

**Shalimar (Malay) PLC**

**ANNUAL  
REPORT**

**2 0 1 9 / 2 0**



**Goodhope**

A CARSON CUMBERBATCH COMPANY

## Financial Calendar

Financial Year End 31st March 2020

### Announcement of Results

First Quarter ended 30th June 2019 13th August 2019

Second Quarter ended 30th September 2019 14th November 2019

Third Quarter ended 31st December 2019 14th February 2020

Fourth Quarter ended 31st March 2020 26th May 2020

Notice of 111th Annual General Meeting 20th July 2020

**111th Annual General Meeting** 12th August 2020

## Contents

Chairman's Statement	1	Statement of Comprehensive Income	33
Management Discussion and Analysis	3	Statement of Financial Position	34
Risk Management	4	Statement of Changes in Equity	35
Profile of the Directors	5	Cash Flow Statement	36
Statement of Directors' Responsibilities	8	Notes to the Financial Statements	37
Annual Report of the Board of Directors on the Affairs of the Company	9	Five Year Summary	64
Audit Committee Report	22	Statement of Value Added	66
Related Party Transactions Review Committee Report	24	US\$ Financials	68
		Information to Shareholders and Investors	73
		Glossary of Financial Terms	76
		Notice of Meeting	78
		Notes	80
		Form of Proxy	83
<b>Financial Reports</b>		Corporate Information	IBC
Independent Auditors' Report	27		
Statement of Profit or Loss	32		

# Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Shalimar (Malay) PLC for the year ended 31st March 2020 and welcome you to the One Hundred and Eleventh Annual General Meeting of the Company.

## Financial Performance

The Indonesian Plantation, in which your Company has an equity stake via Shalimar Developments Sdn. Bhd., has been taking measures to consolidate its position and resources by carrying out its operational programs which were hampered over the past few years following the El-Nino and dry weather impact together with the continuous decline of the global commodity prices. Consequently, this year too no dividend was received from the Company's long term unquoted investment. The only source of income of the Company is the interest income it earns from short term deposits. Accordingly, your Company recorded a net profit after tax of Rs.Rs. 0.34 Mn for the year as compared to the profit of Rs. 0.66 Mn recorded in the previous financial year.

## Minimum Public Holding

As per Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange, a Listed Entity on the Main Board having a public holding below the specified requirement in terms of the said rules, has to ensure

that the public holding of such entity is maintained at a defined public holding percentage of shares in the hands of a minimum number of 500 public shareholders.

As previously informed via annual and interim reports, the Company is not in compliance with the minimum public holding requirements in relation to a Company Listed on the Main Board of the Colombo Stock Exchange (CSE) as per Rule 7.13.1 (a) of the Listing Rules of CSE. Accordingly, the Company was transferred to the 'Watch List' of the CSE in terms of Rule 7.13.2 (b) of the previous Listing Rules of the CSE with effect from 2nd July 2018. However, the CSE via their Circular No. 03/2019 dated 3rd October 2019 amended the Listing Rules on enforcement actions applicable for non-compliance with minimum public holding requirements with effect from 12th September 2019. Accordingly, in terms of Rule 7.13.2 of the Listing Rules of the CSE, the Company was transferred to the Second Board with effect from 15th November 2019.

In this regard, I wish to highlight that the objective of the voluntary offer made to all shareholders in 2011 was to acquire the entire minority shareholding as a step towards the consolidation of the oil palm plantation business segment of Carsons group. The offer documents also mentioned that upon completion of the voluntary offer, the rationale for remaining

## Chairman's Statement

listed will be evaluated. Since the voluntary offer did not result in the acquisition of the entire minority shareholding, the Company continued to remain listed.

Taking into consideration that a voluntary offer had been made and also considering that there is no requirement for additional capital infusion to the Company and resultantly, there being no plans for issuing of new shares nor a dilution by the majority shareholder and as previously communicated to shareholders through market disclosures and Annual Reports and in terms of the revised Listing Rules, we will report on the proposed course of action.

On behalf of the Board of Directors of the Company, I extend our appreciation to the shareholders for their continued support and confidence placed in the Directors and to all our business associates. I am thankful to our management and staff for their hard work and dedication. Last but not least, I would like to thank my fellow Board Members for their support and guidance provided throughout the year, and to the members of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee for their invaluable efforts.

I extend our sincere condolences to the family of late Mr. A. K. Sellayah.

I also warmly welcome Mr. D. P. De Silva to the board.

Messrs. H. Selvanathan, M. Selvanathan, I. Paulraj and K. C. N. Fernando, Directors who are over 70 years of age were re-appointed to the Board at the Annual General Meeting held on 24th May 2019 for a period of one year till 24th May 2020, vacated the office of directors on 24th May 2020 by operation of law as the Company was unable to convene the AGM prior to 24th May 2020 to consider the re-appointment of the said Directors due to the prevailing COVID 19 pandemic situation in the country.

Your Board has recommended the appointment of the aforementioned Directors, at the forthcoming Annual General Meeting.

(Sgd.)

**D. C. R. Gunawardena**

*Chairman*

7th July 2020

# Management Discussion and Analysis

## Review of Industry and Operational Performance

The equity investment in PT Agro Indomas (PTAI) in Indonesia made via Shalimar Developments Sdn. Bhd. (SDSB) and the shares held in Shalimar (Malay) PLC (SMPLC) comprise the sole operation of the Company.

The Indonesian investment, PT Agro Indomas is managed by the group's fully owned management arm in Indonesia. PTAI consists of 26,981 hectares of plantation with processing facilities of 225 MT/hr. Statistics pertaining to the operating performance of the Indonesian Investment, PT Agro Indomas is provided in this annual report in section 7 under "Information to Shareholders and Investors" in pages 74 and 75.

The Investment in SDSB is recorded in the financial statements at fair value as determined by an independent professional valuer as more fully explained in Note 8 to the financial statements.

Following the El-Nino impact, the Industry was on the road to recovery over the last two years in terms of production. However, erratic and dry weather conditions seem to hamper production once again.

The Global Crude Palm Oil prices witnessed historical lows in the past few years and the Industry still continues to be buffeted by declining CPO prices.

The unexpected COVID-19 Pandemic has further added uncertainties to businesses across the industry and the globe, the impact of which is yet to be ascertained.

In the midst of these industry challenges, PTAI has been taking several measures to consolidate its position and to remain resilient in the current environment. Hence, no dividend was received from the Company's long term unquoted investment in the year under review. The only source of revenue is the interest

income earned from the short term deposits. Accordingly, the Company recorded a profit after tax of Rs. 0.34 Mn from operations during the year under review compared to the profit of Rs. 0.66 Mn recorded in the previous financial year. Accordingly, no dividend has been proposed for the year under review.

### Minimum Public Holding

As more fully noted in the Chairman's Review, the Company is not in compliance with the minimum public holding requirements in relation to a Company Listed on the Main Board as per Rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange (CSE). The CSE subsequently issued an amendment on enforcement actions applicable for non-compliance with minimum public holding requirements via their Circular No. 03/2019 dated 3rd October 2019. Accordingly, the Company was transferred to the Second Board with effect from 15th November 2019.

We wish to note that taking into consideration the voluntary offer made to all shareholders in 2011 as a step towards consolidation of the oil palm business and as mentioned in the offer documents that the need for remaining listed will be evaluated. Since the voluntary offer did not result in the acquisition of the entire minority shareholding, the Company continued to remain listed. Further, considering that there is no requirement for additional capital infusion to the Company and resultantly, there being no plans for issuing of new shares nor a dilution by the majority shareholder and as previously communicated to shareholders through market disclosures and Annual Reports and in terms of the revised Listing Rules, the Company will report its proposed course of action.

### Agro Harapan Lestari (Pvt) Ltd Managers

7th July 2020

# Risk Management

The Company's overall risk management objective is to ensure that it creates value to its shareholders, whilst minimizing any potential adverse impact. The company's risk management framework is aligned to that of its parent company and Board approved policies and guidelines.

The integrated risk framework ensures early detection and prevention of risks as well as exploitation of opportunities, contributing to a sustainable business model. The risks are continuously reviewed and managed through the anticipation and deployment of effective corrective actions.

## Continuing Business Segment

The continuing business of the Company consists of the (i) equity investment made in Shalimar Development Sdn. Bhd. (SDSB) and (ii) shares held in Shalimar (Maly) PLC. SDSB owns shares in PT Agro Indomas of Indonesia, which is in the Oil Palm Plantation business. The Company's only source of operating income going forward will be any potential dividend income it may earn from its long term investments. The performance of the investments (both the investment value and the returns) are subject to the following key risks.

### (a) Investment Income Risk

#### I. Commodity Price Risk

The price of Crude Palm Oil (CPO), the main produce of PT Agro Indomas, is determined by international market forces. The price of CPO is volatile along with the movements in the global commodities market. The sale of CPO is the prime source of cash inflow for PT Agro Indomas. Therefore, any volatility in CPO prices will have a direct impact on the operating results and cash flows of PT Agro Indomas and its ability to pay dividends.

#### II. Environmental Risk

Unfavourable weather patterns, resulting in extreme conditions impacting palm growth,

natural and man-made disasters such as fire and potential crop disease could affect the quantity and/or quality of the produce. Accordingly, this can impact the volume of CPO production, and therefore, the operating results and cash flows generated by the investee companies and their ability to pay dividends.

### (b) Investment Valuation Risk

The value of the investments in the investee companies are stated at fair value and are assessed by an independent professional valuer using the discounted cash flows methodology. Some of the key assumptions which impact the valuation include the forecasted international selling price of CPO and the applicable market discount rate, both of which are beyond the control of the Company. While adequate measures are taken to manage the controllable input of the valuation assumptions, volatility in external environment and industry dynamics such as weather patterns and biological cycles together with macro-economic and political factors including inflation rates, also can result in fluctuations in the appraised fair value of the investments in the financial statements.

### (c) Foreign Exchange Risk

A currency risk is generated through the translation of foreign currency denominated investment to Sri Lankan Rupee for the purpose of financial reporting in Sri Lankan Rupees.

Given the unprecedented experience of a global pandemic in fourth quarter of FY 19/20, the price and foreign exchange risk have exacerbated significantly; and supply chain for edible oil and other commodities may face significant disruptions.

## Agro Harapan Lestari (Pvt) Ltd

*Managers*

7th July 2020

## Profile of the Directors

### **HARIHARAN SELVANATHAN**

*(Vacated office on 24th May 2020)*

Hariharan Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman/Group Chief Executive officer of Goodhope Asia Holdings Ltd. He is the President Commissioner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies.

He was the Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka). He counts over 20 years' experience in commodity trading in International Markets.

He holds a Bachelor's Degree in Commerce.

### **MANOHARAN SELVANATHAN**

*(Vacated office on 24th May 2020)*

Manoharan Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited and Ceylon Finance & Securities (Private) Ltd. He was the Chairman of Selinsing PLC. He is a Director of most of the Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia & Singapore and is an active member of its Executive Management Forums.

He has served as the Chairman of the Ceylon Chamber of Commerce and The Indo Lanka Chamber of Commerce & Industry and also as the President of the Rotary Club of Colombo North. At present, he is the Honorary Consul of the Republic of Chile in Sri Lanka.

Mano Selvanathan was conferred the National Honours in Sri Lanka the 'DESAMANYA' title by H.E. The President of Sri Lanka, in recognition of the services rendered to the Nation in November 2005.

In January 2011, he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India. He also received the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013 awarded by the Government of Chile.

He holds a Bachelor's Degree in Commerce.

### **ISRAEL PAULRAJ**

*(Vacated office on 24th May 2020)*

Israel Paulraj is the Chairman of Rubber Investment Trust Limited. He serves as a Director of several subsidiary companies within the Carsons Group.

He served as the Past Chairman of the Federation of Exporters Associations of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of the Ceylon Chamber of Commerce, National Chamber of Commerce of Sri Lanka and Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of

## Profile of the Directors

Commerce. He has also served as the Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of the Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as the Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non Traditional Export and Import Competitive Agriculture set up by the late President R. Premadasa. He served as the Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor's Degree in Law and an Executive Diploma in Business Administration.

### **CHANDIMA GUNAWARDENA**

Chandima Gunawardena was appointed as Chairman of Shalimar (Malay) PLC with effect from 24th May 2020. He serves as a Non-Independent, Non-Executive Director of most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non- Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and

serves on Board Committees, including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

### **SUBRAMANIAM MAHENDRARAJAH**

Subramaniam Mahendrarajah is a Director of Indo-Malay PLC, Selinsing PLC, Shalimar (Malay) PLC, Guardian Capital Partners PLC, Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 40 years experience in the fields of manufacturing, trading, financial services and management. He is also the Past President of the Rotary Club of Colombo Down Town and is the recipient of the prestigious 'Service above Self' award from Rotary International.



**PRITHIVIRAJ DE SILVA***(Appointed w.e.f. 16th December 2019)*

Prithviraj De Silva has over 35 years of experience in the fields of Finance and General Management.

