

INVERTING TRADITIONS



ASIA SIYAKA COMMODITIES PLC
ANNUAL REPORT 2017/18

INVERTING TRADITIONS

Twenty years is a significant lifespan in the existence of any company and for us it is no exception. This, as a milestone year, not only helps us to look back at how far we have come but also to look at what we are yet to achieve. In our time in the tea industry, we have always done things differently, and that is the secret of longevity; to invert tradition. We have always been a conscious corporate which has extended to our warehouse and storage facilities, which are equipped with the best in technology. So with innovation and sustainability at the fore, we will continue to defy and change the norm as we look forward to the decades ahead.



ASIA SIYAKA COMMODITIES PLC
ANNUAL REPORT 2017/18

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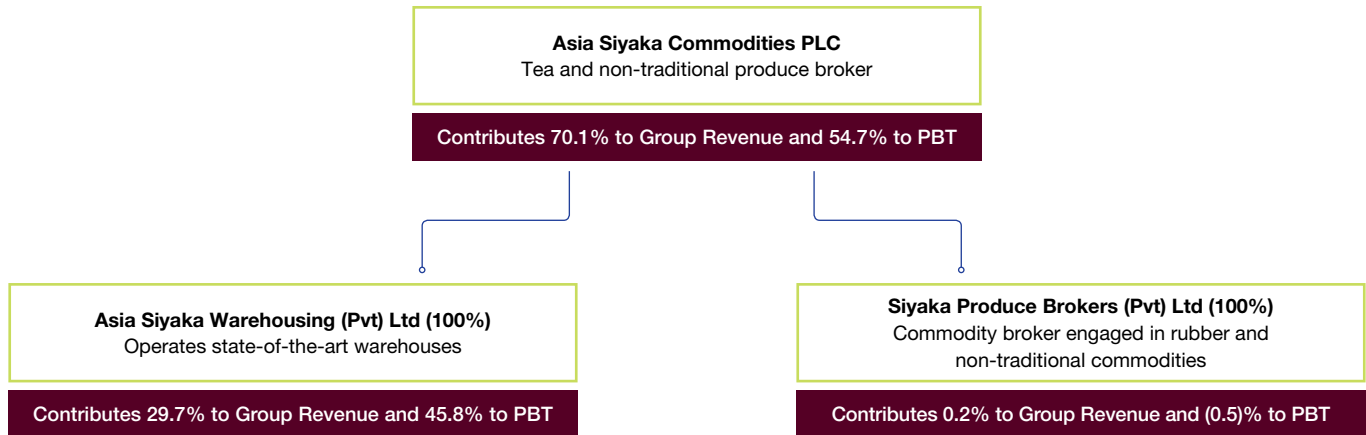
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Group Structure



OUR VISION

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

OUR 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

We began our transition towards integrated reporting in the financial year 2016/17 by commencing the process of aligning our annual report 2016/17 with the guidelines of the Integrated Reporting Framework 2013, published by the International Integrated Reporting Council (IIRC).

The current annual report represents our second integrated report which has been structured to enhance the level of disclosure regarding topics deemed material to our key stakeholders, which includes a more future orientation regarding the business growth plans of the company. Through this Report, we hope to provide a balanced and concise assessment of the Group's financial, social and environmental performance as well as material information relating to strategy, governance and risk management.

Scope and boundary

This Report covers the operations of Asia Siyaka Commodities PLC ("ASC" or "the Company") and its subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd for the reporting period 1st of April 2017 to 31st of March 2018.

The report extends to the status of our six capitals as at end March 2018 and includes our audited financial statements, status of governance and risk management systems and growth strategy to provide our stakeholders insights regarding different key aspects of our business.

Materiality

This report has been compiled with the direct involvement of the highest executive of the Company, the Managing Director, to ensure that strategic and operational insights have been captured. The Chief Financial Officer has also been involved in determining topics of disclosure and the types of disclosure deemed material for our key stakeholders. The material issues presented herein are specific to our industry, value creation model and needs of our stakeholders.

The process of determining materiality has been described in page 23.

Reporting Standards

The Financial Statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards and external assurance on the same has been provided by Messrs. Ernst and Young, Chartered Accountants.

The Report also complies with the requirements of the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Key Concepts

In transitioning towards a Framework we have given due consideration to the following principles which ensure the quality of the Report;

IR principles

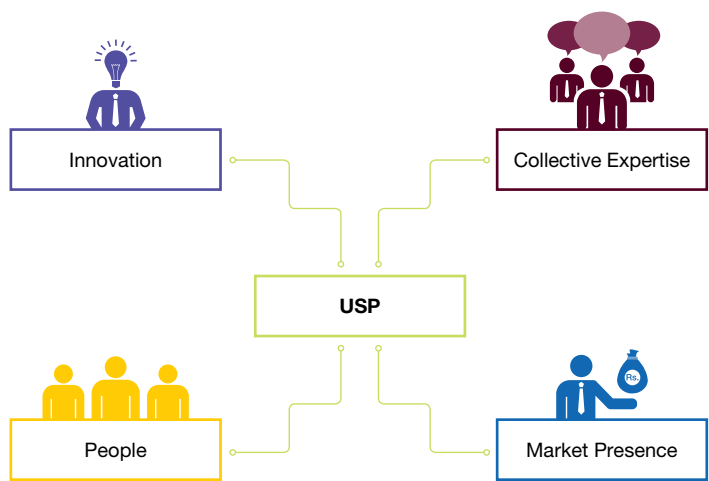
This report attempts to incorporate the following IR principles :

1. Strategic focus and future orientation
2. Connectivity of information
3. Stakeholder relationships
4. Materiality
5. Conciseness
6. Reliability and completeness

The above principles have been enshrined in the content and presentation through the materiality process, the engagement of key decision makers in compiling this report and compliance with all statutory requirements applicable to this report.

