1%	
		Settlement	(445,603,963)	-28.4%	Interest is charged on overdue outstanding. Interest on dues are decided based on bank lending rate.
		Purchases	(3,571,250)	-0.2%	
Samson Compounds (Pvt) Ltd.	- do -	Sales	52,068,042	3.3%	Terms equivalent to those that prevail at arm's length transaction.
		Interest on delayed payments	(566,984)	0.0%	
		Settlement	437,097,494	27.9%	Interest is charged on overdue outstanding. Interest on dues are decided based on bank lending rate.
		Purchases	(474,778,109)	-30.3%	

NOTES to the Financial Statements (Contd...)

27.5. 1 Transaction with other related companies

Company	Relationship	Nature of Transactions		Balance as at 31	
		2020		March 2020	
		Sales Rs.	Purchases Rs.	Settlement Rs.	Rs.
Samson Rubber Industries (Pvt) Ltd	Affiliate	571,235	(1,302,300)	642,884	(78,935)
Samson Engineers (Pvt) Ltd	- do -	103,828	(864,043)	615,249	(77,053)
D Samson & Sons (Pvt) Ltd	- do -	-	(1,922,625)	1,399,875	(522,750)
Samson Group Corporate Services (Pvt) Ltd.	- do -	-	(4,088,595)	3,912,275	(390,621)
Samson Rajarata Tiles (Pvt) Ltd	- do -	949,323	-	(453,193)	496,130
Samson Reclaim Rubbers Ltd.	- do -	11730	(825,347)	728,617	(243,900)
Samson Rubber Products	- do -	6,288,213	(9,076,733)	4,720,389	2,178,342
Samson Trading (Pvt) Ltd.	- do -	23,254,278	-	(15,327,100)	11,757,970
Mount Spring Water (Pvt) Ltd	- do -	-	(64,767)	67,167	-
Samson Bikes (Pvt) Ltd	- do -	-	(10,768)	10,768	-
D Tech (Pvt) Ltd	- do -	-	(1,122,013)	971,939	(465,982)
DSI Welfare Shop	- do -	-	(414,005)	393,635	(51,420)

There were no other related party transactions other than disclosed above.

27.6 Outstanding amounts due from and to related parties are disclosed in Note 19.1 and 23.1 respectively.

27.7 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. Impact of Covid-19

The outbreak of COVID-19 in the country during the month of March resulted disruptions to the business operations of the company. With the relaxation of curfew operations of the company were started with strict adherence to the guidelines issued by the government to curtail the spread of the virus.

Management of the Company is pursuing measures to reduce debtor exposure and inventory levels and proactively engaging with banks and suppliers to renegotiate terms in order to effectively manage liquidity levels.

The management has assessed the existing and anticipated effect of COVID-19 on the Company and the appropriateness of use of the going concern basis. Management considered a range of scenarios to determine the potential impact relating to expected revenue streams, cash flow streams, cost management, Profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, potential sources of financing facilities if required and the ability to continue services to ensure businesses continuity. Having considered the outlook of the company and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

NOTES to the Financial Statements (Contd...)

29. Segmental Operating Results

The Company organised into operating segments based on their products which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

(Rs.'000)

DESCRIPTION	RUBBER ITEMS		PVC ITEMS		COMPANY	
	2020	2019	2020	2019	2020	2019
Total turnover	1,160,566	1,229,569	429,636	339,776	1,590,202	1,569,345
Segmental Expense	(1,100,800)	(1,119,049)	(455,266)	(378,763)	(1,556,066)	(1,497,812)
PROFIT / (LOSS) FROM OPERATIONS	59,766	110,520	(25,630)	(38,987)	34,136	71,533
Geographical segment						
Europe	522,047	630,704	-	-	522,047	630,704
Australia and New Zealand	21,568	2,444	-	-	21,568	2,444
America / Canada	22,634	24,337	-	-	22,634	24,337
Africa and Middle -east	38,272	38,662	-	-	38,272	38,662
Asia / Sri Lanka	556,045	533,422	429,636	339,776	985,681	873,198
Total	1,160,566	1,229,569	429,636	339,776	1,590,202	1,569,345
Financial Position segment						
Property, plant and equipment	245,090	270,564	167,683	153,160	412,773	423,724
Inventories	144,772	166,762	124,718	31,575	269,490	198,337
Trade and other receivables	288,888	379,362	66,943	92,452	355,831	471,814
Trade and other payables	82,111	157,009	76,119	16,073	158,230	173,082

COUNTRY

Profile

103,832

**Private
Companies**

4,375

**Public
Companies**

297

**Public Quoted
Companies**

1,603

**Foreign
Companies**



"We are the only Public Quoted Company in the manufacturing sector in Galle at present..."

Sri Lanka is the one of the few places in the world where it has a remarkable combination of stunning landscapes, pristine beaches, captivating cultural heritage and unique experiences within such a compact location. Within a mere area of 65, 610 kilometers Sri Lanka has the following:

- a) 8 UNESCO World Heritage Sites,
- b) 1,330 kilometers of coastline (much of it pristine beach)
- c) 15 national parks showcasing an abundance of wildlife
- d) nearly 500,000 acres of lush tea estates
- e) 250 acres of botanical gardens

- f) 350 waterfalls and 25,000 water bodies
- g) culture that extends back to over 2,500 years

It is a place where the original soul of Buddhism still flourishes and where nature's beauty remains abundant and unspoilt. This is an island of magical proportions, once known as Serendib, Taprobane, the Pearl of the Indian Ocean, and Ceylon. Discover refreshingly Sri Lanka!

Colombo, the present commercial capital, is an interesting blend of varying influences and is over 600 years old. Almost one million out of the entire 21.2 million strong population of Sri Lanka resides in Colombo, and the country prides itself on having one of the highest literacy rates in Asia. The people of

COUNTRY Profile (Contd...)

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.

City of Galle

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

The Fort is the heart of the Galle's history. The walled city has stood since the early sixteenth century, through the Colonial periods of the Portuguese, Dutch and British and in our present times is proclaimed as an Archaeological Reserve and has been identified as a living World Heritage Site.

