

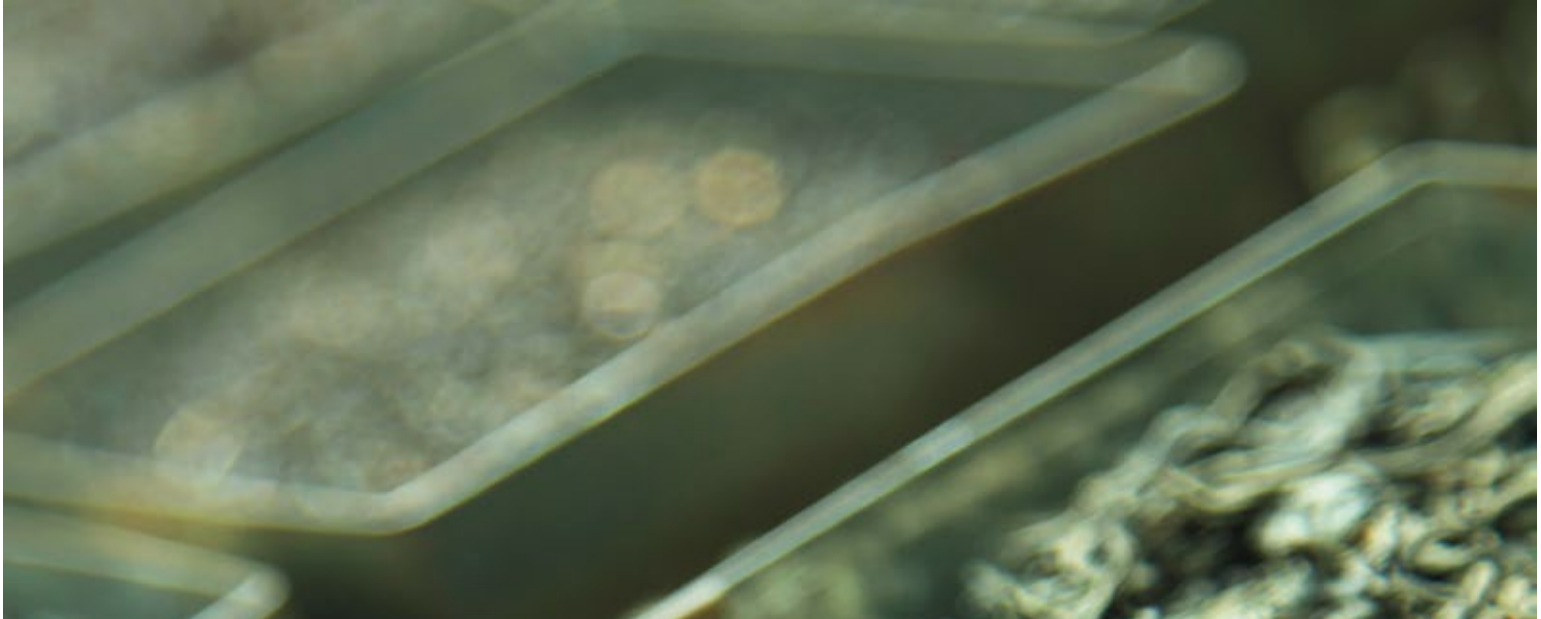
ABOUT US

Asia Siyaka Commodities PLC is a licensed tea broker and one of the country's leading market intermediaries in the tea industry. Since its incorporation 16 years ago, the Company has built a reputation for innovation and dynamism, and has played a pertinent role in transforming Sri Lanka's tea auction logistics, which is now among the most sophisticated and structured systems in the world. The Company holds a market share of around 14%, handles an average of 40 million tea kilogrammes annually and ranks consistently among the top 4 tea brokers in the country both in terms of traded volumes and prices obtained.

In addition to its presence in tea, the Organisation also engages in warehousing and acts as an intermediary in rubber and several other non-traditional commodities. The Company operates under a group structure with its fully-owned subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd engaging in warehousing operations and rubber broking businesses respectively. Tea and non-traditional commodities broking is conducted by the holding company.

Our Business Model





VISION

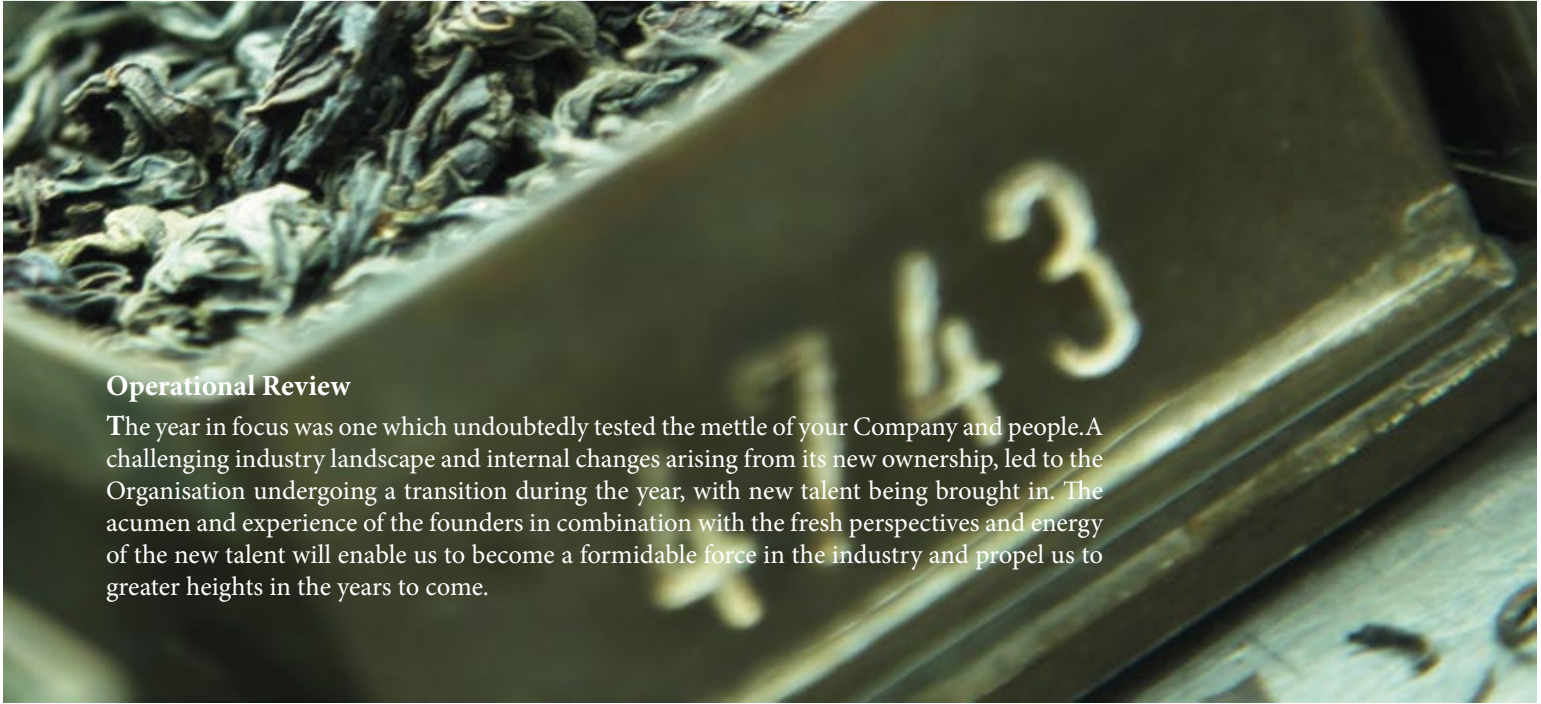
Being the safe, reliable, value enhancing, exchange facilitator in the commodity broking industry

MISSION

Driving commodity broking business with state of the art practices through continual value addition by setting competitive standards in the industry to delight our customers

CORE VALUES

Ethical,
Integrity,
Good Governance



Operational Review

The year in focus was one which undoubtedly tested the mettle of your Company and people. A challenging industry landscape and internal changes arising from its new ownership, led to the Organisation undergoing a transition during the year, with new talent being brought in. The acumen and experience of the founders in combination with the fresh perspectives and energy of the new talent will enable us to become a formidable force in the industry and propel us to greater heights in the years to come.

Annual Report 2014

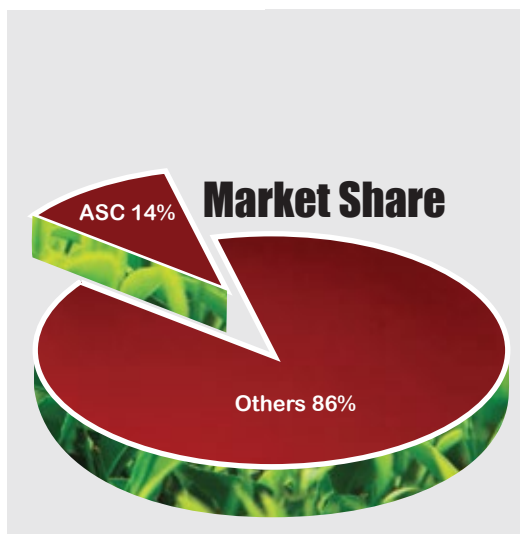
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Group Operational & Financial Highlights

44
million
Kgs
of tea



Highest-ever Profit
LKR 117.41 million

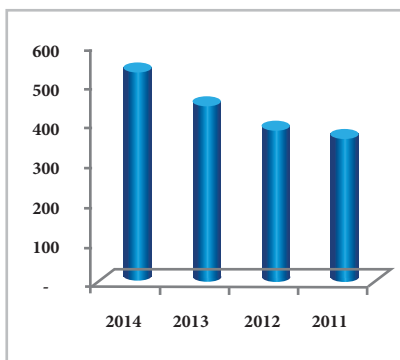
Revenue
20% up

**Consistently
among the
top 4 tea
brokers in
the country**

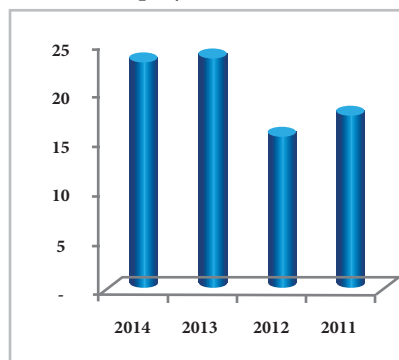
For the year ended 31 March	2014/2013	2013/2012	2012/2011	2011/2010
	Rs. Mm	Rs. Mm	Rs. Mm	Rs. Mm
Operations				
Gross Revenue	548,157,667	456,801,373	395,315,510	377,316,524
Profit Before Taxation	164,147,555	136,437,471	76,197,827	81,650,036
Profit After Taxation	117,414,088	96,776,325	52,401,946	39,333,687
Return on equity (%)	23.62	23.85	15.92	18.22
Statement of Financial Position as at 31 March				
Current Assets	1,313,401,208	1,173,605,728	792,941,762	717,680,738
Current Liabilities	1,030,146,340	913,487,622	645,938,587	604,240,165
Total Assets	1,793,022,620	1,542,715,056	1,184,893,272	1,113,957,096
Total Liabilities	1,098,035,115	970,616,957	706,156,283	665,731,427
Net Assets/Equity	694,987,505	572,098,099	478,736,989	448,225,669
Per Share				
Number of Shares 260,000,000				
Earnings (Rs.)	0.45	0.37	0.20	0.15
Net Assets (Rs.)	2.67	2.20	1.84	1.72

* Return on Equity: Calculated based on Profit Before Taxation

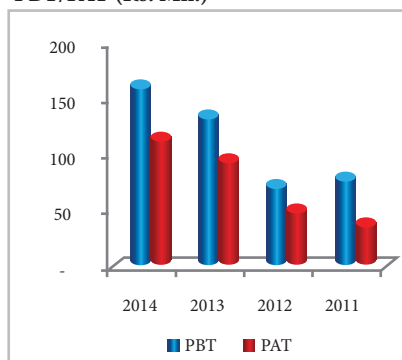
Gross Revenue (Rs. Mn)



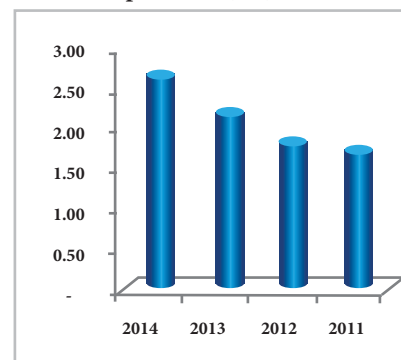
Return on Equity (%)



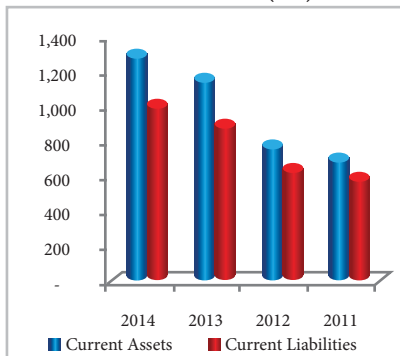
PBT/PAT (Rs. Mn.)



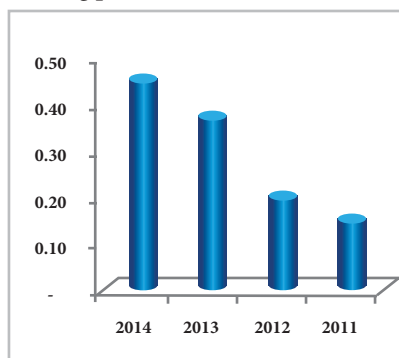
Net Assets per Share (Rs.)

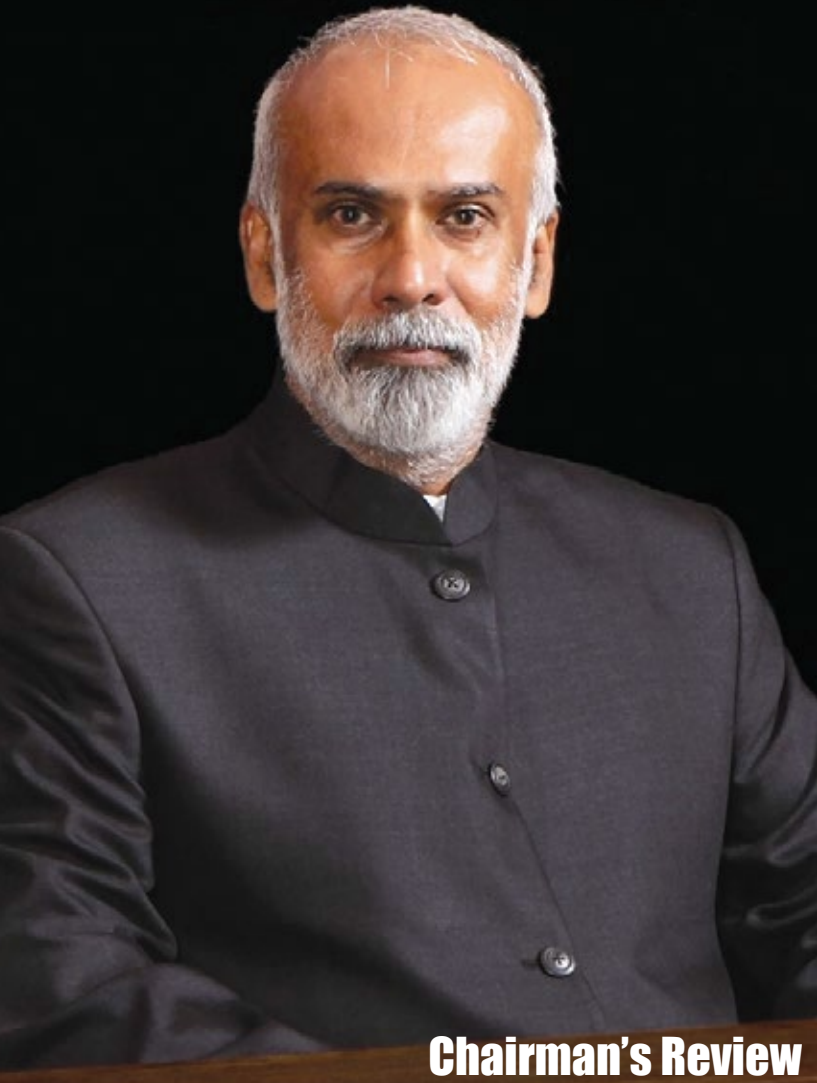


Current Assets/Liabilities (Rs.)



Earning per Share (Rs. Ctn.)





Chairman's Review

It is with great pride that I present my message for the year 2013/2014 together with the statement of accounts for the year ended 31 March 2014. It has been 16 years since our modest beginnings and 1 year since listing our shares in the Diri Savi Board of the Colombo Stock Exchange. I am pleased to announce that this year too, despite the challenging and intensely competitive environment, your company achieved remarkable growth and continued to sustain its market positioning and competitiveness.

Your Group's Revenue grew by 20% over 2012/13 to reach Rs. 548 Million, and Profit after tax reached Rs. 117 Million for the year, which translates to a commendable 21% Net Margin. However, unpredictability of weather patterns continued to haunt the company during the year. Heavy rains and overcast

conditions restricted supply from the Western slopes of the Central hills from mid-May to July, which are key areas of production for our Company. Better crop management during the rest of the year assisted in negating this adverse impact to a certain extent. Despite a slight growth in output for reasons mentioned above, higher prices aided in achieving stated results.