Asiya Siyaka has been instrumental in pioneering the modernization of Sri Lanka's historic commodity broking industry through an exacting mix of modern management systems coupled with modern technologies, making the company a trailblazer in the industry. The Group comprises of Asia Siyaka Commodities PLC, and its fully-owned subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd. The Company is listed on the Diri Savi Board of the Colombo Stock Exchange with a market capitalisation of Rs. 572 Mn as at end March 2018. On 18th April 2017 the rubber broking license held by Siyaka Produce Brokers (Pvt) Ltd was transferred to the Company and the Company commenced the rubber broking business as a strategic business unit.

During our track record of nearly 2 decades, we have pioneered several innovative and pragmatic value chain solutions, thereby transforming the country's tea auction logistics process which is now among the most sophisticated systems of its' kind in the world. We handle approximately 15.03% (or 44.8 Mn kilograms) of the country's total traded tea volumes and we are committed to generating sustainable value along our supply chain, through creating value to factories, estates and mills, regional plantation companies as well as smallholders, traders and exporters.





SHAPING THE FUTURE SINCE 1998

Celebrating two decades in the commodity broking industry, Asia Siyaka is honored to have contributed to the advancement of the commodity trade in Sri Lanka, in particular Sri Lanka's Pure Ceylon Tea. Over the past 20 years, we have pioneered tea industry warehouse modernization culminating in our latest LEED certified warehouse complex, a first of its kind in Sri Lanka. As the country's tea industry continues to evolve to surmount 21 century challenges, Asia Siyaka stands ready to support the industry in all its endeavors.

We felicitated our 20th anniversary in 2018 by conducting religious ceremonies.

	Metric	2017/18	2016/17	% Change
Revenue	Rs. Million	784.69	609.62	28.72
Operating Profit	Rs. Million	302.33	197.11	53.39
Profit Before Tax	Rs. Million	135.61	69.09	96.27
Profit After Tax	Rs. Million	97.56	44.17	120.87
Total Assets	Rs. Million	2,432.29	2,664.76	(8.72)
Total Liabilities	Rs. Million	1,750.30	1,949.06	(10.20)
Shareholders Funds	Rs. Million	682.00	715.71	(4.71)
Performance & Balance Sheet Ratio				
Return on Equity	%	14.3	6.2	131.78
Debt/Equity	Times	1.42	1.73	(18.00)
Shareholders Information				
Earning Per Share	Rs.	0.38	0.17	120.87
Dividends Per Share	Rs.	0.25	0.10	150.00
Net Asset Value Per Share	Rs.	2.62	2.75	(4.71)
Closing Price	Rs.	2.20	2.00	10.00
P/E Ratio	Times	5.86	11.77	(50.20)
Dividend payout	%	67	59	13.19
Dividend Yield	%	11	5	127.27
Property, Plant & Equipment	Rs. Million	894.70	911.26	(1.82)
Capital Expenditure	Rs. Million	66.76	751.66	(91.12)
Capacity Utilisation at warehouse	%	74	62	19.35
Total employees	No.	115	110	5
Payments to Employees	Rs. Million	222.92	193.24	15.35
Employee retention rate	%	94.5	90	5.00
Female representation	%	10	13	(23.08)
Total training hours	Hours	2024	1982	2.12
Average training hours/employee	Hours	17.6	18.02	(2.33)
Financial Support to Customers	Rs. Million	765.42	1,053.46	(27.34)
No. of smallholder supporters	No.	85,000	74,000	14.86
Investment in training & advisory	Rs. Million	0.50	0.98	(48.98)

Rs. 784.69 Mn
Revenue

Rs. 97.56 Mn
Profit After Tax

15.03%
Market Share

115
Employees

Rs. 948.37 Mn
Non Current Assets

Rs. 2.4 Bn
Total Assets

94.5%
Staff Retention Ratio

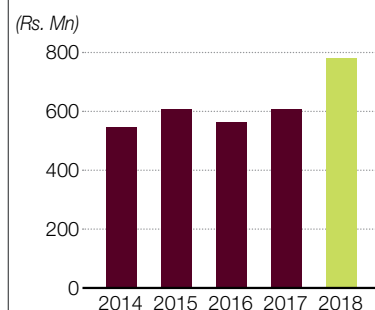
Rs. 765 Mn
Financial Support to Clients

For the year ended 31 March

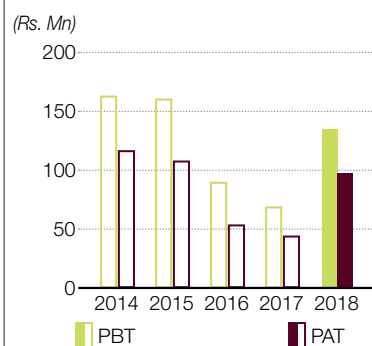
	2014 Rs.	2015 Rs.	2016 Rs.	2017 Rs.	2018 Rs.
Operations					
Gross Revenue	548,157,667	607,396,061	565,077,557	609,619,157	784,688,643
Profit Before Taxation	164,147,555	161,703,246	90,248,494	69,090,323	135,605,046
Profit After Taxation	117,414,088	108,439,349	53,859,195	44,170,741	97,558,051
Return on Equity (%)*	16.89	15.19	7.81	6.17	14.30
Statement of Financial Position as at 31 March					
Current Assets	1,313,401,208	1,803,985,289	1,310,708,249	1,710,627,514	1,483,918,207
Current Liabilities	1,030,146,340	1,471,606,225	1,342,386,992	1,471,358,393	1,237,050,328
Total Assets	1,793,022,620	2,249,734,516	2,096,644,354	2,664,763,600	2,432,292,344
Total Liabilities	1,098,927,240	1,535,668,181	1,406,722,998	1,949,056,209	1,750,297,229
Net Assets	694,987,505	714,066,335	689,921,356	715,707,391	681,995,114
Per Share					
Number of Shares 260,000,000					
Earnings (Rs.)	0.45	0.42	0.21	0.17	0.38
Net Assets (Rs.)	2.67	2.75	2.65	2.75	2.62