Unawatuna bay in Galle provides safe swimming and snorkeling, since it is protected by a reef. Rhumassala Kanda is also associated with the legend of the traditional Ramayana story. The drive to Baddegama is a delightful experience and leads out to the fine church consecrated in 1825, by Bishop Heber – Bishop of Calcutta.

Today, Galle is a tourist resort which is also a historical city in Sri Lanka.

"The Sri Lanka's population has a literacy rate of 92%, higher than that expected for a third world country; it has the highest literacy rate in South Asia and overall, one of the highest literacy rates in Asia."

- 1 Land area : 65,610 sq km
- 2 Commercial capital : Colombo
- 3 Climate : Tropical (10c – 32 c)
- 4 Population : 21.2 mn
- 5 Labour force : 8 mn
- 6 Languages : Sinhala, Tamil and English as the link language.
- 7 Currency : Sri Lankan Rupee
- 8 Legal system : Roman- Dutch and English
- 9 Literacy rate : 92%
- 10 Main Religions : Buddhism, Christian, Islam, Hindu



FOUR-QUARTER

Financial Summary

PROFIT AND LOSS ACCOUNTS	For the Quarter ended 30th June		For the Quarter ended 30th September		For the Quarter ended 31st December		For the Quarter ended 31st March	
	2019	2018	2019	2018	2019	2018	2020	2019
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue								
Export	189,707	187,983	188,722	184,844	179,789	216,839	116,918	162,966
Local	227,015	165,223	264,725	228,416	215,460	184,353	205,761	238,723
Total revenue	416,722	353,206	453,447	413,259	395,249	401,192	322,679	401,689
Cost of sales	(331,911)	(276,876)	(366,993)	(335,565)	(331,663)	(318,208)	(273,905)	(331,147)
Gross profit	84,811	76,330	86,454	77,693	63,586	82,984	48,774	70,542
Other operating income	2,066	1,772	2,038	1,601	1,713	2,474	1,696	5,874
Exchange gain / (loss)	1,437	(10,715)	(7,302)	(1,196)	2,417	(4,944)	(3,652)	(203)
Selling & distribution cost	(17,284)	(13,763)	(19,685)	(17,888)	(16,170)	(14,827)	(15,146)	(19,029)
Administrative expenses	(45,534)	(42,232)	(49,218)	(42,381)	(45,971)	(41,434)	(44,730)	(49,598)
Operating profit	25,496	11,392	12,287	17,830	5,575	24,254	(13,058)	7,586
Finance costs	(6,026)	(3,079)	(5,618)	(3,886)	(5,929)	(4,552)	(4,777)	(5,908)
Profit before income tax	19,470	8,313	6,669	13,945	(354)	19,703	(17,835)	1,678
Income tax expense	(4,867)	(3,002)	(1,970)	(2,806)	2,064	(3,927)	7,448	(8,892)
Profit for the period	14,603	5,311	4,699	11,138	1,710	15,775	(10,387)	(7,214)
BALANCE SHEETS								
	As at 30th June		As at 30th September		As at 31st December		As at 31st March	
	2019	2018	2019	2018	2019	2018	2020	2019
	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	433,429	349,312	420,654	348,041	408,658	366,688	412,774	423,724
Financial assets at amortized cost	15,702	13,774	15,702	13,774	16,402	14,358	16,402	14,966
Financial assets at fair value through profit and loss	19,734	22,816	19,714	22,731	19,839	18,068	20,080	18,703
Intangible assets	5,107	5,979	4,889	5,761	4,671	5,543	4,453	5,325
Deferred tax assets	11,720	16,621	12,119	15,843	12,498	14,943	11,228	11,222
	485,692	408,502	473,078	406,150	462,068	419,600	464,937	473,940
Current assets								
Inventories	185,753	180,231	294,051	216,384	306,409	258,677	269,491	198,337
Trade & other receivables	476,675	397,732	425,235	366,928	351,430	372,968	355,831	471,814
Income tax refund due	7,225	5,346	-	5,069	-	4,791	4,476	7,247
Cash and cash equivalents	31,258	56,328	46,392	59,302	44,060	33,317	83,843	43,912
	700,911	639,637	765,678	647,683	701,899	669,753	713,641	721,311
Total Assets	1,186,603	1,048,139	1,238,756	1,053,833	1,163,967	1,089,353	1,178,578	1,195,251
Equity and liabilities								
Equity								
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	1,031	18	1,011	-	1,135	290	-	-
Retained earnings	444,886	334,452	427,337	345,587	432,676	360,961	422,810	418,537
Total equity	665,517	554,070	647,948	565,187	653,411	580,851	642,410	638,137
Liabilities								
Non-current liabilities								
Deferred tax liabilities	63,047	53,737	58,439	53,736	53,869	54,441	48,417	59,691
Retirement benefit obligations	41,854	34,840	43,281	35,959	44,635	37,209	46,780	40,079
	104,901	88,577	101,720	89,695	98,504	91,650	95,197	99,770
Current liabilities								
Trade and other payables	158,762	211,310	261,816	175,378	172,549	153,098	158,231	173,082
Short term borrowings	257,423	194,182	227,130	223,573	160,230	263,754	282,740	284,262
Income tax Payables	-	-	142	-	79,273	-	-	-
	416,185	405,492	489,088	398,951	412,052	416,852	440,971	457,344
Total liabilities	521,086	494,069	590,808	488,646	510,556	508,502	536,168	557,114
Total equity and liabilities	1,186,603	1,048,139	1,238,756	1,053,833	1,163,967	1,089,353	1,178,578	1,195,251