Amidst adverse conditions, your Company continued to command its competitive position as a high-end-supplier due to the strategic approach towards its clients. Our clients continue to value the company's expertise in the field, years of industry experience and on-going research and development initiatives. The company's ability to continue to reap

The Agriculture sector recorded a growth of 4.7 per cent in 2013 whilst tea production expanded by 3.6 per cent recording the highest ever output of 340.2 Million Kgs.

higher prices at Colombo Tea Auctions supports the confidence placed by our buyers with regard to the total quality of our product. We will continue these initiatives in order to further strengthen our position in the industry.

Sri Lanka indicators also supported our above-mentioned achievement. Our economy yet again achieved a high growth trajectory expanding by 7.3 per cent in 2013 amidst a challenging environment, both domestic and external. The Agriculture sector recorded a growth of 4.7 per cent in 2013 whilst tea production expanded by 3.6 per cent recording the highest ever output of 340.2 Million Kgs. Favorable weather conditions in certain areas, higher prices fetched at the Colombo Tea Auction (CTA) and strong export demand together with increase in fertilizer usage by smallholders supported this performance. Further, average prices of high, medium and low Vgrown teas at the CTA were above the corresponding prices recorded in 2012. Sri Lanka, being the largest orthodox black tea exporter, benefitted from the strong demand

for orthodox black tea and this was reflected in an increase in average auction prices by 7% in 2013.

This year our focus has been predominantly in tea broking and warehousing operations. Our warehousing operation which not only caters to our own needs but increasingly toward third parties, saw significant growth during 2013/14. Our key initiative to commission a state-of-the-art warehousing facility will further strengthen our position. The above will not only provide advanced storage capabilities but also assist in better management of costs. We are enthused with this new phase of our business. Additionally, we will focus on rubber/non-traditional commodity broking which we believe will have significant upside in the coming year.

We look to the future with confidence. The key challenges we face are the unpredictability in weather patterns, continuation of the fertilizer subsidy and its availability in an industry grappling with ageing bushes and depleted soils. Furthermore, the drop in demand for Sri Lankan tea by countries such as Syria, Libya and Iran too pose a threat to our sustenance. However, we are confident that the Rupee/Riyal settlement agreement with Iran Veasing of sanctions and strengthening of the Iranian currency would sustain demand in the medium term. Furthermore,

escalation of demand from other Middle Eastern and North African countries together with the economic strength of Russia and the revival of the Japanese economy are all very encouraging.

Asia Siyaka Commodities PLC is a union of success, with its core business in tea broking and warehousing operations. As we move forward into the new financial year, we are confident that our competitive position and the years of experience in the industry will stand good in propelling the company's future growth.

Acknowledgements

I would like to take this opportunity to thank my colleagues on the Board for their valuable input, trust and support extended during the past year. My gratitude is also extended to the Management and Staff at all levels for their loyalty, dedication and professionalism in sustaining our Company through the past year. Without your dynamism and dedication, Asia Siyaka would not be what it is today.

I also wish to extend my gratitude to Mr. Rohan Iddawella, Senior Marketing Director, who retired during the year. Mr. Iddawella was a Founder Director and his dedication and contribution toward the company has been immeasurable. We wish Mr. Iddawella every success in his future endeavors.

I would also like to warmly welcome Dr. I. A. Ismail to the Directorship of Asia Siyaka. We are awed by the years of experience you bring to the table and look forward to your expertise in progressing this company to the next sphere. It is also my privilege to welcome Mr. Vernon Caldera to the Directorship of the company. He counts over 50 years in the Tea Industry. Your considerable experience in Tea Broking I am sure will strengthen our efforts to move the company forward.

We would not be at this juncture if not for the privilege of serving our clients and we greatly appreciate their partnership. To our Bankers, Colombo Brokers Association, Colombo Tea Traders Association and other organizations connected with the Tea Industry particularly the Sri Lanka Tea Board and the Ministry of Plantation Industries, we are grateful for your support.

Finally, it is with deep regret that I mention the passing away of Mr. Nissanka de Mel, who was a Founder Director and former Head of Corporate Finance of our company. He was a true professional and a friend to us all. We extend our deepest condolences to his loved ones.

Dr. Anura Ekanayake



Chairman
19 August 2014



Managing Director's Review

Dear Shareholder,

It is my pleasure and privilege to present to you, our valuable shareholders, the Annual Report and Statement of Accounts for the financial year ended 31st March 2014.

The Group recorded a growth of 21.3% PAT during this financial year compared to last year

A Year of Transition

It was a year of great achievement for your Company, not merely in terms of its record performance and profitability but also the strength and commitment demonstrated by its people in the face of unprecedented challenges. The year under review, saw our team successfully weathering a trying external environment as

well as multiple internal changes. It was a year in which our team underwent a transition, with new talent being brought in to complement the skills and expertise of the founding members. The results of this dynamic combination have so far been outstanding, with the Group achieving its highest ever net profit of LKR 117.41 million during the financial year 2013/2014.

A Challenging External Environment

The industry environment presented several challenges during the year, both in tea and rubber. Extreme weather conditions prevalent during certain months of the year resulted in significant drops in production volumes of tea, particularly in the high-grown elevation. On the export front, political unrest in several of the country's key markets such as Syria, Iran and Libya caused demand from these destinations to decline, although this slack was offset by increased buying from several other Middle Eastern and North African countries. Meanwhile, rubber production volumes were also affected by adverse weather during the year whilst prices were subdued, reflecting global trends in pricing as demand for natural rubber declined with the slowdown in China's economic growth.

Our Performance During the Year

The year under review also saw the Company undergoing several changes. Mr. Rohan Iddawela, a Founder Director of the Company retired after 15 years of invaluable service to Asia Siyaka. His vision and guidance throughout the years has been a key driving force behind the Company's success and he will be greatly missed. It is also with great sorrow that I report the demise of Mr. Kumar de Alwis the former head of our Rubber Division during the year, who was instrumental in setting up the division. In a bid to fill the void created by the loss of these key personnel, new talent was brought in during the year, thus adding diversity and fresh perspectives to the team.

Despite the above-mentioned changes and challenges, it is with great pride I report the outstanding financial performance achieved by our team during the year. Total gross revenue expanded by 20% during the financial year to reach LKR 548.15 million, supported by the growth in both tea broking and warehousing. In tea broking, we continued to rank among the top 4 brokers and commanded an overall market share of around 14% during the year. We were also among the top price commanders at the Tea Auction with our prices fetching an average premium of 4% over the National

Managing Directors Review cont.

Sales Average. The rubber and non-traditional commodity broking divisions performed below expectations, affected by the non-conducive industry landscape as well as internal challenges as discussed above. The warehousing line of operations continued to generate healthy earnings, with the top line expanding by 15% during the year. Overall, the Company and its subsidiaries achieved a net profit of LKR 117.41 million during 2013/2014, the highest in its history.

Future Outlook

The demand for Sri Lanka's orthodox black tea, particularly for low-grown varieties, is anticipated to be strong during 2014 resulting in better prices than what was obtained in 2013. The high-grown varieties too will attract additional demand from the pure Ceylon Tea brands as well as international packers loyal to our tea, although prices could be more vulnerable. Overall, we are optimistic about industry prospects for 2014 and look forward to an exciting year in tea broking as we strive to further our market share. During the next financial year, we also intend to strengthen our operations in palm oil broking, an area which is already showing tremendous potential for growth.

The construction of our second warehouse, in the 2-acre freehold land adjacent to the existing facility is anticipated to commence during the financial year 2014/2015. Once completed, this facility is expected to increase our current warehousing capacity by 50% and be a significant contributor to the Group's bottom line.

Acknowledgements

As we look to next year with great optimism, I would like to take this opportunity to extend my gratitude to the Chairman, Dr. Anura Ekanayake and the Board of Directors for providing direction and continuance guidance. I also extend my deepest appreciation to our loyal workforce, without whose commitment the past year's achievements would not have been possible.

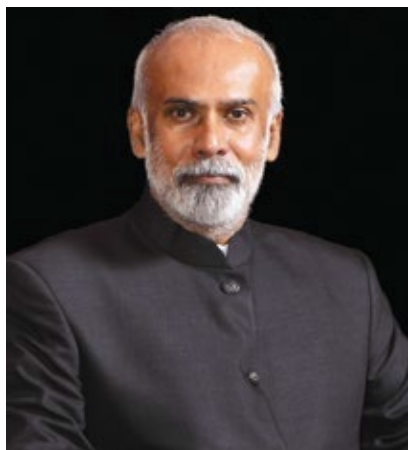
Anil Cooke



Managing Director
19 August 2014
Colombo



Management Discussion & Analysis



**DR. S A B EKANAYAKE -
CHAIRMAN/NON – EXECUTIVE
DIRECTOR**

Dr. Anura Ekanayake is a Past Chairman of the Ceylon Chamber of Commerce and of the Industrial Association of Sri Lanka.

He is currently the Chairman of Wealth Trust Securities Limited and Lanka Commodity Brokers Limited. He serves on the Boards of several other companies. These businesses range from finance to agriculture, retail trade, industry and exports.

During a professional career spanning three and a half decades, he has held senior positions in both the public sector as well as the private sector. His positions in the public sector included those of Senior Economist of Mahaweli Authority, Director of Planning of Ministry of Plantation Industries and that of Director General Public Administration. During his public

sector tenure he also held the position of Chairman Plantation Housing and Social Welfare Trust and a number of other Board positions including those of the Sri Lanka State Plantations Corporation, Janatha Estates Development Board, 23 Regional Plantation Companies, The Tea Research Institute and the Post Graduate Institute of Agriculture of University of Peradeniya. He served as the Chairman of the International Natural Rubber Council, Kuala Lumpur, Malaysia for a two year period.

He holds a B.A. (Econ) Hons. and M.Sc. (Agric) degrees from the University of Peradeniya, Sri Lanka and Ph.D. (Econ) from Australian National University where he studied under a Colombo Plan scholarship. He is also a Fellow of the Institute of Certified Professional Managers, Sri Lanka.



**MR. ANIL COOKE -
MANAGING DIRECTOR**

Mr. Cooke has a wealth of experience counting 35 years as a Broker, Auctioneer, Tea Taster and a Valuer with nearly 20 years of his work experience gained at Forbes and Walker Ltd. He is a member of the Chartered Institute of Marketing (UK) and has previously served on the Board of Directors of Forbes & Walker Ltd and Forbes & Walker Tea Brokers (Pvt) Ltd. He also served as the Chairman of Colombo Brokers' Association and as a Director of Sri Lanka Tea Board. At present, Mr. Cooke is a member of the Sri Lanka Tea Council and the Sri Lanka Tea Board, Promotion & Marketing Committee.

Mr. Cooke is a Founder Director of Siyaka (Pvt) Ltd and Founder Deputy Chief Executive Officer Asia Siyaka Commodities PLC. He is the Managing Director/ Chief Executive Officer Asia Siyaka Commodities PLC.



**MR. D J WEDANDE –
EXECUTIVE DIRECTOR**

Mr. Wedande is a Founder Director of Siyaka (Pvt) Ltd and Founder Senior Vice President of Asia Siyaka Commodities PLC. He has over 38 years of experience as an Auctioneer, Broker and Valuer in tea, rubber, coconut products and spices, initially at Forbes and Walker Ltd. He was the Chief Executive Officer of Centreline Tea Brokers, Mombasa, Kenya, 2000/2002.



**MR. Y KURUNERU –
EXECUTIVE DIRECTOR**

Mr. Kuruneru who is a Founder Director of Siyaka (Pvt) Ltd, a Founder Vice President of Asia Siyaka Commodities PLC, was appointed as a Senior Vice President in April 2011. He was in Tea Estate Management from 1988 till he joined Forbes & Walker Limited in 1993.

He counts over 24 years' experience, 06 in Tea Management and 18 years as a Broker, Tea Taster and Valuer. He specializes in Tea Manufacturing advices with regular technical advisory visits to Tea Estates and Factories. Currently he serves as a resource person to the National Institute of Plantation Management.



**MR. S G AMARASURIYA –
EXECUTIVE DIRECTOR**

Mr. Amarasuriya has over 32 years of experience in the tea industry and is also a Director of Lanka Commodity Brokers Ltd. His career in tea was from 1981, as a Tea Broker at Bartleet & Co. and thereafter at M. S. Hebtulabhoy & Co, Ltd, and Stassen Exports Ltd as a tea buyer. Subsequently Mr. Amarasuriya joined Forbes & Walker Tea Brokers (Pvt) Ltd as a Director and there on to date with Lanka Commodity Brokers Ltd.

Board Of Directors cont.



**MR. S SIRISENA –
NON – EXECUTIVE DIRECTOR**

Mr Sarath Sirisena holds a Masters in Business Administration from the Queensland University of Technology, Australia. He is a Chartered Marketer and he has been associated with the tea industry since 1968 in Plantation Management, Tea Exports and Tea Broking. He is a past Chairman of the Colombo Tea Brokers' Association, past Director of Sri Lanka Tea Board and past Committee Member of the Ceylon Chamber of Commerce and is also a Director of Lanka Commodity Brokers Ltd.



**MR. M MURATH –
NON -EXECUTIVE DIRECTOR**

Presently working as the Director Finance at Lanka Commodity Brokers Ltd, a Commodity Brokering House whose principal activities are tea, rubber and sundry produce broking and providing financial accommodation for the produce suppliers in respect of the above services. An Associate member of the Institute of Chartered Accountants of Sri Lanka, Fellow member of the Institute of Certified Management Accountants of Sri Lanka and holds a Bachelors Degree in Commerce from the University of Madras counting 26 years experience in Finance and Management both locally and internationally. He contributes immensely to the continuous growth of the companies in all areas where he has functioned as Head of Finance.



**MR. S T GUNATILLEKE –
INDEPENDENT NON-EXECUTIVE
DIRECTOR**

Mr. S T Gunathilake was appointed to the Board of Directors of Asia Siyaka Commodities PLC in May 2013. He served on the Boards of Hayleys Plantation Services (Pvt) Limited, Thalawakalle Tea Estates PLC, DPL Plantations (Pvt) Limited, Kelani Valley Plantations PLC and Mabroc Teas (Pvt) Limited.

A senior planter with over 40 years of experience in plantation management, has held the position of Regional Director of Sri Lanka State Plantations Corporation and served as a Consultant to United Nations Industrial Development Organization (UNIDO) on Tea Plantation Management.



**MR. B A HULANGAMUWA –
INDEPENDENT
NON- EXECUTIVE DIRECTOR**

Mr. Bhandula Anil Hulangamuwa holds a Masters Degree in Business Administration from the University of Colombo and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He is also a Director of Sunshine Holdings PLC and Watawala Plantations PLC.



**DR. I A ISMAIL – INDEPENDENT
NON- EXECUTIVE DIRECTOR**

Dr. Ismail was Vice Chairman of Unilever Ceylon and presently serves as a Director on the Boards of Amana Takaful PLC, Amana Holdings Limited, Amana Global Limited and Amana Capital Limited.

He holds a BSc (Hons) Degree from the University of Ceylon and a PhD from the University of St Andrews UK. He has attended the Advanced Management Programme at the Harvard Business School, and has also participated in many senior functional and general management training courses, mainly in the United Kingdom, Europe and India .

He has served in various capacities in State Institutions; among them as a Director of the National Apprentice Board, and as a member of the advisory committee of the Ministry of Foreign Affairs, the Research Planning Council of the CISIR, the Tertiary Vocation Education Commission and as a member of the Council of the Open University.

He was Principal of Zahira College, Colombo, Chairman of the Board of the Sri Lanka Business Development Centre, Council Member of the Employers' Federation, Chairman of the Board of Governors' of the Symphony Orchestra, Chairman of

the Colombo District Scouts Association, President of the Royal Colombo Golf Club and Patron of the Photographic Society of Sri Lanka.



**MR. V CALDERA
NON- EXECUTIVE DIRECTOR**

Vernon Caldera counts over 50 years in the Tea Industry, having joined the trade in 1964. He has since held many senior positions including that of Director Tea at John Keells Ltd., Managing Director of Mercantile Brokers Ltd and Consultant at Forbes & Walker Tea Brokers (Pvt) Ltd. He was also a Non-Executive Director of Horana Plantations PLC. He is currently a Consultant at Lanka Commodity Brokers Ltd.





