



Shalimar (Malay) PLC

**Summarised Financial Report
for the year ended
31st March 2023**

SHALIMAR (MALAY) PLC

Review of operations for the year ended 31st March 2023

The year under review was faced with global economic challenges with most countries facing higher inflation and rising interest rates. Your Company has a 13.33% equity stake in Shalimar Developments Sdn. Bhd (SDSB). The Indonesian plantation, in which your Company has an equity stake, via SDSB, has exceeded its prime age, thus posing new challenges in maintaining the property amidst rising operational costs such as fertilizer and harvesting. On a positive note, the Crude Palm Oil (CPO) Prices increased compared to the previous year. However, the export ban implementation in Indonesia to control the domestic palm oil prices somewhat dented the CPO price upside. With the relaxation of export ban in the 2nd quarter, release of excess stock to the market resulted in a steep decline in CPO prices. Indonesia has since controlled the domestic vegetable oil prices via an export quota system and an aggressive export duty levy mechanism thus capping the producers price upside benefit.

In general, the bank's interest rates witnessed an increase in the year under review. The only source of income earned by the Company in the year under review is the interest income from short term deposits which basis is lower compared to the previous years. Consequently, after meeting its obligations, your Company recorded a net loss after tax of Rs. 0.39 Mn for the year as compared to the profit of Rs. 19.64 Mn recorded in the previous financial year.

Minimum Public Holding and Decision to De-list

As per Rule 7.14.1 (1) (a) of the Listing Rules of the Colombo Stock Exchange (CSE), 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 public shareholders as specified in the said rules.

As previously informed via annual and interim reports, the Company has been non-compliant with the CSE Listing Rules relating to minimum public holding requirements for companies listed on the Main Board since 1st December 2015. Due to such non-compliance, the Company was transferred to the 'Watch List' of the CSE in terms of Rule 7.14.2 (b) of the previous Listing Rules of the CSE with effect from 02nd July 2018 and thereafter transferred to the Second Board with effect from 15th November 2019 in accordance with the amended the Listing Rules of the CSE.

In this regard, we wish to highlight that the objective of the voluntary offer made to all shareholders in 2011 was to acquire the entire minority shareholding. The offer document dated 17th March 2011 also mentioned that upon completion of the voluntary offer, the rationale 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.

In 2016, the Company sold its main operational asset, the Malaysian oil palm plantation and the proceeds received by the Company was distributed via a share buy-back and cash dividend in 2017 after deducting taxes and related expenses.

The CSE via letter dated 22nd February 2022 has informed the Company that the CSE in consultation with the SEC, is contemplating to carry out enforcement actions for non-compliance with the Listing Rules relating to minimum public holding requirement. The Company was requested to submit an Action Plan for adoption to be compliant with this requirement by 15th March 2022. Considering that there is no requirement for additional capital infusion to the Company and since Goodhope Asia Holdings Limited (GAHL) had no intention to dilute its current holding in the Company, the Company via letter dated 13th June 2022 communicated to CSE that it is conducting preliminary discussions with GAHL being the majority shareholder, for the purchase of shares from shareholders of the Company, who may wish to divest their shares.

GAHL, the majority shareholder has indicated its willingness to purchase the shares of the Company held by the minority shareholders who wish to sell their shares and made the exit offer price on 17th May, 2023.

Accordingly, the Board of Directors of the Company has made a decision on the 17th May 2023 to accept the exit offer price made by GAHL in order to acquire the minority shares in order to facilitate the proposed de-listing of the ordinary shares of the Company from the official list of the Colombo Stock Exchange subject to obtaining required shareholder and regulatory approvals.

The Board of Directors will take all necessary steps in accordance with the Rules of the Securities and Exchange Commission of Sri Lanka published in Gazette Extraordinary No 1215/2 dated December 18, 2001, in relation to the de-listing of shares from the Official List of the CSE.

Agro Harapan Lestari (Pvt) Ltd

Managers

30th May 2023

SHALIMAR (MALAY) PLC
Statement of Profit or Loss

(All figures in Sri Lankan Rupees '000)

(All figures in Sri Lankan Rupees '000)

	Quarter ended		Change	Year ended		Change
	31st March			31st March		
	2023	2022		2023	2022	
			%			%
Dividend income	-	-	-	-	21,356	-100%
Interest income	491	134	266%	1,519	320	375%
Other income	1	1	0%	1	1	0%
Administrative expenses	(500)	(609)	-18%	(1,913)	(2,033)	-6%
Profit / (Loss) before tax for the period	(8)	(474)	-98%	(393)	19,644	-102%
Income tax expense	-	-	-	-	-	-
Profit / (Loss) for the period	(8)	(474)	-98%	(393)	19,644	-102%
Earning/(Loss) Per Share (Rs.)	(0.00)	(0.09)		(0.07)	3.64	