TEN - YEAR

Economic Summary

Economic Indicators		2020	2018	2017	2016	2015	2014	2013	2012	2011	2010
GDP Indicators:											
GDP growth	Percent	2.3	3.2	3.1	4.4	4.0	4.9	3.4	9.1	8.4	8.0
GDP (current prices)	Rs. billion	15,016	14,450	13,289	11,839.0	11,183.0	10,448.0	9,592.0	8,732.0	7,219.0	6,413.0
GDP (current prices)	USD billion	84.0	88.9	87.2	81.3	80.5	79.3	74.3	68.4	65.3	56.7
GDP per capita (USD) Growth	Percent	-	-	-3.1	(0.21)	0.58	5.9	7.7	7.2	13.9	33.6
GDP per capita (market prices)	Rs "000"	688.0	667.0	603.0	558.4	533.0	503.0	466.0	427.0	346.0	310.0
GDP per capita (market prices)	USD	3,852.0	4,102.0	3,956.0	3,835.0	3,843.0	3,821.0	3,609.0	3,351.0	3,125.0	2,744.0
Fiscal policy Indicators :											
Budget deficit	Per cent of GDP	-6.8	-5.3	-5.5	-5.4	-7.4	-5.7	-5.9	-6.5	-6.9	-8.0
Monetary policy Indicators :											
12 month T-Bill yield (year - end)	Percent	8.45	10.4	8.9	10.2	7.3	6.0	8.3	11.7	9.3	7.6
Prime lending rate (year - end)	Percent	9.74	12.21	11.6	11.5	7.4	6.4	10.1	14.4	10.8	9.3
M2b money supply growth	Percent	7.0	17.6	16.7	18.4	15.2	13.3	16.7	17.6	19.1	15.8
Other Economic Indicators:											
Inflation annual average (CCPI 2006/07 = 100)	Percent	4.3	4.3	7.3	4.0	4.8	3.3	6.9	7.6	6.7	6.2
Unemployment rate	Percent	4.8	4.1	4.2	4.4	4.6	4.3	4.4	4.0	4.2	4.9
All share index (year - end)	Points	6,129.2	5,643.0	6,369.3	6,228.3	6,894.5	7,299.0	5,913.0	5,643.0	6,074.0	6,636.0
Population	Million	21.8	21.6	21.4	21.2	21.0	20.8	20.5	20.3	20.9	20.7
External Sector Indicators:											
Export USD	Billion	11.9	11.8	10.5	10.3	10.5	11.1	10.4	9.8	10.6	8.6
Import USD	Billion	19.9	22.2	20.3	19.4	18.9	19.4	18.0	19.2	20.3	13.5
Balance of payments	Percent of GDP	-2.7	-1.1	2.4	2.4	2.3	4.3	1.5	0.3	-1.9	1.9
Current account balance	USD billion	-1.8	-2.8	-2.3	-1.9	2.0	2.0	-2.5	-4.0	-4.6	-1.1
Current account % of GDP	Per cent	-2.2	-3.2	-2.6	-2.4	2.4	2.5	-3.8	-6.7	-7.8	-2.2
Foreign Currency Indicator :											
Exchange rate (annual average)	Rs/USD	178.78	162.54	152.46	145.6	135.9	130.5	129.1	127.6	110.6	113.1
	RS/Euro	200.14	197.80	171.73	161.2	150.8	173.5	171.5	164.0	153.9	150.1
	Rs/Yen	1.64	1.59	1.35	1.3	1.1	1.2	1.3	1.6	1.4	1.3
	Rs/INR	2.53	2.55	2.34	2.2	2.1	2.1	2.2	2.4	2.4	2.5
Exchange rate change USD (annual average)	Percent	9.9	6.6	4.7	7.1	4.2	1.1	1.2	15.4	-2.2	-1.6
Rubber Sector Information:											
Production	Kg mn	74.8	102	83.1	79.1	88.6	98.6	130.4	152.0	158.2	152.9
Total extent	Hectares '000'	138.0	150.5	137	136.0	135.0	134.0	134.0	131.0	129.0	126.0
Yield	Kg/hectares	950.0	1,042	809	851.0	950.0	889.0	1,247.0	1,459.0	1,566.0	1,561.0
Average price :											
Colombo Auction	Rs/Kg	288.51	286.58	336.72	239.3	248.2	286.1	376.9	416.6	508.8	403.0
Export (FOB)	Rs/kg	332.29	374.95	343.56	294.3	342.0	362.8	389.8	420.7	535.4	377.5

TEN - YEAR

Financial summary

Year ended 31st March	2019/20 Rs.'000	2018/19 Rs.'000	2017/18 Rs.'000	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
Income Statement :										
Turnover	1,590,203	1,569,345	1,249,498	1,178,339	1,041,756	952,561	973,858	961,489	716,102	588,207
Profit before taxation	12,086	43,635	65,972	59,299	42,675	62,969	51,077	19,123	(55,980)	(7,608)
Taxation	225	(18,627)	(23,074)	(4,152)	(7,853)	(8,491)	4,438	696	(229)	(663)
Profit after taxation	12,311	25,007	42,899	55,146	34,822	54,478	55,515	19,820	(56,209)	(8,271)
Total comprehensive income	12,738	24,189	43,732	51,043	35,362	56,107	55,515	18557	(56,209)	(8,271)
Balance Sheet :										
Capital and reserves										
Stated capital	109,600	109,600	109,600	109,600	109,600	105,752	105,752	105,752	105,752	105,752
Capital reserves	110,000	110,000	110,000	110,000	110,000	110,000	110,000	10,000	10,000	10,000
Revenue reserves	422,809	418,537	332,781	297,515	254,937	231,119	185,152	137,332	223,893	280,102
Shareholders funds	642,409	638,137	552,381	517,115	474,537	446,871	400,904	353,084	339,645	395,854
Non current liabilities										
Interest bearing borrowings	-	-	-	-	-	-	-	-	-	868
Deferred tax	48,416	59,691	33,092	14,948	17,229	11,149	8,831	11,408	11,388	11,703
Retirement benefit obligation	46,779	40,078	29,701	27,195	19,570	15,130	14,528	9,906	7,775	6,306
Total Equity & Non Current Liabilities	737,604	737,907	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731
Assets Employed										
Current assets	713,640	721,311	610,232	612,043	539,103	424,020	402,853	388,248	388,205	476,617
Current liabilities	(440,970)	(457,344)	(412,118)	(419,505)	(384,890)	(180,975)	(168,845)	(208,197)	(222,481)	(232,670)
Working capital	272,670	263,967	198,114	192,538	154,213	243,045	234,008	180,051	165,724	243,947
Property, plant & equipment	428,453	440,271	370,369	313,554	312,654	179,751	190,255	194,347	193,084	170,784
Investment	36,481	33,669	46,691	53,166	44,468	50,354	-	-	-	-
Total Assets less Current Liabilities	737,604	737,907	615,175	559,258	511,336	473,150	424,263	374,398	358,808	414,731
Financial Ratios :										
Earnings per share (rs.)	2.91	5.91	10.13	13.03	8.69	14.16	14.43	5.15	(14.61)	(2.15)
Net profit (%)	1	3	3.43	4.67	3	6	6	2.10	(7.85)	(1.41)
Dividends (rs. '000)	4,233	8,465	8,466	8,466	8,466	7,696	7,696	-	-	-
Dividends per share (rs.)	1.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-
Bonus shares issue (rs.)	-	-	-	-	3,848	-	-	-	-	-
Others										
Market price per share (rs.)	72.10	97.90	98.90	105.00	104.00	88.20	82.20	90.00	100.00	86.75
Price earnings ratio (times)	24.78	16.57	10	8	12	6	6	17	(7)	(40)
Net assets per share (rs.)	151.77	150.76	130.50	122.17	112.10	116.13	104.18	91.75	88.27	102.87
Annual sales growth (%)	1	41	6	9	9	(2)	1	34	22	(5)
Quick assets ratio (times)	1.01	1.14	0.99	1.03	0.96	1.60	1.53	1.26	1.11	1.69
Fixed asset turnover ratio (times)	3.85	3.70	3.50	3.90	3.49	5.53	5.31	4.95	3.71	3.44