STATERGIC MANAGEMENT TEAM

Seated from Left

Vernan Caldera, Anil Cooke, Dhammike Wedande, Yashojith Kuruneru,

Standing from Left

Roshantha Munasinghe, Lakshman Kodithuwakku, Chamara Dissanayake,

Sohan Samaranayake, Emil Diaz, Lalith Perera

Management Discussion & Analysis

The Economic Environment

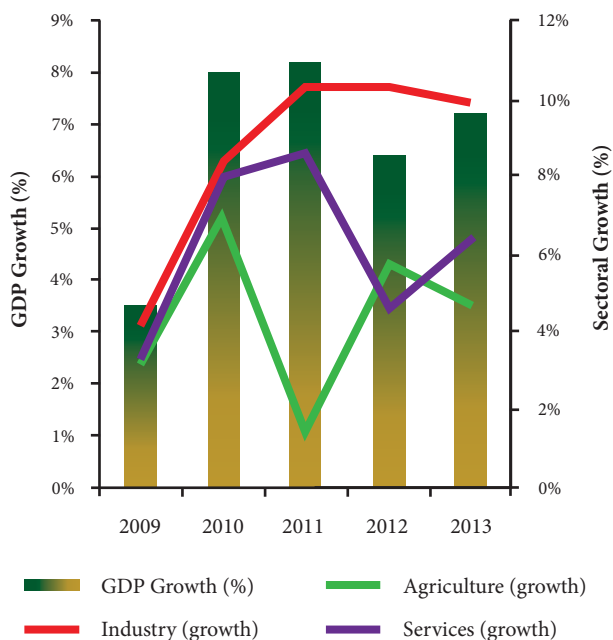
Sri Lanka's economic landscape in 2013 was characterised by low inflation, declining interest rates and a relatively stable exchange rate scenario, which collectively led to the acceleration of the country's economic growth. Growth in the Gross Domestic Product (GDP) rebounded to 7.3% during the year (2012: 6.3%) as domestic demand strengthened and earnings from exports and tourism recorded robust expansion. The Services sector led by growth in transport, communication and trade expanded by 6.4% during

2013, and continued to be the largest contributor to the country's GDP. Meanwhile, the Industry sector expanded by 9.9% during the year, supported by large infrastructure projects which boosted the construction sub-sector.

The Agriculture sector grew by 4.7% during the year despite inclement weather conditions in the first half of the year affecting the production of several key commodities. Government policies aimed towards strengthening production, remunerative producer prices as well

as improved weather conditions during the second half of the year supported sectoral growth. Production of paddy, vegetable and other highland crops improved significantly during the year whilst tea production recorded a slight expansion in relation to the previous year.

On the monetary policy front, the Central Bank adopted an easing stance as stabilisation objectives of 2012 were achieved. Policy rates were thus reduced by a total of 100 basis points during the year, gradually ensuing to short term market interest rates which adjusted downwards accordingly. Longer term interest rates repriced downwards towards the latter half of the year. Meanwhile, inflation levels also declined during the year, reflecting forward looking prudent monetary management in the previous year together with improved domestic food supply. The annual average headline inflation decelerated to 6.9% by end 2013, in comparison to 7.6% in 2012. On the exchange rate front, the rupee remained stable against the US Dollar for the first half of the year but depreciated subsequently amidst higher import demand as well as expectations of tapering in the US bond buying programme. Overall, the rupee saw a depreciation of 2.75% against the greenback in 2013 closing the year at LKR 130.75.



Source: Central Bank of Sri Lanka

The Industry Environment

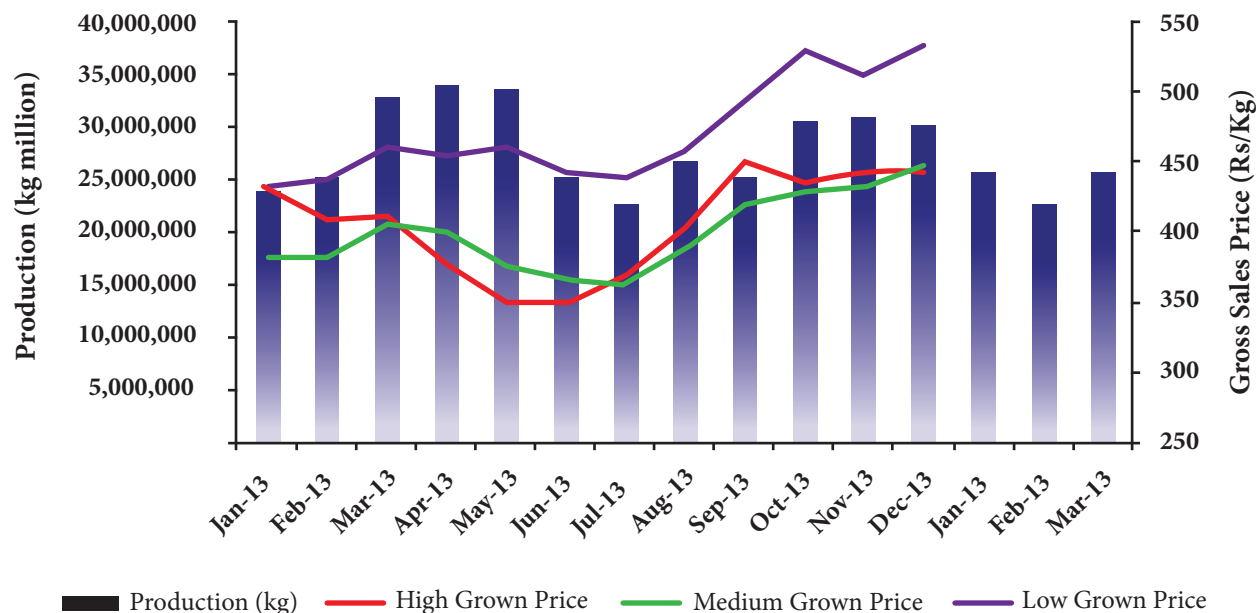
Performance of the Sri Lankan Tea industry

The country's total tea production fell marginally during the period under review (April 2013 to March 2014) to reach 331.8 million kgs, although volumes fluctuated significantly during certain months of the year with several regions experiencing erratic weather conditions. Crop intakes were healthy during the 1st

quarter of 2013 and up until mid-May, at which time weather patterns changed dramatically. The Western slopes of the Central Hills experienced torrential rains and overcast conditions until the 3rd quarter of the year resulting in production shrinking, particularly in

the medium and high-grown elevations. More favourable weather conditions on the Eastern slopes, aided better production when compared with the previous year. Low Grown tea experienced mixed weather but generally maintained production levels.

Production and pricing trends of Sri Lankan tea



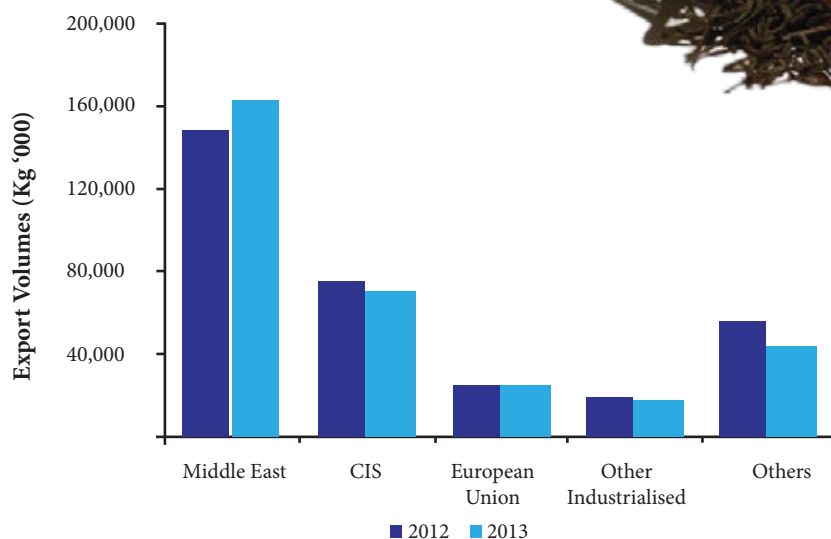
Source: Central Bank of Sri Lanka, Asia Siyaka Research

Management Discussion & Analysis cont.

Volatilities in output together with demand fluctuations in several of Sri Lanka's key export markets resulted in substantial fluctuations in tea prices during the year. On an average basis, prices of tea from all elevations escalated during the year, compared to 2012. The prices of low-grown teas strengthened during the 2nd and 3rd quarters of 2013 as demand improved, remaining strong to the end of the year. Meanwhile, prices of high-grown teas increased from June, in response to the limited supply and remained steady in line with healthy pre-winter demand. Overall, prices of low-grown, medium-grown and high-grown tea increased by 15%, 14% and 7% respectively in comparison to the corresponding

period of 2012. Overall, prices at the Colombo Tea Auction continued to be higher than the prices commanded at other auctions.

Exports to several of Sri Lanka's key markets including Russia, Syria, Libya and Iran declined during 2013, affected by civil unrest, political instability and currency fluctuations. However, overall export volumes were relatively unchanged at 319 million kg as the reduction in demand from the key



Source: Central Bank of Sri Lanka

buying markets was offset by strengthened demand stemming from other Middle Eastern countries including Turkey, Kuwait and the United Arab Emirates. Although export volumes were largely unchanged, export earnings from tea increased by 9.2% during the calendar year to reach a record high of USD 1.542 million, driven by stronger prices obtained by Ceylon Tea and Value Addition. Despite a slight reduction in volumes during the year, Russia continues to be Sri Lanka's top buyer accounting for around 15% in 2013.

The Rubber Industry



The Sri Lankan rubber industry suffered from adverse weather conditions for the major part of the year which resulted in a fall in the number of tapping days. Resultantly, production declined during the 1st three quarters of the year, albeit recovering during the last few months of 2013 as weather conditions improved. Overall, rubber production for the year fell by 14.2% to 130,421 metric tonnes. Despite the low domestic supply, average prices of Ribbed Smoke Rubber and Latex Creep Rubber also dropped by 10% and 3% respectively at the Colombo Rubber Auctions. The trend in rubber prices at the local auctions were in sync with the global natural rubber prices which declined in line with the slower growth of China, the largest global consumer.

The increase in supply by natural rubber producing nations and large stock piles maintained by the manufacturing countries like China, Vietnam, Japan also contributed to the drop in price.

Operational Review

The Group's key business lines are reflective of its presence at several important stages of the tea logistics process, including tea broking and warehousing. In addition, the Group has also diversified its earnings profile by venturing into rubber broking and non-traditional commodities such as spices and desiccated coconut. Broking is the Group's key income generator.

Contribution to Group Revenue



Management Discussion & Analysis cont.



Broking: Tea

Operating in a well regulated industry which however offers limited avenues for differentiation, the Group has sought to set itself apart from competition by focusing on value addition to its customers, thereby introducing new dimensions to the role of a traditional market intermediary. Capitalising on the skills and industry experience of its dynamic team, the Group offers a range of advisory services to tea producers, thereby encouraging the effective management of estates and factories. In addition to providing financial support to bridge short-term funding requirements,

the Group plays a proactive role in supporting tea producers in the following areas;

Location optimisation

Factory Design

Systems and Processes

Market Intelligence

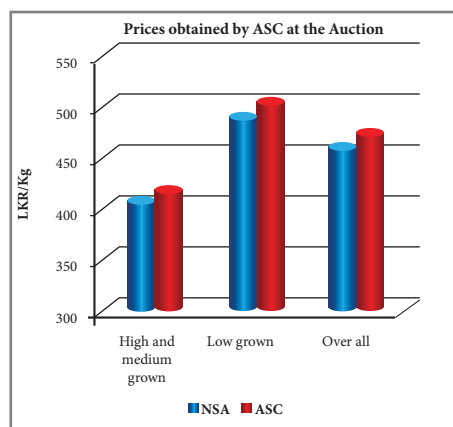
Product Development

Financial Planning

Management Information Systems

The provision of these value added services has allowed the Group to build and retain a loyal customer base. The technical support and market intelligence provided to its customers has also enabled producers to manufacture teas of superior quality proactively that meet the expectations of the discerning global market. Resultantly, not withstanding its relatively short operating history in the broking industry, the Group has consistently emerged as a top performer at the Colombo Tea Auction both in terms of the prices commanded and market share.

The Group's tea-broking arm performed commendably during the year under review, despite challenges in the external environment as well as within the organisation. Overall, the Group ranked amongst the top 4 tea brokers in terms of value, enjoying a market share of around 14%. Meanwhile, in terms of pricing the Group commanded an average premium of around 4% in comparison to the National Sales Average and consistently ranked among the top three price commanders at the Auction, reflecting the superior quality of service to the tea traded.



Broking: Rubber and Non-traditional commodities

The performance of the Group's Rubber broking division was subdued, affected by a fall in production due to unfavourable weather conditions as well as relatively weak prices. During the year under review, the division also transitioned to a new operational structure, with new talent being brought in to facilitate future growth. The Group remains optimistic regarding the opportunities presented in this line of business and intend to capitalise on its expertise in the tea broking industry to expand its operations in rubber.

The Group also acts as a market intermediary for a range of non-traditional crops including desiccated coconut, palm oil and spices. As a recent entrant to this industry, the contributions from this business line are still relatively small. However, earnings contribution from this segment is anticipated to widen in the coming financial year, particularly through desiccated coconut.



Management Discussion & Analysis *cont.*

Warehousing

The Group also has a strong presence in warehousing, with its state of the art warehousing facility being a key contributor to earnings. The current warehouse, which was constructed in 2000 was the first of its kind in the global tea broking industry and set new standards in the logistics process. It was also the first tea broker warehouse to be ISO certified and is currently managed with adherence to the new ISO 22000 standards.

During the year under review, the warehouse was operating at near full capacity, catering to the Group's own warehousing requirements as well as third parties. It continues to be a significant contributor to the Group's earnings, generating close to a quarter of the revenue.

Meanwhile, the Group intends to commence construction of a second warehouse, adjacent to the existing

facility during the coming financial year. This facility is anticipated to increase the Group's total warehousing capacity by around 50% and will strengthen the Group's bottom line substantially over the medium to long-term.



Financial Review

Group revenue increased by a commendable 20% to reach Rs. 548 million for the financial year ending 31 March 2014. Over the past 4 years the company achieved a cumulative average growth rate of over 15%. Improved performance in all key areas namely Brokerage, Warehousing, and Advances contributed to the above.

Brokerage in total accounted for Rs. 222 Million of which approx. 98% accounted for tea broking. The tea broking sector continued its trajectory with 15% growth over 2012/13 and accounted for over 41% of the Group revenue. The growth in revenue was mainly attributed to price. Disruptive weather patterns during 3Q 2013 lead to decline in quantity produced during the period.

The market responded and prices of Westerns rose steadily from June 2013. Even with a recovery in production in 4Q, stronger pre-winter buying demand kept the market prices steady. The quantity remained flat at 44.2 Million kgs in 2013/14 from that of 42.32 Million Kgs in 2012/13.

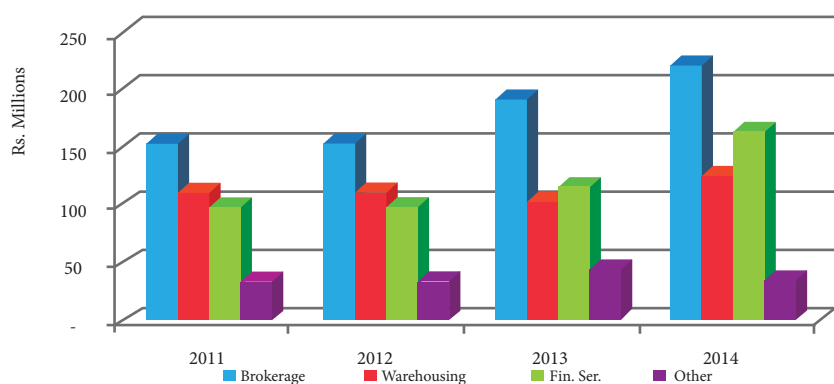
The warehousing operation also displayed growth of 17% to reach Rs. 119 Million during the financial year. The company expanded its operation not only to in-house clients but also to third parties, which enabled to sustain the above-mentioned growth. However, as a result of the increased demand the company was compelled to rent additional storage leading to increased costs. With plans to

commission the new state-of-the-art warehousing facility, the sector is expected to report higher growth in revenue and contribution in the coming year.

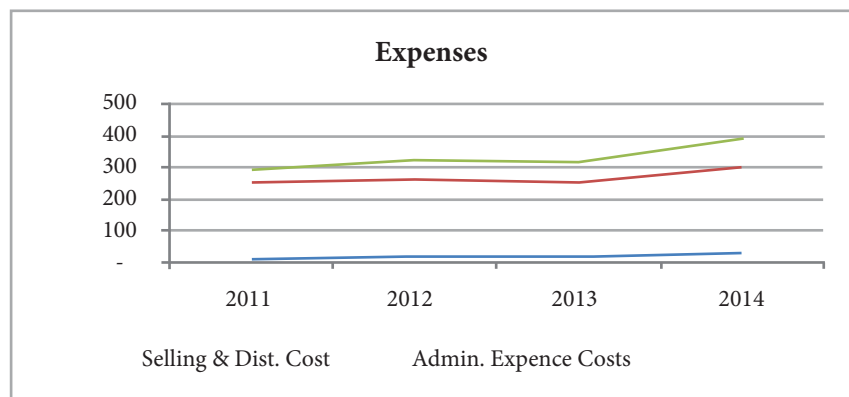
Financial Services continue to be a key area of revenue generation accounting for 30% of revenue. Despite the decline in interest rates during the year by approx. 3%, this sector recorded a considerable increase. Loans and advances increased to Rs. 992 Million in 2013/2014 from that of Rs. 662 Million in 2012/2013. Adverse weather conditions, fluctuation in market prices due to complexity of market conditions contributed to this surge. The packing material operation considered as a non-core sector was given less emphasis thus declining trend was noted. Group cost of sales account for cost related to this trading operation which is also declining in line with its turnover.