*Return on Equity: Calculated based on Profit After Taxation

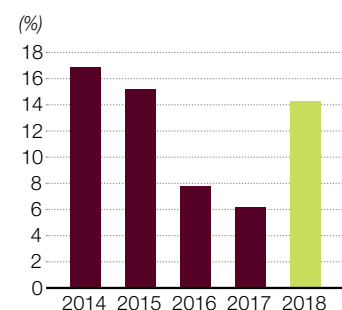
Gross Revenue



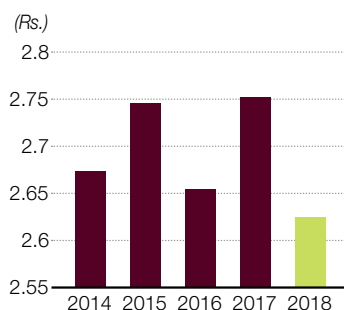
PBT/PAT



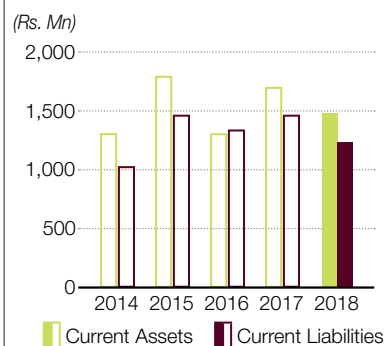
Return on Equity



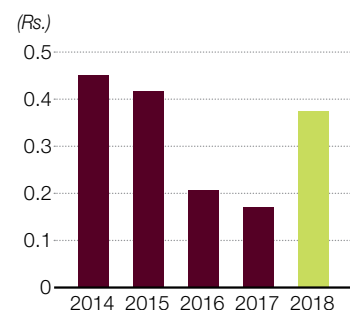
Net Assets Per Share



Current Assets/ Liabilities



Earnings Per Share



OUR LEADERSHIP

“During the financial year 2017/18, I am pleased to report that Asia Siyaka Commodities made headway in establishing itself in its new business as a specialised commodities logistics services provider”

Dear Shareholder,

I am pleased to present the annual report and audited financial statements of Asia Siyaka Commodities PLC, for the financial year 2017/18.

In February 2018, Asia Siyaka celebrated two decades of service to the Sri Lankan tea industry. As indicated by the theme of this report 'Inverting Traditions,' our second integrated annual report on our 20th anniversary, is aimed at sharing with our shareholders and other stakeholders what Asia Siyaka stands for, our plans, and how we manage our financial and non financial capitals.

During the financial year 2017/18, I am pleased to report that Asia Siyaka Commodities made headway in establishing itself in its new business as a specialised commodities logistics services provider. The Group recorded a satisfactory growth in top line, with an increase in after tax profit of Rs. 97.5 Mn a 121% increase compared to last year. I shall not go to great lengths regarding the financial status of the Company as this is explained in detail in the Financial Capitals chapter of this report. I urge our shareholders to read the Managing Director's Review to put the company's financial position into perspective in terms of business operations and the wider environment.

Our value creation

As Sri Lanka's second largest commodity broker, our core business is in providing international quality broking services for Sri Lankan commodity producers. Our value creation model incorporates additional services to add-value to our clients, such as specialised market intelligence reports that are extremely popular among our clientele, credit facilities to our clients including specialised warehousing services through our fully owned subsidiary Asia Siyaka Warehousing (Pvt) Ltd.

During 2017, the total economic value created by the Asia Siyaka Group increased by Rs. 142 Mn to Rs. 574 Mn due to growth in all our value creating services, including our core business of commodity broking. As much as

86% of this wealth was redistributed among our employees, business partners, suppliers and of course the state in the form of taxes. Out of this, our contribution towards employees increased by Rs. 30 Mn to Rs. 223 Mn due to investment in new talent, training and market based salary adjustments. Tax payments to state coffers meanwhile, increased by Rs. 20 Mn to Rs. 48 Mn.

Our shareholders have benefited from an interim dividend payout of Rs. 39 Mn and a final dividend payment of Rs. 26 Mn for the year 2016/17. Total shareholder equity decreased by Rs. 34 Mn to Rs. 682 Mn, with retained profits increasing by Rs. 23 Mn to Rs. 318 Mn and return on equity increasing from 6.17% to 14.30%. Group assets decreased by 9% to Rs. 2,432 Mn and Net Asset value per share decreased from Rs. 2.7 to Rs. 2.62.

One other aspect I would like to touch on, is our proactive business philosophy, which I believe is a cornerstone of the Asia Siyaka value creation model. In our beginnings, 19 years ago, we transformed the country's tea warehouse management tradition by adapting modern logistics management applications with state of the art technology into our warehouse. These innovations slashed storage-to-exporter lead time from 1.5 days to 1 hour, which was one of the greatest changes experienced by the industry in the post-colonial era.