FOREIGN

Currency Financial Statements

FOR THE YEAR ENDED 31ST MARCH	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	2020	2019	2020	2019
Revenue	7,593,366	8,037,618	8,373,454	9,301,475
Cost of sales	(6,208,916)	(6,462,461)	(6,846,776)	(7,478,637)
Gross Profit	1,384,449	1,575,156	1,526,678	1,822,838
Other income	18,353	31,411	20,239	36,350
Distribution cost	(327,790)	(335,504)	(361,465)	(388,259)
Administrative expenses	(912,007)	(904,701)	(1,005,700)	(1,046,959)
Operating Profit	163,005	366,362	179,751	423,970
Finance income	34,095	33,730	37,597	39,034
Finance cost	(139,388)	(176,612)	(153,707)	(204,383)
Net Finance Income	(105,293)	(142,882)	(116,110)	(165,349)
Profit before taxation	57,712	223,480	63,641	258,621
Income tax expense	1,074	(95,403)	1,184	(110,404)
Profit for the year	58,786	128,078	64,825	148,217

AS AT	In Euro (Major Export Currency)		In USD (Major Import Currency)	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
ASSETS				
Non Current Assets				
Property, plant and equipment	1,971,032	2,142,183	2,188,387	2,405,745
Intangible assets	21,263	26,920	23,608	30,232
Financial assets at fair value through profit and loss	95,881	94,556	106,454	106,190
Financial assets at amortized cost	78,320	75,662	86,957	84,971
Deferred tax assets	53,610	56,734	59,522	63,714
	2,220,107	2,396,056	2,464,928	2,690,852
Current Assets				
Inventories	1,286,840	1,002,716	1,428,746	1,126,084
Trade and other receivables	1,699,125	2,385,311	1,886,495	2,678,785
Tax recoverable	21,375	36,640	23,732	41,148
Cash and cash equivalents	400,358	222,002	444,507	249,316
	3,407,698	3,646,670	3,783,481	4,095,334
Total Assets	5,627,805	6,042,725	6,248,409	6,786,186
EQUITY AND LIABILITIES				
Stated capital	523,351	554,096	581,064	622,269
General reserve	525,260	556,117	583,183	624,539
Available for sale reserve	-	-	-	-
Retained earnings	2,018,953	2,115,961	2,241,593	2,376,296
Total Equity	3,067,565	3,226,174	3,405,839	3,623,104
Non- Current Liabilities				
Deferred tax liability	231,191	301,776	256,686	338,904
Retirement benefit obligation	223,375	202,620	248,008	227,549
	454,567	504,396	504,694	566,454
Current Liabilities				
Trade and other payables	755,567	875,036	838,887	982,695
Short term borrowings	1,350,106	1,437,119	1,498,988	1,613,934
Income tax payable	-	-	-	-
	2,105,673	2,312,155	2,337,876	2,596,629
Total Liabilities	2,560,240	2,816,551	2,842,570	3,163,083
Total Equity And Liabilities	5,627,805	6,042,725	6,248,409	6,786,186

Note: This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. This has been presented for the information purpose only. Exchange rates prevailed at the end of each financial year have been used to convert the statement of financial position and average exchange rates prevailed during the financial year have been used to convert the income statement. Restated figures were taken for the previous year.

GLOBAL

Reporting Initiative (GRI) G4

GRI is an international independent organization that helps businesses, government 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 disclosures and indicators under general and specific categories as a reference to the prepares of integrated reports. The categories are shown in the table here.

Category	Sub Category	GRI Index Index No.
General Standard Disclosures		
Strategy and Analysis		G4-1
Organisational Profile		G4-3 to G4-16
Identified Material Aspects and Boundaries		G4-17 to G4-23
Stakeholder Engagement		G4-24 to G4-27
Report Profile		G4-28 to G4-33
Governance		G4-34
Ethics and Integrity		G4-56
Specific Standard Disclosures		
Economic		G4-EC1 to G4-EC8
Environmental		G4-EN1 to G4-EN29
Social	Labour Practices and Decent Work	G4-LA1 to G4-LA9
	Human Rights	G4-HR1 to G4-HR5
	Society	G4-SO3 to G4-SO8
	Product Responsibility	G4-PR3 to G4-PR9



Edirisinghe & Co.
Chartered Accountants
45, Braybrooke Street
Colombo 02
Sri Lanka

T: +94 11 2433933
F: +94 11 2445683
E: info@bakertilly.lk
W: www.bakertilly.lk

Independent Assurance Report

To the Board of Directors of Samson International PLC on the Integrated Report- 2019/20

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-2019/20 ("the Report")

- 1 Reasonable assurance on the information on financial performance as specified on statement of Value Addition of the Report.
- 2 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 2020.