He has been practicing as a Management Consultant since 1996. He moved to Melbourne in 2003 and worked as the Finance Controller of a company in the business of distributing specialty Beverages. He returned to Sri Lanka in 2005 and joined Wijeya Newspapers Ltd as the Finance Director.

He resigned from Wijeya Newspapers Ltd in 2015 and has been providing Management Consulting services to companies in the private sector from 2015 to-date.

**NALAKE FERNANDO***(Vacated office on 24th May 2020)*

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group, namely Equity One Limited and Equity Two PLC. He is also a Director of Carsons Management Services (Private) Limited. He was the Country Representative for Sri Lanka of Dalekeller & Associates Ltd, Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

He counts over 40 years of work experience and holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

**KENNETH SELLAYAH***(Deceased on 13th September 2019)*

Kenneth Sellayah was a Director of Good Hope PLC and Shalimar (Malay) PLC. He was a former Director of Shaw Wallace & Hedges Ltd, Prime Property Management Services (Pvt) Ltd, General Manager of Ceylon Trading Co. Ltd, a Director of some of its subsidiaries and Managing Director of Scanships Ltd. He served as the Chairman of the Coconut and General Products Exporters Association and the Exports Section of the Ceylon Chamber of Commerce. He was a Director of CPC (Lanka) Ltd and CPC Agrifoods Ltd. He was also a member of several Committees of the Ceylon Chamber of Commerce, the Institute of Exports, UK and the Chartered Management Institute, UK.

## Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the Financial Statements are detailed in the following paragraphs, while the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act No. 7 of 2007 and the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995, Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the financial position of the Company as at the end of the financial year and of the financial performance for the said period.

In preparing these Financial Statements, the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently while material departures, if any, have been disclosed and explained,
- all applicable Accounting Standards have been complied with,
- reasonable and prudent judgments and estimates have been made,
- Listing rules of the Colombo Stock Exchange (CSE) have been met and,
- Code of best practice on corporate governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) has been adopted.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that the Financial Statements of the Company meet with the requirements of the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard, to give proper consideration to the establishment of an appropriate system of internal controls with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a going concern basis after reviewing the financial position and the cash flows and the Directors are of the view that the Company has adequate resources to continue in operation for the foreseeable future from the date of signing these financial statements.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board,

(Sgd.)

**K. D. De Silva (Mrs.)**

*Director*

**Carsons Management Services (Private) Limited**

*Secretaries*

Colombo  
7th July 2020

# Annual Report of the Board of Directors on the Affairs of the Company

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices. The Annual Report was approved by the Directors on 7th July 2020.

## 1. General

The Directors have pleasure in presenting to the shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2020 of Shalimar (Malay) PLC, a public limited liability Company incorporated in Sri Lanka in 1909.

## 2. The Principal Activities of the Company

The principal activity of the Company is managing and holding of an investment portfolio.

## 3. Review of Operations

The review of the Company's operations during the year, with comments on financial results is stated in the Chairman's Statement on pages 01 and Review of Industry and Operational Performance on page 03.

These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company.

## 4. Financial Results

The Company recorded a Net Profit after tax of Rs. 0.34 Mn for the year. The details are disclosed below;

<i>For the year ended 31st March</i>	<b>2020</b>	2019
	<b>Rs.'000</b>	Rs.'000
<b>Profit after Tax</b>	<b>337</b>	656
Profit brought forward from previous year	<b>61,884</b>	61,228
<b>Profit available for Appropriation</b>	<b>62,221</b>	61,884
<b>Appropriations</b>		
Dividend paid	-	-
<b>Unappropriated Profit carried forward</b>	<b>62,221</b>	61,884

## Annual Report of the Board of Directors on the Affairs of the Company

### 5. Auditors' Report

The Auditors' Report on the Financial Statements is given on page 27 of this Annual Report.

### 6. Significant Accounting Policies

The Accounting policies adopted in the preparation of the Financial Statements are given on pages 37 to 50 in the Notes to the Financial Statements.

### 7. Financial Statements

The Company has prepared its Financial Statements in compliance with Sri Lankan Accounting Standards (SLFRS/LKAS).

Financial Statements of the Company comprising the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement together with the accompanying Notes to the Financial Statements for the year ended 31st March 2020 are set out on pages 32 to 63.

### 8. Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities for the Financial Statements is given on page 8 of this Annual Report.

### 9. Interests Register

#### 9.1 Directors' Interests

The Company maintains an Interests Register in conformity with the

provisions of the Companies Act No. 7 of 2007.

All Directors have made declarations as provided for in Section 192(2) of the Companies Act aforesaid.

The relevant details as required by the Companies Act No. 7 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

#### 9.2 Remuneration of Directors

The Directors' remuneration of the Company and the Aggregate remuneration paid to the Non-Executive Directors for the financial year ended 31st March 2020 is given in Note 18.2 to the Financial Statements on page 59.

Executive Directors are not compensated for their role on the Board.

#### 9.3 Directors' Interests in Contracts and Shares

Directors' interests in contracts of the Company are disclosed in Note 18.3 on page 60 to the Financial Statements and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in ordinary shares of the Company.

	No. of shares	
	31st March 2020	1st April 2019
Mr. H. Selvanathan (Vacated office on 24th May 2020)	-	-
Mr. M. Selvanathan (Vacated office on 24th May 2020)	1	1
Mr. I. Paulraj (Vacated office on 24th May 2020)	-	-
Mr. D.C.R. Gunawardena (Appointed as Chairman w.e.f. 24th May 2020)	-	-
Mr. A.K. Sellayah (Deceased on 13th September 2019)	-	-
Mr. K.C.N. Fernando (Vacated office on 24th May 2020)	-	-
Mr. S. Mahendrarajah	53	53
Mr. D.P.De Silva (Appointed w.e.f 16th December 2019)	-	-

## 10. Corporate Donations

There were no donations granted during the year.

## 11. Directors

The names of the Directors who served during the financial year are given under Corporate Information provided in the Inner Back Cover of this Annual Report.

## 11.1 Changes in directorate

### 11.1(a) Demise of a Director

Mr. A.K.Sellayah, Non-Executive/ Independent Director of the Company passed away on 13/09/2019.

### 11.1(b) Appointment of a Director

Mr. D.P. De Silva was appointed to the Board as a Non-Executive/ Independent Director w.e.f. 16th December 2019.

### 11.1(c) Vacation of office of Directors

Pursuant to section 211 of the Companies Act No. 07 of 2007 Messrs. H. Selvanathan, M. Selvanathan, I. Paulraj and K. C. N. Fernando, who were re-appointed to the Board at the Annual General Meeting held on 24th May 2019 for a period of one year till 24th May 2020, vacated the office of directors on 24th May 2020 by operation of law. The Company was unable to convene the AGM to consider the re-appointment of the said Directors as recommended by the Board, due to the prevailing COVID 19 pandemic situation of the country.

The Company made a disclosure to the Colombo Stock Exchange on 26th May 2020 with regard to the above

## 11.2 Directors to Retire by Rotation

In terms of Articles 87 & 88 of the Articles of Association of the Company, Mr. D.C.R. Gunawardena retires by rotation and being eligible, offers himself for re-election.

## Annual Report of the Board of Directors on the Affairs of the Company

### 11.3 Retirement at the First Annual General Meeting following the appointment as a Director

In terms of the Article 94 of the Articles of Association of the Company, Mr. D.P.De Silva retires by rotation and being eligible offers himself for re-election.

### 11.4 Proposed appointments to the Board

The Board has recommended the appointment of Messrs. H. Selvanathan, M. Selvanathan, I. Paulraj and K. C. N. Fernando, who are over seventy years of age, to the Board of the Company pursuant to Article 94 of the Articles of Association of the Company.

In terms of section 211 of the Companies Act, No. 07 of 2007, the approval of the shareholders is sought by way of ordinary resolutions for the appointment of Messrs. H. Selvanathan, M. Selvanathan, I. Paulraj and K. C. N. Fernando as Directors of the Company for a period of one year and that the age limit stipulated in section 210 of the Companies Act No. 07 of 2007 shall not be applicable to the said Directors.

The requisite Resolutions to give effect to the above, are set out in the Notice convening the Annual General Meeting of the Company.

## 12. Auditors

The Company's Auditors during the year under review were Messrs. Ernst & Young, Chartered Accountants.

A sum of Rs. 231,750 was paid to them by the Company as audit fees for the year ended 31st March 2020 (2019: Rs. 231,750).

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors of the Company and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditors.

## 12.1 Auditors' Relationship or any Interest with the Company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors did not have any interest with the Company that would impair their independence.

## 13. Compliance with Rules of the Colombo Stock Exchange

The Board has ensured that the Company has complied with the Rules pertaining to Corporate Governance and Related Party Transactions as per the Listing Rules of the Colombo Stock Exchange (CSE). The requirement with regard to minimum public holding is noted in section 13.1 below.

### 13.1 Minimum Public Holding

As per Rule 7.13.1.(a) of the Listing Rules of the Colombo Stock Exchange, a Listed Entity on the main Board is required to maintain a minimum public holding as specified in the said Rules. The Company does not at present satisfy the minimum public holding requirement. Hence, the Company was transferred to the second board of the CSE on 15th November 2019 in accordance with the enforcement procedure set out in Rule 7.13.2 of the Listing Rules for non-compliance with minimum public float.

Subsequent to the transfer to the second board of the CSE, the Company made a disclosure on 25th November 2019 and continues to make the necessary announcements to the CSE on a quarterly basis as required by Rule 7.13.2. (I) of the Listing Rules of the CSE.

Considering that there is no requirement for additional capital infusion to the Company and resultantly there being no plans for issuing either new shares or a dilution by the majority shareholder, the Company would not be in compliance with the said requirements and the Company would report on the proposed course of action.

### 13.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 5 to 7 of this Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. H. Selvanathan <i>(Vacated office on 24th May 2020)</i>	Executive
Mr. M. Selvanathan <i>(Vacated office on 24th May 2020)</i>	Executive
Mr. I. Paulraj <i>(Vacated office on 24th May 2020)</i>	Non-Executive
Mr. A.K. Sellayah <i>(Deceased on 13th September 2019)</i>	Non-Executive/ Independent
Mr. D.C.R. Gunawardena <i>(Appointed as Chairman w.e.f. 24th May 2020)</i>	Non-Executive
Mr. K.C.N. Fernando <i>(Vacated office on 24th May 2020)</i>	Executive
Mr. S. Mahendrarajah	Non-Executive/ Independent*
Mr.D.P.De Silva <i>(Appointed w.e.f 16th December 2019)</i>	Non-Executive/ Independent**

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2.b. of the Listing Rules of the Colombo Stock Exchange. The said declarations were circulated to the Board on 7th July 2020, in order to enable the Board of Directors to determine the Independence/Non- Independence of the Non-Executive Directors.

## Annual Report of the Board of Directors on the Affairs of the Company

Accordingly, the Board has determined the following Non-Executive Directors as Independent Directors on the Board.

\*The Board has determined that Mr. S. Mahendrarajah is an Independent Director in spite of being a Director on the Boards of Indo–Malay PLC and Selinsing PLC, in which the majority of the other Directors of the Board are also Directors and being a Director of Selinsing PLC which has a significant shareholding in the Company, since he is not directly involved in the management of the company.

\*\* Mr. D.P.De Silva is an Independent Director in spite of being a director of Good Hope PLC in which the majority of the Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

The Managers of the Company are Agro Harapan Lestari (Pvt) Ltd.

### 13.3 Directors' Meetings

Four Board Meetings were convened during the financial year and the attendance of the Directors were as follows.

Directors	Meetings attended (Out of 4)
Mr. H. Selvanathan <i>(Vacated office on 24th May 2020)</i>	4
Mr. M. Selvanathan <i>(Vacated office on 24th May 2020)</i>	4
Mr. I. Paulraj <i>(Vacated office on 24th May 2020)</i>	3
Mr. D.C.R. Gunawardena <i>(Appointed as Chairman w.e.f. 24th May 2020)</i>	4
Mr. A.K. Sellayah <i>(Deceased on 13th September 2019)</i>	2
Mr. K.C.N. Fernando <i>(Vacated office on 24th May 2020)</i>	4
S. Mahendrarajah	4
Mr. D.P.De Silva <i>(Appointed w.e.f 16th December 2019)</i>	-



### 13.4 Remuneration Committee

As permitted by the Colombo Stock Exchange, the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Remuneration Committee of the Company and comprises of the following members.

Remuneration Committee Members	Executive/ Non-Executive/ Independent
Mr. T. De Zoysa (Chairman)	Non- Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W. M. R. S. Dias	Non- Executive/ Independent Director of CCPLC

#### Scope and objectives

The primary objective of the Remuneration Committee is to lead and establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all group Companies

#### Functions and Proceedings

The Remuneration Committee recommends to the Board, the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

The Chief Executive Officer, Director-in- charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

The committee is authorized by the Board to seek appropriate professional advice internally and externally as and when it considers this necessary.

The Remuneration Committee meets at least twice a year.