Administrative expenses increased by 16% over 2012/13 to reach Rs. 269.1 Million in 2013/14. Personnel costs consisting all staff related expenses including salaries, overtime, travel, medical, incentives, gratuity etc. accounted for Rs. 151 Million. Other components of administration expenses include depreciation and amortization, rent, contract labour, utility payments and other miscellaneous expenses.

Gross Revenue



Management Discussion & Analysis cont.

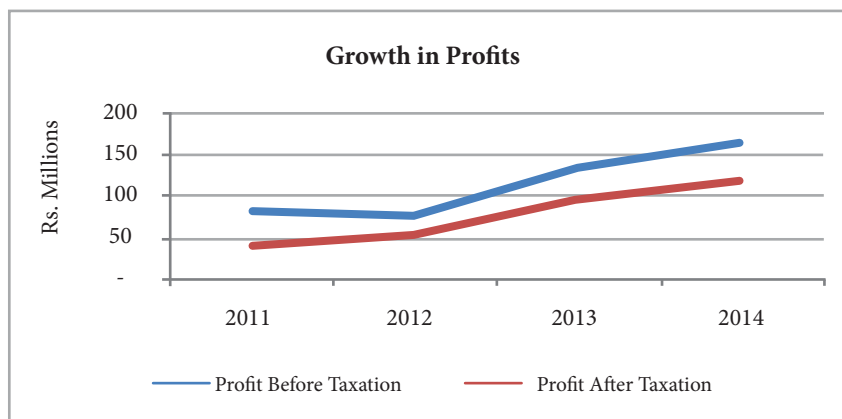


The Group Statement of Financial Position remained strong with Total assets reported at Rs. 1.8 Billion as at 31 March 2014. Current Assets amounted to Rs. 1.3 Billion of which loans and advances accounted for a majority share. Total Liabilities stood at Rs. 1.09 Billion of which Rs. 1.03 Billion accounted for the Current portion. Total Equity remained strong at Rs. 695 Million.

Selling and Distribution expenses grew at 41% over 2012/13, although in comparison stood at Rs. 26.6 Million. Driven by the challenging environment, the group emphasized in promoting its sales and marketing initiatives. These expenses relate to business promotions, estate visits and training events.

Finance costs rose to Rs. 90 Million in 2013/14 from that of Rs. 66 Million in 2012/13 despite the reduction in market interest rates during the period. Borrowings increased to Rs 512 Million both in terms of loans and overdrafts for the purpose of funding requirements and advances.

The Group achieved a pre-tax profit of Rs. 164.1 Million for the FY ending 31 March 2014, recording a pre-tax margin of 30%. Correspondingly, Profit after Tax margin also improved to 21% and reached Rs. 117.4 Million for 2013/14.



Year	2010/11	2011/12	2012/13	2013/14
Current Ratio	1.19	1.23	1.28	1.27
Leverage Ratio	0.51	0.57	0.72	0.73

The Group sports a healthy working capital position with Current ratio of 1.27 for the period ending 2013/2014. Furthermore, despite increased borrowings the group continued to report strong leverage of 0.73 compared to 0.72 in 2012/13.

The Group's Earnings Per Share continued on an upward trend providing confidence to shareholders of the Company's continued profitability. EPS is reported at Cnts. 0.45 in 2014, up from Cnts. 0.38 in 2012/13. Return on equity continues to be healthy at 23.62% as at 31 March 2014 displaying a marginal

increase over 2012/13. Overall 2013/14 has proved to be a good year for the Group and it has portrayed resilience in sustaining its financial position amidst a challenging environment, both internal and external.



Corporate Governance

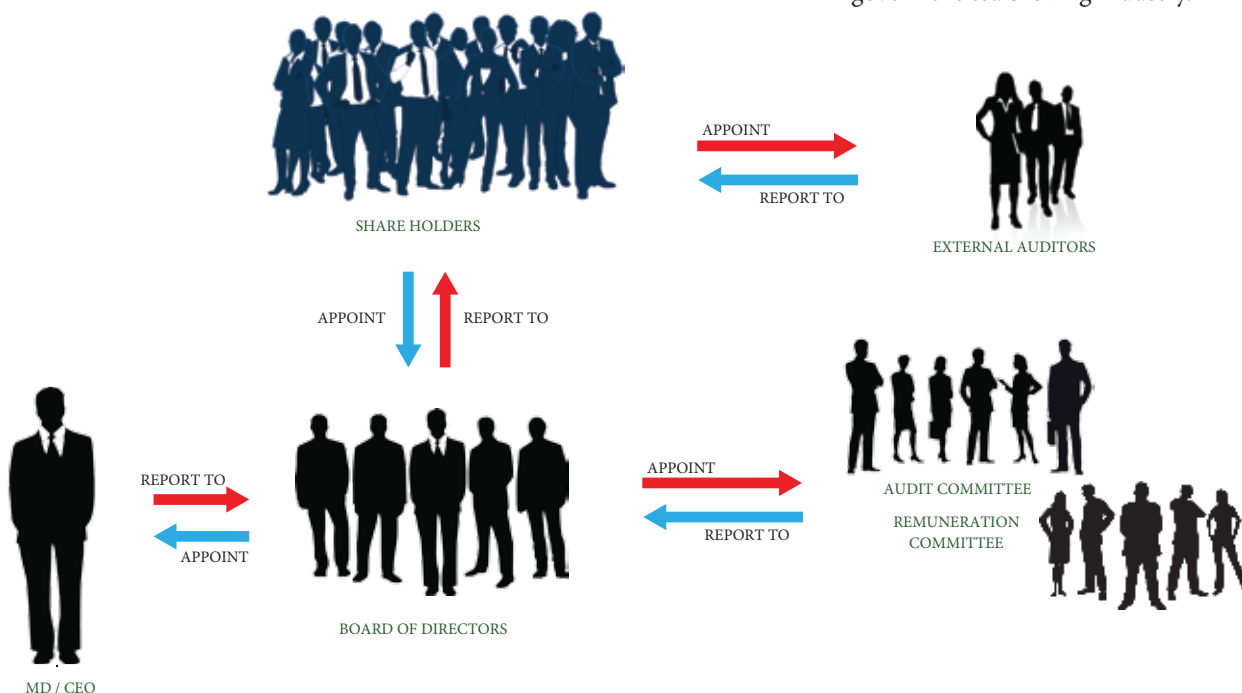
Asia Siyaka Commodities PLC and its fully owned subsidiaries, Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd, collectively referred to as “Group” remains committed to maintaining good Corporate Governance through adopting best practices and upholding high standards of Business Integrity, Ethical Values, Professionalism and Transparency and ensuring that its obligations to all its stakeholders are understood and met.

It firmly believes that a sound and effective system of governance is also fundamental in attracting and maintaining public confidence in the Company.

Our Board of Directors provides oversight of the Company's affairs and constantly works to improve and build on the Company's Corporate Governance practices. The Company's management processes, structure and policies help to ensure compliance with laws and regulations and provide clear lines of authority

for decision making and accountability. The Group's Corporate Governance framework is governed by the Companies Act No.7 of 2007, the Continuing Listing Requirements on Corporate Governance (Section 7.10) issued by the Colombo Stock Exchange, the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, as well as the Group's Articles of Association. It is also bound by the terms of the license issued by the Sri Lanka Tea Board and guidelines that govern the tea broking industry.

Corporate Governance Structure



Board of Directors

The responsibility of the Board of Directors is to direct, lead and control the Company in an effective manner that reflects the best interest to the Company. The Board of Asia Siyaka Commodities PLC comprises of eleven members of whom seven are Non -Executive Directors and four serve as Executive Directors.

The Board has determined that three Non-Executive Directors – Dr. I A Ismail, Mr. B A Hulangamuwa and Mr. S T Gunatilleke are ‘Independent’ as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the said Directors have submitted declarations in this regard.

Board Meetings are scheduled to be held once in every four months’ time and whenever necessary. Board met five times during the financial year.

An Audit Committee and Remuneration Committee function as Board sub committees. The Composition of the said committees is as follows.

Audit Committee

Mr. B.A. Hulangamuwa
Chairman,
Non-Executive,
Independent Director

Mr. S.T. Gunatilleke
Non- Executive,
Independent Director

Mr. M. Murath
Non- Executive Director

Attendance at the meetings held during the financial year

	NAME OF DIRECTOR	OFFICE HELD	ATTENDANCE AT BOARD MEETINGS
1	DR. S A B EKANAYAKE	CHAIRMAN / NON-EXECUTIVE DIRECTOR	5/5
2	MR. A R COOKE	MANAGING DIRECTOR	5/5
3	MR. D J WEDANDE	EXECUTIVE DIRECTOR	5/5
4	MR. S G AMARASURIYA	EXECUTIVE DIRECTOR	4/5
5	MR. Y KURUNERU	EXECUTIVE DIRECTOR	3/5
6	MR. M MURATH	NON-EXECUTIVE DIRECTOR	5/5
7	MR. S SIRISENA	NON-EXECUTIVE DIRECTOR	4/5
8	MR. S T GUNATILLEKE	INDEPENDENT DIRECTOR	4/5
9	MR. B A HULANGAMUWA	INDEPENDENT DIRECTOR	3/5
10	DR. I A ISMAIL (APPOINTED W.E.F 23.09.2013)	INDEPENDENT DIRECTOR	2/5

The Committee has met thrice during the year. The meetings are attended by the Managing Director/Chief Executive Officer, Chief Financial Officer by invitation & other Directors and Executives when required.

Remuneration Committee

Dr. S.A.B. Ekanayake
Chairman, Non-Executive Director

Mr. S. Sirisena
Non- Executive Director

Mr. B.A. Hulangamuwa
Non-Executive, Independent
Director

Mr. S.T. Gunatilleke
Non-Executive, Independent
Director

Dr. I A Ismail
Non-Executive, Independent
Director

The Main Responsibility of the Remuneration Committee is to make recommendations to the Board on the Company’s framework of Executive Directors’ remuneration and its cost and to determine on behalf of the Board specific remuneration packages of Executive Directors. The Committee met three times during the year.

The aggregate remuneration paid to executive and non-executive directors is given on page 73.

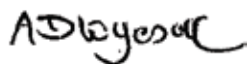
Corporate Governance Cont.

Internal Control

The Board is responsible for the Group's internal control systems and its' adequacy and effectiveness. The internal control system encompasses the management of financial and operational risk, compliance with legal and regulatory requirements of the Company with the aim of making available accurate and timely information and greater discipline in decision making.

- Evaluate the effectiveness of the company's business continuity plan and the disaster plans etc.

By Order of the Board
Asia Siyaka Commodities PLC



P W Corporate Secretarial (Pvt) Ltd.
Director / Secretary
19 August 2014
Colombo

Risk Management

The ultimate responsibility for ensuring that risks are appropriately identified and that steps are taken to mitigate them lies with the Board of Directors. The Board has delegated the responsibility of ensuring the effectiveness of the Group's risk management system to its Audit Committee. Its main responsibilities are;

- Identify and assess areas of risks which might impact on the company & research appropriate mitigations.
- Monitor review & evaluate the adequacy and effectiveness of the company's risk management controls both internally and externally.



Financial Statements

Annual Report Of The Board Of Directors On The Affairs Of The Company //

The Directors of Asia Siyaka Commodities PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2014.

General

Asia Siyaka Commodities PLC is a company carrying on the business of Tea Brokers, Produce Brokers, Auctioneers, Appraisers, Valuers, Commission Agents and General Agents.

Asia Siyaka Commodities PLC is a public limited liability company which was incorporated under the Companies Act No. 17 of 1982 as a private limited company on 16th February 1998 and reregistered under the Companies Act. No. 07 of 2007 on 30th April 2008 and was subsequently converted to a public limited liability company on 28th March 2012 and listed on the Colombo Stock Exchange on 12th September 2012 with PV 3562 PB/PQ as the new number assigned to the Company.

Principal activities of the Company and review of performance during the year

The Company's principal activities during the year were the sale and auction of tea.

A review of the business of the Company and its performance during the year with comments on financial results, future strategies and prospects are contained in the Managing Director's Report on pages 08 and 10, which form an integral part of this Report.

This Report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary Companies.

Financial Statements

The complete Financial Statements of the Company and the consolidated financial statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board and the Auditors are given on pages 39 to 76.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on page 38.

Accounting Policies

The financial statements of the Company and the consolidated financial statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS / LKAS) and the policies adopted thereof are given on pages 43 to 52. Figures pertaining to the previous periods have been re-stated where necessary to conform to the current year's presentation.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 12 to 15.

Names of Directors

Dr. S A B Ekanayake	Chairman
Mr. A R Cooke	Managing Director
Mr. D J Wedande	Executive Director
Mr. M Murath	Non- Executive Director
Mr. S Sirisena	Non- Executive Director
Mr. S G Amarasuriya	Executive Director
Mr. Y Kuruneru	Executive Director
Mr. B A Hulangamuwa	Independent Non- Executive Director
Mr. S T Gunatilleke	Independent Non- Executive Director
Dr. I A Ismail	Independent Non- Executive Director

Mr. M Murath retires by rotation at the Annual General Meeting in terms of Article 87(i) of the Articles of Association and being eligible, is being recommended by the Board for re-election at the forthcoming Annual General Meeting.

Mr. Vernon Caldera being appointed to the Board with effect from 01st August 2014 shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible is recommended by the Directors for re-election

A resolution for the re-appointment of Dr. Ismail who is 77 years of age, will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No. 7 of 2007.

The Directors who resigned during the accounting period were Mr. M R Abeywardena on 15th April 2013, Mr. A A Wijepala on 07th May 2013, Mr. K A K P Gunawardena on 31st May 2013, Dr. K I M Ranasoma on 30th June 2013 & Mr. N T Bogahalanda on 17th July 2013.

Directors of subsidiary Companies

Asia Siyaka Warehousing (Private) Limited

Mr. A R Cooke
Mr. D J Wedande
Mr. M Murath
Mr. S G Amarasuriya

Siyaka Produce Brokers (Private) Limited

Mr. D J Wedande
Mr. A R Cooke
Mr. M Murath
Mr. S G Amarasuriya
Mr. V L T Perera

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed

to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2014 as recorded in the Interests Register are given in this Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed under Key Management Personnel compensation in Note 29.2 to the Financial Statements on page 73.

Annual Report Of The Board Of Directors On The Affairs Of The Company cont.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 36.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non audit/ consultancy services. They do not have any interest in the Company other than that of Auditor and provider of tax related services.

A total amount of Rs. 605,826/- is payable by the Company to the Auditors for the year under review comprising Rs. 325,426/- as audit fees and Rs. 280,400/- for non-audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 19 August 2014 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company is Rs.100,000,000/-

The number of shares issued by the Company stood at 260,000,000 fully paid ordinary shares as at 31st March 2014.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2014 and 31st March 2013 are as follows.

	Shareholding as at 31/03/2014	Shareholding as at 31/03/2013
Dr. S A B Ekanayake	-	-
Mr. A R Cooke	9,747,143	9,747,143
Mr. D J Wedande	8,353,067	8,353,067
Mr. M Murath	-	-
Mr. S Sirisena	-	-
Mr. S G Amarasuriya	-	-
Mr. Y Kuruneru	2,499,063	4,998,123
Mr. B A Hulangamuwa	-	-
Mr. S T Gunatilleke	-	-
Dr. I A Ismail	-	-

Shareholders

There were 660 shareholders registered as at 31st March 2014. The details of distribution are given on page 78 of this Report.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, percentage of shares

held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 78 to 79 under Share Information.

Reserves

The reserves of the Company with the movements during the year are given on page 41.

Land holdings

The Company does not own any freehold land or buildings.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Notes 03 to the Financial Statements on page 53.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2014 are given in Note 04 to the Financial Statements on page 57.

Dividends

The Company declared an Interim Dividend of Twenty Cents (20 Cents) per share for the financial year ended 31st March 2014. The said dividend was paid on 14th July 2014.

Donations

The Company made donations amounting to Rs. 176,000/- in total, during the year under review.

Risk Management

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on page 30.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Statement of Financial Position date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

Contingent Liabilities

Except as disclosed in Note 25 to the Financial Statements on page 70, there were no material Contingent Liabilities as at the Statement of Financial Position date.

Events occurring after the Reporting period

Except for the matters disclosed in Note 28 to the Financial Statements on page 72 there are no material events as at the date of the Financial Statements which require adjustment to, or disclosure in the Financial Statements.

Corporate Governance

The Board of Directors confirm that the Company is compliant with section 7.10 of the Listing Rules of the CSE.

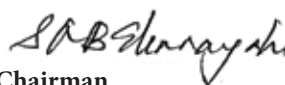
The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 28 to 30 explains the measures adopted by the Company during the year.

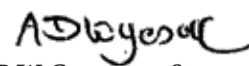
Annual General Meeting

The Notice of the Annual General Meeting appears on page 82.

This Annual Report is signed for and on behalf of the Board of Directors by


Chairman


Managing Director


P W Corporate Secretarial (Pvt) Ltd
Secretaries
19 August 2014

Statement Of Directors' Responsibilities

The Directors are required by the Companies Act, No. 7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the statement of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the financial statements are prepared in compliance with the required standards and other requirements which apply to the Company's financial statements under any other law.