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

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

3. Checking the calculations performed by the Company on a sample basis through recalculation
4. Reconciling and agreeing the data on financial performance are properly derived from the company's audited financial statements for the year ended 31st March 2020 and Comparison of the content of the Report against the criteria for a Global Reporting Initiative G4 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that:

- 01 The information on financial performance as specified on statement of Value Addition of the Report are properly derived from the audited financial statements of the Company for the years ended 31st March 2019 and 31st March 2020.
- 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

14th August 2020

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

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

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

Samson international Plc voluntarily adopted Global Reporting Initiative (GRI) G4 'In accordance' core Guidelines during the financial year 2015/16 as a measure of improving the standard of accountability and reporting on accountability, These details are given below.

General Standard Disclosures

GRI Index No.	Description	Reported Section	Page No.
Strategy and Analysis			
G4-1	Statement from the Chairman	Chairman's Review	24
Organization profile			
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G4-4	Primary brands, products, and/or services.	Our Products	16
G4-5	Location of organization's headquarters.	Corporate Information	07
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Our Products Our Global Presence	16 93
G4-7	Nature of ownership and legal form.	Corporate Information and Investor Information	07 ,203
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Products Our Global Presence and Our Products	16 93
G4-9	Scale of the reporting organization.	Corporate Information and Investor Information	07,203
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G4-15	List of Charters, principles or other initiatives	Review of operating enviroment	53
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G4-25	Basis for identification and selection of stakeholders with whom to engage.	Value creations & stakeholder engagement	56
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Value creations & stakeholder engagement	56
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G4-56	The values, principles , standards and norms of behaviour	About us & Corporate milestones	04,07
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G4-EN18	Greenhouse gas (GHG) emissions intensity	Natural Capital	99
Aspect	Effluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	Financial and Operational Highlight and Manufactured Capital	05,71
G4-EN29	Compliance Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Review of operating envirimnt	53

Category: Social

● Labor Practices and Decent Work

Aspect	Employment		
G4-LA1	Total number and rate of new employee hires and employee turnover by age group gender and region.	Human Capital	77
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant location of operation.	Human Capital	80
Aspect	Labour/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Human Capital	83
Aspect	Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.	Human Capital	83
G4-LA6	Type of injury and rates of injury, occupational disease, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.	Human Capital	77

GLOBAL Reporting Initiative (GRI) G4 (Contd...)

GRI Index No.	Description	Reported Section	Page No.
Aspect	Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Human Capital	86
● Human Rights			
Aspect	Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Human Capital	77
Aspect	Child Labour		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	Human Capital	77
● Society			
Aspect	Anti-Corruption	Risk Management	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Risk Management	128
Aspect	Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Review of operating environment	53
● Product Responsibility			
Aspect	Product and Service Labelling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Our Products	16
Aspect	Marketing Communications		
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Review of operating environment	53
Aspect	Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Review of operating environment	53

GLOSSARY

of Financial Terms

1. Segment	: Constituent business units grouped in terms of the nature and similarity of operations.
2. Annual Sales Growth	: Percentage change over previous year's gross turnover.
3. Current Ratio	: Current assets divided by current liabilities.
4. Dividend Cover	: Profit available for appropriation divided by gross dividend.
5. Dividend per Share	: Total Gross Dividend divided by no. of shares at the end of the year.
6. Gross Dividend	: Portion of Profits, inclusive of tax withheld, distributed to shareholders.
7. Dividend Rate	: Gross Dividends declared per share.
8. Earnings per Share	: Profit attributable to shareholders divided by the no. of shares issued.
9. Interest Cover	: Profit from ordinary activities before tax and finance cost divided by finance cost.
10. Net Assets per Share	: Net Assets divided by the no. of shares.
11. Price Earnings Ratio	: Market Price per share divided by earnings per share.
12. Deferred Taxation	: Sum set aside for tax in the financial statement that will become payable in a financial year other than the current financial year.
13. Value Additions	: The quantum of wealth generated by the activities of the Company.
14. Revenue Reserves	: Reserve considered as being available for distributions and investments.
15. Capital Reserves	: Reserves identified for specific purposes and considered not available for distribution.
16. Return on Capital Employed	: Profit after interest and tax divided by capital employed or shareholders funds.
17. Shareholders Fund	: Total of stated capital and revenue reserves.
18. Capital employed	: Shareholders' funds plus long - term bearing loans and borrowings.
19. Average Capital Employed	: Mean of two consecutive years' capital employed.
20. Corporate Governance	: A system by which Companies are directed and controlled by the management in the best interest of the stakeholders ensuring greater transparency through better and timely financial reporting.
21. Market Capitalization	: Number of ordinary shares in issue multiplied by the Market Value per share at the balance sheet date.
22. Related Parties	: Parties who could control or significantly influence the financial and operating policies of the business.
23. Intangible Assets	: An intangible asset is an identifiable non-monetary asset without physical substance.
24. Impairment	: This occurs when the recoverable amount of an asset is less than its carrying amount.
25. Fair value	: This is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

INVESTOR Information

“While valuing the patronage of all our shareholders, the Company has made every endeavours to ensure equitable treatment to all our shareholders irrespective of the number

of shares they hold. Therefore, the active participation of shareholders at the Annual General Meeting is encouraged”.



Last Annual General Meeting

The Board seeks Annual General meeting to communicate with investors and all shareholders are encouraged to participate. The chairman of audit and remuneration committee will be available at the Annual General meeting to answer any questions raised by the shareholders.

General

a)	Stated capital	-	Rs. 109,600,211
b)	No. of Shares	-	4,232,771 (as at 31st March 2019 - 4,232,771)
c)	Class of Shares	-	Ordinary Shares
d)	Date of Listing	-	The Company was listed on 24th July 1992 with the Colombo Stock Exchange.
e)	Ticker symbol	-	SIL.N0000 (in the Colombo Stock Exchange)
f)	Market sector	-	Manufacturing

INVESTOR Information (Contd...)