## Annual Report of the Board of Directors on the Affairs of the Company

During the period under review, the Committee had one meeting and the attendance of the members were as follows;

Remuneration Committee Members	Meetings attended (out of 1)
Mr. T. De Zoysa (Chairman)	1
Mr. D.C.R. Gunawardena	1
Mr. R. Theagarajah	-
Mr. W. M. R. S. Dias	1

Executive Directors are not compensated for their role on the Board.

The Directors' remuneration of the Company and the Aggregate remuneration paid to the Non-Executive Directors for the financial year ended 31st March 2020 is given in Note 18.2 to the Financial Statements on pages 59.

### 13.5 Audit Committee

As permitted by the Colombo Stock Exchange the Audit Committee of CCPLC, the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Audit Committee of the Company and comprises of the following members:

Audit Committee Members	Executive/ Non-Executive/ Independent
Mr. V.P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non- Executive Director of CCPLC
Mr. F. Mohideen	Non- Executive/ Independent Director of CCPLC
Mr. A.S. Amaratunga	Non- Executive/ Independent Director of CCPLC

The Audit Committee Report is given on pages 22 to 23 of this Annual Report.

### 13.6 Related Party Transactions Review Committee

As permitted by the Colombo Stock Exchange the Related Party Transactions Review Committee of CCPLC, the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Related Party Transactions Review Committee (RPTRC) of the Company and comprises of the following members.

<b>RPTRC Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. V. P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive Director of CCPLC
Mr. M. Selvanathan	Executive Director of CCPLC
Mr. S.K. Shah	Executive Director of CCPLC

The Company is in compliance with rule 9 of the Listing Rules of the CSE pertaining to Related Party Transactions, during the financial year.

The Related Party Transactions Review Committee report is given on pages 24 to 25 of this Annual Report.

#### **13.6.1 Non-Recurrent Related Party Transactions**

There were no non-recurrent related party transactions for the year ended 31st March 2020 which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2020 Audited Financial Statements as required

by the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

#### **13.6.2 Recurrent Related Party Transactions**

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31st March 2020 Audited Financial Statements as required by the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

All the related party transactions are disclosed under Note 18 on page 58 to the Financial Statements.

#### **14. Distributions**

There were no distributions made during the financial year.

#### **15. Solvency Test**

Since there is no recommendation for a payment of a Dividend for the year ended 31st March 2020, it is not required to prepare a solvency statement in accordance with section 56 of the Companies Act, No. 07 of 2007.

## Annual Report of the Board of Directors on the Affairs of the Company

### 16. Stated Capital

The stated capital of the Company as at 31st March 2020 was Rs. 69,400,800 comprising of 5,397,840 shares given in Note 11 on page 57.

### 17. Shareholders' Funds

Total reserves of the Company as at 31st March 2020 was Rs. 5,538.44 Mn (2019: Rs. 5,748.93 Mn) comprising of Retained Earnings of Rs. 62.22 Mn (2019: Rs. 61.88 Mn) and Other reserves of Rs. 5,476.2 Mn (2019: Rs. 5,687.05 Mn). Total reserves combined with Stated Capital as at 31st March 2020 was Rs. 5,607.8 Mn (2019: Rs. 5,818.34 Mn).

The movements are shown in the Statement of Changes in Equity given on page 35.

### 18. Capital Expenditure and Investments

The Company has incurred Rs. 0.18 Mn (2019: Nil) on capital expenditure during the current financial year.

### 19. Value of the Investments

- (a) Unquoted Investments – The Company obtained the services of PricewaterhouseCoopers (Pvt) Ltd (PWC) to carry out an independent indicative fair market valuation of the equity interest in the unquoted investment in SDSB as at valuation date of 31 December 2019.

The primary method adopted was the Income Approach using discounted cash flows. The methodology followed, key assumptions used and sensitivity

analysis are disclosed under note 8 to the Financial Statements.

The valuation techniques, inputs and assumptions used in the valuation have been deliberated and agreed by the management and are consistent with the previous years.

### 20. Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in the Financial Statements.

### 21. Going Concern

The financial statements of the Company have been prepared on a going concern basis as the Company continues to hold its main investment in SDSB. The directors have a reasonable expectation that the Company's investment segment operation will continue for the foreseeable future. The Company assesses the impact due to COVID-19 will not have a material impact on the Company's ability to continue as a going concern. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**22. Events After the Reporting Date**

Subsequent to the reporting date, no material circumstances have arisen, which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 16 on Page 58 to the Financial Statements.

**23. Share Information**

The details relating to market value per share and information on share trading is given on pages 73 to 74 of this Annual Report.

**24. Annual Report**

The Board of Directors on 7th July 2020 approved the Company's Financial Statements together with the Reviews which form part of the Annual Report. The appropriate number of copies of the report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

**25. Twenty Major Shareholders**

<i>As at 31 March</i>	2020		2019	
	No. of shares	%	No. of shares	%
Goodhope Asia Holdings Ltd	<b>4,491,047</b>	<b>83.20</b>	4,491,047	83.20
Selinsing PLC	<b>579,432</b>	<b>10.73</b>	579,432	10.73
Good hope PLC	<b>167,328</b>	<b>3.10</b>	167,328	3.10
Indo-Malay PLC	<b>119,448</b>	<b>2.21</b>	119,448	2.21
Mr. K.C. Vignarajah	<b>21,422</b>	<b>0.40</b>	21,414	0.40
Mrs. S. Vignarajah	<b>3,716</b>	<b>0.07</b>	3,714	0.07
Mr. J.A.A. Chandrasiri	<b>1,798</b>	<b>0.03</b>	1,798	0.03
Dr. D. Jayantha	<b>1,480</b>	<b>0.03</b>	1,480	0.03
Best Real Invest Co Services (Private) Limited	<b>1,329</b>	<b>0.02</b>	1,329	0.02
Mr. M.M.A. Ameen	<b>846</b>	<b>0.02</b>	846	0.02
Miss. K.R. Vignarajah	<b>810</b>	<b>0.02</b>	810	0.02
Dr. R.D. Kahandawa Arachchi	<b>700</b>	<b>0.01</b>	700	0.01
Mr. N.K. Punchihewa	<b>531</b>	<b>0.01</b>	531	0.01
Mr. V.H.D.S.S. Siriwardena (Deceased)	<b>409</b>	<b>0.01</b>	409	0.01
Mr. N.S.C. De Silva	<b>374</b>	<b>0.01</b>	374	0.01
Acuity Partners (Pvt) Limited/ MR.N.K. Punchihewa	<b>362</b>	<b>0.01</b>	362	0.01
Mr. P.K.D.F. Pitigala	<b>352</b>	<b>0.01</b>	352	0.01
Mrs. F.H. Ameen	<b>352</b>	<b>0.01</b>	352	0.01
Mr. V. Baskarasundaram	<b>351</b>	<b>0.01</b>	351	0.01
Mrs. N.K.L. Munavir	<b>283</b>	<b>0.01</b>	283	0.01

## Annual Report of the Board of Directors on the Affairs of the Company

### 26. Amendment to the Articles of Association of the Company

With the objective of enhancing methods of convening of General Meetings and facilitate better shareholder participation at General Meetings, the Board of Directors have proposed to amend the Articles of Association of the company to include provisions relating to virtual general meetings.

The requisite Special Resolution to give effect to the above is set out in the notice convening the Annual General Meeting of the Company.

### 27. Annual General Meeting

The One Hundred and Eleventh Annual General Meeting of the Company will be held on the 12th day of August 2020 at 4.00 p.m at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7. Sri Lanka by participants assembling physically and through audio or audio and visual means.

The Notice of Annual General Meeting is on page 78 of this Annual Report.

### 28. Internal Control and Risk Management

The Board is responsible for the establishment of the Company's internal controls and its effectiveness. Internal control is established so as to safeguard the assets, prevent and detect frauds and irregularities and to make available, accurate and timely information. However, any system can provide only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance. The Group's internal audit division plays an important role in assessing the effectiveness and the implementation of the internal control system. Further, the Audit Committee receives reports on the adequacy and effectiveness of the Company's internal control. The Board is also conscious of the risks and have identified and listed out the risks profile as given on page 4 of this Annual Report. Management will continue to monitor and manage these risks on a continuous basis.

**29. Human Resources**

With the disposal of the Malaysian Plantation Property, the Company does not have any employees as at 31st March 2020.

**30. Pending litigation**

There are no litigations currently pending against the Company.

Signed for and on behalf of the Board,

(Sgd.)

**D.C.R. Gunawardena**

*Chairman*

(Sgd.)

**S. Mahendrarajah**

*Director*

(Sgd.)

**K.D. de Silva (Mrs.)**

*Director*

**Carsons Management Services (Pvt) Ltd**

*Secretaries*

7th July 2020

# Audit Committee Report

## Audit Committee

In accordance with the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company of Goodhope Asia Holdings Limited (GAHL), functions as the Audit Committee of the Company.

<b>Audit Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. V.P. Malalasekera (Chairman)	Non-Executive/ Independent (CCPLC)
Mr.D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr.F. Mohideen	Non-Executive/ Independent (CCPLC)
Mr.A.S. Amaratunga	Non-Executive/ Independent (CCPLC)

Mr.V.P. Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.D.C.R. Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr.F. Mohideen, a Non-Executive, Independent Director of CCPLC was a former Deputy Secretary to the Treasury, a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

Mr.A.S. Amaratunga, a Non-Executive, Independent Director of CCPLC, is also a Director of Hemas Holdings PLC, Chairman of Hemas Holdings PLC-Audit

Committee and a Commissioner of PT Agro Indomas, Indonesia, a subsidiary of Carson Cumberbatch PLC.

The audit aspects of Shalimar (Malay) PLC are conducted within the Agenda of CCPLC - Audit Committee.

The Company holds and manages an investment portfolio.

## Meetings of the Audit Committee

CCPLC-Audit Committee held Three (03) Meetings during the financial year to discuss matters relating to the Company and where necessary the approval of the Members were also sought via circulation of papers.

The attendance of Members at Committee Meetings were as follows :

	<b>Meetings attended (out of 03)</b>
Mr. V.P. Malalasekera (Chairman)	02
Mr.D.C.R. Gunawardena	03
Mr.F. Mohideen	02
Mr.A.S. Amaratunga	03

The Audit Committee Meetings were attended by the Country Head (Sri Lanka) and Head of Finance-MIS & Reporting, Agro Harapan Lestari (Pvt) Ltd, Managers, when necessary.

The Audit Committee met the External Auditors, Messrs. Ernst & Young twice during the year to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Committee also discussed the draft Financial Report and Accounts with the External Auditors, without the management being present.



### **Purpose of the Audit Committee**

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

### **Financial Statements**

The interim financial statements of Shalimar (Malay) PLC have been reviewed by the Audit Committee Members. The draft financial statements of Shalimar (Malay) PLC for the year ended 31st March 2020 were also reviewed at a Meeting of the Audit Committee Members, together with the External Auditors, Messrs. Ernst & Young, prior to release of same to the Regulatory Authorities and to the shareholders.

The Audit Committee Members were provided with confirmations and declarations as required by the Managers, Agro Harapan Lestari (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

### **Internal Audit**

In accordance with the recommendation of the Audit Committee, the financial audits

are carried out annually. The operations of the Company have been scaled down only to the investments in Shalimar Developments Sdn Bhd, which is the investment arm within the Group. Since no new investments were made, the risks are very minimal and thus no internal audits were carried out during the year.

### **Performance of the investments held by the Company**

The Company's investments in PT Agro Indomas (PTAI), held through Shalimar Developments Sdn Bhd is managed by the group's (GAHL) fully owned management arm in Indonesia, PT Agro Harapan Lestari. GAHL's Audit Committee covers audit obligations over Indonesian plantation operations incorporated in Indonesia, including PTAI.

### **External Audit**

The Members of the Audit Committee have determined that Messrs. Ernst & Young, Chartered Accountants were independent on the basis that they did not carry out any special assignment on the operations of the Company. The Committee has reviewed the external audit plan and followed up on issues raised.

The Members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors for the financial year ending 31st March 2021, subject to the approval of the shareholders of Shalimar (Malay) PLC at the Annual General Meeting.

(Sgd.)

**V.P. Malalasekera**

*Chairman – Audit Committee*

**Carson Cumberbatch PLC**

Colombo  
7th July 2020

## Related Party Transactions Review Committee Report

In accordance with the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC), the Parent Company of Goodhope Asia Holdings Limited, functions as the RPTRC of the Company.

The Company holds and manages an investment portfolio.

### Composition of the Committee

The Members of the RPTRC are as follows :

1. Mr.V. P. Malalasekera (Chairman) - Non-Executive/Independent Director of CCPLC
2. Mr.F. Mohideen - Non-Executive/Independent Director of CCPLC
3. Mr.D.C.R. Gunawardena - Non-Executive Director of CCPLC
4. Mr.H. Selvanathan - Executive Director of CCPLC
5. Mr.M. Selvanathan - Executive Director of CCPLC
6. Mr.S.K. Shah - Executive Director of CCPLC

### Meetings of the Related Party Transactions Review Committee

CCPLC-RPTRC held Three (03) Meetings during the financial year and where necessary the approval of the Members were also sought via circulation of papers.