In 2016, we pioneered another industry first by commissioning our second warehouse and converting the whole warehousing complex to become the country's first LEED certified storage facility. With the addition of the second warehouse I would like to stress that this Rs. 565 Mn venture was not driven merely by a profit motive, but by our business philosophy to support the Sri Lanka tea industry's aspiration towards sustainable development and a commitment to add value to Ceylon tea.

We also continued to support domestic tea industry brand development by sharing our expertise with a global audience, by participating as technical specialists in local and

international trade related events. During the year Asia Siyaka representatives participated in local as well as overseas events promoting Ceylon tea.

Compliance and good governance

Asia Siyaka and its subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd were fully compliant with all applicable laws and regulations during the year.

Significant changes to the business

As part of our portfolio rebalancing, our fully owned rubber broking subsidiary, Siyaka Produce Brokers (Pvt) Ltd was restructured into a strategic business unit under Asia Siyaka Commodities PLC. This is expected to facilitate in-house synergies and improve cost and management efficiencies in operations and all the employees, were absorbed into the Company.

Future direction

Currently, the business of the Group is heavily dependent on the commodity trade, which is confronted by both domestic and international market volatilities due to the low-value added nature of commodity transactions. Therefore, going forward, our sustainable value creation model will be constructed on a value adding platform. We will continue to diversify our business model to minimise downside risks from global commodity market downturns and weather related uncertainties. In the immediate future, we will continue to penetrate the specialised commodity logistics market to gain market share in this niche segment through our environmentally friendly warehousing services. We will also leverage our warehousing facility for cross-selling opportunities. In addition, we are examining entry possibilities into the emerging solar energy market in the country. While existing regulatory structures make solar energy investments unviable, we are actively looking into possible practical prospects in this regard.

We conducted multiple religious events in celebration of our 20th anniversary which were attended by clients, industry, government and others stakeholders. I thank all of them for their support and good wishes.

I would also like to warmly welcome Mr. R C Dissanayake and Mr. S S Samaranayake to the Board of Directors of Asia Siyaka and look forward to their expertise in progressing in this company to the next level.

I thank the Board of Directors and the Asia Siyaka team for their dedicated efforts to overcome challenges and drive industry change for the better. On behalf of the Board, I also thank our shareholders, customers, suppliers and strategic partners for their continued support of the Company.

Sincerely



Dr. S A B EKANAYAKE
Chairman

17 July 2018

“ The number one strategic priority for the year was to fast track operational aspects of our newly built warehouse to facilitate rapid market gains ”

As we mark our 20th anniversary in 2018, I am pleased to report that Asia Siyaka Commodities has concluded the 2017/18 financial year by expanding its footprint in the Sri Lankan commodity broking business.

External Environment

As a commodity broker, Asia Siyaka's business is dependent not only on domestic macro factors but also global geopolitics and international demand and supply trends as well. The Company's major business, accounting for nearly 39% of total revenue, is commodity broking.

In 2017, Sri Lankan producers and exporters of tea experienced an eventful year, ranging from bilateral Russian-Sri Lankan politics staring a beetle, to Middle Eastern political unrest and domestic political vagaries. These developments were topped off by extreme weather patterns that destabilised business operations and disrupted plantation production, in most growing regions. Fortunately, the tea trade emerged on top of this turmoil due to simple demand and supply dynamics. A global shortfall in tea supplies manifested better tea prices, while rising crude oil prices buoyed demand from Russia and the Middle East. Overall, Ceylon tea production increased by 5.2% in 2017 to 307.7 Mn kgs compared to 292.6 Mn kgs in 2016, while the average export price of tea gained by 26.2%. Average national tea prices evinced a comforting upswing of 31.1% for the year, with a kilo averaging at Rs. 620 from Rs. 473 in 2016.

Sri Lanka's natural rubber production increased by 5.1% to 83.1 Mn kgs in 2017, while prices increased by 41% to Rs. 336 per kg on average for RSS1 grade rubber. Assorted spices and allied products fared better globally, on average in 2017 and Asia Siyaka's diversified portfolio counter balanced many of the product specific risks to average a strong growth.

Meeting our strategic priorities

The number one strategic priority for the year was to fast track operational aspects of our newly built warehouse to facilitate rapid

market gains. I am happy to report that this objective was achieved. All modern warehouse management systems, including new technology systems and workflow systems, were fully executed and, aligned with ISO 22000 certification. Our warehousing staff were also subjected to intensive training by foreign experts in logistics and storage for smooth execution of the new processes. The new warehouse complex is now in full commercial operation, manned by a trained workforce.

A second strategic priority was to address the lending portfolio, to reduce credit risks faced by the Company. One of our value added services to our clients is the provision of credit against their stockholdings in our warehouses and future sales. During the year we evaluated our credit portfolio against new credit risk criteria and successfully reduced our outstandings from Rs. 779 Mn to Rs. 553 Mn by focusing on recoveries. We also rebalanced and strengthened the credit portfolio by reducing the high risk component of the lending portfolio and increased our provisions through a prudent and conservative policy.

The third strategic priority was to expand our market share in our core business of tea broking. Again, I am happy to report that we have been successful and our market share has increased from 14.77% of total tea auctioned in 2016/17 to 15.03% in 2017/18. This was accompanied by a customer base increase from 175 to 270 by end of the year.

The next ongoing focus is on upgrading our technology systems. In this regard, we are in the process of upgrading our ERP system. ICT incorporation was enhanced by recruiting an IT specialist on a full time basis, which has significantly improved in-house system efficiency and facilitated innovative, customised ICT solutions for operational capacity enhancement and efficiencies.