Submission of audited accounts to CSE

The audited income statement for the year ended 31st March 2020 and the audited balance sheet of the Company as at that date have been submitted to the Colombo Stock Exchange within the stipulated date.

Market Capitalization

The market capitalization of the Company which is the number of ordinary shares issued multiplied by the market value of a share (at the year-end), was Rs. 305.2 Mn at 31st March 2020 (Rs. 414.4 Mn as at 31st March 2019). Further, Float adjusted market capitalization is Rs. 131.8 Mn as at 31st March 2020. The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

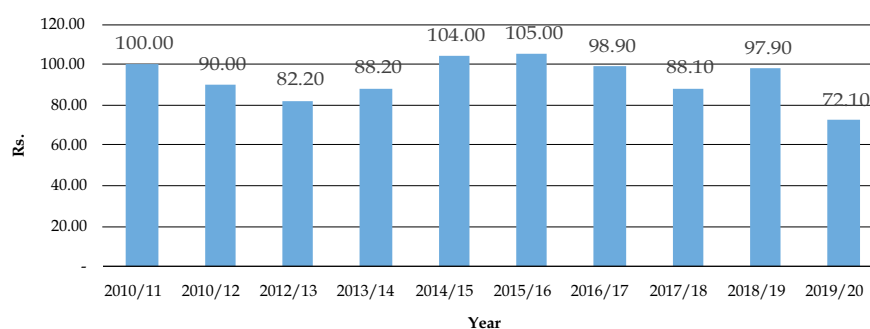
As at	31.03.2020	31.03.2019
Public Shareholding (%)	43.208%	43.207%
Public Shareholders as at 31.03.2020	1,234	1,220
Float adjusted market capitalization Rs.	131,858,859.30	179,044,744.53

Market Value of the Company's Ordinary Shares

Market Value per share	2019/20 Rs	Date	2018/19 Rs	Date	Decreased by
Highest Price	99.00	25.07.2019	118.70	10.08.2018	19.70
Lowest Price	72.10	13.03.2020	74.00	11.05.2018	1.90
Closing	72.10	31.03.2020	97.90	31.03.2019	25.80

Share Information	2019/20 Quarterly information				For the year	
	Q1	Q2	Q3	Q4	2019/20	2018/19
High (Rs.)	96.40	99.00	90.00	90.00	99.00	118.70
Low (Rs.)	79.00	80.00	80.00	72.10	72.10	74.00
Closing (Rs.)	84.00	84.00	81.30	72.10	72.10	97.90
Market capitalization (Rs in Mn)	355.5	355.5	344.1	305.2	305.2	414.40

Market Price per Share (Rs.) as at 31st March



INVESTOR Information (Contd...)

Analysis of Shareholders based on number of shares held as at 31st March 2020

As at 31st March 2020

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,142	91.4	129,353	3.2
1,001 – 10,000	89	7.1	243,094	5.7
10,001-100,000	12	1.0	279,822	6.6
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000,000 & Over	2	0.2	2,338,879	55.2
Total	1,249	100	4,232,771	100

DSI Group has invested more than 57% of the stake of the Company as at 31st March 2020.

As at 31st March 2019

No of Shares held	No of Shareholders	% of Shareholders	Total holding	% of total holding
1-1,000	1,128	91.3	130,494	3.1
1,001 – 10,000	89	7.2	246,496	5.8
10,001-100,000	13	1.0	278,432	6.6
100,001 – 1,000,000	4	0.3	1,241,623	29.3
1,000,000 & Over	2	0.2	2,335,726	55.2
Total	1,235	100	4,232,771	100

Analysis of Shareholders category-wise as at 31st March 2020

As at 31st March 2020

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,192	95.4	440,336	10.4
Institutional-local	50	4.0	3,677,326	86.9
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	-	-	-	-
Total	1,249	100	4,232,771	100

It is noted that 95.4% of the number of shareholders are Sri Lankan individuals which represent 10.4% of the stake of the Company as at 31st March 2020. The Company maintains more than 20% of the total listed ordinary shares on more than 750 public shareholders as required by the rule 7.6 (iv) of the CSE Listing rules.

As at 31st March 2019

Category	No of Shareholders	% of Shareholders	Total holding	% of total holding
Individual- Local	1,179	95.4	440,724	10.4
Institutional-local	49	4.0	3,679,938	86.9
Individual – foreign	7	0.6	115,109	2.7
Institutional- foreign	-	-	-	-
Total	1,235	100	4,232,771	100

INVESTOR Information (Contd...)

Twenty Major Shareholders as at 31st March 2020

No Shareholder	No of		No of		No of Shares	
	Shares as at	%	Shares as at	%	Increased by	% Inc. by
	31.03.2020		31.03.2019			
1 D.S.I Samson Group (Pvt) Ltd.	1,325,306	31.311	1,325,306	31.311	-	-
2 Seylan Bank Plc / Senthilverl Holdings (Pvt) Ltd.	1,013,573	23.946	-	-	1,013,573	100%
3 D. Samson Industries Limited	603,633	14.261	603,633	14.261	-	-
4 D. Samson & Sons Limited	301,782	7.130	301,782	7.130	-	-
5 Sampath Bank PLC / Dr T. Senthilverl	230,000	5.434	230,000	5.434	-	-
6 Samson Rubber Industries (Private) Ltd	106,208	2.509	106,208	2.509	-	-
7 Mr Sanger GMBH	86,484	2.043	86,484	2.043	-	-
8 Mr A H Munasinghe	33,117	0.782	33,117	0.782	-	-
9 Mr K G Piyasena	25,278	0.597	25,278	0.597	-	-
10 Samson Manufacturers Limited	24,369	0.576	24,369	0.576	-	-
11 Mr H Tanigawa	22,506	0.532	22,506	0.532	-	-
12 Asha Financial Services Limited / Mr C N Pakianathan	20,322	0.480	20,322	0.480	-	-
13 Mr U I Suriyabandara	11,950	0.282	10,709	0.253	1,241	12%
14 Mrs D R Wimalasena	11,741	0.277	11,741	0.277	-	-
15 Miss D D G Rajapaksa	11,522	0.272	11,373	0.269	149	1%
16 Mr D R Rajapaksa	11,350	0.268	11,350	0.268	-	-
17 Mr D K Rajapaksa	10,959	0.259	10,959	0.259	-	-
18 Mr D M Rajapaksa and Dr D B D Rajapaksa	10,224	0.242	10,224	0.242	-	-
19 Mr T S Salim	8,740	0.206	8,740	0.206	-	-
20 Miss N.E.Rajapaksa	8,412	0.199	8,412	0.199	-	-
Total of 20 Major Shareholders	3,877,476	91.606	2,862,513	67.627	1,014,963	35%
Other 1,229 Shareholders as at 31/03/2020	355,295	8.394	1,370,258	32.373	(1,014,963)	-74%
Other 1,215 Shareholders as at 31/03/2019						
Total Shareholdings of the Company	4,232,771	100.000	4,232,771	100.000	-	-