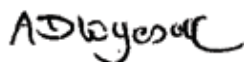
The Directors consider that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the new Sri Lanka Accounting Standards, Companies Act, No 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which disclose the financial position of the Company with reasonable accuracy and enable them to ensure that the financial statements have been prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of frauds and other irregularities.

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors, after making inquiries and review of the Company's Business Plan for the financial year 2014/15, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation & have applied the going concern basis in preparing the financial statements.

By Order of the Board
ASIA SIYAKA COMMODITIES PLC



**P W Corporate Secretarial (Pvt) Ltd
Secretaries**

19 August 2014
Colombo

Report Of The Audit Committee

Asia Siyaka Commodities PLC management is responsible for its internal control and financial reporting including the preparation of consolidated financial statements. Independent Auditors are responsible for auditing annual consolidated financial statements in accordance with generally accepted auditing standards and ensuring that the financial statements truly and fairly present the results of operations and a financial position of the company. The independent auditors are also responsible for issuing a report on those financial statements. The Audit Committee monitors and oversees these processes. The Audit Committee annually recommends to the Board, for its approval on, an independent accounting firm to be appointed as the Company's independent auditors.

To fulfill its obligations the Audit Committee carried out the following activities.

- Reviewed and discussed with the Company's management and the independent auditors, the consolidated financial statements for the accounting year ended March 31, 2014.
- Reviewed the management's representations to ensure that the consolidated financial statements are prepared in accordance with generally accepted accounting principles and truly and fairly present the

results of operations and financial position of the Company.

- Recommended that the Board select ERNST & YOUNG, Chartered Accountants as independent auditors to audit and report on the annual consolidated financial statements of the Company and to forward copies of the Annual Report to the Colombo Stock Exchange prior to the Annual General Meeting.
- Reviewed the procedures for identifying business risk and the management of its impact on the Group. Reviewed the policies, procedures and internal controls for detecting and preventing fraud.
- Reviewed the operational effectiveness and internal controls of the policies, systems and procedures.
- Reviewed and discussed with the Management, the annual and the quarterly financial statement prior to their release, including the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act, No.7 of 2007.
- Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. Chief Financial Officer submitted to the Audit Committee on a quarterly basis,

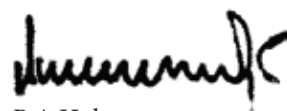
a report on the extent to which the Company was in compliance with mandatory statutory requirements.

Audit Committee wishes to express its appreciation of the services rendered by Group Auditors, Messrs. ERNST & YOUNG, Chartered Accountants who have assisted the Audit Committee in discharging its duties and responsibilities.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and the financial position of the company is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved.

On behalf of the Audit Committee



B.A. Hulangamuwa
Chairman - Audit Committee
19 August 2014
Colombo.



Ernst & Young
Chartered Accountants
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Sri Lanka

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Tax : (0) 11 25578180
eysl@lk_ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASIA SIYAKA COMMODITIES PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Asia Siyaka Commodities PLC ("Company"), which comprise the Statements of Financial Position as at 31 March 2014, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2014 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31 March 2014 and the financial performance and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its Subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of 151(2) and 153 (2) to 153(7) of the Companies Act No. 7 of 2007.

Ernst & Young
Chartered Accountants
19 August 2014
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA Ms. L K H L Fonceka 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 Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

A member firm of Ernst & Young Global Limited

Statement of Financial Position

As at 31 March 2014

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Annual Report 2014

ASSETS	Note	Group		Company	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Non-Current Assets					
Property, Plant and Equipment	3	419,740,352	313,514,542	14,539,836	8,368,408
Intangible Assets	4	4,522,121	-	4,522,121	-
Lease Rentals Paid in Advance	5	33,135,000	34,075,000	-	-
Investments	6	7,123,000	6,704,000	106,260,635	105,841,635
Investment property	7	6,000,000	6,000,000	6,000,000	6,000,000
Goodwill		1,013,731	1,013,731	-	-
Deferred Tax Asset	21	8,087,208	7,802,055	8,087,208	7,802,055
		479,621,412	369,109,328	139,409,800	128,012,098
Current Assets					
Inventory	8	1,862,513	1,982,115	1,776,530	1,822,665
Trade Debtors	9	227,285,121	424,465,539	223,778,389	400,937,438
Loans and Advances	10	992,400,110	661,827,384	975,551,262	661,827,384
Other Receivables, Prepayments and Advances		25,840,095	12,187,683	10,699,349	9,236,373
Cash and Cash Equivalents	11	66,013,369	73,143,007	55,180,413	64,067,173
		1,313,401,208	1,173,605,728	1,266,985,943	1,137,891,033
		1,793,022,620	1,542,715,056	1,406,395,743	1,265,903,131
Total Assets					
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	12	100,000,000	100,000,000	100,000,000	100,000,000
Reserves		311,330,652	210,421,375	419,000	-
Accumulated Profits		283,656,853	261,676,724	133,924,373	101,712,661
Total Equity		694,987,505	572,098,099	234,343,373	201,712,661
Non Current Liabilities					
Retirement Benefit Obligation	13	34,336,768	34,153,410	30,809,214	31,049,814
Deferred Tax Liability	21	33,552,007	22,975,925	-	-
		67,888,775	57,129,335	30,809,214	31,049,814
Current Liabilities					
Trade Payables	14	447,536,559	421,609,103	574,292,688	555,311,166
Income Tax Payable		19,499,533	22,207,763	15,421,739	17,628,240
Interest Bearing Borrowings on Client Financing	15	512,602,208	411,591,217	512,602,208	411,591,217
Sundry Creditors including Accrued Expenses		32,033,408	36,074,078	23,369,531	29,342,892
Bank Overdrafts	11	18,474,632	22,005,461	15,556,990	19,267,141
		1,030,146,340	913,487,622	1,141,243,156	1,033,140,656
		1,793,022,620	1,542,715,056	1,406,395,743	1,265,903,131
Total Equity and Liabilities					

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

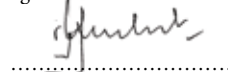


Vice President - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,



Director



Director

The accounting policies and notes on pages 43 through 76 form an integral part of these financial statements.

19 August 2014
Colombo

Statement Of Comprehensive Income

Year ended 31 March 2014

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Annual Report 2014

		Group		Company	
	Note	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Gross Revenue	16	548,157,667	456,801,373	407,332,882	335,430,798
Cost of Sales		(6,824,248)	(7,900,426)	(6,824,248)	(7,900,426)
Net Revenue		541,333,419	448,900,947	400,508,634	327,530,372
Other Income and Gains	17	7,693,635	2,835,312	60,770,605	2,696,892
Selling and Distribution Costs		(26,642,744)	(18,905,307)	(18,718,407)	(12,147,175)
Administrative Expenses		(269,137,246)	(232,123,450)	(183,868,463)	(158,732,536)
Finance Cost	18	(90,608,404)	(65,703,925)	(104,483,471)	(76,935,183)
Finance Income	19	1,508,895	1,433,894	2,150,846	1,312,340
Profit Before Tax	20	164,147,555	136,437,471	156,359,744	83,724,710
Income tax expense	21	(46,733,467)	(39,661,146)	(28,616,434)	(31,010,733)
Profit for the year		117,414,088	96,776,325	127,743,310	52,713,977
Other Comprehensive Income for the year, net of tax					
Actuarial Gain/loss for the year	13	4,647,935	(4,812,326)	4,539,447	(5,088,209)
Income Tax Effect		(1,281,894)	1,397,111	(1,271,045)	1,424,699
		3,366,041	(3,415,215)	3,268,402	(3,663,510)
Revaluation Surplus		111,655,863	-	-	-
Income Tax Effect		(11,165,586)	-	-	-
		100,490,277	-	-	-
Fair Value Change in Available for Sale Assets		419,000	-	419,000	-
Other Comprehensive Income for the year, net of tax		104,275,318	(3,415,215)	3,687,402	(3,663,510)
Total Comprehensive Income for the year, net of tax		221,689,406	93,361,110	131,430,712	49,050,467
Basic Earnings per share	22	0.45	0.37	0.51	0.19
Dividend per share	23	0.38	0.09	0.38	0.09

The accounting policies and notes on pages 43 through 76 form an integral part of these financial statements.

Statement of Changes In Equity

Year ended 31 March 2014

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Annual Report 2014

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.
As at 01 April 2012	100,000,000	210,421,375	-	168,315,614	478,736,989
Net profit for the year	-	-	-	96,776,325	96,776,325
Other comprehensive income	-	-	-	(3,415,215)	(3,415,215)
Total comprehensive income	-	-	-	93,361,110	93,361,110
As at 31 March 2013	100,000,000	210,421,375	-	261,676,724	572,098,099
Net profit for the year	-	-	-	117,414,088	117,414,088
Other comprehensive income	-	100,490,277	419,000	3,366,041	104,275,318
Total comprehensive income	-	100,490,277	419,000	120,780,129	221,689,406
Dividend Paid	-	-	-	(98,800,000)	(98,800,000)
As at 31 March 2014	100,000,000	310,911,652	419,000	283,656,853	694,987,505

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Available for Sale Reserve Rs.	Accumulated Profits Rs.	Total Rs.
As at 01 April 2012	100,000,000	-	-	52,662,194	152,662,194
Net profit for the year	-	-	-	52,713,977	52,713,977
Other comprehensive income	-	-	-	(3,663,510)	(3,663,510)
Total comprehensive income	-	-	-	49,050,467	49,050,467
As at 31 March 2013	100,000,000	-	-	101,712,661	201,712,661
Net profit for the year	-	-	-	127,743,310	127,743,310
Other comprehensive income	-	-	419,000	3,268,402	3,687,402
Total comprehensive income	-	-	419,000	131,011,712	131,430,712
Dividend Paid	-	-	-	(98,800,000)	(98,800,000)
As at 31 March 2014	100,000,000	-	419,000	133,924,373	234,343,373

The accounting policies and notes on pages 43 through 76 form an integral part of these financial statements.

Statement Of Cash Flows

Year ended 31 March 2014

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Annual Report 2014

Note	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Cash Flows From / (Used in) Operating Activities				
Profit before Income Tax Expense	164,147,555	131,625,145	156,359,744	83,724,710
Adjustment for				
Depreciation and Amortisation	26,293,182	24,812,783	4,106,284	2,422,403
Finance Cost	90,608,404	65,703,925	104,483,471	76,935,183
Decrease in fair value of Quoted Investment	-	1,177,391	-	1,177,391
Finance Income	(1,508,895)	(1,433,894)	(2,150,846)	(1,312,340)
Gratuity Charge	5,002,990	11,524,582	4,297,638	6,037,286
Gain on sale of Property, Plant and Equipment	(2,839,955)	(100,000)	(1,410,491)	-
Provision for Impairment of Debts	4,047,242	-	3,931,800	-
Amortisation of lease rentals paid in advance	940,000	940,000	-	-
Operating Profit before Working Capital Changes	286,690,524	234,249,932	269,617,600	168,984,633
Decrease in Inventories	119,602	656,332	46,135	678,403
(Increase) / Decrease in Trade and Other Receivables	179,480,764	(167,886,123)	171,764,273	(157,777,312)
Decrease in Loans and Advances	(330,572,726)	(153,695,556)	(313,723,878)	(153,695,556)
Increase in Trade and Other Payables	21,886,786	91,566,717	13,008,161	152,397,724
Increase in Interest Bearing Borrowings on Client Financing	101,010,991	139,353,040	101,010,991	139,353,040
	258,615,941	144,244,342	241,723,282	149,940,932
Income Tax Paid	(50,316,355)	(21,762,942)	(31,108,088)	(15,541,671)
Defined Benefit Plan Costs paid	(1,453,591)	(14,050,951)	(1,269,836)	(14,050,951)
Finance Cost Paid	(90,608,404)	(65,703,925)	(104,483,471)	(76,935,183)
Net cash flow From Operating Activities	116,237,591	42,726,524	104,861,887	43,413,127
Cash Flows From / (Used in) Investing Activities				
Acquisition of Property, Plant and Equipment and Intangible assets	(27,772,751)	(4,044,941)	(14,799,833)	(3,935,589)
Sales Proceeds from fixed asset disposals	5,227,455	100,000	1,410,491	-
Acquisition of Investment in Subsidiary	-	(337,351)	-	(7,137,636)
Finance Income Received	1,508,895	1,433,894	2,150,846	1,312,340
Net Cash Flows Used in Investing Activities	(21,036,401)	(2,848,398)	(11,238,496)	(9,760,885)
Cash Flows From / (Used in) Financing Activities				
Dividend Paid	(98,800,000)	-	(98,800,000)	-
Net Cash Flows Used in Financing Activities	(98,800,000)	-	(98,800,000)	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(3,598,810)	39,878,126	(5,176,609)	33,652,242
Cash and Cash Equivalents at the beginning of the Year	51,137,546	11,259,420	44,800,032	11,147,790
Cash and Cash Equivalents at the end of the Year	47,538,737	51,137,546	39,623,423	44,800,032

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The accounting policies and notes on pages 43 through 76 form an integral part of these financial statements.

Notes To The Financial Statements

Year ended 31 March 2014

1. CORPORATE INFORMATION

1.1 General

Asia Siyaka Commodities PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at 1st Floor, 'Deutsche House', No. 320, T. B. JayahMawatha, Colombo 10.

1.2 Principal Activities and Nature of Operations

The principal activity and the nature of operations are to carry on business of Tea Brokers, Produce Brokers, Auctioneers, Appraisers, Valuers, Commission Agents and General Agents.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent entity and the ultimate parent entity is Lanka Commodity Brokers Ltd., and incorporated in Sri Lanka.

1.4 Date of Authorisation for Issue

The financial statements of Asia Siyaka Commodities PLC for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 19 August 2014.

2. GENERAL ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The Financial Statements of the Company have been prepared on a historical cost basis, unless stated otherwise.

The Financial Statements are presented in Sri Lankan Rupees (Rs).

2.1.1 Statement of Compliance

The financial statements of Asia Siyaka Commodities PLC have been prepared in accordance with Sri Lanka Accounting Standards ("SLFRS") effective for the financial statements beginning on or after 1 January 2012. The preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading.

2.1.3 Comparative information

The accounting policies adopted are consistent with those of previous financial year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year presentation.

The Group applied LKAS 19-Employee Benefits (Revised 2013) in the current period. Accordingly Actuarial Gain and Loss is recognized in full in other comprehensive income whereas it was previously recognized in full in the Income Statement. Actuarial Loss of Rs. 4,812,326/- has been reclassified from Income Statement to Other Comprehensive Income to conform to the current year presentation.

2.2 Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies.

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

Notes To The Financial Statements cont.

Year ended 31 March 2014

The details of Subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Asia Siyaka Warehousing (Pvt) Ltd	18.01.1999	100%
Siyaka Produce Brokers (Pvt) Ltd	15.02.2008	100%

The consolidated financial statements incorporating all subsidiaries in the Group are prepared to common financial year ending 31 March using uniform Accounting Policies for like transactions and in similar circumstances and are applied consistently. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income, expenses, profits and losses resulting from intra-group transactions are eliminated in full.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Financial Statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the statement of financial position and amounts charged to the statement of income. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

(i) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Management uses judgement in estimating such impairment, considering the duration of outstanding and any other factors the management is aware of that indicates uncertainty in recoverability.

(ii) Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of these plans such estimates are subject to significant uncertainty. Further details are given in Note 12.

(iii) Revaluation of Property, Plant and Equipment

Land and Buildings are measured at revalued amounts using the services of an independent qualified valuer. Such Valuer uses assumptions and

valuation techniques to determine the fair value. The basis of valuation is disclosed in Note 3.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4.2 Taxation

(a) Income Tax

The tax expense for the year comprise current tax and deferred tax. Tax is recognized in the statement of income. The charge for the current tax is based on the results for the year as adjusted for disallowable items calculated on the basis of the tax law enacted as at reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

(b) Deferred Tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred income tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

(c) Economic Service Charge (ESC)

As per the provisions of the Economic Service Charge Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability

Notes To The Financial Statements cont.

Year ended 31 March 2014

can be carried forward and set off against the income tax payable for further four years. No ESC is payable for the current year of assessment as there is a taxable income for the previous year.

(d) Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT) and Nation Building Tax (NBT). The Company/Group pays such taxes in accordance with the respective statutes.

2.4.3 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost that are directly attributable to acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalized as part of those assets.

2.4.4 Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

2.4.5 Property, Plant and Equipment

(a) Initial recognition

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Accumulated depreciation is provided for, on the bases specified in (c) below.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

(c) Depreciation

Depreciation is calculated by using a straight-line basis on all property, plant and equipment, other than freehold land, in order to write off the cost or valuation over the estimated economic life of such assets.

(d) Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of income, in which case the increase is recognised in the statement of income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Cost of repairs and maintenance are charged to the statement of income during the period in which they are incurred.

(e) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 income in the year the asset is derecognised.

2.4.6 Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the

leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased asset is consistent with that for depreciable asset that are owned as described in Note 3.

Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

2.4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to the initial recognition investment properties are stated at cost less accumulated impairment losses, if any.

2.4.8 Intangible assets

Business Combination and Goodwill

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The purchase method of accounting involves

allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the

Notes To The Financial Statements cont.