The attendance of the Members at Committee Meetings were as follows:

	<b>Meetings attended (out of 03)</b>
Mr. V.P. Malalasekera (Chairman)	02
Mr.F. Mohideen	03
Mr.D.C.R. Gunawardena	03
Mr.H. Selvanathan	03
Mr.M. Selvanathan	03
Mr.S.K. Shah	03

### Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the 'Related Party Transactions Compliance Code' (RPT Code), prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

### Policies and procedures

- The RPTRC reviews the relevant Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies are necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.

- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the RPT code need not be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function endeavours to ensure that :

- there is compliance with the Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel (KMP) and quarterly disclosures are made by the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2019 to 31st March 2020 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)

**V.P. Malalasekera**

Chairman – Related Party Transactions Review Committee

**Carson Cumberbatch PLC**

Colombo  
7th July 2020

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## **Financial Reports**

Independent Auditors' Report	27
Statement of Profit or Loss	32
Statement of Comprehensive Income	33
Statement of Financial Position	34
Statement of Changes in Equity	35
Cash Flow Statement	36
Notes to the Financial Statements	37

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# Independent Auditors' Report



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## TO THE SHAREHOLDERS OF SHALIMAR (MALAY) PLC

### Report on the audit of the financial statements

#### Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2020 and its financial performance and its 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 Code of Ethics issued by The Institute of Chartered Accountants of Sri Lanka ("Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA  
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA  
Ms. A A Ludovick FCA FCMA Ms. G G S Manetunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijeturiya FCA FCMA  
Principals: G B Goudan ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

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## Independent Auditors' Report

section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of

the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Valuation of unquoted financial assets classified under Fair Value through Other Comprehensive Income</b></p> <p>The Company's financial assets consists of unquoted equity investment in investment holding company, of which fair value is Rs. 5,568.05 Mn at the reporting date. The fair value of financial assets classified under Fair Value through Other Comprehensive Income, were derived based on adjusted net assets basis, which was very much dependent on the fair value of the palm oil plantation held by PT Agro Indomas.</p> <p>We determined valuation of unquoted financial assets as key audit matter due to use of valuation techniques, highly subjective and sensitive assumptions such as crude palm oil price ("CPO"), discount rate and yield per hectare and significant unobservable inputs, as further disclosed in notes 3 and 8 to the financial statements.</p>	<p>Our audit procedures included among others:</p> <ul style="list-style-type: none"> <li>• Assessment of the objectivity, independence and expertise of the management's external expert engaged for the valuation;</li> <li>• Engagement of our internal expert to evaluate the appropriateness of the significant assumptions and methodologies used by management's external expert, in particularly those relating to CPO, discount rate and yield per hectare.</li> <li>• Validation of key data used in the valuation.</li> <li>• We further evaluated the adequacy of the related disclosures in the notes 3 and 8.</li> </ul>

### Other information included in the Company's 2019/20 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The 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 the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Independent Auditors' Report

- 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 management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

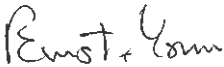
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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



### **Report on other legal and regulatory requirements**

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

The Institute of Chartered Accountants of Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.



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**Of ERNST AND YOUNG**

*Chartered Accountants*

7th July 2020

Colombo

## Statement of Profit or Loss

<i>For the year ended 31 March</i>		<b>2020</b>	2019
	Notes	<b>Rs. '000</b>	Rs. '000
Interest Income		<b>3,956</b>	3,405
Other Income	13.1	<b>6</b>	2
Administrative Expenses		<b>(3,625)</b>	(2,751)
<b>Profit before Tax</b>	4	<b>337</b>	656
Income Tax Expense	5	-	-
<b>Profit for the year</b>		<b>337</b>	<b>656</b>
<b>Earnings per Share (Rs.)</b>	6	<b>0.06</b>	<b>0.12</b>

The Accounting Policies and Notes from pages 37 to 63 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Statement of Comprehensive Income

<i>For the year ended 31 March</i>		<b>2020</b>	2019
	Notes	<b>Rs. '000</b>	Rs. '000
<b>Profit for the year</b>		<b>337</b>	656
<b>Other Comprehensive Income</b>			
<b>Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods;</b>			
(Loss) / Gain on Change in Fair Value of Financial Assets classified under FVOCI		<b>(210,835)</b>	174,308
Deferred Tax attributable to Gain on Change in Fair Value of Financial Assets classified under FVOCI	5	-	23,013
<b>Net Other Comprehensive (Expense) / Income not to be reclassified to Profit or Loss in subsequent periods;</b>		<b>(210,835)</b>	197,321
<b>Other Comprehensive (Expense) / Income for the year, Net of Tax</b>		<b>(210,835)</b>	197,321
<b>Total Comprehensive (Expense) / Income for the year, Net of Tax</b>		<b>(210,498)</b>	197,977

The Accounting Policies and Notes from pages 37 to 63 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Statement of Financial Position

<i>As at 31 March</i>		<b>2020</b>	2019
	Notes	Rs. '000	Rs. '000
<b>Assets</b>			
<b>Non-Current Asset</b>			
Property, Plant and Equipment	7	<b>172</b>	-
Other Non-Current Financial Assets	8	<b>5,568,053</b>	5,778,888
<b>Total Non-Current Asset</b>		<b>5,568,225</b>	5,778,888
<b>Current Assets</b>			
Advances and Prepayments		<b>197</b>	213
Income Tax Receivable		<b>764</b>	523
Short Term Investment	10	<b>35,038</b>	35,865
Cash and Cash Equivalents	9	<b>4,424</b>	4,776
<b>Total Current Assets</b>		<b>40,423</b>	41,377
<b>Total Assets</b>		<b>5,608,648</b>	5,820,265
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital	11	<b>69,401</b>	69,401
Retained Earnings		<b>62,221</b>	61,884
Other Reserves	12	<b>5,476,219</b>	5,687,054
<b>Total Shareholders' Funds</b>		<b>5,607,841</b>	5,818,339
<b>Current Liabilities</b>			
Other Payables	13	<b>25</b>	31
Provisions and Accrued Expenses		<b>782</b>	1,895
<b>Total Current Liabilities</b>		<b>807</b>	1,926
<b>Total Liabilities</b>		<b>807</b>	1,926
<b>Total Equity and Liabilities</b>		<b>5,608,648</b>	5,820,265
<b>Net Assets per Ordinary Share (Rs.)</b>		<b>1,038.90</b>	1,077.90

The Accounting Policies and Notes from pages 37 to 63 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

**Aneesh Dudeja**

*President / Chief Financial Officer*

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Managers.

Signed for and on behalf of the Board.

(Sgd.)

**M.R. Jiffrey**

*Director*

(Sgd.)

**D.C.R. Gunawardena**

*Chairman*

(Sgd.)

**S.Mahendrarajah**

*Director*

**Agro Harapan Lestari (Pvt) Ltd**

7th July 2020

Colombo

# Statement of Changes in Equity

	Stated Capital		Fair Value Reserve		Retained Earnings		Total Shareholders' Funds	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2018	69,401	5,489,733	61,228	5,620,362				
Profit for the year	-	-	656	656				
Other Comprehensive Income	-	197,321	-	197,321				
Total Comprehensive Income for the year	-	197,321	656	197,977				
<b>Balance as at 31st March 2019</b>	<b>69,401</b>	<b>5,687,054</b>	<b>61,884</b>	<b>5,818,339</b>				
Profit for the year	-	-	337	337				
Other Comprehensive Income	-	(210,835)	-	(210,835)				
Total Comprehensive Income for the year	-	(210,835)	337	(210,498)				
<b>Balance as at 31 March 2020</b>	<b>69,401</b>	<b>5,476,219</b>	<b>62,221</b>	<b>5,607,841</b>				

The Accounting Policies and Notes from pages 37 to 63 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

# Cash Flow Statement

<i>For the year ended 31 March</i>		<b>2020</b>	2019
	Notes	Rs. '000	Rs. '000
<b>Operating Activities</b>			
<b>Profit before Tax</b>		<b>337</b>	656
Adjustments for:			
Depreciation	7	<b>5</b>	-
Unclaimed Dividend Forfeited	13.1	<b>(6)</b>	(2)
Interest Income		<b>(3,956)</b>	(3,405)
<b>Operating Loss before Working Capital Changes</b>		<b>(3,620)</b>	(2,751)
<b>Working Capital Changes:</b>			
Advances and Prepayments		<b>1,614</b>	33
Provisions and Accrued Expenses		<b>(1,113)</b>	62
<b>Cash Flows (used in)/from Operations</b>		<b>(3,119)</b>	(2,656)
Income tax paid		-	-
<b>Net cash flows used in operating activities</b>		<b>(3,119)</b>	(2,656)
<b>Investing Activities</b>			
Acquisition of Property, Plant and Equipment	7	<b>(177)</b>	
Interest Received		<b>2,117</b>	3,405
Short Term Investments	10	<b>827</b>	(35,865)
<b>Net Cash Flows From / (Used In) Investing Activities</b>		<b>2,767</b>	(32,460)
<b>Financing Activities</b>			
Dividend paid/claimed by shareholders		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>(352)</b>	(35,116)
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>4,776</b>	39,892
<b>Cash and Cash Equivalents at the end of the year</b>	9	<b>4,424</b>	4,776

The Accounting Policies and Notes from pages 37 to 63 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Shalimar (Malay) PLC ("Company") is a public quoted company with limited liability, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 61, Janadhipathi Mawatha, Colombo 01.

### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company is managing and holding of an investment portfolio.

### 1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity is Goodhope Asia Holdings Limited incorporated in Singapore. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is Bukit Darah PLC which is incorporated in Sri Lanka

### 1.4 Date of Authorization for Issue

The Financial Statements of Shalimar (Malay) PLC for the year ended 31st March 2020 was authorized for issue in accordance with a resolution of the Board of Directors on 7th July 2020.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Statement of Compliance

The Financial Statements of Shalimar (Malay) PLC comprises the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the Accounting Policies and Notes to the Financial Statements.

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS") as issued by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 07 of 2007.

#### 2.1.2 Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by Institute of Chartered Accountants of Sri Lanka.

The Financial Statements have been prepared on a historical cost basis, except for the following material items in the statement of Financial Position;

- Financial assets classified under Fair Value through Other Comprehensive Income.

## Notes to the Financial Statements

### 2.1.3 Comparative Figures

Certain comparative figures have been reclassified in order to conform to the presentation for the current period. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

## 2.2 Changes in Accounting Policies and Disclosures

### 2.2.1 New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the changes in accounting policies described in Note 2.2.2.

### 2.2.2 New Standards effective from 01st January 2019

SLFRS 16 Leases becomes effective for the annual periods beginning on or after 1st January 2019. The nature and effect of the changes as a result of adoption of this new accounting standard are described in Note (a) below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" becomes effective for the annual periods beginning on or after 01 January 2019. The nature and effect of the changes as a result of adoption of this new Interpretation are described

in Note 2.2.3 (a) below. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### (a) SLFRS 16 – Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

SLFRS 16 does not have an impact on Company's Financial Statements.



### 2.2.3 Interpretations effective from 01st January 2019

#### (a) IFRIC Interpretation 23 “Uncertainty over Income Tax Treatment”

This Interpretation clarifies how to apply the recognition and measurement requirements in LKAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability, applying the requirements in LKAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

IFRIC 23 does not apply to taxes or levies outside the scope of LKAS 12 and does not specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- **Whether an entity considers uncertain tax treatments separately** - An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, based on which approach better predicts the resolution of the uncertainty
- **The assumptions an entity makes about the examination of tax**

#### treatments by taxation authorities

- In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

- **How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates** - If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings.

If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

## Notes to the Financial Statements

- The most likely amount—the single most likely amount in a range of possible outcomes.
- The expected value—the sum of the probability-weighted amounts in a range of possible outcomes.
- How an entity considers changes in facts and circumstances - An entity shall reassess a judgment or estimate required by this Interpretation if the facts and circumstances on which the judgment or estimate was based change or as a result of new information that affects the judgment or estimate.

This Interpretation is effective for annual reporting periods beginning on or after 1st January 2019. The Company has have applied IFRIC 23 in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates during the year. The Company has does not have material uncertainties over the application of tax treatments that would require separate disclosures in the financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 2.2.4 Standards, Amendments and Interpretations issued but not yet effective

The following new accounting standards, amendments and interpretations that are issued, but not yet effective up to the date of issuance of the company's financial statements are disclosed below. The Company intends to adopt these new accounting standards, amendments and interpretations, if applicable, when they become effective.

#### (a) Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020.

The Company does not expect significant impact on its financial statements resulting from the application of the above standards, amendments and interpretations.