Statement of Comprehensive Income

Statement of Comprehensive Income	Quarter ended		Change	Year ended		Change
	31st March			31st March		
	2023	2022		2023	2022	
			%			%
Profit / (Loss) for the period	(8)	(474)	-98%	(393)	19,644	-102%
Other comprehensive income						
Other Comprehensive Income / (Expenses) not to be reclassified to profit or loss in subsequent						
Gain on Change in Fair Value of Financial Assets classified under Fair Value through OCI (FVOCI)	2,040,318	3,590,300	-43%	2,040,318	3,590,300	-43%
Net Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods	2,040,318	3,590,300	-43%	2,040,318	3,590,300	-43%
Other Comprehensive Income for the period, net of tax	2,040,318	3,590,300	-43%	2,040,318	3,590,300	-43%
Total Comprehensive Income for the period, net of tax	2,040,310	3,589,826	-43%	2,039,925	3,609,944	-43%

Changes represent the percentage change in current period's results compared to corresponding period of last year.

Figures in brackets indicate deductions.

The above figures are subject to audit.

SHALIMAR (MALAY) PLC
Statement of Financial Position

(All figures in Sri Lankan Rupees '000)

	Notes	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		134	311
Non-current financial assets	(Note 3)	12,526,753	10,486,435
Total Non- Current Assets		12,526,887	10,486,746
Current Assets			
Advances and Prepayments		1,295	438
Income tax receivable		764	764
Short term investments		-	8,286
Cash and cash equivalents		10,219	3,000
Total Current Assets		12,278	12,488
Total Assets		12,539,165	10,499,234
EQUITY AND LIABILITIES			
Equity			
Stated capital	(Note 6)	69,401	69,401
Retained earnings		34,499	34,892
Other reserves		12,434,919	10,394,601
Total Shareholders' Funds		12,538,819	10,498,894
Current Liabilities			
Provisions and Accrued Expenses		331	324
Unclaimed dividend		15	16
Total Current Liabilities		346	340
Total Liabilities		346	340
Total Equity and Liabilities		12,539,165	10,499,234
Net Asset per share (Rs.)		2,322.93	1,945.02

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.)

Aneesh Dudeja

President / Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved & signed for and on behalf of the Managers,

Approved & signed for and on behalf of the Board,

(Sgd.)

(Sgd.)

(Sgd.)

Rushdi Azeez

Director

Agro Harapan Lestari (Pvt) Ltd

30th May 2023

The above figures are subject to audit.

H. Selvanathan

Chairman

D.C.R Gunawardena

Director

SHALIMAR (MALAY) PLC
Statement of Changes in Equity
(All figures in Sri Lankan Rupees '000)

	Stated Capital	Fair Value Reserve	Retained Earnings	Total Shareholders' Funds
Balance as at 1st April 2021	69,401	6,804,301	63,289	6,936,991
Profit for the year	-	-	19,644	19,644
Other comprehensive income for the year	-	3,590,300	-	3,590,300
Total comprehensive income for the year	-	3,590,300	19,644	3,609,944
Interim Dividend	-	-	(48,041)	(48,041)
Balance as at 31st March 2022	69,401	10,394,601	34,892	10,498,894

	Stated Capital	Fair Value Reserve	Retained Earnings	Total Shareholders' Funds
Balance as at 1st April 2022	69,401	10,394,601	34,892	10,498,894
Loss for the year	-	-	(393)	(393)
Other comprehensive income for the year	-	2,040,318	-	2,040,318
Total comprehensive income for the year	-	2,040,318	(393)	2,039,925
Balance as at 31st March 2023	69,401	12,434,919	34,499	12,538,819

Figures in brackets indicate deductions/negative changes

The above figures are subject to audit.

SHALIMAR (MALAY) PLC
Statement of Cash Flow

For the year ended 31st March

(All figures in Sri Lankan Rupees '000)

	2023	2022
Net cash outflows from operating activities	(2,586)	(1,844)
Net cash inflows from investing activities	9,805	50,327
Net cash outflows from financing activities	-	(48,041)
Increase in cash and cash equivalents	7,219	442
Cash and cash equivalents at the beginning of the year	3,000	2,558
Cash and cash equivalents at the end of the year	10,219	3,000
Cash and cash equivalents:		
Cash and bank balances	700	1,233
Short-term deposits	9,519	1,767
	10,219	3,000

Figures in brackets indicate deductions.

The above figures are subject to audit.