Year ended 31 March 2014

goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets prorated to the carrying amount of each asset in the unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4.9 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does

not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.4.10 Financial instruments – initial recognition and subsequent measurement

Financial assets

a) Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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 Group commits to purchase or sell the asset.

The Group's financial assets include investments in equity securities, trade and other receivables, cash and bank balances.

b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The amortisation is included in finance income in the statement of income.

ii) Available-for-sale financial investments

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are valued at cost.

c) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

d) Impairment of financial assets

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

i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of income.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of income.

ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

Notes To The Financial Statements cont.

Year ended 31 March 2014

Financial liabilities

e) Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

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

f) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of income.

g) Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

h) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

i) Fair value of financial instruments

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 using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.

2.4.11 Trade and Other Receivables

Trade debtors, including amounts owing by subsidiary, deposits and other debtors (excluding non financial assets classified under deposits and other receivables which are measured at cost) classified and accounted for as loans and receivables. Based on the nature, the relevant accounting policy for this category of financial assets are stated in Note 2.4.10 above.

2.4.12 Cash and Cash Equivalents

Cash and cash equivalents are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or less from date of acquisition) are also treated as cash equivalents. Bank overdrafts are disclosed under Interest Bearing Liabilities in the statement of financial position.

2.4.13 Provisions

Provisions are recognized when the Company/Group has a present obligation (legal or constructive) as a result of a past event, where 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. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.14 Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 March 2014, carried out by Messrs Actuarial and Management Consultants (Private) Limited, actuaries.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans-Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the statement of income as incurred.

The Group contributes 12% and 3% of gross emoluments of the employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

Notes To The Financial Statements cont.

Year ended 31 March 2014

2.4.15 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts, value added taxes, and other sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Brokerage Income

Brokerage income is recognised on accrual basis.

b) Rendering of Services

Revenue from rendering of services is recognised by reference to the stage of completion.

c) Sale of Goods

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

d) Interest Income

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

e) Others

Other income is recognised on an accrual basis.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future. Those SLFRS will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements. Pending a detailed review, the financial impact of these Standards is not reasonably estimable.

SLFRS 9 - Financial Instruments: Classification and Measurement
This standard was originally effective for annual periods commencing on or after 1 January 2015. However, effective date has been deferred subsequently.

In addition to the above, following standards have also been issued and will be effective from 01 January 2014.

SLFRS 10 - Consolidated Financial Statements

SLFRS 11 - Joint Arrangements

SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 13 - Fair Value Measurement

3. PROPERTY, PLANT AND EQUIPMENT

Group

3.1	Gross Carrying Amounts	Balance As at 01.04.2013 Rs.	Additions Rs.	Revaluation Rs.	Disposals & Transfers Rs.	Balance As at 31.03.2014 Rs.
	At Cost					
	Buildings	270,785,832	-	66,158,767	-	336,944,599
	Furniture and Fittings	12,287,647	6,283,353	-	(45,000)	18,526,000
	Office Equipment	86,434,229	4,729,612	-	(1,690,000)	89,473,841
	Storage System	13,236,102	-	1,450,657	-	14,686,759
	Computer and Accessories	19,768,370	1,140,934	-	-	20,909,304
	Motor Vehicle	18,722,122	10,325,116	-	(4,952,560)	24,094,678
		421,234,302	22,479,015	67,609,424	(6,687,560)	504,635,181
	Assets on Finance Leases					
	Land Development Cost	24,954,081	-	-	-	24,954,081
		24,954,081	-	-	-	24,954,081
	Total Value of Depreciable Assets	446,188,383	22,479,015	67,609,424	(6,687,560)	529,589,262

3.2	Depreciation	Balance As at 01.04.2013 Rs.	Charge for the Year Rs.	Revaluation Rs.	Disposals & Transfers Rs.	Balance As at 31.03.2014 Rs.
	Buildings	27,078,583	9,026,195	(36,104,778)	-	-
	Furniture and Fittings	9,547,706	1,407,229	-	(45,000)	10,909,935
	Office Equipment	63,343,435	7,059,469	-	(1,690,000)	68,712,904
	Storage System	5,956,245	1,985,416	(7,941,661)	-	-
	Computer and Accessories	17,054,368	1,024,806	-	-	18,079,174
	Motor Vehicle	6,975,377	4,354,563	-	(2,565,060)	8,764,880
		129,955,715	24,857,678	(44,046,439)	(4,300,060)	106,466,893
	Assets On Finance Leases					
	Land Development Cost	2,718,127	663,890	-	-	3,382,017
		2,718,127	663,890	-	-	3,382,017
		132,673,842	25,521,568	(44,046,439)	(4,300,060)	109,848,910

Notes To The Financial Statements cont.

Year ended 31 March 2014

3.3 Net Book Values

	2014	2013
At Cost	Rs.	Rs.
Buildings	336,944,599	243,707,249
Furniture and Fittings	7,616,065	2,739,941
Office Equipment	20,760,937	23,090,794
Storage System	14,686,759	7,279,857
Computer and Accessories	2,830,130	2,714,002
Motor Vehicle	15,329,798	11,746,745
	398,168,288	291,278,588
Assets on Finance Leases		
Land Development Cost	21,572,064	22,235,954
	21,572,064	22,235,954
Total Carrying Amount of Property, Plant and Equipment	419,740,352	313,514,542

3.4 During the financial period, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 22,479,015/- (2013 - Rs. 4,130,316/-) Cash payment amounting to Rs. 22,479,015/- (2013 - Rs. 4,130,316/-) including Rs.85,375/- as part of acquisition of subsidiary were made during the period for purchase of Property, Plant and Equipment.

3.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 30,890,131/- (2013: - Rs. 62,698,037/-).

3.6 The useful lives of the assets is estimated as follows;

	2014	2013
Buildings	Shorter of Over 30 year or Lease Period	Shorter of Over 30 year or Lease Period
Furniture and Fittings	15%	15%
Office Equipment	15%	15%
Storage System	15%	15%
Computer and Accessories	20%	20%
Motor Vehicle	25%	25%
Land Development Cost	Over the lease term	Over the lease term

3.7 Fair value of the buildings and storage system of Asia Siyaka Warehousing (Pvt) Ltd was determine by means of a revaluation by Mr. K.A.Perera, an independent valuer in reference to market based evidence. The result of such revaluation was incorporated in the financial statements effective from 31 March 2014. The surplus arising from the revaluation amounting to Rs. 100,490,277/- (net of taxes) was transferred to revaluation reserve.

3. PROPERTY, PLANT AND EQUIPMENT Company

	Balance As at 01.04.2013 Rs.	Additions Rs.	Disposal/ Transfers Rs.	Balance As at 31.03.2014 Rs.
Gross Carrying Amounts				
3.8 At Cost				
Furniture and Fittings	10,526,711	6,215,523	(45,000)	16,697,234
Office Equipment	15,171,711	2,044,600	(1,690,000)	15,526,311
Computer and Accessories	19,674,562	948,934	-	20,623,496
Motor Vehicle	1,452,551	297,040	(177,560)	1,572,031
Total Value of Depreciable Assets	46,825,535	9,506,097	(1,912,560)	54,419,072

	Balance As at 01.04.2013 Rs.	Charge for the year Rs.	Disposal/ Transfers Rs.	Balance As at 31.03.2014 Rs.
3.9 Depreciation				
At Cost				
Furniture and Fittings	7,805,286	1,389,787	(45,000)	9,150,073
Office Equipment	12,177,757	944,717	(1,690,000)	11,432,474
Computer and Accessories	17,021,533	963,035	-	17,984,568
Motor Vehicle	1,452,551	37,130	(177,560)	1,312,121
Total Depreciation	38,457,127	3,334,669	(1,912,560)	39,879,236

3.10 Net Book Values

	2014 Rs.	2013 Rs.
At Cost		
Furniture and Fittings	7,547,161	2,721,425
Office Equipment	4,093,837	2,993,954
Computer and Accessories	2,638,928	2,653,029
Motor Vehicle	259,910	-
Total Carrying Amount of Property, Plant and Equipment	14,539,836	8,368,408

- 3.11** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 9,506,097/- (2013 - Rs. 3,935,589/-) Cash payment amounting to Rs. 9,506,097/- (2013 - Rs. 3,935,589/-) were made during the period for purchase of Property, Plant and Equipment.

Notes To The Financial Statements cont.

Year ended 31 March 2014

3.12 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.30,890,131/- (2013 - Rs. 29,405,505/-).

3.13 The useful lives of the assets is estimated as follows;

	2014	2013
Furniture and Fittings	15%	15%
Office Equipment	15%	15%
Computer and Accessories	20%	20%
Motor Vehicle	25%	25%

4. INTANGIBLE ASSETS

	Group			Company		
	Computer Software 2014 Rs.	Capital Advance 2014 Rs.	Total 2014 Rs.	Computer Software 2014 Rs.	Capital Advance 2014 Rs.	Total 2014 Rs.
Cost						
Balance as at the Beginning of the year	-	-	-	-	-	-
Additions	3,086,460	2,207,276	5,293,736	3,086,460	2,207,276	5,293,736
Balance as at the End of the year	3,086,460	2,207,276	5,293,736	3,086,460	2,207,276	5,293,736
Amortization						
Balance as at the Beginning of the year	-	-	-	-	-	-
Charge for the year	771,615	-	771,615	771,615	-	771,615
Balance as at the End of the year	771,615	-	771,615	771,615	-	771,615
Carrying Value	2,314,845	2,207,276	4,522,121	2,314,845	2,207,276	4,522,121

5. LEASE RENTALS PAID IN ADVANCE

Group	2014 Rs.	2013 Rs.
Lease rentals paid in advance	47,000,000	47,000,000
Accumulated amortisation	(13,865,000)	(12,925,000)
Lease rentals paid in advance net of amortisation	33,135,000	34,075,000

	2014 Rs.	2013 Rs.
5.1 Summary		
At the beginning of the year	34,075,000	35,015,000
Amortisation for the year	(940,000)	(940,000)
At the end of the year	33,135,000	34,075,000
5.2 Amortisation of Lease Rentals Paid in Advance		
To be amortised within one year	(940,000)	(940,000)
To be amortised from two to five years	(3,760,000)	(3,760,000)
To be amortised after Five years	(28,435,000)	(29,375,000)
	(33,135,000)	(34,075,000)

5.3 Asia Siyaka Warehousing (Pvt) Ltd has entered into a 50 year lease agreement commencing from 22 June 1999 with the Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela for a total lease rent of Rs.47,000,000/-.

6. INVESTMENTS

	Group		Company	
Long Term Investments	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Investment in subsidiaries (6.1)	-	-	99,137,635	99,137,635
Available for sale investments (6.2)	7,123,000	6,704,000	7,123,000	6,704,000
	7,123,000	6,704,000	106,260,635	105,841,635
6.1 Investment in subsidiaries				
Asia Siyaka Warehousing (Pvt) Ltd	-	-	92,000,000	92,000,000
Siyaka Produce Brokers (Pvt) Ltd	-	-	7,137,635	7,137,635
	-	-	99,137,635	99,137,635

	Holding	
	2014	2013
Asia Siyaka Warehousing (Pvt) Ltd	100%	100%
Siyaka Produce Brokers (Pvt) Ltd	100%	100%

Notes To The Financial Statements cont.

Year ended 31 March 2014

	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
6.2 Available for sale investments				
Vallibal One PLC	7,123,000	6,704,000	7,123,000	6,704,000

	Group / Company	
	2014 Rs.	2013 Rs.
7. INVESTMENT PROPERTY		
Deniyaya Land	6,000,000	6,000,000

Fair value of the Investment Property as at 31 March 2014 was determine by means of a revaluation by Mr.B.L.A. Padmasiri, an independent valuer in reference to market based evidence and estimated as Rs. 11,000,000/-.

In October 2011, Ministry of Land and Land development has issued an Extra Ordinary Gazette Notification No 1518/7 -2007, acknowledging that the part of the land classified as investment property will be acquired by the government for public use.

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
8. INVENTORY				
Packing Material Stock	1,645,477	1,440,609	1,645,477	1,440,609
Stationery Stock	131,053	382,056	131,053	382,056
Spares	85,983	159,450	-	-
	1,862,513	1,982,115	1,776,530	1,822,665

9. TRADE DEBTORS

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Trade Debtors - Others	243,455,066	436,588,242	218,241,766	412,734,330
- Related Parties (9.1)	-	-	21,591,126	325,811
Less: Provision for Impairment of Debts (9.2)	(16,169,945)	(12,122,703)	(16,054,503)	(12,122,703)
	227,285,121	424,465,539	223,778,389	400,937,438

9.1 Trade Debtors - Related Parties

	21,591,126	325,811
Siyaka Produce Brokers (Pvt) Ltd	21,591,126	325,811

9.2 Provision for Impairment of Debts

As at 31 March 2014, Trade Receivable of an initial value of Rs. 16,054,503/- (2013 - Rs. 12,122,703/-) were impaired and fully provided for. The movement of the Provision for Impairment of Debts is given below.

	Group	Company
	2014 Rs.	2014 Rs.
Balance at the beginning of the year	12,122,703	12,122,703
Amount Charged During the year	4,047,242	3,931,800
Balance at the end of the year	16,169,945	16,054,503

Notes To The Financial Statements cont.

Year ended 31 March 2014

- 9.3 Trade receivables are non interest bearing and on 7 days credit terms. As at 31 March, the ageing analysis of trade receivables is as follows:

Company		Neither past due nor Impaired	Past due but not impaired 8-120 days
	Total Rs.	Rs.	Rs.
Trade debtors -Others	202,187,263	202,187,263	-
- Related Parties	21,591,126	-	21,591,126
	<u>223,778,389</u>	<u>202,187,263</u>	<u>21,591,126</u>

Group		Neither past due nor Impaired	Past due but not impaired 8-120 days
	Total Rs.	Rs.	Rs.
Trade debtors -Others	227,285,121	219,960,599	7,324,522
	<u>227,285,121</u>	<u>219,960,599</u>	<u>7,324,522</u>

10. LOANS AND ADVANCES

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Short Term Loans to Clients	135,590,460	112,180,116	135,590,460	112,180,116
Advances to Clients	856,809,650	551,777,268	839,960,802	551,777,268
Less : Provision for Impairment of Loans and Advances (10.1)	-	(2,130,000)	-	(2,130,000)
	<u>992,400,110</u>	<u>661,827,384</u>	<u>975,551,262</u>	<u>661,827,384</u>

10.1 Provision for Impairment of Loans and Advances

As at 31 March 2014, Loans and Advances of an initial value of Rs. Nil (2013 - Rs. 2,130,000/-) were impaired and fully provided for. The movement of the Provision for Impairment of Loans and Advances is given below.

	2014 Rs.
Balance at the beginning of the year	2,130,000
Amount Written Off During the year	(2,130,000)
Balance at the end of the year	-

10.2 As at 31 March, the ageing analysis of Loans and Advances is as follows:

	Group			Company		
	Total	Neither past due nor Impaired	Past due but not impaired 22 to 90 days	Total	Neither past due nor Impaired	Past due but not impaired 22 to 90 days
Loans and Advances	992,400,110	438,424,677	553,975,433	975,551,262	421,575,829	553,975,433
	992,400,110	438,424,677	553,975,433	975,551,262	421,575,829	553,975,433

11. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

	Group		Company	
Components of Cash and Cash Equivalents	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Favorable Cash and Cash Equivalent Balance				
Cash and Bank Balances	66,013,369	73,143,007	55,180,413	64,067,173
	66,013,369	73,143,007	55,180,413	64,067,173
Unfavorable Cash and Cash Equivalent Balance				
Bank Overdrafts	(18,474,632)	(22,005,461)	(15,556,990)	(19,267,141)
	47,538,737	51,137,546	39,623,423	44,800,032

12. STATED CAPITAL

	2014		2013	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares (12.1)	260,000,000	100,000,000	260,000,000	100,000,000

Notes To The Financial Statements cont.

Year ended 31 March 2014

12.1 Fully paid Ordinary Shares

	2014		2013	
	Number	Rs.	Number	Rs.
Issue of shares for cash	3,000,000	30,000,000	3,000,000	30,000,000
Increase in shares on Bonus share issue	1,000,000	70,000,000	1,000,000	70,000,000
Increase in shares on share split	256,000,000	-	256,000,000	-
Balance at the end of the year	260,000,000	100,000,000	260,000,000	100,000,000

13. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Retirement Benefits Obligation-Gratuity				
At the Beginning of the Year	34,153,410	36,679,782	31,049,814	33,975,270
Charge for the year	6,284,884	6,712,253	5,568,683	6,037,286
Actuarial (Gain)/loss for the year	(4,647,935)	4,812,326	(4,539,447)	5,088,209
Benefits Paid	(1,453,591)	(14,050,951)	(1,269,836)	(14,050,951)
At the End of the Year	34,336,768	34,153,410	30,809,214	31,049,814

Messrs. Actuarial & Management Consultants (Private) Limited, Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31 March 2014. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

The principal assumptions used are as follows:

	Group		Company	
	2014	2013	2014	2013
Discount Rate (%)	9% p.a.	11% p.a.	9% p.a.	11% p.a.
Salary Increment Rate (%)	5% to 8% p.a.	10% p.a.	8% p.a.	10% p.a.
Staff turnover rate (%)	6% to 14% p.a.	10% p.a.	14% p.a.	10% p.a.
Expected remaining Service Life	5.3 to 8.7 years	6.63 years	5.3 years	6.63 years
Retirement Age	55 to 60 years	50 to 60 years	55 to 60 years	50 to 60 years

13.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrate the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefits liability measurement.