Business and financial performance

I am pleased to report that we have overshot all our core revenue targets for the financial year 2017/18. Group turnover increased by 29% from 2016/17, to Rs. 784.7 Mn. This revenue

growth is a direct outcome of our increased business volumes in commodity broking, primarily in tea broking and warehousing.

ASC PLC operating profits increased by 38% to Rs. 209 Mn, while the operating profit of our subsidiary Asia Siyaka Warehousing (Pvt) Ltd increased by 77% to Rs. 94 Mn.

Group profit after tax increased by 121% to Rs. 97.5 Mn. The Group balance sheet total assets decreased by Rs. 233 Mn to Rs. 2,432 Mn.

Net cash flows remained healthy with a closing positive balance of Rs.157 Mn despite increased expenditure relating to our new warehouse.

Broking

During the year we participated in 150 commodity auctions and negotiated sales at the best prices for our clients making sure domestic producers could gain maximum benefits. Total value of commodity auctions increased by 25% to Rs. 30.3 Bn and income from tea commodity trading increased by 28% to Rs. 291 Mn. In fact, as the second largest commodity broker in the country, Asia Siyaka sold in excess of 44.8 Mn kgs of tea during the year and our tea auction prices increased by 10% compared to 2016 from Rs. 534.37 per kg to Rs. 586.67 per kg.

As at end March 2018, the Company's rubber portfolio accounted for 2% of total brokerage revenue.

Asia Siyaka's mixed portfolio of spices which included desiccated coconut, pepper, cinnamon, coffee etc. declined by 20% in terms of value against 2016. As at end March 2018, the Company's assorted spices and allied products portfolio accounted for 2% of total brokerage revenue.

Client credit

Revenue from credit lines to clients increased by Rs. 60 Mn during the year to Rs. 221 Mn and total lending decreased by Rs. 288 Mn to Rs. 765 Mn.

Warehousing operation

The revenue gains during the year from warehousing services surged by 34%, to Rs. 218 Mn. This was achieved by breaking from the traditional mould and positioning our specialist warehouse as a stand-alone warehousing facility. This has allowed us to provide commodity storage facilities for the entire market and not only to existing customers.

With 11 Mn kgs of tea storage, we are currently Sri Lanka's largest tea warehouseman. The modern racking and transport systems at our storage facility minimises damages to tea particles due to handling, thereby preserving the original style and flavour of Pure Ceylon Tea. The new storage complex, which increased our storage space by 86,000 square feet, consolidated its market position in 2017, attracting interest from diverse market players. We achieved an average capacity utilisation of 74% for the warehouse complex.

Warehousing is now a key value added component of Asia Siyaka's core business of commodity broking. Our LEED certified warehouses add value to the Pure Ceylon Tea brand image by contributing towards national commitments under the Montreal Protocol, on protecting the Earth's ozone layer and by positioning Ceylon Tea as socially and environmentally friendly. We are the only green warehouse certified by LEED (Leadership in Energy and Environmental Design) an internationally recognised green building certification system, providing third-party verification that our warehouse is designed and built to be environmentally friendly.

Value added services

As a specialist in commodity broking, Asia Siyaka has built an international name as a commodity markets analyst and we are supported by an in-house team of experienced trade experts. Our market reports, provided free of charge to our clients, are in high demand and is a value added service for both buyers and sellers in national and international commodity markets. During the year we issued over 75 market reports, covering diverse subjects, to local and international readers.

Outlook

I believe the short term outlook is fairly challenging for the entire Sri Lankan tea industry. However, Asia Siyaka has established a track record as a company that delivers on its objectives and going forward, we will continue to consolidate our business and strengthen our market position.

I thank the Chairman, Board and our shareholders for their confidence in me and I am grateful for all the advice and support extended in my direction during the year. As always, I am fully appreciative of the contributions of our employees and I hope to build a stronger team in the new financial year as we enter a new decade of transformation for Asia Siyaka. I would also like to thank our customers, clients and business partners and look forward to a mutually beneficial period of growth.



Mr. Anil R. Cooke
Managing Director/ CEO

17 July 2018

Dr. S A B Ekanayake**Chairman**

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 Ltd. 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. A R Cooke**Managing Director**

Mr. Cooke has a wealth of experience counting 40 years as a Broker, Auctioneer, Tea Taster and Valuer, with nearly 21 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, Forbes & Walker Tea Brokers (Pvt) Ltd and Forbes Ceylon Ltd.

He is Chairman of the Colombo Brokers' Association, a committee member of the

Colombo Tea Traders' Association and a Director of the Sri Lanka Tea Board. He is a member of the Promotion and Marketing Committee of the Sri Lanka Tea Board and serves on committees of other marketing initiatives. Mr. Cooke is a founder Director of Siyaka (Pvt) Ltd and Founder Deputy Chief Executive Officer of Asia Siyaka Commodities (Pvt) Ltd. He is currently the Managing Director and Chief Executive Officer of Asia Siyaka Commodities PLC, Asia Siyaka Warehousing (Pvt) Ltd; and Siyaka Produce Brokers (Pvt) Ltd.

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 (Pvt) Ltd. He has over 43 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 (Pvt) Ltd, was appointed as a Senior Vice President in April 2011. He was in Tea Estate Management from 1988 till he joined Forbes & Walker Ltd in 1993. He counts over 30 years' experience (from 1988- 2017), 05 years estate management and 25 years in tea broking, Tea Tasting 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 Plantations Management. He is currently the Chief Operating Officer of Asia Siyaka Commodities PLC.