## 2.3 Summary of Significant Accounting Policies

### 2.3.1 Conversion of Foreign Currencies

#### (a) Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees .

#### (b) Investment Operations in Sri Lanka

The functional currency of the investment operations in Sri Lanka is Sri Lanka Rupees. Transactions in foreign currencies are initially translated into functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated at the functional currency rate of exchange ruling at that date. The exchange differences arising on translation are taken to the Statement of Profit or Loss. The exchange gains or losses of financial assets classified under Fair Value through Other Comprehensive Income (OCI) taken to Other Comprehensive Income.

### 2.3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the

property, plant and equipment. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment and the cost can be reliably measured. All other expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Computer Equipment - Over  
03 Years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income when the asset is derecognised.

## Notes to the Financial Statements

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

### 2.3.3 Financial Instruments — Initial Recognition and Subsequent Measurement (From 01/04/2018)

#### Financial Assets

##### Initial Recognition and Measurement

Financial assets within the scope of SLFRS 09 are broadly categorised as financial assets at amortised cost, fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus (in the case of assets not at fair value through profit or loss) directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances, short-term deposits, and fair value through other comprehensive income (FVOCI) financial assets.

##### Subsequent Measurement

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

#### (a) Debt Instruments at Amortized Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes bank balances and short-term deposits under current financial assets.

#### (b) Financial Assets classified under Fair Value through Other Comprehensive Income

Financial Assets classified under Fair Value through Other Comprehensive Income only includes the equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to classify upon transition. There is no recycling of gains or losses to profit or loss on derecognition and the dividend

received as a result of holding this investment will be recognized to profit or loss. The Company elected to classify irrevocably its unquoted equity investments under this category as they intend to hold these investments for the foreseeable future as a strategic investment.

### De-recognition

A financial asset is de-recognised 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

### Impairment of Financial Assets

SLFRS 09 establishes a new model for impairment which is a forward-looking expected credit loss model.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. The guiding principle of the Expected Credit Loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

Company presents its Short-term investments and short-term deposits at Amortised Cost. Financial assets have been assessed under 12-month expected credit loss model. Company holds these Financial Assets at Financial Institutions with high credit ratings and therefore believes no evidence exist to make impairment provisions.

### Financial Assets categorized as Fair Value through OCI

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined

## Notes to the Financial Statements

based on income approach that estimates the fair value by discounting projected cash flows in a discrete projection period to present value.

### Financial Liabilities

#### Initial Recognition and Measurement

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include other payables.

#### Subsequent Measurement

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

#### Other Payables

Liabilities are recognised for amounts to be paid in the future for assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

#### De-recognition

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

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is

reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 2.3.4 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### 2.3.5 Income

##### Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of other noncurrent assets, are accounted in the Statement of Profit or Loss, after deducting the carrying amount from proceeds on disposal of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions,

which are not material are aggregated, reported and presented on a net basis.

#### **Interest Income**

Interest income is recorded as it accrues using the effective interest method.

#### **Dividend Income**

Dividend income is recognised when the Company's right to receive the payments is established.

#### **Others**

Other income is recognized on an accrual basis.

### **2.3.6 Expenditure Recognition**

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the opinion that "function of expenses" method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

#### **Others**

Other expenses are recognized on an accrual basis.

### **2.3.7 Taxation**

As per Sri Lanka Accounting Standard - LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income. The Company applied IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment" in the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates with effect from 1st January 2019, when there is uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have any significant impact on the financial statements of the Company to provide additional disclosures in the financial statements.

#### **(a) Current Income Tax**

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject

## Notes to the Financial Statements

to interpretation and establishes provisions where appropriate.

Liability to taxation of the Company is made after claiming relief available in terms of the Double Taxation Agreement entered into between the Governments of Malaysia and Sri Lanka.

### (b) Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

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

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

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

### 2.3.8 Current versus Non-Current Classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is classified as current when it is:



- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### 2.3.9 Fair Value Measurement

The Company measures equity instruments at fair value at each reporting date. Fair value related disclosures for financial instruments are summarised in the following notes:

	<b>Note</b>
Disclosures for valuation methods, significant estimates and assumptions	8
Quantitative disclosures of fair value measurement hierarchy	20
Investment in unquoted equity shares	8
Financial instruments	20

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## Notes to the Financial Statements

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of unquoted investments. Involvement of external valuers

is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

The Management presents the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets on the

basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

### 2.3.10 Cash and Cash Equivalents

Cash and Cash Equivalents in the Statement of Financial Position comprise cash at banks and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of bank balances and short-term deposits with a maturity of three months or less.

### 2.3.11 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the

Company's other components. All operating segments' operating results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management and board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Company operates under one single segment.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

### Deferred Taxes

Deferred tax asset of Rs. 0.69 Mn (2019: 0.9 Mn) as at 31 March 2020 has not been recognized on the carried forward tax losses as the Company is unable to assess with reasonable certainty that taxable profits would be available to recover the deferred tax asset in the foreseeable future. If the Company recognize deferred tax asset, profit and equity would have increased

## Notes to the Financial Statements

by Rs. 0.69 Mn (2019: 0.9 Mn). Further details on deferred taxes are disclosed in Note 5.

Company has computed deferred tax at the rate of 28% because 24% is still not enacted and it has been used as a provisional rate as of balance sheet date. Therefore, company has used 28% rate on deferred tax.

### Fair Value Measurement of Assets classified under FVOCI

The Company engaged an independent valuation specialist to assess fair value of unquoted equity shares as at 31st December 2019 and 31st December 2018. Unquoted equity shares of Shalimar Developments Sdn. Bhd. has been valued based on adjusted net asset basis. Such net assets represent the investment value of PT Agro Indomas (PTAI) which was determined based on income approach using discounted cash flow method. A degree of judgement is required in establishing fair value and changes in assumptions could affect the reported fair value. The key assumptions used to determine the fair value of the unquoted equity shares and sensitivity analyses are provided in Notes 8 and 20.

### Going Concern

In determining the basis of preparing the Financial Statements for the year ended 31st March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID 19 on the Company and the appropriateness of

the use of the going concern basis. In March 2020, the Company evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected investment streams, cost management, profitability, the ability to defer non-essential capital expenditure, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue Company operations to ensure businesses continue as least impacted as possible.

Having presented the outlook for Company Board 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.

In determining the above significant management judgements, estimates and assumptions, the impact of the COVID 19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

#### 4. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

<i>For the year ended 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
Auditors' Remuneration	<b>232</b>	232
Directors' Fees (Note 18.2)	<b>40</b>	-
Professional Fees	<b>1,735</b>	1,842

#### 5. TAXATION

##### 5.1 Major Components of Income Tax Expense of the Continuing Operations

The major components of income tax expense for the financial year ended 31 March are as follows:

<i>For the year ended 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
<b>Statement of Profit or Loss</b>		
<b>Current Income Tax</b>		
Current Income Tax Expense	-	-
Under Provision of Current Income Tax in respect of prior years	-	-
<b>Income Tax Expense recognised in Statement of Profit or Loss</b>	<b>-</b>	<b>-</b>
<b>Statement of Comprehensive Income</b>		
Deferred Tax attributable to Gain on Change in Fair Value of Financial Assets classified under FVOCI (Note 5.3)*	-	(23,013)
<b>Deferred Tax reversal recognised in Statement of Comprehensive Income</b>	<b>-</b>	<b>(23,013)</b>

\* The Inland Revenue Act No: 24 of 2017, sec (r) of Schedule III, provides an exemption in respect of the potential gains that may arise from the disposal of shares in a non-resident company provided the holding exceeds 10% or more of the value of the shares and the voting power. Accordingly, the provision made in the year 2017/18 has been reversed in the year 2018/19.

## Notes to the Financial Statements

### 5.2 Relationship between Income Tax Expense and Accounting Profit / (Loss)

The reconciliation between tax expense and the product of accounting profit / (loss) multiplied by the applicable corporate tax rate for the financial year ended 31 March are as follows:

<i>For the year ended 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
Profit before Tax	<b>337</b>	656
Allowable Items	<b>(3,998)</b>	(3,408)
Disallowable Items	<b>523</b>	1,602
<b>Taxable Loss</b>	<b>(3,138)</b>	(1,150)
Interest Income	<b>3,956</b>	3,405
Deductions for Business Losses	<b>(3,956)</b>	(3,405)
<b>Taxable Income</b>	<b>-</b>	<b>-</b>
Income Tax at 28% on Taxable Income	-	-
Notional tax credit	-	-
Current Income Tax Charge	-	-
Current Income tax Charge	-	-
Deferred Tax attributable to Gain on Change in Fair Value of Financial Asset Classified under FVOCI (Note 5.3)	-	(23,013)
<b>Total Income tax Reversal</b>	<b>-</b>	<b>(23,013)</b>
<b>Business Losses</b>		
At the beginning of the year	<b>3,297</b>	5,552
Loss incurred during the year	<b>3,138</b>	1,150
Loss set-off for the current year	<b>(3,956)</b>	(3,405)
<b>Balance as at 31 March</b>	<b>2,479</b>	3,297

### 5.3 Deferred Tax Liability

<i>For the year ended 31 March</i>	<b>Statement of Financial Position</b>		<b>Statement of Other Comprehensive Income</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
Financial Assets classified under FVOCI	-	-	-	(23,013)
Net Deferred Tax Reversal	-	-	-	(23,013)
<b>Net Deferred Tax Liability</b>	<b>-</b>	<b>-</b>		
Deferred Tax reversal recognised in Other Comprehensive Income			-	(23,013)
			-	(23,013)

### 6. PROFIT PER SHARE

The calculation of earnings per ordinary share is based on the profit after taxation over the weighted average number of ordinary shares in issue during the year.

Given below is the computation of earning per share.

<i>For the year ended 31 March</i>	<b>2020</b>	2019
<b>Numerator</b>		
Profit for the year (Rs.)	<b>336,873</b>	656,110
Profit attributable to Ordinary Shareholders (Rs.)	<b>336,873</b>	656,110
<b>Denominator</b>		
Weighted Average Number of Ordinary Shares	<b>5,397,840</b>	5,397,840
<b>Earnings per Share (Rs.)</b>	<b>0.06</b>	0.12

## Notes to the Financial Statements

### 7. PROPERTY, PLANT AND EQUIPMENT

#### 7.1 Gross Carrying Amounts

<i>For the year ended 31 March</i>	<b>Balance As at 01.04.2019 Rs.'000</b>	<b>Additions Rs.'000</b>	<b>Write-off/ Disposals Rs.'000</b>	<b>Balance As at 31.03.2020 Rs.'000</b>
<b>At Cost</b>				
Computer Equipment	-	177	-	177
<b>Total Value of Depreciable Assets</b>	-	177	-	177

#### 7.2 Depreciation

<i>For the year ended 31 March</i>	<b>Balance As at 01.04.2019 Rs.'000</b>	<b>Charge for the year Rs.'000</b>	<b>Write-off/ Disposals Rs.'000</b>	<b>Balance As at 31.03.2020 Rs.'000</b>
Computer Equipment	-	5	-	5
<b>Total Depreciation</b>	-	5	-	5

#### 7.3 Net Book Values

<i>For the year ended 31 March</i>	<b>2020 Rs.'000</b>	<b>2019 Rs.,000</b>
Computer Equipment	<b>172</b>	-
	<b>172</b>	-

7.4 During the year, the Company acquired property plant and equipment to the aggregate value of Rs. 177,000 (2019: Nil)

7.5 Cash payments amounting to Rs. 177,000 (2019: Nil) were made during the period for the purchase of property, plant and equipment.

### 8. OTHER NON-CURRENT FINANCIAL ASSETS

<i>For the year ended 31 March</i>	<b>Total</b>	
	<b>2020 Rs. '000</b>	<b>2019 Rs. '000</b>
<b>Financial Assets classified as Fair Value through OCI</b>		
As at 01 April	<b>5,778,888</b>	5,604,580
(Loss)/ Gain on change in Fair Value	<b>(210,835)</b>	174,308
<b>As at 31 March</b>	<b>5,568,053</b>	5,778,888



## 8.1 Financial Assets classified as Fair Value through OCI -Unquoted Equity Shares

The Company holds a 13.33% equity investment (2019: 13.33%) in Shalimar Development Sdn. Bhd. (SDSB), an investment holding company incorporated in Malaysia. The sole equity investment of SDSB is in PT Agro Indomas (PTAI), an oil palm plantation company based in Indonesia, in which it has a controlling interest. The Company has designated its investment in SDSB as a financial assets classified under Fair Value through OCI, and is measured at fair value, the basis of which is detailed in Note 8.2 below.

## 8.2 Fair Value of Unquoted Equity Shares

The Company obtained the services of PricewaterhouseCoopers (Private) Ltd (PwC Sri Lanka) to carry out an independent indicative fair market valuation of the equity interest in the unquoted investment in SDSB as at valuation date of 31 December 2019. The primary approach adopted in arriving the fair market valuation of the equity interest of PT Agro Indomas (PTAI) was income approach. The fair market valuation of the equity interest in the unquoted investment in SDSB was derived using adjusted net assets basis, which was very much dependent on the fair value of the palm oil plantation held by PTAI. The fair market valuation of the equity interest in the unquoted investment of SDSB in PTAI was derived using discounted cash flows method.