The sensitivity of the Statement of Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

Increase/(Decrease) in Discount Rate	Increase/(Decrease) In Salary escalation Rate	Group		Company	
		Effect on change to Statement of Comprehensive Income Rs.	Effect on Employee Benefit Obligation Rs.	Effect on change to Statement of Comprehensive Income Rs.	Effect on Employee Benefit Obligation Rs.
1%	*	(32,965,179)	(32,965,179)	(29,656,505)	(29,656,505)
-1%	*	35,828,803	35,828,803	32,056,455	32,056,455
**	1%	35,453,734	35,453,734	32,168,970	32,168,970
**	-1%	(33,328,892)	(25,738,026)	(29,533,459)	(29,533,459)

* Salary Escalation Rate 5% for the Company

** Discount Rate 9%

14. TRADE PAYABLES

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Trade Payables -Others	447,536,559	421,609,103	440,751,393	410,683,400
- Related Parties (14.1)	-	-	133,541,295	144,627,766
	<u>447,536,559</u>	<u>421,609,103</u>	<u>574,292,688</u>	<u>555,311,166</u>

14.1 Amount payable to Related Parties Relationship

Asia Siyaka Warehousing (Pvt) Ltd	Subsidiary	-	-	133,541,295	144,627,766
		<u>-</u>	<u>-</u>	<u>133,541,295</u>	<u>144,627,766</u>

The amount due to Asia Siyaka Warehousing (Pvt) Ltd is subject to interest charge at 10% (2013: 10%)

Notes To The Financial Statements cont.

Year ended 31 March 2014

15. INTEREST BEARING BORROWINGS ON CLIENT FINANCING

Group / Company

	2014 Rs.	2013 Rs.
Short Term Loans and Overdrafts Obtained for Client Financing	250,000,000	150,000,000
Bank Overdrafts	262,602,208	261,591,217
	<u>512,602,208</u>	<u>411,591,217</u>

The Group has pledged its assets as security for the Interest Bearing Loans and Borrowings obtained as stated in Note 27.1.

16. REVENUE

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Brokerage Income	221,920,399	193,453,049	216,607,369	188,315,080
Packing Material Operations	7,523,662	9,803,627	7,523,662	9,803,627
Warehousing Income	127,399,484	102,072,949	-	-
Interest on Loans and Client advances	164,818,022	116,469,082	162,566,003	116,330,497
Others	26,496,100	35,002,666	20,635,848	20,981,594
	<u>548,157,667</u>	<u>456,801,373</u>	<u>407,332,882</u>	<u>335,430,798</u>

17. OTHER INCOME AND GAINS

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Dividend Income	293,295	125,700	54,728,894	125,700
Profit on sale of Property Plant and Equipment	2,839,955	100,000	1,410,491	-
Security Insurance	1,959,430	1,895,829	1,959,430	1,895,829
Commission Income on Handling	-	-	562,665	506,065
Commission on Sacks	66,822	61,502	66,822	61,502
Creditor Write off	2,042,303	-	2,042,303	-
Others	491,830	652,281	-	107,796
	<u>7,693,635</u>	<u>2,835,312</u>	<u>60,770,605</u>	<u>2,696,892</u>

18. FINANCE COST

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Bank Charges	7,175,799	5,812,568	7,128,820	5,779,297
Guarantee Fee	-	552,500	-	552,500
Interest on Short Term Financing	72,948,900	53,242,721	72,948,281	53,232,963
Interest on ASWPL Advances	-	-	13,922,665	11,274,287
Financial VAT	10,483,705	4,918,746	10,483,705	4,918,746
Impairment of Available for Sale investments	-	1,177,390	-	1,177,390
	90,608,404	65,703,925	104,483,471	76,935,183

19. FINANCE INCOME

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Interest-Repo	211,364	91,044	-	-
Interest on savings accounts	589,675	656,933	589,674	656,933
Other interest	707,856	685,917	1,561,172	655,407
	1,508,895	1,433,894	2,150,846	1,312,340

20. PROFIT/(LOSS) BEFORE TAX

Stated after Charging

	Group		Company	
	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Employee Benefits including the following	64,575,771	60,675,531	51,039,171	57,003,046
Defined contribution Plan Costs - EPF, ETF	9,748,612	9,865,449	8,102,459	8,036,300
Retirement Benefit Obligation - Gratuity	6,284,884	6,712,253	5,568,683	11,125,495
Depreciation	26,293,181	25,156,703	4,106,284	2,422,402
Audit Fee	587,926	331,700	325,426	256,534

Notes To The Financial Statements cont.

Year ended 31 March 2014

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
21. INCOME TAX EXPENSE				
Current Income Tax				
	51,720,646	37,769,970	34,171,739	28,529,977
Under/(over) provision of current taxes in respect of prior years	(2,830,628)	-	(3,999,107)	-
	48,890,018	37,769,970	30,172,632	28,529,977
Deferred Income Tax				
Charge/(Reversal) of Deferred Tax (Note 21.2)	(2,156,551)	1,891,176	(1,556,198)	2,480,756
	46,733,467	39,661,146	28,616,434	31,010,733
21.1 Reconciliation between Accounting Profit and Taxable Income				
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Accounting Profit (Profit before Taxation)	164,147,555	131,625,145	156,359,744	83,724,710
Non deductible expenses	57,122,170	68,630,619	30,388,605	40,780,427
Deductible expenses	(88,801,110)	(46,485,589)	(70,754,823)	(17,524,154)
Taxable Income	132,468,615	153,770,175	115,993,526	106,980,983
Income Tax on Profit @ 10%	10,689,782	4,788,361	-	-
Income Tax on Profit @ 28%	41,030,864	32,981,609	34,171,739	29,954,675
Total Income Tax Expense	51,720,646	37,769,970	34,171,739	29,954,675
21.2 Deferred Tax				
Deferred Tax Asset				
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Statement of Financial Position				
At the beginning of the year	7,802,055	8,858,112	7,802,055	8,858,112
Charge/(Reversal) for the year	285,153	(1,056,057)	285,153	(1,056,057)
At the end of the year	8,087,208	7,802,055	8,087,208	7,802,055

21.2 Deferred Tax
Deferred Tax Asset - Cont...

	2014	2013	2014	2013
	Rs.	Rs.	Rs.	Rs.
Income Statement				
Capital allowances for tax purposes	(352,520)	236,929	(352,520)	236,929
Defined benefit obligation	(1,203,678)	2,243,827	(1,203,678)	2,243,827
	<u>(1,556,198)</u>	<u>2,480,756</u>	<u>(1,556,198)</u>	<u>2,480,756</u>
Statement of Other Comprehensive Income				
Defined benefit obligation- Actuarial Gain/Loss	1,271,045	(1,424,699)	1,271,045	(1,424,699)
	<u>1,271,045</u>	<u>(1,424,699)</u>	<u>1,271,045</u>	<u>(1,424,699)</u>
Deferred Tax Liability				
Statement of Financial Position				
At the beginning of the year	(22,975,925)	(23,537,917)	-	-
Reversal for the year	(10,576,082)	(561,992)	-	-
At the end of the year	<u>(33,552,007)</u>	<u>(22,975,925)</u>	<u>-</u>	<u>-</u>
Income Statement				
Capital allowances for tax purposes	(547,109)	(522,083)	-	-
Defined benefit obligation	(53,244)	(67,497)	-	-
	<u>(600,353)</u>	<u>(589,580)</u>	<u>-</u>	<u>-</u>
Statement of Other Comprehensive Income				
Capital allowances for tax purposes- Revaluation	11,165,586	-	-	-
Defined benefit obligation- Actuarial Gain/Loss	10,849	27,588	-	-
	<u>11,176,435</u>	<u>27,588</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements cont.

Year ended 31 March 2014

22 EARNINGS PER SHARE

22.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

22.2 The following reflects the income and share data used in the basic Earnings Per Share computation.

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Amount Used as the Numerator:				
Net Profit for the year	117,414,088	96,776,325	131,430,712	49,050,467
Number of Ordinary Shares Used as the Denominator:				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings Per Share	260,000,000	260,000,000	260,000,000	260,000,000
Earning Per Share	0.45	0.37	0.51	0.19

22.3 There were no potentially dilutive Ordinary Shares outstanding at any time during the year.

23 DIVIDEND PER SHARE

	Group		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Total Gross Dividends	98,800,000	22,500,000	98,800,000	22,500,000
No. of Shares	260,000,000	260,000,000	260,000,000	260,000,000
Dividend per Share	0.38	0.09	0.38	0.09

24 SEGMENTAL INFORMATION AND REVENUE

Primary reporting format - Business Segments

As at 31 March 2014, the qualifying segments under business segment reporting are as follows;

- Commodity Broking
- Warehousing

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments:

No operating segments have been aggregated to form the below reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	Commodity Broking		Warehousing		Elimination of inter-segment		Total	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Revenue								
Sales to external customers	415,017,749	340,784,721	133,139,918	116,016,652	-	-	548,157,667	456,801,373
Total Revenue	415,017,749	340,784,721	133,139,918	116,016,652	-	-	548,157,667	456,801,373
Results								
Finance Costs	(105,354,377)	(76,942,704)	(33,719)	(35,508)	14,779,692	11,274,287	(90,608,404)	(65,703,925)
Finance Income	2,362,210	1,403,384	13,926,377	11,304,797	(14,779,692)	(11,274,287)	1,508,895	1,433,894
Profit before Income Tax	163,585,190	256,956,293	61,046,365	50,636,772	-	-	164,147,555	136,437,471
Assets and Liabilities								
Segment Assets	1,445,477,397	1,287,560,614	600,801,548	498,231,921	(253,256,325)	(243,077,479)	1,793,022,620	1,542,715,056
Segment Liabilities	1,203,877,913	1,078,506,008	49,289,622	37,064,522	(155,132,421)	(144,953,574)	1,098,035,115	970,616,956

Notes To The Financial Statements **cont.**

Year ended 31 March 2014

25. COMMITMENTS AND CONTINGENCIES

25.1 Capital Commitments

There are no capital commitments as at the end of the reporting period.

25.2 Contingencies

Brook International (Private) Limited has filed action in the Commercial High Court of Colombo against all brokers and the Brokers Association under case no HC/Civil/261/2009/MR. The company is a member of Brokers Association.

There have been no other significant contingencies as at the end of the reporting period that require adjustments to or disclosure in the financial statements.

26. Fair Values of Financial Instruments

Financial instruments of the Company/Group includes Trade and other receivables, Cash and cash equivalents, Interest bearing Loans and Borrowings and Trade and other payables. The fair values of these financial instruments are determined at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of quoted investments is based on price quotations at the reporting date.

Hence the carrying amounts of Group's/Company's financial instruments are reasonable approximation of their fair values.

Fair value hierarchy

As at 31 March 2014, the Group held the following financial instruments carried at fair value in the statement of financial position;

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value- Company/ Group

	Total	Level 1
	Rs	Rs
Available for sale investments at 31 March 2014	7,123,000	7,123,000
Available for sale investments at 31 March 2013	6,704,000	6,704,000

Notes To The Financial Statements cont.

Year ended 31 March 2014

27. ASSETS PLEDGED

27.1 Details of assets pledges together with the related banking facilities are as follows

Bank	Nature of Facility	Facility Limit	Interest	Security/Assets pledged
NDB Bank	Overdraft	Rs.75 Mn	Variable	Mortgage over book debts of Rs. 325 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs. 325Mn.
	Short term loans	Rs. 250 Mn	Variable	
DFCC Vardhana Bank	Overdraft (or Money Market Loans)	Rs. 150 Mn	Variable	Mortgage over book debts for Rs. 150 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.150 Mn and facility agreement for Rs.150Mn.
Commercial Bank	Overdraft	Rs. 125 Mn	Variable	Mortgage over book debts of Rs. 125 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd. for Rs. 125 Mn and facility agreement.
Hatton National Bank	Overdraft	Rs. 150 Mn	Variable	Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd
Sampath Bank	Overdraft	Rs. 90 Mn	Variable	Mortgage over book debts of Rs. 90 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd.

28. EVENTS AFTER THE REPORTING PERIOD

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

29. RELATED PARTY DISCLOSURES

29.1 Details of significant related party disclosures are as follows;

Nature of Transaction	Lanka Commodity Brokers Ltd. Rs.	Asia Siyaka Warehousing (Pvt) Ltd. Rs.	Siyaka Produce Brokers (Pvt) Ltd. Rs.	Total
As at 01 April 2013	-	(144,627,766)	325,811	(144,627,766)
Sale of Goods and Services	3,940,277	(114,634,922)	-	(114,309,111)
Fund Received/ (Transferred)	-	38,115,528	41,750,000	79,865,528
Expenses incurred	-	-	2,615,315	2,615,315
Payments Made	(3,940,277)	27,621,865	(23,100,000)	4,521,865
Dividend Transfer	-	59,984,000	-	59,984,000
As at 31 March 2014	-	(133,541,295)	21,591,126	(111,950,169)

29.2 Transactions with Key Management Personnel of the Company

Related parties include KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its Subsidiaries. Such KMPs include the Board of Directors, Chief Executive Officer and Other Senior Management Executives of the Group who meet the criteria described above.

	2014 Rs	2013 Rs
Salaries and Short Term benefits	51,583,600	50,050,041
Post Employment Benefits	1,023,037	1,164,069

29.3 The following Directors are also Directors of the related entities

- Dr. S.A.B. Ekanayake who is the Chairman of the Company is also the Chairman of Lanka Commodity Brokers Ltd.
- Mr. A.C. Cooke and Mr. D.J. Wedande who are Directors of the Company are also Directors of Asia Siyaka Warehousing (Pvt) Ltd. and Siyaka Produce Brokers (Pvt) Ltd. which are fully owned subsidiaries of the Company.
- Mr. S. Sirisena, Mr. S.G. Amarasuriya and Mr. M. Murath who are Directors of the Company are also Directors of Lanka Commodity Brokers Ltd.
- Mr. S. G. Amarasuriya and Mr. M. Murath who are Directors of the Company are also Directors of Asia Siyaka Warehousing (Pvt) Ltd. and Siyaka Produce Brokers (Pvt) Ltd. which are fully owned subsidiaries of the Company.

Notes To The Financial Statements **cont.**

Year ended 31 March 2014

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest bearing loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The senior management of the Group oversees the management of these risks. The senior management of the Group determine on financial risks and the appropriate financial risk governance framework for the Group. The financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt and short term borrowings with floating interest rates. The Group manages its risk by striking a balance between long term and short term debts. The Group has easy access to funds at competitive interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of the long term and short term borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows;

	Group		Company	
	Change in basis points	Change in Profit before tax	Change in basis points	Change in Profit before tax
2014	100 (1%)	5,126,416	100 (1%)	5,126,416
2013	100 (1%)	4,114,584	100 (1%)	4,114,584

Equity Price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about the future values of the investments securities.

At the reporting date, the exposure to listed equity securities at fair value was Rs. 7,123,000/- (2013: Rs. 6,704,000/-).

A increase in 5% of the ASPI could have an impact on approximately Rs. 420,257/- (2013: Rs.690,512) on the Company's/Group's equity. A decrease in 5% of the ASPI could have an impact on approximately Rs. 420,257/- (2013: Rs.690,512) on the Company's/Group's profit before tax.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for Trade receivables, Loans and advances) and from its financing activities, including deposits with banks.

Trade receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. Hence the Group evaluate the concentration of risk with respect to trade receivable as low.

The maximum exposure to credit risk at the reporting date is the carrying value of Trade and other receivables, Loans and advances and Cash and cash equivalents are disclosed in Note 9, 10 and 11 respectively.

Notes To The Financial Statements cont.

Year ended 31 March 2014

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD...)

