



Shalimar (Malay) PLC

**Summarised Financial Report
for the nine months ended
31st December 2020**

SHALIMAR (MALAY) PLC

Review of operations for the period ended 31st December 2020

The Company holds minority equity investments in Shalimar Developments Sdn. Bhd. (SDSB) which comprises the sole operation of the Company. SDSB's investee company carries out palm oil plantation operations in Indonesia.

The outbreak of the COVID-19 pandemic in March 2020 posed fresh challenges and risks to the operating environment in plantations. The Global Crude Palm Oil prices (CPO) which witnessed historical low prices continuously in the past few years, has started to show signs of recovery in the 3rd Quarter of this financial year. However, the CPO price upside has been constrained with the introduction of a new duty on CPO by the Indonesian government to support its bio-diesel mandate. In the midst of these prevailing industry and economic uncertainties, the investee company of SDSB has been taking several measures to preserve its liquidity position and remain resilient.

The only source of revenue for the period is the interest income earned from the Company's short term deposits in Sri Lanka, the rate of which has declined sharply following the pandemic outbreak. The Company has in the circumstances, taken several measures to contain its expenses in the period under review. Accordingly, the Company recorded an after tax profit of Rs. 0.36 mn from operations during the period under review; compared to a loss of Rs 0.30 mn recorded in the corresponding period of the previous financial year.

Minimum Public Holding

As previously informed, 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, due to which 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.

We wish to highlight that the objective of the voluntary offer made to all shareholders on 17th March 2011 was to acquire the entire minority shareholding as a step towards the consolidation of the oil palm plantation business. The offer documents also mentioned that upon completion of the voluntary offer, the rational 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.

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 the proposed course of action.

Agro Harapan Lestari (Pvt) Ltd

Managers

09th February 2021

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	Nine months ended		Change
	31st December			31st December		
	2020	2019		2020	2019	
			%			%
Interest income	104	1,033	-90%	1,852	2,976	-38%
Administrative expenses	(446)	(1,689)	-74%	(1,490)	(3,272)	-54%
(Loss) / Profit before tax for the period	(342)	(656)	-48%	362	(296)	-222%
Income tax expense	-	-	-	-	-	-
(Loss) / Profit for the period	(342)	(656)	-48%	362	(296)	-222%
Earnings Per Share (Rs.)	(0.06)	(0.12)		0.07	(0.05)	

Statement of comprehensive income

Statement of comprehensive income	Quarter ended		Change	Nine months ended		Change
	31st December			31st December		
	2020	2019		2020	2019	
			%			%
(Loss) / Profit for the period	(342)	(656)	-48%	362	(296)	-222%
Other Comprehensive Income / (Expenses) for the period, net of tax	-	-	-	-	-	-
Total Comprehensive Income / (Expenses) for the period, net of tax	(342)	(656)	-48%	362	(296)	-222%

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

Figures in brackets indicate deductions/negative changes.

The above figures are subject to audit.

SHALIMAR (MALAY) PLC
Statement of financial position

(All figures in Sri Lankan Rupees '000)

	Note	As at 31.12.2020	As at 31.03.2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		128	172
Non-current financial assets	(Note 3)	5,568,053	5,568,053
Total Non- Current Assets		5,568,181	5,568,225
Current Assets			
Advances and Prepayments		5	197
Income tax receivable		764	764
Short term investments		36,789	35,038
Cash and cash equivalents		3,132	4,424
Total Current Assets		40,690	40,423
Total Assets		5,608,871	5,608,648
EQUITY AND LIABILITIES			
Equity			
Stated capital	(Note 6)	69,401	69,401
Retained earnings		62,583	62,221
Other reserves		5,476,219	5,476,219
Total Shareholders' Funds		5,608,203	5,607,841
Current Liabilities			
Provisions and Accrued Expenses		643	782
Unclaimed dividend		25	25
Total Current Liabilities		668	807
Total Liabilities		668	807
Total Equity and Liabilities		5,608,871	5,608,648
Net Asset per share (Rs.)		1,038.97	1,038.90

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

09th February 2021

The above figures are subject to audit.

H. Selvanathan

Chairman

M. Selvanathan

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 2019	69,401	5,687,054	61,884	5,818,339
Profit for the year	-	-	337	337
Other comprehensive income for the year	-	(210,835)	-	(210,835)
Total comprehensive income for the year	-	(210,835)	337	(210,498)
Balance as at 31st March 2020	69,401	5,476,219	62,221	5,607,841

	Stated Capital	Fair Value Reserve	Retained Earnings	Total Shareholders' Funds
Balance as at 1st April 2019	69,401	5,687,054	61,884	5,818,339
Loss for the period	-	-	(296)	(296)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(296)	(296)
Balance as at 31st December 2019	69,401	5,687,054	61,588	5,818,043

	Stated Capital	Fair Value Reserve	Retained Earnings	Total Shareholders' Funds
Balance as at 1st April 2020	69,401	5,476,219	62,221	5,607,841
Profit for the period	-	-	362	362
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	362	362
Balance as at 31st December 2020	69,401	5,476,219	62,583	5,608,203

Figures in brackets indicate deductions/negative changes

The above figures are subject to audit.