The fair value of the equity investment of SDSB in PTAI has been valued based on the following key assumptions/bases:

- (a) Estimated economic life of the oil palm plantations of PTAI is 26 years (including the immature period).
- (b) Consider one planting cycle (i.e. no replantation at the end of the economic life).
- (c) Yield per hectare based on year of planting, maturity profile and terrain.
- (d) CPO ex-mill prices in FY 2020/21 is estimated to be USD 488/MT and this is assumed to change in line with the World Bank forecasted prices thereafter. Post FY2030/31 prices are assumed to remain unchanged.
- (e) Weighted average cost of capital (WACC) of 9.76%.
- (f) Indonesian corporate taxation rate at 25% p.a.
- (g) Inflation assumed approximately 3.25% and 3.10% in the first two years of forecast and 3.08% thereafter.

## Notes to the Financial Statements

### 8.3 Sensitivity of the Key Assumptions

The significant unobservable inputs used in the above fair value measurement categorised within level 3 of the fair value hierarchy (Note 20) together with a quantitative sensitivity analysis are shown below:

The below values are based on 13.33% (2019: 13.33%) equity stake in SDSB and base case is at WACC of 9.76% (2019: 14%).

For the year ended 31 March	CPO Ex-mill Price		Discounted Rate (WACC)		Yield	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
	5%	5%	1%	1%	5%	5%

#### As at 31 March 2020

Effect of fair value in unquoted equity shares in SDSB designated as Financial Assets classified under FVOCI

1,712	(1,712)	(790)	865	830	(830)
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#### As at 31 March 2019

Effect of fair value in unquoted equity shares in SDSB designated as Financial Assets classified under FVOCI

2,476	(2,476)	(642)	694	1,307	(1,244)
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## 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statement of Cash Flows include the following Statement of Financial Position amounts:

As at 31 March	2020 Rs. '000	2019 Rs. '000
Bank Balances	1,868	1,114
Short-term Deposits	2,556	3,662
	<b>4,424</b>	<b>4,776</b>

## 10. SHORT TERM INVESTMENTS

As at 31 March	2020 Rs. '000	2019 Rs. '000
Fixed Deposit	35,038	35,865
	<b>35,038</b>	<b>35,865</b>

**11. STATED CAPITAL**

<i>As at 31 March</i>	<b>2020</b>	2019	<b>2020</b>	2019
	<b>Number</b>	Number	<b>Rs. '000</b>	Rs. '000
Fully paid Ordinary Shares	<b>5,397,840</b>	5,397,840	<b>69,401</b>	69,401
	<b>5,397,840</b>	5,397,840	<b>69,401</b>	69,401

**12. OTHER RESERVES**

<i>As at 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
Fair Value Reserve*	<b>5,476,219</b>	5,687,054
	<b>5,476,219</b>	5,687,054

**\* Fair Value Reserve**

Fair Value Reserve represents excess between the fair value and the cost of Financial assets classified under Fair Value through Other Comprehensive Income as per SLFRS 09.

**13. OTHER PAYABLES**

<i>As at 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
Unclaimed Dividend (Note 13.1)	<b>25</b>	31
	<b>25</b>	31

**13.1 Movement in Unclaimed Dividend;**

<i>As at 31 March</i>	<b>2020</b>	2019
	<b>Rs. '000</b>	Rs. '000
Balance at 01 April	<b>31</b>	33
Dividend Forfeited	<b>(6)</b>	(2)
<b>Balance at 31 March</b>	<b>25</b>	31

## Notes to the Financial Statements

### 14. CAPITAL COMMITMENTS

There were no significant capital expenditure commitments as at the reporting date..

### 15. ASSETS PLEDGED

There were no assets pledged as at the reporting date..

### 16. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosures in the financial statements.

### 17. CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date.

### 18. RELATED PARTY DISCLOSURES

Related parties represent Shareholders, Key management personnel (KMPs) of the Company, Close family members of KMPs, Parent, Ultimate Parent and entities belonging to the group the Company belongs to. Pricing policies and terms of transactions with these related parties are approved by the Company's management.

## 18.1 Related Party Transactions

Transactions with related parties are as follows:

Name of the Company	Relationship	Nature of Transaction	Terms	2020	2019
				Rs. '000	Rs. '000
<b>Recurrent Transactions</b>					
Carsons Management Services (Private) Limited	Fellow Subsidiary	Secretarial Expenses	Note (a)	<b>230</b>	237
				<b>230</b>	237
<b>Aggregate Value of Related Party Transactions as a % of Net Revenue</b>				<b>7%</b>	5%

Note (a) - Carsons Management Services (Private) Limited was appointed to provide secretarial services to the Company.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There are no outstanding related party balances at the year-end and no corporate guarantees provided to/received from related parties.

### Non-Recurrent Transactions

There were no non-recurrent related party transactions for the year ended 31st March 2020.

## 18.2 Transaction with Key Management Personnel

Key Management Personnel include the Board of Directors of the Company.

<i>As at 31 March</i>	2020	2019
	Rs. '000	Rs. '000
Emoluments / Fees	<b>40</b>	-

Executive directors are not compensated for their role on the Board.

Key Management Personnel of the Company to whom the above fees relate for the year ended 31st March 2020, are non-executive members of the Board of Directors.

## Notes to the Financial Statements

- 18.3** No material transactions have taken place during the year with the parties /entities in which Key Management Personnel or their close family members have control or jointly control, which require disclosure in these Financial Statements other than those disclosed under 18.1 and 18.2.

### 19. FINANCIAL RISK MANAGEMENT

#### Objectives and Policies

The Company's principal financial assets include bank balances and short-term deposits that derive directly from its operations. The Company also holds financial assets at Fair Value through Other Comprehensive Income. The Company's principal financial liabilities comprise other payables.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### (a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk of the Company comprises interest rate risk, foreign currency risk and equity price risk.

#### (b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as there are no financial assets and financial liabilities with floating interest rates at the reporting date.

#### Impact of COVID 19

Interest rates have been reduced as advised by the Central Bank of Sri Lanka and is likely to have negative impact on the interest revenue, cash flows and liquidity positions of the Company.

#### (c) Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

<i>As at 31 March</i>	<b>2020</b>	2019
	<b>'000</b>	<b>'000</b>
Investment Value (in MYR)	<b>127,450</b>	133,899
If Rupee Depreciated by 1%	<b>(-1%)</b>	(-1%)
Impact on Equity (in RS.)	<b>55,681</b>	57,789
If Rupee Appreciated by 1%	<b>(+1%)</b>	(+1%)
Impact on Equity (in RS.)	<b>(55,681)</b>	(57,789)

**(d) Equity Price Risk**

The Company's unlisted equity security is susceptible to market price risk arising from uncertainties about future values of the key assumptions used to fair value unlisted equity security.

At the reporting date, the unlisted equity security is fair valued at Rs. 5,568 Mn (2019: Rs. 5,779 Mn). Sensitivity analysis of this investment has been provided in Note 8.

**(e) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk primarily from its deposits with Banking Institutions. The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

<i>As at 31 March</i>	<b>2020</b> Rs. '000	2019 Rs. '000
Bank Balances	<b>1,868</b>	1,114
Short-term Deposits	<b>2,556</b>	3,662
Short Term Investments	<b>35,038</b>	35,865
	<b>39,462</b>	40,641

**Impact of COVID 19**

As at 31 March 2020, the Company does not have any foreign currency debtors. The requirement for an impairment is analyzed at each reporting date and concluded no provisions required.

**(f) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet obligations as they fall due. The table below summarises the maturity profile of the Company's undiscounted financial liabilities as at 31 March, based on contractual payment dates.

<i>As at 31 March</i>	<b>2020</b> <b>Less than</b> <b>3 months</b> Rs. '000	2019 Less than 3 months Rs. '000
Other Payables	<b>25</b>	31
	<b>25</b>	31

## Notes to the Financial Statements

### Impact of COVID 19

There is no any credit downgrade or other factors that could negatively impact the Company's ability to access adequate financing. The Company does not expect any major impacts on liquidity risk due to COVID 19 outbreak and the Company has adequate liquid / cash resources to meet its liabilities.

### (g) Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Company may issue new shares or adjust dividend payments to shareholders. No changes were made in the objectives, policies or processes during the year ended 31 March 2020 and 2019.

Capital, which includes stated capital, fair value reserve and retained earnings is measured at Rs. 5,607.8 Mn as at 31 March 2020 (2019: Rs. 5,818.3 Mn).

## 20. FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, short-term deposits and financial assets classified under Fair Value through OCI (FVOCI).

Financial liabilities consist of other payables.

The following table provides the fair value measurement hierarchy of the Company's assets which are stated at Fair value.



Fair value measurement hierarchy for assets as at 31 March:

	Date of valuation	Total Rs. '000	Fair value measurement using		
			Quoted prices in active markets (Level 1) Rs. '000	Significant observable inputs (Level 2) Rs. '000	Significant unobservable inputs (Level 3) Rs. '000
<b>Assets measured at fair value:</b>					
<b>As at 31 March 2020</b>					
<b>Financial Assets classified under FVOCI</b>					
<b>Unquoted Equity Shares</b>					
	31 December 2019	5,568,053	-	-	5,568,053
Shallimar Developments Sdn. Bhd.					
<b>Financial Assets classified under FVOCI</b>					
<b>as at 31 March 2020</b>					
		5,568,053	-	-	5,568,053
<b>As at 31 March 2019</b>					
<b>Financial Assets classified under FVOCI</b>					
<b>Unquoted Equity Shares</b>					
	31 December 2018	5,778,888	-	-	5,778,888
Shallimar Developments Sdn. Bhd.					
<b>Financial Assets classified under FVOCI</b>					
<b>as at 31 March 2019</b>					
		5,778,888	-	-	5,778,888

Key assumptions, methods of valuations and significant unobservable inputs for assets categorised under level 3 of the fair value measurement hierarchy are disclosed under Note 8 to the Financial Statements.

During the reporting period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of other financial instruments are not materially different from their carrying values.

## Five Year Summary

<i>For the year ended 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>Rs. '000</b>	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Operating Results</b>					
<b>Continuing Operations</b>					
Revenue	<b>3,956</b>	3,405	4,946	1,560	647
<b>Profit/(Loss) before taxation from Continuing Operations</b>	<b>337</b>	656	(1,888)	1,560	1,005
Taxation	-	-	(391)	(400)	(150)
<b>Profit/(Loss) for the Year from Continuing Operations</b>	<b>337</b>	656	(2,279)	1,160	855
<b>Discontinued Operations</b>					
Profit for the year from Operations	-	-	-	44,451	56,435
Profits from disposal of Overseas plantation assets	-	-	-	2,572,445	-
Transfer from translation reserve on discontinued Overseas Branch operations	-	-	-	(404,827)	-
<b>Profit for the Year from Discontinued Operations</b>	<b>-</b>	-	-	2,212,069	56,435
<b>Total Profit/(Loss) for the year</b>	<b>337</b>	656	(2,279)	2,213,229	57,290

<i>As at 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>Rs. '000</b>	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	<b>172</b>	-	-	-	1,380,425
Bearer Plants	-	-	-	-	58,105
Non-current financial assets	<b>5,568,053</b>	5,778,888	5,604,580	5,374,448	5,001,578
	<b>5,568,225</b>	5,778,888	5,604,580	5,374,448	6,440,108
<b>Current Assets</b>	<b>40,423</b>	41,377	40,661	240,452	36,383
<b>Total Assets</b>	<b>5,608,648</b>	5,820,265	5,645,241	5,614,900	6,476,491
<b>Equity and Liabilities</b>					
Stated capital	<b>69,401</b>	69,401	69,401	69,401	69,401
Reserves	<b>5,538,440</b>	5,748,938	5,550,961	5,346,121	6,368,902
	<b>5,607,841</b>	5,818,339	5,620,362	5,415,522	6,438,303
<b>Non-Current Liabilities</b>					
Deferred tax liability	-	-	23,013	-	16,516
Retirement benefit obligations	-	-	-	-	2,870
	-	-	23,013	-	19,386
<b>Current Liabilities</b>	<b>807</b>	1,926	1,866	199,378	18,802
<b>Total Equity &amp; Liabilities</b>	<b>5,608,648</b>	5,820,265	5,645,241	5,614,900	6,476,491

<i>For the year ended 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>Rs. '000</b>	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flow Statements</b>					
<b>Continuing Operations</b>					
Net cash (outflows)/inflows from operating activities	<b>(3,119)</b>	(2,656)	(28,001)	(90)	(33,604)
Net cash inflows/(outflows) from investing activities	<b>2,767</b>	(32,460)	4,946	1,560	647
Net cash used in financing activities	-	-	(176,974)	(3,638,009)	(67,782)
<b>Net (decrease)/increase in cash &amp; cash equivalents from Continuing Operations</b>	<b>(352)</b>	(35,116)	(200,029)	(3,636,539)	(100,739)
<b>Discontinued Operations</b>					
Net Cash Flows from Discontinued Operations	-	-	-	3,863,647	70,398
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(352)</b>	(35,116)	(200,029)	227,108	(30,341)