Mr. S G Amarasuriya**Executive Director**

Mr. Senaka Amarasuriya accounts for over 35 years of experience in the tea industry in multi-disciplinary roles and is also a Director and the CEO of Lanka Commodity Brokers Ltd. His career in tea was from 1981, as a Tea Broker at Bartleet & Co. and thereafter at M. S.

Hebtlabhoy & Co, Ltd, and Stassen Exports Ltd as a tea buyer and later joined Forbes & Walker Tea Brokers (Pvt) Ltd as a Director. He is also a Director of Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd.

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

Mr. Bhandula Hulangamuwa holds a Masters Degree in Business Administration from the University of Colombo, a Certified Fraud Examiner (USA) and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He is also a Non-Executive Non-Independent Director of Sunshine Holdings PLC.

Mr. S T Gunatilleke**Non - Executive Director**

Mr. Tissa 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) Ltd, Talawakelle Tea Estates PLC, DPL Plantations (Pvt) Ltd, Kelani Valley Plantations PLC and Mabroc Teas (Pvt) Ltd. A senior planter with 46 years of experience in plantation management. He has held the position of Regional Director of Sri Lanka State Plantations Corporation and served as a Consultant to United Nations Industrial Development Organisation (UNIDO) on Tea Plantation Management.

Dr. I A Ismail**Independent Non - Executive Director**

Dr. Ismail presently serves a Director of Amana Holdings and as a Director on the Board of Amana Takaful PLC and Amana Takaful Life. 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 and Europe. 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 the Council of the Open University.

He was Vice Chairman of Unilever Ceylon, Principal of Zahira College, Colombo and as CEO and Director of APIIT Lanka. He also served as 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.

He has travelled widely.

Mr. H R V Caldera

Non - Executive Director

Mr. Vernon Caldera counts over 51 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 served as a Consultant at Lanka Commodity Brokers Ltd for the past six years.

Mr. J N Dambawinne

Non - Executive Director

Mr. Dambawinne counts over 39 years in the Tea Trade of which 12 years was at Somerville & Co Ltd and relinquished duties as Director and joined Mercantile Brokers Ltd as Director - Tea in 1992. He served with Mercantile Produce Brokers (Pvt) Ltd for 23 years, of which the last 14 years as its Managing Director. He has an excellent knowledge of tea and responsible for grading, tasting, auctioning and marketing of tea. He has been a past Convener of the Tea Sub-Committee in 1988/89, 2002/03 and also the Broker Representative on the Committee of the CTTA in 1989 and 2007/2008. He has been a Surveyor for export of tea, appointed by the Ceylon Chamber of Commerce. He was appointed as a Member of the Tea Council by the Hon. Minister of Plantation Industries in 1996 and was appointed Deputy Chairman, Colombo Brokers Association for 2004/2005 and 2005/2006. He was the Chairman, Colombo Brokers Association for 2007/2008,

Chairman, Tea Association of Sri Lanka for 2007/2008. Mr. Dambawinne also served as Director, Sri Lanka Tea Board for 2007/2008 and has also been a member of the Committee of The Ceylon Chamber of Commerce 2004/2005, 2007/2008, 2011/2012, 2012/2013, 2015/2016 & 2016/2017. He currently serves on the Committee related to the Plantations Sector appointed by The Minister of Public Enterprise Development.

Mr. R C Dissanayake

Executive Director

Mr. Dissanayake is a Founder Member of Asia Siyaka Commodities PLC and was appointed Vice President in 2002 and Senior Vice President in 2013. He holds a Higher National Diploma in Plantations Management from the National Institute of Plantations Management. He is a self-made individual whose main strength is his continual ability to bring in Low country business and has brought in the most business over the years. He is a Manufacturing Advisor and overlooks the Sample Room and assists with the Warehouse management. He has a strong relationship with the low country clients and additionally works with the RPCs' higher elevation factories.

Mr. Dissanayake is a visiting lecturer at the National Institute of Plantations Management.

Mr. S S Samaranayake

Executive Director

Mr. Samaranayake counts 20 years' experience in marketing tea. He was one of the first recruits of Asia Siyaka Commodities in 1998 and was appointed Vice President in 2011 and Senior Vice President in 2012. Mr. Samaranayake heads the marketing teams for both Low and Higher Elevation teas and is an Auctioneer of the Low Grown catalogue and is a strong leader who commands the respect of the Company's clients, buyers and his team.

Corporate Management Team

Anil Cooke	Director / Chief Executive Officer
Dhammike Wedande	Director / Senior Vice President
Yashojith Kuruneru	Director / Chief Operating Officer
Vernon Caldera	Director / Consultant
Charmara Dissanayake	Director / Senior Vice President
Sohan Samaranayake	Director / Senior Vice President

Marketing and Consultancy

Deepal Jayamanne	Consultant - Tea
Kirk Wijesekera	Senior Manager - Marketing High & Medium
Eashan Perera	Manager - Marketing High & Medium
Shihan Peiris	Assistant Manager - Tea Marketing
Praveen Weerasinghe	Assistant Manager - Tea Marketing

Manufacturing Advisory Service

Avantha Nishshanka	Assistant Manager - Technical Low Grown
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Corporate and Client Finance

Roshantha Munasinghe	Senior Vice President – Finance
Champika Withanage	Chief Accountant
Shanika Dias	Management Accountant
Shamila Cooray	Manager - Client Finance
Pramitha Perera	Assistant Manager - Client Finance
Jagath Wijerathne	Assistant Manager - Client Finance
Lalani Alahakoon	Assistant Manager - Rubber Division