Public Holdings

As at 31st March 2020, the public held 43.207% (in 2018/19 – 43.208%) of the shares of the Company. The number of public shareholders in the year 2019/20 and 2018/19 is 1,234 and 1,220 respectively.

The shares of Seylan Bank PLC/ Dr Thirugnanasambander Senthilverl has been treated under public and a declaration to Colombo Stock Exchange was done. The shares owned by Seylan Bank PLC / Dr T. Senthilverl in previous year have been transferred to Seylan Bank Plc / Senthilverl Holdings (Pvt) Ltd during the current year.

No of Share transactions

	2019/20	2018/19
No of Transactions	324	222
No of Shares Traded	1,029,166	6,240

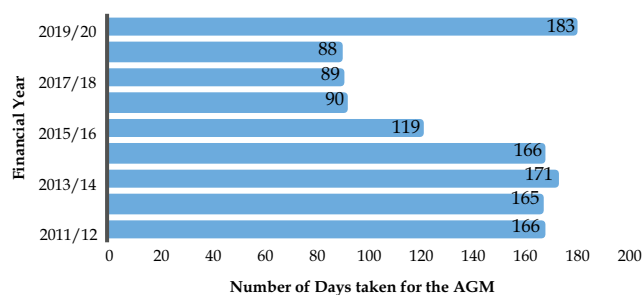
The Value of shares traded during the year under review was Rs.78,450,850.08 in 2019/20 as against Rs. 555,884.60 in 2018/19.

INVESTOR Information (Contd...)

Number of Days taken for the AGM from the Balance Sheet date

Financial Year	Date of AGM held	Number of Days taken for the AGM from the balance sheet date
2011/12	14-Sep-12	166
2012/13	13-Sep-13	165
2013/14	19-Sep-14	171
2014/15	14-Sep-15	166
2015/16	29-Jul-16	119
2016/17	30-Jun-17	90
2017/18	29-June-18	89
2018/19	28-June-19	88
2019/20	30-Sep- 20	183

Number of Days taken for the AGM from the balance sheet date



Last year AGM

The last AGM was held 28th June 2019 with the participation of 99 shareholders (8% of the total number of shareholders) at Samson Rajapaksa Auditorium, Sri Lanka College of Obstetricians and Gynecologists, Colombo 8.

The following resolutions were approved at the last AGM.

1. Approved the Annual Report of the Board of Directors on the affairs of Company and the Financial Statements for the year ended 31st March 2019 and the Report of the Auditors thereon.
2. Dr. D S Rajapaksa 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 Dr. D S Rajapaksa".
3. Mr. D K Rajapaksa who was 74 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapaksa".
4. Mr. D R Rajapaksa who was 73 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapaksa".
5. Mr. T K Bandaranayake who was 76 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. T K Bandaranayake".
6. Mr. G H A Wimalasena who was 78 years of age was re-elected as a Director of the Company and it was declared as provided for in Section 211 (1) of the Companies Act, No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. G H A Wimalasena."
7. Re-elected Mr. D C J Rajapaksa who retired by rotation in terms of Article 95 of the Article of Association, as a Director of the Company.
8. Re-appointed Messrs Edirisinghe & Co. Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
9. Authorized the Directors to determine donations for the year ending 31st March 2020 and up to the date of the next AGM.

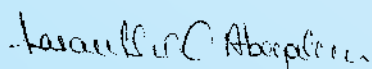
NOTICE of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Eighth Annual General Meeting of Samson International PLC will be held on 30th September, 2020 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 2020 and the Report of the Auditors thereon.
2. To appoint Dr. D.S Rajapakse who is 76 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Dr. D.S Rajapakse 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 Dr. D.S Rajapakse".
3. To appoint Mr. D K Rajapakse who is 75 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D K Rajapakse who is 75 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapakse".
4. To appoint Mr. D R Rajapakse who is 74 years of age, as a Director of the Company and to adopt the following resolution:-
"IT IS HEREBY RESOLVED THAT Mr. D R Rajapakse who is 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapakse".
5. To appoint Mr. T K Bandaranayake who is 77 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 77 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 re-elect Ms. I Malwatte who retires by rotation in terms of Article 95 of the Articles of Association, as a Director of the Company
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 2021 and up to the date of the next Annual General Meeting.