<i>For the year ended 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>Rs. '000</b>	Rs. '000	Rs. '000	Rs. '000	Rs. '000

**Ratios and Statistics**

Return on ordinary shareholders' funds (%)	<b>0.01</b>	0.01	(0.04)	40.87	0.89
Current ratio (times)	<b>50.09</b>	21.48	21.79	1.21	1.94
Quick asset ratio (times)	<b>50.09</b>	21.48	21.79	1.21	1.90
Gross profit margin (%) <b>(a)</b>	-	-	-	71.09	68.98
Net profit margin (%) <b>(a)</b>	<b>8.52</b>	19.27	(46.08)	55.89	34.00
Combined Earnings per ordinary share (EPS) (Rs.) <b>(b)</b>	<b>0.06</b>	0.12	(0.42)	326.25	8.26
EPS from Continuing Operations	<b>0.06</b>	0.12	(0.42)	0.17	0.12
EPS from Discontinued Operations	-	-	-	326.08	8.13
Dividend per ordinary share (Rs.) <b>(c)</b>	-	-	-	42.24	7.25
Dividend payout (%)	-	-	-	12.95	87.83
Net assets per ordinary share (Rs.) <b>(d)</b>	<b>1,038.90</b>	1,077.90	1,041.22	1,003.28	927.70
Market value per share (Rs.)	<b>1,497.60</b>	1,497.60	1,497.60	1,726.60	2,275.00
P/E ratio (times)	<b>23,987.55</b>	12,322.87	(3,547.08)	5.29	275.59
Market capitalisation (Rs.'000)	<b>8,083,805</b>	8,083,805	8,083,805	9,319,911	15,788,682

- Gross profit margin and Net profit margin consist of dividend income received from its investment.
- The earnings per ordinary share is calculated by dividing the profit for the year over the weighted average number of ordinary shares in issue during the year.
- Based on proposed dividend and interim dividend paid.
- Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.

## Statement of Value Added

<i>For the year ended 31 March</i>	<b>2020</b>	<b>%</b>	2019	<b>%</b>
	<b>Rs. '000</b>		Rs. '000	
<b>Revenue</b>	<b>3,956</b>		3,405	
Other income & gains	<b>6</b>		2	
	<b>3,962</b>		3,407	
Bought in services	<b>(3,620)</b>		(2,751)	
	<b>342</b>		656	
<b>Distributed as follows:</b>				
<b>Retained in the Business</b>				
as depreciation	<b>5</b>	<b>1.46%</b>	-	0.00%
as retained profits	<b>337</b>	<b>98.54%</b>	656	100.00%
	<b>342</b>	<b>100.00%</b>	656	100.00%

The Statement of Value Added shows the quantum of wealth generated by the activities of the Company and its application.

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## **US\$ Financial**

Preparation of  
US Dollar Financial

The Financial Statements of the Company are stated in Sri Lankan Rupees. The translation of the Sri Lankan Rupee amounts into US Dollars is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements.

US Dollar financial do not form part of the  
Audited Financial Statements of the Company.

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## Statement of Profit or Loss

<i>For the year ended 31 March</i>	<b>2020</b>	2019
	<b>US\$</b>	US\$
<b>Continuing Operations</b>		
<b>Revenue</b>	<b>22,065</b>	20,205
Other Income and Gains	<b>35</b>	12
Administration Expenses	<b>(20,221)</b>	(16,330)
Profit Before Tax	<b>1,879</b>	3,887
<b>Profit for the Year</b>	<b>1,879</b>	3,887

*Figures in brackets indicate deductions.*

# Statement of Financial Position

<i>As at 31 March</i>	<b>2020</b>	2019
	<b>US\$</b>	US\$
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	<b>906</b>	-
Other Non Current Financial Assets	<b>29,320,094</b>	32,817,463
<b>Total Non-Current Assets</b>	<b>29,321,000</b>	32,817,463
<b>Current Assets</b>		
Advance and Prepayments	<b>1,035</b>	1,210
Taxation Recoverable	<b>4,021</b>	2,970
Short Term Investments	<b>184,504</b>	203,672
Cash and Bank Balances	<b>23,298</b>	27,122
<b>Total Current Assets</b>	<b>212,858</b>	234,974
<b>Total Assets</b>	<b>29,533,858</b>	33,052,437
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated Capital	<b>868,000</b>	868,000
Retained Earnings	<b>421,129</b>	419,250
Other Reserves	<b>28,240,480</b>	31,754,249
<b>Total Shareholders' Funds</b>	<b>29,529,609</b>	33,041,499
<b>Current Liabilities</b>		
Other Payables	<b>130</b>	176
Provision and Accrued Expenses	<b>4,119</b>	10,762
<b>Total Current Liabilities</b>	<b>4,249</b>	10,938
<b>Total Equity &amp; Liabilities</b>	<b>29,533,858</b>	33,052,437

## Notes to the Financial Statements

### 1. BASIS OF CONVERSION

The translation of Sri Lankan Rupee amounts into US Dollar amounts is solely for the convenience of the shareholders, investors, bankers and other users of Financial Statements.

The translation of the Financial Statements into US Dollar was affected on the following exchange rates.

	2020 Rs.	2019 Rs.
Income Statement	<b>179.29</b>	168.52
Monetary assets and liabilities	<b>189.91</b>	176.09
Non-current assets and liabilities	<b>189.91</b>	176.09

### 2. RETAINED EARNINGS

	2020 US\$	2019 US\$.
Balance as at 01st April	<b>419,250</b>	415,363
Profit for the year	<b>1,879</b>	3,887
Other Comprehensive Income /(Loss)	-	-
Ordinary Dividend	-	-
<b>Balance as at 31 March</b>	<b>421,129</b>	419,250



## Five Year Summary

<i>For the year ended 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>US\$</b>	US\$	US\$	US\$	US\$
<b>Operating Results</b>					
<b>Continuing Operations</b>					
Revenue	<b>22,065</b>	20,205	32,255	10,568	4,653
<b>Profit/(Loss) before taxation from Continuing Operations</b>	<b>1,879</b>	3,887	(12,312)	10,568	7,228
Taxation	-	-	(2,550)	(2,709)	(1,079)
<b>Profit/(Loss) for the Year from Continuing Operations</b>	<b>1,879</b>	3,887	(14,862)	7,859	6,149
<b>Discontinued Operations</b>					
Profit for the year from Operations	-	-	-	301,130	485,770
Profits from disposal of Overseas plantation assets	-	-	-	17,426,920	-
Transfer from translation reserve on discontinued Overseas Branch operations	-	-	-	(2,742,481)	-
<b>Profit for the Year from Discontinued Operations</b>	<b>-</b>	-	-	14,985,569	405,861
<b>Total Profit/(Loss) for the year</b>	<b>1,879</b>	3,887	(14,862)	14,993,428	412,010

<i>As at 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>US\$</b>	US\$	US\$	US\$	US\$

### Statement of Financial Position

#### Assets

##### Non-Current Assets

Property, plant and equipment	<b>906</b>	-	-	-	9,540,902
Biological assets	-	-	-	-	401,584
Non-current financial assets	<b>29,320,094</b>	32,817,463	36,019,152	35,361,701	34,568,736
	<b>29,321,000</b>	32,817,463	36,019,152	35,361,701	44,511,222

##### Current Assets

	<b>212,858</b>	234,974	261,317	1,582,077	251,471
<b>Total Assets</b>	<b>29,533,858</b>	33,052,437	36,280,469	36,943,778	44,762,693

#### Equity and Liabilities

Stated capital	<b>868,000</b>	868,000	868,000	868,000	868,000
Reserves	<b>28,661,609</b>	32,173,499	35,252,579	34,763,953	43,630,758
	<b>29,529,609</b>	33,041,499	36,120,579	35,631,953	44,498,758

##### Non-Current Liabilities

Deferred tax liability	-	-	147,898	-	114,147
Retirement benefit obligations	-	-	-	-	19,837
Liabilities directly associated with assets held for sale	-	-	147,898	-	133,984
<b>Current Liabilities</b>	<b>4,249</b>	10,938	11,992	1,311,825	129,951

<b>Total Equity &amp; Liabilities</b>	<b>29,533,858</b>	33,052,437	36,280,469	36,943,778	44,762,693
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## Five Year Summary

<i>For the year ended 31 March</i>	<b>2020</b>	2019	2018	2017	2016
	<b>US\$</b>	US\$	US\$	US\$	US\$
<b>Cash Flow Statements</b>					
Continuing Operations					
Net cash outflows from operating activities	<b>(17,392)</b>	(15,760)	(179,955)	(592)	(232,248)
Net cash inflows/(outflows) from investing activities	<b>15,433</b>	(192,613)	31,787	10,264	4,472
Net cash used in financing activities	-	-	(1,137,365)	(23,935,844)	(468,464)
<b>Net (decrease)/increase in cash &amp; cash equivalents from Continuing Operations</b>	<b>(1,959)</b>	(208,373)	(1,285,533)	(23,926,172)	(696,240)
<b>Discontinued Operations</b>					
Net Cash Flows from Discontinued Operations	-	-	-	25,420,408	488,038
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(1,959)</b>	(208,373)	(1,285,533)	1,494,236	(208,202)

	<b>2020</b>	2019	2018	2017	2016
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	<b>0.01</b>	0.01	(0.04)	40.87	0.89
Current ratio (times)	<b>50.09</b>	21.48	21.79	1.21	1.94
Quick asset ratio (times)	<b>50.09</b>	21.48	21.79	1.21	1.90
Gross profit margin (%) <b>(a)</b>	-	-	-	71.09	68.98
Net profit margin (%) <b>(a)</b>	<b>8.52</b>	19.24	(46.08)	55.89	34.00
Combined Earnings per ordinary share (EPS) (US\$) <b>(b)</b>	<b>0.001</b>	0.001	(0.003)	2.21	0.06
EPS from Continuing Operations	<b>0.001</b>	0.001	(0.003)	0.001	0.001
EPS from Discontinued Operations	-	-	-	2.209	0.058
Dividend per ordinary share (US\$) <b>(c)</b>	-	-	-	0.29	0.05
Dividend payout (%)	-	-	-	12.95	87.83
Net assets per ordinary share (US\$) <b>(d)</b>	<b>5.47</b>	6.12	6.69	6.60	6.41
Market value per share (US\$)	<b>7.89</b>	8.50	9.62	11.36	15.72
P/E ratio (times)	<b>22,654.86</b>	11,811.41	(3,547.08)	5.29	275.59
Market capitalisation (US\$)	<b>42,567</b>	45,907	51,952	61,321	109,125

- Gross profit margin and Net profit margin consist of dividend income received from its investment.
- The earnings per ordinary share is calculated by dividing the profit for the year over the weighted average number of ordinary shares in issue during the year.
- Based on proposed dividend and interim dividend paid.
- Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.

# Information to Shareholders and Investors

## 1. Stock Exchange Listing

Shalimar (Malay) PLC is a Public Quoted Company, the ordinary shares of which are listed on the Second Board of the Colombo Stock Exchange of Sri Lanka.

## 2. Share Valuation

Market value of the Company Shares as at 31st March 2020 was Rs. 1,497.60 per share (2019: Rs. 1,497.60 per share).

## 3. Shareholders

As at 31 March	2020	2019
No. of Ordinary Shareholders	353	348

The number of ordinary shares held by non-residents as 31st March 2020 was 4,491,864 which amount to 83.22% of the total number of ordinary shares.

### Resident/non-resident Shareholders as at 31st March 2020

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	342	10,023	0.19	2	817	0.02	344	10,840	0.20
1001 - 10,000	4	8,323	0.15	-	-	0.00	4	8,323	0.15
10,001 - 100,000	1	21,422	0.40	-	-	0.00	1	21,422	0.40
100,001 - 1,000,000	3	866,208	16.05	-	-	0.00	3	866,208	16.05
Above 1,000,000	-	-	-	1	4,491,047	83.20	1	4,491,047	83.20
<b>Grand Total</b>	<b>350</b>	<b>905,976</b>	<b>16.78</b>	<b>3</b>	<b>4,491,864</b>	<b>83.22</b>	<b>353</b>	<b>5,397,840</b>	<b>100.00</b>

### Categorization of Shareholders as at 31st March 2020

	No. of Shareholders	No. of Shares	%
Individuals	324	38,461	0.71%
Institutions	29	5,359,379	99.29%

### Public Shareholding

The Company is not in compliance with the minimum public holding requirements set out in Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

Public Shareholding as at 31st March 2020

- Percentage of the Ordinary shares held by Public 0.75%
- Market capitalization of the public holding Rs. 60,628,539/-
- No of public shareholders 337

## Information to Shareholders and Investors

### 4. Market Performance - Ordinary Shares

<i>For the year ended 31 March</i>	2020	2019
Highest (Rs.)	<b>1,850</b>	1,870
Lowest (Rs.)	<b>1,125</b>	1,125
Volume Traded (Shares)	<b>98</b>	366
No. of Trades	<b>38</b>	134
Value of Shares Traded (Rs. '000)	<b>129</b>	562

### 5. Market Capitalization

Market capitalization of the Company, which is the number of ordinary shares multiplied by the market value of a share, was Rs. 8,083.81 Mn as at 31st March 2020 (2019: Rs. 8,083.81 Mn).