Administration and Human Resources

Ganga Udeni	Manager - HR
Vajira Nandathilake	Deputy Manager - Administration

Warehousing / IT Services

Emil Diaz	Vice President - Warehousing
Sisila Kariyapperuma	IT - System Administrator
Prabath Kasthuriarachchi	Assistant Manager

Other Commodities

Lakshman Kodytuakku	Consultant - Other Commodities
Lalith Perera	Vice President - Rubber Division

STRATEGIC REPORT

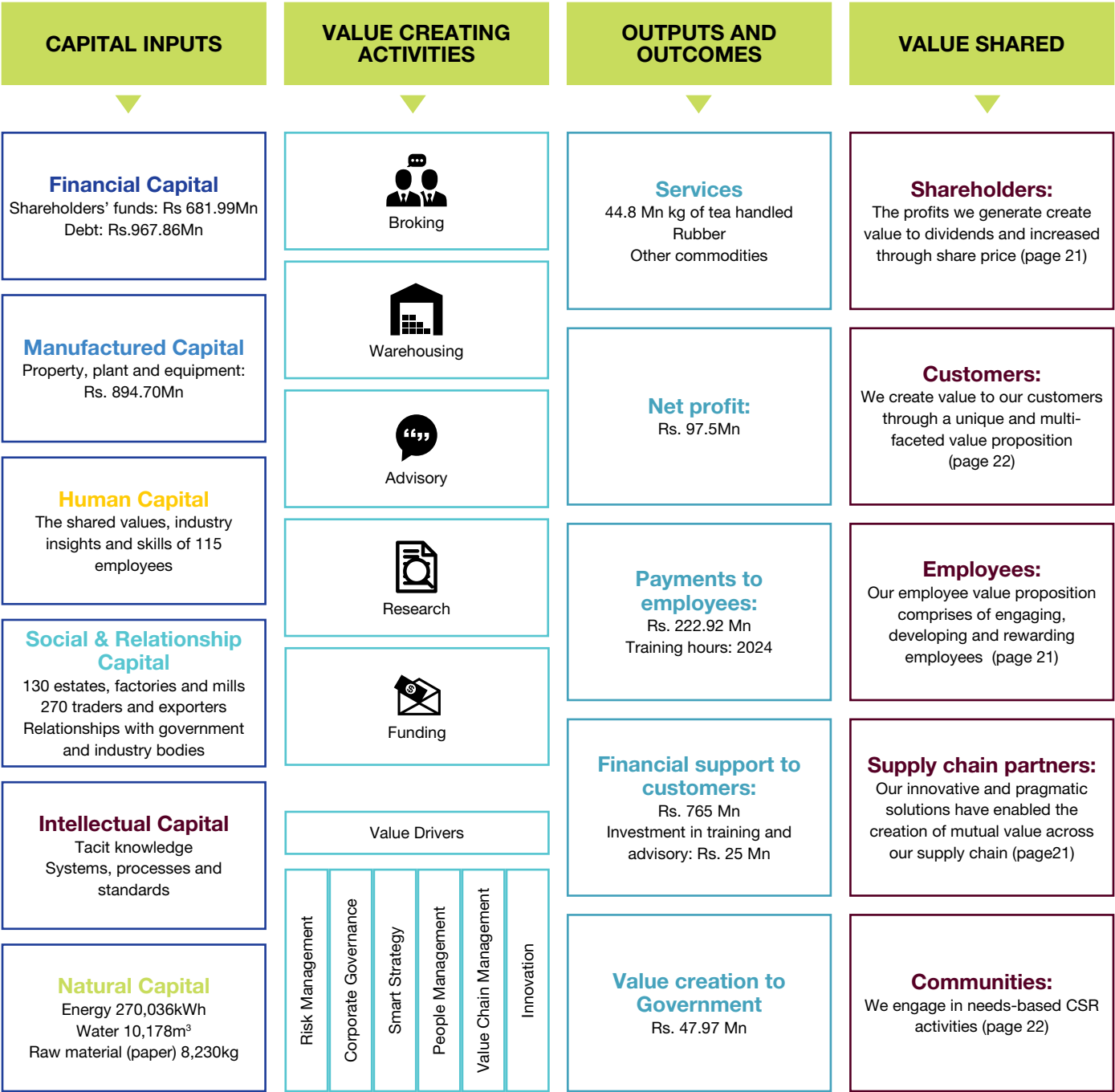
285,000 PACKAGE CAPACITY

Our capacity for quality knows no bounds with a warehouse that stores around 11 Million Kilos of Tea the largest of its kind in the country.



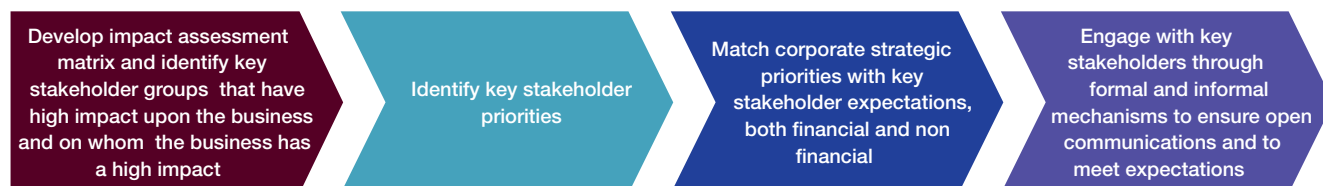


Our business model depicted below illustrates the status of our capitals as at end-March 2018 and our value creating activities utilising our capitals. All such activities have been conducted within a clearly defined risk and governance framework that includes internal controls and audits, monitoring and supervision by qualified and experienced personnel, and alignment with core corporate ethics of the Company. We also indicate in brief, the outcomes of our value creation operation as at end March 2018 and how we shared this wealth among our business partners and other stakeholders.