Liquidity risk

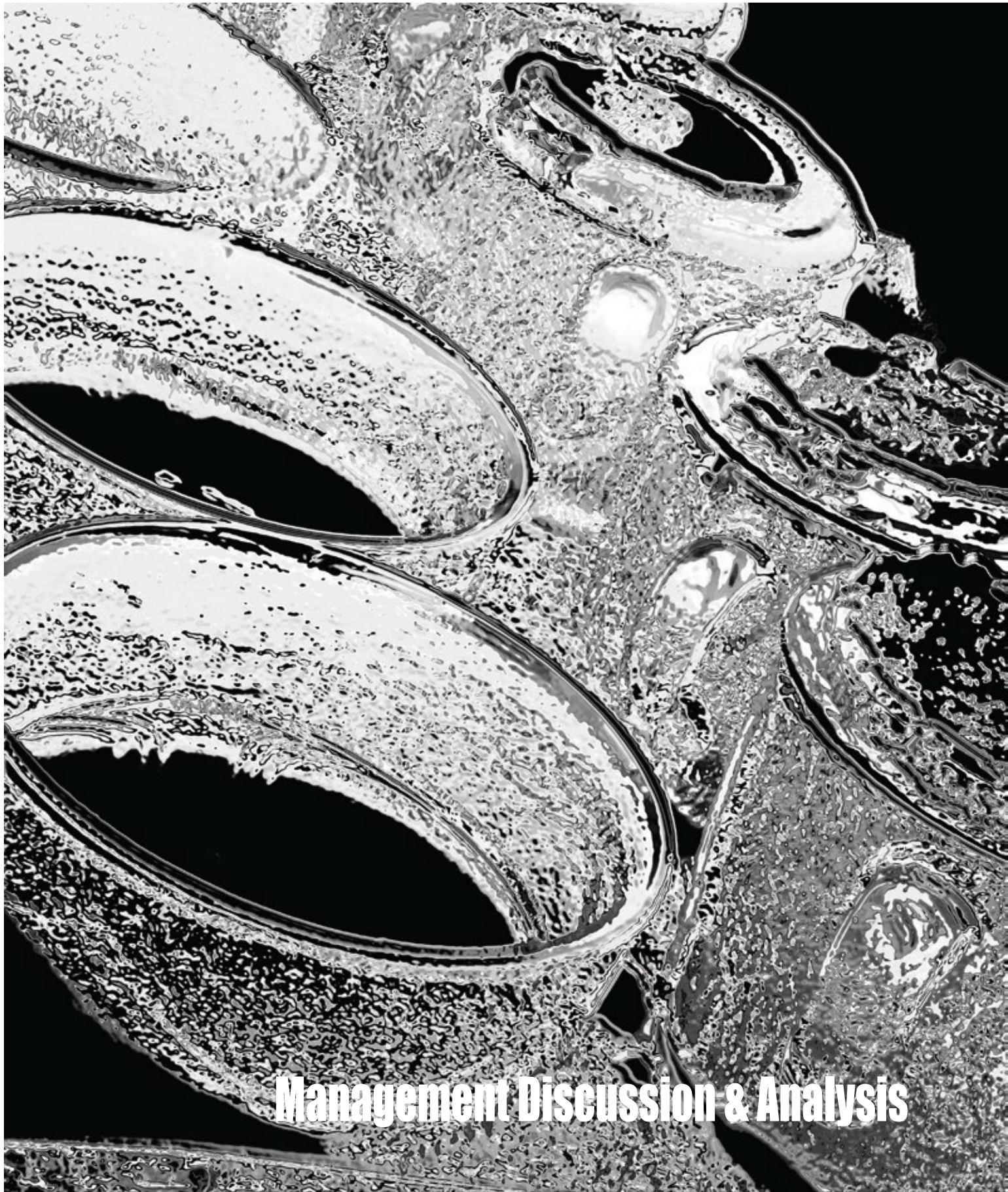
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand Rs	Less than 3 months Rs	Total Rs
Group			
Interest-bearing loans and borrowings on client financing	362,602,208	150,000,000	512,602,208
Trade payables	-	447,536,559	447,536,559
Bank Overdrafts	18,474,632	-	18,474,632
	<u>381,076,840</u>	<u>597,536,559</u>	<u>978,613,399</u>
Company			
Interest-bearing loans and borrowings on client financing	362,602,208	150,000,000	512,602,208
Trade payables	-	574,292,688	574,292,688
Bank Overdrafts	15,556,990	-	15,556,990
	<u>378,159,198</u>	<u>724,292,688</u>	<u>1,102,451,886</u>

Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group does not have long term debt in its capital structure.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 31 March 2013.



Management Discussion & Analysis

Shareholder Information

		As at 31.03.2014	As at 31.03.2013	
01	SHARE PRICES FOR THE YEAR			
	Market price per share			
	Highest during the year	Rs. 3.90 (04.10.2013)	Rs.22.00 (12.09.2012)	
	Lowest during the year	Rs. 2.20 (02.09.2013)	Rs. 2.80 (28.03.2013)	
	As at the end of the year	Rs. 3.00	Rs. 2.80	
02	NET ASSET VALUE PER SHARE			
	Net Asset Value per Share	Rs. 0.90	Rs. 0.77	
03	EARNINGS PER SHARE			
	Earnings per Share	Rs. 0.51	Rs. 0.19	
04	DIVIDEND PER SHARE			
	Dividend per Share	Rs. 0.38	Rs. 0.09	
05	DIRECTORS SHAREHOLDING AS AT 31ST MARCH 2014			
		No. of Shares	%	
	Dr. S A B Ekanayake	Nil	-	
	Mr. A R Cooke	9,747,143	3.749	
	Mr. D J Wedande	8,353,067	3.213	
	Mr. Y Kuruneru	2,499,063	0.961	
	Mr. M Murath	Nil	-	
	Mr. S Sirisena	Nil	-	
	Mr. S T Gunathilake	Nil	-	
	Mr. S G Amarasuriya	Nil	-	
	Mr. B A Hulangamuwa	Nil	-	
	Dr. I A Ismail	Nil	-	
06	SHARE DISTRIBUTION			
	From-To	Shareholders	No. of Shares-2014	%
	1-1000	333	88,942	0.03
	1001-10000	209	865,075	0.33
	10001-100000	84	2,850,726	1.10
	100001-1000000	26	7,731,228	2.97
	Over 1000000	8	248,464,029	95.57
		660	260,000,000	100.00

07 CATERGORIES OF SHAREHOLDERS

	No of Holders	No of Shares	%
Local Individuals	642	45,298,424	17.42
Local Institutions	18	214,701,576	82.58
Foregin Individuals	-	-	-
Foregin Institutions	-	-	-
	660	260,000,000	100.00

08 PUBLIC HOLDING

Percentage of Public Holding as at 31 March 2014 was 9.351% (31.03.2013 - 21.49%)

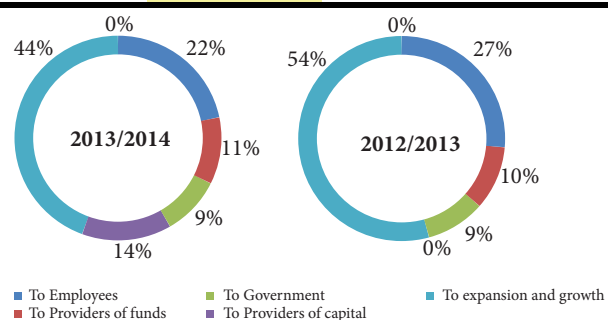
20 MAJOR SHAREHOLDERS OF THE COMPANY

	31ST MARCH 2014		31ST MARCH 2013	
	NO OF SHARES	%	NO OF SHARES	%
1 PAN ASIA BANKING CORPORATION PLC/LANKA COMMODITY BROERS LIMITED	212,942,149	89.901		
LANKA COMMODITY BROKERS LIMITED			132,600,000	51.000
2 MR. L. ALAWATTEGAMA	9,747,143	3.749	9,747,143	3.749
3 MR. A. R. COOKE	9,747,143	3.749	9,747,143	3.749
4 MR. D J. WEDANDE	8,353,067	3.213	8,353,067	3.213
5 MR. Y. KURUNERU	2,499,063	0.961	4,998,123	1.922
6 MR. W. M. K. S. D. N. D. FERNANDO	2,125,656	0.818	4,175,656	1.606
7 MR. R. C. DISSANAYAKE	1,879,808	0.723	4,214,557	1.621
8 MR. R. P. KALUARACHCHI	1,170,000	0.450	4,192,278	1.612
9 MR. U. A. SIRISEKERA	1,000,000	0.385	8,861,118	3.408
10 PAN ASIA BANKING CORPORATION PLC/MR. S. GOBINATH	900,000	0.346	206,000	0.079
11 MR. D. A. EDUSSURIYA	588,000	0.226	-	-
12 MR. K. C. VIGNARAJAH	555,000	0.213	-	-
13 MR. L. U. K. SAMARANAYAKA	422,883	0.163	-	-
14 SKM LANKA PAK EQUITIES (PVT) LTD	360,000	0.138	-	-
15 GREEN OLIVE INVESTMENT PRIVATE LIMITED	322,862	0.124	-	-
16 MRS. E. R. RODRIGO AND MR. H. P. N. RODRIGO	300,000	0.115	60,000	0.023
17 MR. S. S. SAMARANAYAKE	265,734	0.102	265,743	0.102
18 MR. D. A. T. ATHUKORALA	250,000	0.096	250,000	0.096
19 MR. B. L. S. PEIRIS	250,000	0.096	-	-
20 MR. C. P. WILLIAM	243,954	0.094	-	-
	253,922,453	97.663	187,670,819	72.180
Others	6,077,547	2.337	72,329,181	27.820
Total	260,000,000	100	260,000,000	100.00

Value Added Statement

	Group				Company			
	2013/2014	%	2012/2013	%	2013/2014	%	2012/2013	%
	Rs.'000		Rs.'000		Rs.'000		Rs.'000	
Revenue	548,157,667		456,801,373		407,332,882		335,430,798	
Other Income	7,693,635		2,835,312		60,770,605		2,696,892	
	555,851,302		459,636,685		468,103,487		338,127,690	
Cost of materials and services obtained	(120,760,588)		(113,174,140)		(85,291,388)		(71,264,564)	
Value Addition	435,090,714		346,462,545		382,812,099		266,863,126	
Value Allocated to:								
To Employees								
Salaries, wages and other benefits	151,504,939	22	140,526,222	26	119,783,286	25	109,218,500	34
To Providers of funds								
Interest to money lenders	72,948,900	10	53,242,721	10	86,870,946	18	64,507,250	20
To Government								
Financial Value Added Tax	10,483,705		4,918,746		10,483,705		4,918,746	
VAT / NBT / Stamp Duty	7,198,536		4,244,138		4,359,115		1,808,812	
Rates & Taxes	404,331		404,330		5,000		5,000	
Income Tax	46,733,467		39,661,146		28,616,434		31,010,733	
	64,820,039	9	49,228,360	9	43,464,254	9	37,743,291	12
To Providers of capital								
Dividend paid to share holders	98,800,000	14	-	-	98,800,000	20	-	-
To expansion and growth								
Profit retained	283,656,853		261,676,724		133,924,373		101,712,661	
Depreciation and Amortization	27,233,181		25,798,755		4,106,284		2,422,402	
Deferred Taxation	(2,156,551)		1,891,176		(1,556,198)		2,480,756	
	308,733,483	44	289,366,655	54	136,474,459	28	106,615,819	34
	696,807,361	100	532,363,958	100	485,392,945	100	318,084,860	100

	Group		Group	
	2013/2014	%	2012/2013	%
To Employees	151,504,939	21.7	140,526,222	26
To Providers of funds	72,948,900	10.5	53,242,721	10
To Government	64,820,039	9.3	49,228,360	9
To Providers of capital	98,800,000	14.2	-	-
To expansion and growth	308,733,483	44.3	289,366,655	54
	696,807,361	100	532,363,958	100



GLOSSARY OF FINANCIAL TERMS //

ACCOUNTING POLOCIES

The specific principals, bases, conventions, rules and practices adopted by an enterprise in preparing and resenting Financial Statements.

EARNING PER SHARE

Profit attributable to ordinary shareholders divided by the number of ordinary shares.

AMORTISATION

The Systematic allocation of depreciable amount of an Intangible assets over its useful life.

NET ASSETS

Sum of fixed assets and current assets less total bearing liabilities.

NET ASSETS PER SHARE

Net assets at the end of the period divided by the Number of ordinary shares in issue.

RETURN ON EQUITY

Profit before tax divided by equity at the end of the Period.

DIVIDENDS

Distribution of profits to holders of equity investments.

RELEATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the company.

VALUE ADDITION

The quantum of wealth generated by the activities of the group and its applications.

PAT

Profit After Taxation.

PBT

Profit Before Taxation

BORROWINGS

Bank loans, overdrafts, obligations and interest liabilities.

CONTINGENT LIABILITY

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of enterprise.

CURRENT RATIO

Current assets divided by current liabilities.

CASH & CASH EQUIVALENT

Liquid investments with original maturity period of Three months or less.

SHAREHOLDER FUNDS

Total of issued and fully paid up capital and reserves.

Notice Of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asia Siyaka Commodities PLC will be held at the Auditorium of The Ceylon Chamber of Commerce on 15th September 2014 at 10.00a.m. for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2014 and the Report of the Auditors thereon.
2. To re-elect Mr. M Murath who retires in terms of Articles 87 (i) of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. V Caldera who retires in terms of Articles 94 of the Articles of Association, as a Director of the Company.
4. To pass the ordinary resolution set out below to re- appoint Dr. I A Ismail who is 77 years of age, as a Director of the Company;
 “IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Dr. I A Ismail who is 77 years of age and that he be and is hereby re-elected a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007.”
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine donations for the year ending 31st March 2015 and up to the date of the next Annual General Meeting.

By Order of the Board
ASIA SIYAKA COMMODITIES PLC

P W Corporate Secretarial (Pvt) Ltd
Director / Secretaries
At Colombo

19 August 2014

Notes:

- 1) A shareholder entitled to attend or attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder, to attend or attend and vote instead of him/her. A Proxy may vote on a poll (and join in demanding a poll) but not on a show of hands.
- 2) A Form of Proxy is enclosed in this Report.
- 3) The completed Form of Proxy should be deposited at the Office of the Secretaries of the Company, No. 3/17, Kynsey Road, Colombo 08 not later than 36 hours before the time appointed for the meeting.

Form Of Proxy

*I/We.....of..... being a *Shareholder /Shareholders of Asia Siyaka Commodities PLC, do hereby appointof

.....or failing him/her

Dr. S A B Ekanayake
Mr. A R Cooke
Mr. D J Wedande
Mr. M Murath
Mr. S Sirisena
Mr. S T Gunatilleke
Mr. B A Hulangamuwa
Mr. S G Amarasuriya
Mr. Y Kuruneru
Dr. I A Ismail
Mr. V Caldera

of Colombo or failing him
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of Colombo or failing him

as *my/our proxy to represent me/us and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 15th September 2014 at the Auditorium of The Ceylon Chamber of Commerce, and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1	To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2014 with the Report of the Auditors thereon.	☐	☐
2	To re-elect Mr. M Murath as Director in terms of Article 87 (i) of the Articles of Association of the Company.	☐	☐
3	To re-elect Mr. V Caldera as Director in terms of Article 94 of the Articles of Association of the Company.	☐	☐
4	To pass the ordinary resolution set out in the Notice of Meeting under item 4 for the re-appointment of Dr. I A Ismail.	☐	☐
5.	To re-appoint Messrs. Ernst & Young Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.	☐	☐
6.	To authorize the Directors to determine donations for the year ending 31st March 2015 and up to the date of the next Annual General Meeting.	☐	☐

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

.....

Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.
- 3) If you wish your Proxy to speak at the meeting you should interpolate the words “and to speak” immediately after the words “to vote”.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 73 of the Articles of Association of the Company;
 - (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 signed as provided by its Articles of Association by person/s authorised to do so, on behalf of the Corporation. The Company may, but shall not be bound to require evidence of the authority of any person so signing
 - (iii) a proxy need not be a Shareholder of the Company.
4. In terms of Article 68 of the Articles of Association of the Company
In the case of joint-holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, 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 stand in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy shall be deposited at the Office of the Secretaries of the Company, No. 3/17, Kynsey Road, Colombo 08 not later than 36 hours before the time appointed for the meeting.

CORPORATE INFORMATION

NAME OF THE COMPANY - ASIA SIYAKA COMMODITIES PLC
COMPANY REGISTRATION NO - PV 3562/PB/PQ
LEGAL FORM - A Public Quoted Company with Limited Liability

DATE OF INCORPORATION

The Company was incorporated bearing Company Registration No. PV 3562 on 16th February 1998 and was converted to a public limited liability company on 28th March 2014 under Company Registration No. PV 3562/PB

The shares were listed in the Colombo Stock Exchange on 12th September 2012.

NATURE OF BUSINESS

To carry on the business of Tea Brokers, Rubber Brokers, Produce Brokers, Auctioneers, Appraisers, Valuers, commission Agent and General Agents.

HEAD OFFICE AND REGISTERED OFFICE

1st Floor, 'Deutsche House'
No.320, T. B. Jaya Mawatha, Colombo 10.
Telephone: +94 114600700
Fax: +94 112678145
E-mail: tea@siyaka.lk
Website: www.asiasiyaka.com

SUBSIDIARY COMPANIES

Asia Siyaka Warehousing (Pvt) Ltd
Siyaka Produce Brokers (Pvt) Ltd

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynesy Road
Colombo 08.
Telephone: +94 11 4640360-3
Fax: +94 11 4740588

AUDITORS

Ernts & Young, Chartered Accountants
201, De Saram Place
P. O. Box 101
Colombo 10.

BANKERS

NDB Bank PLC
Bank of Ceylon
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Peoples Bank
Seylan Bank PLC
DFCC Vardhna Bank PLC
HSBC Ltd
Hatton National Bank PLC

BOARD OF DIRECTORS

Dr. S A B Ekanayake	Chairman
Mr. A R Cooke	Managing Director
Mr. D J Wedande	Executive Director
Mr. M Murath	Non- Executive Director
Mr. S Sirisena	Non- Executive Director
Mr. S G Amarasuriya	Executive Director
Mr. Y Kuruneru	Executive Director
Mr. B A Hulangamuwa	Independent Non- Executive Director
Mr. S T Gunatilleke	Independent Non- Executive Director
Dr. I A Ismail	Independent Non- Executive Director
Mr. V Caldera	Non- Executive Director