### 6. Record of Scrip Issues

The under mentioned scrip issue had been made by the Company.

Year ended 31 March	Issue	Basis	No. of Ordinary Shares Capital	Cumulative Ordinary Shares (Rs.)
1998	-	-	270,000	2,700,000
1999	Bonus	10.9:1	2,943,000	32,130,000
2002 April	Bonus	1:5	642,600	38,554,000
2003 May	Bonus	1:5	771,120	46,263,260
2004 March	Bonus	1:2	2,313,360	69,400,800

During the financial year 2016/2017, the Company repurchased 1,542,240 shares.

### 7. Indonesian Property

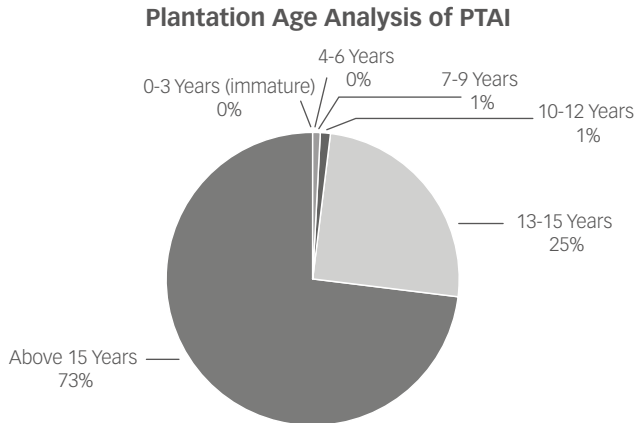
PT Agro Indomas (PTAI), the Company's investment made through Shalimar Developments Sdn. Bhd. (Investment vehicle in Malaysia) is located in Kalimantan province, Indonesia.

The Indonesian investment, PT Agro Indomas is managed through the group's (GAHL) fully owned management arm in Indonesia. The Indonesia operation consists of 26,981 hectares of plantation with processing facilities of 225 MT/hr within the plantations.

	2020	2019	2018	2017	2016
Crop Production (MT)	<b>651,873</b>	711,427	495,381	407,349	454,564
CPO (MT)	<b>134,612</b>	139,405	98,891	96,038	117,087
PK (MT)	<b>32,644</b>	31,559	21,939	21,914	27,172
CPO Ex Mill Price (US\$)	<b>474</b>	459	572	517	464
FFB Yield (MT per Hectare)	<b>23.15</b>	26.57	19.90	20.40	22.77
CPO / Ha (MT)	<b>4.92</b>	5.24	4.00	4.11	4.94
Milling Capacity (MT per Hour)	<b>225</b>	225	225	225	225
Value of biological assets and property, plant and equipment (US\$ Mn)	<b>Note 1</b>	Note 1	Note 1	Note 1	193.60

## 7. Indonesian Property (Contd.)

Note 1 - Up to 31st March 2016, the PT Agro Indomas had fair valued biological assets in line with IAS 41. With effect from 1st April 2016 PTAI adopted the amendments to IAS 41 and IAS 16. Accordingly, Biological assets have been recognised at accumulated cost less depreciation (as a PPE). The valuation of SDSB carried out by independent professional valuers as explained in note 08 reflects the fair value of the investment which also considers the fair value of PTAI.



# Glossary of Financial Terms

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Cash Equivalents

Liquid investments with original maturities of six months or less.

## Contingent Liabilities

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

## Discontinued Operations

Operations of an entity that either has been disposed of, or is classified as held for sale.

## Current Ratio

Current assets divided by current liabilities.

## Quick Ratio

Current assets less inventories divided by current liabilities.

## Gross Profit Margin

Gross profit divided by revenue.

## Net Profit Margin

Net profit divided by revenue.

## Dividend Per Share

Dividend paid interim and proposed, divided by the number of shares in issue which ranked for those dividends.

## Dividend Payout

Total interim and proposed dividends divided by profit after tax.

## Earnings Per Ordinary Share

Profits attributable to ordinary shareholders before extraordinary items and after preference dividend divided by the weighted average number of ordinary shares in issue, ranking for dividend.

## Equity

Shareholders' funds.

## Events Occurring after Reporting Date

Significant events that occur between the Reporting date and the date on which Financial Statements are authorized for issue.

## Market Capitalization

The market value of a Company at a given date obtained by multiplying the share price by the number of shares in issue.

## Net Assets Per Share

Total assets less total liabilities divided by the number of ordinary shares in issue.

## Net Current Assets

Current assets less current liabilities. Measures the capital required to finance day-to-day operations.

## Price Earnings Ratio (P/E)

Market price of a share divided by earnings per share.

**Rate of Ordinary Dividend**

The Rupee amount of the dividend per share as a percentage of the nominal value of the shares.

**Reserves**

The total of capital and revenue reserves.

**Related Parties**

Parties who could control or significantly influence the financial and operating policies/decisions of the business.

**Return on Shareholders' Funds**

Profit attributable to ordinary shareholders divided by shareholders' funds (total of ordinary share capital and reserves).

**Revenue Reserves**

Reserves considered as being available for distribution.

**Segment**

Constituent business units grouped in terms of nature and similarity of operations.

**Value Addition**

The quantum of wealth generated by the activities of the Company.

**Others**

CPO - Crude Palm Oil

PK - Palm Kernel

FFB - Fresh Fruit Bunches

Ha - Hectare

MYR - Malaysian Ringgit

MPC - Malaysian Plantation Companies

AFS – Available - for - Sale

MT – Metric Tonnes

## Notice of Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND ELEVENTH ANNUAL GENERAL MEETING of SHALIMAR (MALAY) PLC will be held on Wednesday, the 12th day of August 2020, at 4.00 p.m. at the 8th Floor, No.65C, Dharmapala Mawatha, Colombo 07, Sri Lanka, by participants assembling physically and through audio or audio and visual means for the following purposes:

1. To appoint Mr. H. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following ordinary resolution:  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. H. Selvanathan who is seventy one years of age and that he be appointed a Director of the Company with immediate effect for a further period of one year".
2. To appoint Mr. M. Selvanathan as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following ordinary resolution:  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. M. Selvanathan who is seventy three years of age and that he be appointed a Director of the Company with immediate effect for a further period of one year".
3. To appoint Mr. I. Paulraj as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following ordinary resolution:  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is eighty three years of age and that he be

appointed a Director of the Company with immediate effect for a further period of one year".

4. To appoint Mr. K. C. N. Fernando as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following ordinary resolution:  
"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. K. C. N. Fernando who is seventy three years of age and that he be appointed a Director of the Company with immediate effect for a further period of one year".
5. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2020, together with the Report of the Auditors thereon.
6. To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 87 & 88 of the Articles of Association of the Company.
7. To re-elect Mr. D. P. De Silva as a Director in terms of Article 94 of the Articles of Association of the Company.
8. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.
9. To amend the Articles of Association of the Company and to consider and if deemed fit to pass the following Resolution as a Special Resolution;



**SPECIAL RESOLUTION**

"IT IS HEREBY RESOLVED to amend the Articles of Association of the Company in the following manner;

- i. Including the following Article numbered Article 55(A) immediately after Article 55;

"55(A) A general meeting may be held either:

- (a) by a number of shareholders who constitute a quorum, being assembled together at the place, and time appointed for the meeting; or
- (b) by means of audio, or audio visual communication method or platform specified by the Board by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

and by the insertion of the following words as its side note;

"Methods of holding meetings"

- ii. Including the following Article numbered Article 59(A) immediately after Article 59;

"59(A) In the case of a meeting of shareholders held under Article 55(A) (b), unless a poll is demanded, voting at the meeting shall be by shareholders signifying their assent or dissent via a method or platform specified by the Chairman. A poll shall be conducted via a method or platform specified by the Chairman."

By Order of the Board

(Sgd.)

**K.D. De Silva (Mrs.)**

*Director*

**Carsons Management Services (Pvt) Ltd.**

*Secretaries*

Colombo  
7th July 2020

**Notes**

1. THIS NOTICE SHOULD BE READ IN CONJUNCTION with the "Procedure to be followed at the 111th Annual General Meeting of the Company" which is enclosed with the Annual Report.
2. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
3. The completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 10th August 2020 via email to SHALAGM2020@carcumb.com or by fax to +94 11 2337671 or by post to or handed over to the Registered Office of the Company at No. 61, Janadhipathi Mawatha, Colombo 1.
4. A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
5. The transfer books of the Company will remain open.
6. Security Check

We shall be obliged if the Shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance.







# Form of Proxy

\*I/We..... being \*a  
 Member/Members of SHALIMAR (MALAY) PLC, hereby appoint .....  
 Of.....  
 bearing NIC No./Passport No..... or failing him/her.

Don Chandima Rajakaruna Gunawardena  
 Subramaniam Mahendrarajah  
 Diyangukankani Prithiviraj De Silva

or failing him,  
 or failing him

As \*my/our proxy to attend at the Annual General Meeting of the Company to be held on Wednesday, the 12th day of August 2020 at 4.00 p.m. at the 8th Floor, No. 65 C, Dharmapala Mawatha, Colombo 07 and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To appoint Mr. H. Selvanathan who is over seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2. To appoint Mr. M. Selvanathan who is over seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Mr. K. C. N. Fernando who is over seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 87 & 88 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Mr. D. P. De Silva as a Director in terms of Article 94 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. SPECIAL RESOLUTION Amendments to the Articles of Association of the Company		

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

.....  
 Signature/s

## Notes

- \* Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
- A shareholder is not entitled to appoint more than one proxy on the same occasion.
- Instructions are noted on the reverse hereof.

## Form of Proxy

### Instructions as to Completion

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 69 of the Articles of Association of the Company: The instrument appointing a proxy shall be in writing and -

- (i) in the case of an individual shall be signed by the Appointor or by his Attorney; and
- (ii) in the case of a Corporation shall be either under its common seal or signed by its Attorney or by an officer on behalf of the Corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such Attorney or officer.

A proxy need not be a member of the Company.

4. In terms of Article 65 of the Articles of Association of the Company;

In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by Attorney or by representative, shall be accepted to the exclusion of the votes of the other joint- holders and for this purpose seniority shall be determined by the order in which the names stands in the Register of Members in respect of the joint holding.

5. To be valid the completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 10th August 2020 or via e-mail to SHALAGM2020@carcumb.com or by fax to +94 11 2337671 or by post to or handed over to the Registered Office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.

Please fill in the following details

Name : .....

Address : .....

Jointly with : .....

Share Folio No. : .....

# Corporate Information

## NAME OF THE COMPANY

Shalimar (Malay) PLC

## COMPANY REGISTRATION NO.

PQ 51

## LEGAL FORM

A Public Quoted Company with Limited Liability.  
Incorporated in Sri Lanka in 1909

## DIRECTORS

D. C. R. Gunawardena (Chairman)  
(Appointed as Chairman w.e.f. 24.05.2020)  
S. Mahendrarajah  
D. P De Silva (Appointed w.e.f 16.12.2019)  
H. Selvanathan (Vacated office on 24.05.2020)  
M. Selvanathan (Vacated office on 24.05.2020)  
I. Paulraj (Vacated office on 24.05.2020)  
A. K. Sellayah (Deceased on 13.09.2019)  
K. C. N. Fernando (Vacated office on 24.05.2020)

## BANKERS

Standard Chartered Bank  
Commercial Bank of Ceylon PLC  
Deutsche Bank

## AUDITORS OF THE COMPANY

Messrs. Ernst & Young  
Chartered Accountants  
No. 201, De Saram Place,  
Colombo 10, Sri Lanka.  
Tel: + 94 11 2463500  
Fax: +94 11 2697369

## SECRETARIES

Carsons Management Services (Pvt) Ltd  
No. 61, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka.  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## MANAGERS

Agro Harapan Lestari (Pvt) Ltd  
Level 20, East Tower,  
World Trade Centre,  
Echelon Square,  
Colombo 01, Sri Lanka.  
Tel: +94 114357777  
Fax: +94 114357788

## REGISTERED OFFICE

No. 61, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka.  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## CORPORATE WEBSITE

[www.goodhopeholdings.com](http://www.goodhopeholdings.com)

## HOLDING COMPANY

Goodhope Asia Holdings Ltd

## ULTIMATE PARENT & CONTROLLING ENTITY

Bukit Darah PLC

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**emagewise**

Printed by Printage (Pvt) Ltd



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A CARSON CUMBERBATCH COMPANY

[www.goodhopeholdings.com](http://www.goodhopeholdings.com)