SHALIMAR (MALAY) PLC

1. Basis of preparation of Summarised Financial Report

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2022.

Further, provisions of the Companies Act no.7 of 2007 have been considered in preparing the interim financial statements of the company.

2. Accounting Policies

The same accounting policies and methods of computation as stated in the annual financial statements for the year ended 31st March 2022 are followed in the preparation of these Interim Condensed Financial Statements.

The comparative information have been reclassified wherever necessary to conform to the current year classification.

3. Fair Value Measurement

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

Fair value measurement hierarchy for financial assets as at 31st March 2023 and 31st March 2022 are as follows :

(All figures in Sri Lankan Rupees '000)

	Date of valuation	Fair value measurement using		
		Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Non Current Financial Assets Measured at Fair Value:				
As at 31st March 2023				
<u>Equity Investments at Fair Value through OCI (FVOCI)</u>				
<u>Unquoted Equity Shares</u>				
Shalimar Developments Sdn.Bhd. (Note 4(a))	31 December 2022	12,526,753	-	12,526,753
FVOCI financial assets as at 31st March 2023		12,526,753	-	12,526,753
As at 31st March 2022				
<u>Equity Investments at Fair Value through OCI (FVOCI)</u>				
<u>Unquoted Equity Shares</u>				
Shalimar Developments Sdn.Bhd. (Note 4(a))	31 December 2021	10,486,435	-	10,486,435
FVOCI financial assets as at 31 March 2022		10,486,435	-	10,486,435

SHALIMAR (MALAY) PLC

4. Non-current financial assets

a). Equity Investments at Fair Value through OCI - Unquoted Equity Shares

The Company holds a 13.33% equity investment (March 2022: 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 Company obtained the services of PricewaterhouseCoopers Advisory Services Sdn. Bhd. Malaysia (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 31st December 2022. This independent professional valuation is carried out annually and recognized as at 31st March 2023. Any changes in fair value accordingly, is recognized on an annual basis.

The primary approach adopted 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 28 years.
- (b) Consider one planting cycle (i.e. no replantation at the end of the economic life).
- (c) Yield per hectare is estimated considering maturity profile, weather, soil and terrain conditions.
- (d) CPO ex-mill prices in FY 2022/23 and FY 2023/24 is estimated to be USD 760/MT and USD 675/MT respectively.
FY 2024/25 onwards, prices are in line with the World Bank CPO price forecast (Oct 2021 and Oct 2022) and adjusted for the transportation cost and Indonesia palm export levy. After FY 2031/32, prices are assumed to remain unchanged.
- (e) Weighted average cost of capital (WACC) of 10.5%
- (f) Indonesian corporate taxation rate at 22% in FY 2023 and beyond.
- (g) Inflation is based on International Monetary Fund (IMF) forecasts.

Sensitivity of the key assumptions used

The significant unobservable inputs used in the above fair value measurement categorised within Level 3 of the fair value hierarchy (Note 03) together with a quantitative sensitivity analysis are as shown below:

The below values are based on 13.33% equity stake in SDSB and base case is at WACC of 10.5%.

	WACC		CPO ex – mill price		Yield	
	1% Increase Rs'000	1% Decrease Rs'000	5% Increase Rs'000	5% Decrease Rs'000	5% Increase Rs'000	5% Decrease Rs'000
Effect of fair value in unquoted equity shares in SDSB designated as Financial Assets classified under FVOCI	(965)	1,039	4,824	(4,824)	(3,340)	3,340

5. Contingent Liabilities, Assets Pledged & Events After the Reporting Period

5.1 Contingent Liabilities

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

5.2 Assets Pledged

There were no assets pledged as at the reporting date.

SHALIMAR (MALAY) PLC

5.3 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 other than what is disclosed below;

The Company made a market announcement on 17th May 2023 consequent to the Board of Directors of the Company having accepted the exit offer price made by the majority shareholder to acquire the minority shares so as to facilitate the proposed de-listing of the ordinary shares of the Company from the official list of the Colombo Stock Exchange subject to obtaining required shareholder and regulatory approvals.

6. Stated Capital

Stated capital of the company consists of,

As at	As at
31.03.2023	31.03.2022

Fully paid ordinary shares (voting)

5,397,840	5,397,840
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7. Related Party Transactions

7.1 Recurrent Related Party Transactions

7.1.1 Secretarial Fee

The Secretarial fee charged by Carsons Management Services (Private) Limited of Rs. 0.28 Mn (31st March 2022: Rs.0.22 Mn) has been charged in arriving at the profit before income tax for year ended 31st March 2023.

All the above recurrent related party transactions have been conducted on agreed commercial terms with the respective parties on an arm's length basis.