SHALIMAR (MALAY) PLC
Cash Flow Statement

For the nine months ended 31st December

(All figures in Sri Lankan Rupees '000)

	2020	2019	31.03.2020
Net cash outflows from operating activities	(64)	(3,637)	(3,119)
Net cash (Outflows) / inflows from investing activities	(1,228)	3,770	2,767
Net cash inflows / (outflows) from financing activities	-	-	-
(Decrease) / Increase in cash and cash equivalents	(1,292)	133	(352)
Cash and cash equivalents at the beginning of the period	4,424	4,776	4,776
Cash and cash equivalents at the end of the period	3,132	4,909	4,424
Cash and cash equivalents:			
Cash and bank balances	1,476	2,402	1,868
Short-term deposits	1,656	2,507	2,556
	3,132	4,909	4,424

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 2020.

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 2020 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 December 2020 and 31st March 2020 are as follows :

(All figures in Sri Lankan Rupees '000)

			Fair value measurement using			
				Quoted prices in active	Significant observable inputs	Significant unobservable inputs
Date of valuation			Total	(Level 1)	(Level 2)	(Level 3)
Non Current Financial Assets						
Measured at Fair Value:						
As at 31st December 2020						
<u>Equity Investments at Fair Value through OCI (FVOCI)</u>						
<u>Unquoted Equity Shares</u>						
Shalimar Developments Sdn.Bhd. (Note 4(a))	31 December 2019		5,568,053	-	-	5,568,053
FVOCI financial assets as at 31st December 2020			5,568,053	-	-	5,568,053
As at 31st March 2020						
<u>Equity Investments at Fair Value through OCI (FVOCI)</u>						
<u>Unquoted Equity Shares</u>						
Shalimar Developments Sdn.Bhd. (Note 4(a))	31 December 2019		5,568,053	-	-	5,568,053
FVOCI financial assets as at 31 March 2020			5,568,053	-	-	5,568,053

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 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 Equity Investments at Fair Value through OCI.

The Company obtained the services of PricewaterhouseCoopers (Pvt) 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. 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.

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.

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 9.76%.

	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	(790)	865	1,712	(1,712)	830	(830)

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.

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.

SHALIMAR (MALAY) PLC

6. Stated Capital

Stated capital of the company consists of,

As at 31.12.2020	As at 31.03.2020
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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. 0.18 mn (31st December 2019 : Rs.0.18 mn) has been charged in arriving at the profit before income tax for the period ended 31st December 2020.

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 period ended 31st December 2020.

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. 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.

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
31.12.2020	31.12.2019	31.03.2020
1,270.00	1,789.80	1,850.00
983.20	1,125.00	1,125.00
1,203.20	1,497.60	1,497.60
1,036	60	98

SHALIMAR (MALAY) PLC
Additional Notes

I Names and the Number of Shares (voting) held by the top 20 shareholders as at 31st December 2020.

	Name of Shareholders	Number of Shares	%
1	Goodhope Asia Holdings Ltd	4,491,047	83.20
2	Selinsing PLC	579,432	10.73
3	Good Hope PLC	167,328	3.10
4	Indo-Malay PLC	119,448	2.21
5	Mr. K.C. Vignarajah	21,438	0.40
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.M.A. Ameen	591	0.01
13	Mr. N.K. Punchihewa	531	0.01
14	MR. V.H.D.S.S. Siriwardena	409	0.01
15	Mr. N.S.C. De Silva	374	0.01
16	Mr. V. Baskarasundaram	351	0.01
17	Mr. M.A.J. Wahid	335	0.01
18	Acuity Partners (Pvt) Limited/Mr.N.K.Punchihewa	300	0.01
19	Mr. S. Kunjithapatham	299	0.01
20	Mrs. N.K.L. Munavir	283	0.01
		5,391,999	99.89

II Ordinary Shares of the Company held by the public as at 31st December 2020 are as follows;

Number of public shareholders	354
Percentage of public holding	0.75%
Float adjusted market capitalization (Rs.)	48,710,108

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.

III Directors shareholdings as at 31st December 2020.

Name of Director	Number of Shares
Mr. H. Selvanathan	-
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

IV 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 26,981 Ha.

Operational performance information is given below.

Operational performance indicators	2020 December	2019 December
Crop Production (MT)	449,445	533,438
CPO (MT)	95,541	108,708
PK (MT)	22,804	26,601
CPO Ex Mill Price (US\$)	501	452
FFB Yeild (MT per Hectare)	19.14	18.04
CPO/ Ha (MT)	4.15	3.79
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

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

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Managers

Agro Harapan Lestari (Pvt) Ltd

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World Trade Centre

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Registered Office

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Sri Lanka

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Corporate Website

www.goodhopeholdings.com

Holding Company

Goodhope Asia Holdings Ltd

Ultimate Parent & Controlling Entity

Bukit Darah PLC