By Order of the Board

SAMSON INTERNATIONAL PLC



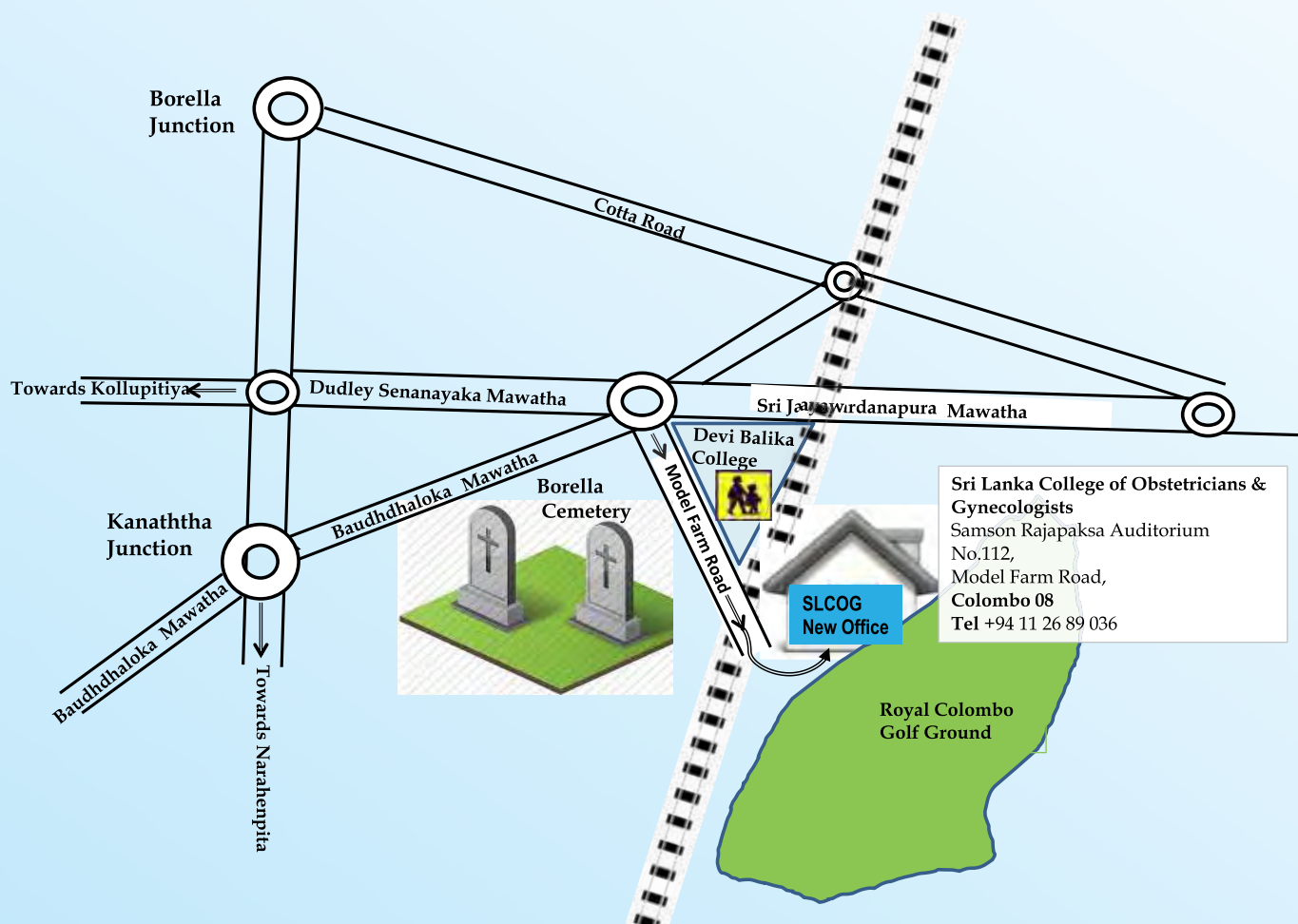
P W Corporate Secretarial (Pvt) Ltd
Secretaries

14th August 2020.
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



NOTES

[illegible]

FORM of Proxy

I/We of being a shareholder/ shareholders of SAMSON INTERNATIONAL PLC, do hereby appoint ofor failing *him/her*

Dr. D S Rajapaksa	of Colombo or failing him*
Mr. D K Rajapaksa	of Colombo or failing him*
Mr. D R Rajapaksa	of Colombo or failing him*
Mr. T K Bandaranayake	of Colombo or failing him*
Mr. D G P S Abeygunawardana	of Colombo or failing him*
Mr. D D A Rajapaksa	of Colombo or failing him*
Mr. D C J Rajapaksa	of Colombo or failing him*
Ms. I Malwatte	of Colombo

as *my/our Proxy to represent me/us*, to speak and vote for *me/us on *my/our behalf at the Twenty Eighth ANNUAL GENERAL MEETING OF THE COMPANY to be held on 30th September, 2020 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 Rajapakse who is 76 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Dr. D.S Rajapakse 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 Dr. D.S Rajapakse".	<input type="checkbox"/>	<input type="checkbox"/>
2.	To appoint Mr. D K Rajapakse who is 75 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D K Rajapakse who is 75 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D K Rajapakse".	<input type="checkbox"/>	<input type="checkbox"/>
3.	To appoint Mr. D R Rajapakse who is 74 years of age, as a Director of the Company and to adopt the following resolution:- "IT IS HEREBY RESOLVED THAT Mr. D R Rajapakse who is 74 years of age be and is hereby appointed as a Director of the Company and it is hereby declared as provided for in Section 211(1) of the Companies Act No.7 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. D R Rajapakse".	<input type="checkbox"/>	<input type="checkbox"/>
4.	To appoint Mr. T K Bandaranayake who is 77 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 77 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 re-elect Ms. I Malwatte who retires by rotation in terms of Article 95 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
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 2021 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

*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

DSI සැමසත් සමූහ ව්‍යාපාරයේ තේමා ගීතය

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ජාතිය පිරිහෙයි ගරා වැටී
දේසෙට වැඩ ඇති දේට රැවී
ජාතික හෙළකම පාමු අපි

දේස විදේසෙහි නාමේ රැඳී
පේද නොවන රන්දාමේ අපි //

තරග වැඳී විත් උනූන් පරදවන නිපැයුම් රණ මඬලේ
පණට වඩා ලැඳී මිනිස්කමට අප නොමැත නිශා දෙන්නේ

උත්සාහය උක් ගසක් වෙති
එහි අප නුදුටුව රසක් නැති
දෑසක එළියෙන් හමුව නිති
ලෝකෙට පහනක් වෙමුව අපි

සාමූහිකව බැඳී පවුරු ඉමේ
බිළස්අයි පුරවැසියෝ අපි //

SAMSON INTERNATIONAL PLC.

Corporate Office:

No. 110, Kumaran Rathnam Road, Colombo 02, Sri Lanka.

Tel : +94 11 4728800 Fax : +94 11 2440890

E-mail : info@samsonint.com Web : www.samsonint.com