7.2 Non-Recurrent Related Party Transactions

There are no non-recurrent related party transactions for the year ended 31st March 2023

8. 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. 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.

INVESTOR INFORMATION

Share information

Highest price per share (Rs.)

Lowest price per share (Rs.)

Last traded price (Rs.)

Volume traded (No. of shares)

Quarter ended		Year ended
31.03.2023	31.03.2022	31.03.2023
1,242.75	1,374.00	1,350.00
991.00	1,100.00	920.25
1,317.75	1,209.50	1,317.75
149	314	954

SHALIMAR (MALAY) PLC

Additional Notes

I Names and the Number of Shares (voting) held by the top 20 shareholders as at 31st March 2023.

	Name of Shareholders	Number of Shares	%
1	Goodhope Asia Holdings Ltd	4,491,047	83.2
2	Selinsing Plc	579,432	10.73
3	Good Hope Plc	167,328	3.1
4	Indo-Malay Plc	119,448	2.21
5	Mr. K.C. Vignarajah	21,675	0.4
6	Mrs. S. Vignarajah	3,716	0.07
7	Mr. J.A.A. Chandrasiri	1,798	0.03
8	Dr. D. Jayantha	1,480	0.03
9	Best Real Invest Co Services (Private) Limited	1,329	0.02
10	Miss. K.R. Vignarajah	810	0.02
11	Dr. R.D. Kahandawa Arachchi	700	0.01
12	Mr. M.A.J. Wahid	543	0.01
13	Mr. N.K. Punchihewa	531	0.01
14	Mr. D.P. Navaratnam	491	0.01
15	Mr. U.I. Suriyabandara	470	0.01
16	Mr. N.A.L. Keerthi	420	0.01
17	Mr. V.H.D.S.S. Siriwardena (Deceased)	409	0.01
18	Mr. N.S.C. De Silva	362	0.01
19	Mr. V. Baskarasundaram	351	0.01
20	Mr. S. Kunjithapatham	319	0.01
		5,392,659	99.91

II Ordinary Shares of the Company held by the public as at 31st March 2023 are as follows;

Number of public shareholders

336

Percentage of public holding

0.75%

Float adjusted market capitalization (Rs.)

53,347,527

The Company is not in compliance with the minimum public holding requirements set out in Rule 7.14.1 (a) of the Listing Rules of the Colombo Stock Exchange.

III Directors shareholdings as at 31st March 2023.

Name of Director	Number of Shares
Mr. H. Selvanathan (Chairman)	-
Mr. M. Selvanathan	1
Mr. I. Paulraj	-
Mr. D.C.R. Gunawardena	-
Mr. K.C.N. Fernando	-
Mr. D. P. De Silva	-
Mr. S. Mahendrarajah	53

PT Agro Indomas, the Company's investment made through Shalimar Developments Sdn. Bhd. (Investment vehicle in Malaysia) is located in Kalimantan province, Indonesia. The total land area of PT Agro Indomas is approximately 26,516 Ha.

IV Operational performance information is given below.

Operational performance indicators	Year ended	
	31st March	
	2023	2022
Crop Production - Internal (MT)	472,085	406,644
Crop Production - External (MT)	409,057	215,628
Total Crop Production (MT)	881,142	622,272
CPO (MT)	178,022	128,787
PK (MT)	41,294	30,317
CPO Ex Mill Price (US\$)	759	679
FFB Yield (MT per Hectare)	23.72	20.43
CPO/ Ha (MT)	5.01	4.41
Milling Capacity (MT per Hour)	225	225

MT-Metric Tones

CORPORATE INFORMATION

Name of the Company

Shalimar (Malay) PLC

Company No

PQ 51

Legal Form

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

Directors

H. Selvanathan (Chairman)
M. Selvanathan
I. Paulraj
D.C.R.Gunawardena
K.C.N. Fernando
S. Mahendrarajah
D. P. De Silva

Bankers

Standard Chartered Bank
Commercial Bank of Ceylon PLC

Auditors of the Company

Messrs. Ernst & Young
Chartered Accountants
201, De Saram Place,
Colombo 10
Sri Lanka
Tel: + 94 11 2463500
Fax: + 94 11 2697369

Secretaries

Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha
Colombo 01
Sri Lanka
Tel: +94 11 2039200
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Managers

Agro Harapan Lestari (Pvt) Ltd
03rd Floor
No. 65C
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Registered Office

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Tel: +94 11 2039200
Fax: +94 11 2039300

Corporate Website

www.goodhopeholdings.com

Holding Company

Goodhope Asia Holdings Ltd

Ultimate Parent & Controlling Entity

Bukit Darah PLC