Asia Siyaka has identified 7 key stakeholder groups that have high significance to the Group and its long term sustainability. Therefore, we have in place formal engagement mechanisms to facilitate regular engagements with these groups. We use these engagements to understand stakeholder concerns and expectations from the Group. Our value creation process balances different stakeholder expectations that are at times divergent, by incorporating these requirements into our corporate strategies for maximum positive outcomes for all stakeholders.

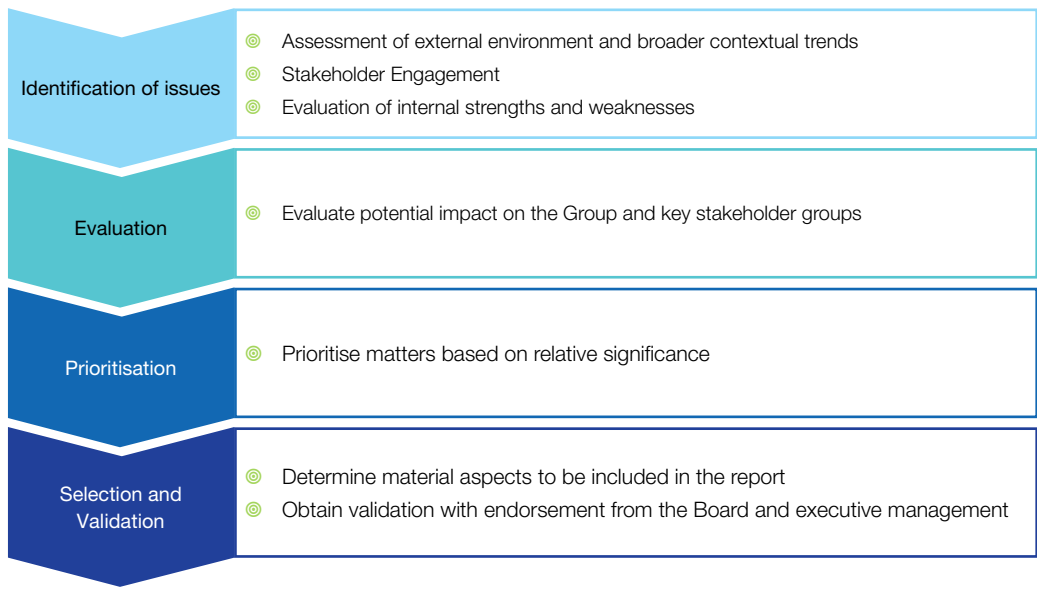
Stakeholder Engagement Process



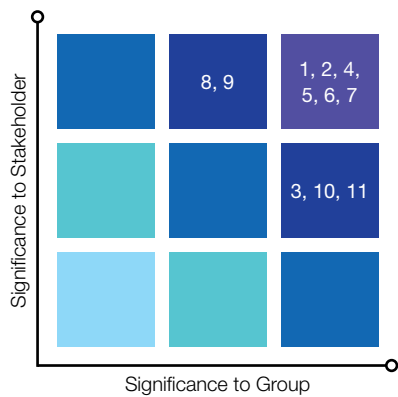
Stakeholder Group	Engagement method	Stakeholder Expectations	Stakeholder Management
Shareholders	☉ The annual report, quarterly financial statements and other announcements on material developments. ☉ The Annual General Meeting ☉ Annual Report ☉ Corporate Website	☉ Adequate financial returns commensurate with the risk undertaken as well as long-term sustainability and growth of the Group. ☉ Business Continuity ☉ Risk management	☉ Align with business plans and strategies along with vigilant and proactive business development efforts ☉ Distribution of profits according to company policies ☉ Maintain the mutual partnership ☉ Providing future business
Employees	☉ An open door policy clearly defined HR policies and ☉ Processes ☉ Performance appraisals, Staff meetings ☉ Multiple work-life balance initiatives	☉ Employees' key concerns range from fair remuneration, opportunities for career and skill development to dignity of labour among others. ☉ Career Growth ☉ Better working environment ☉ Work-life balance ☉ Equal opportunity ☉ Health and safety ☉ Job security	☉ Continuation of the performance based reward system for fair remuneration and promotions ☉ Maintaining effective communication channels ☉ Training & development opportunities ☉ Equal treatment
Clients - Commodity producers, warehousing clients and buyers of estate supplies	☉ Weekly and quarterly performance reviews, research reports analysing industry and country trends ☉ Technical advisory on estate and factory management and site visits.	☉ Consistent demand and obtaining a fair price for their produce is paramount to our clients. ☉ Suppliers seek to clearly identify buyer requirements and changing market conditions in order to produce output that is in demand. ☉ The needs of our warehousing clients include quality retention, ease of transaction and system efficiencies.	☉ Timely settlement of all dues with zero fines or penalties for delayed payments ☉ Maintaining mutually rewarding partnerships ☉ Advisory services

Stakeholder Group	Engagement method	Stakeholder Expectations	Stakeholder Management
Buyers	- Weekly engagement at the auction - Face to face meetings at multiple levels - Industry and country specific research reports - Site visits and written communications.	The primary objectives of our buyers include obtaining high quality produce, transparent and fair pricing, ease of conducting transactions and efficient logistics.	- Fair pricing - Effective communication of Auction prices - Providing efficient pre and post auction services - Efficient service in loading process at warehouses
Industry Bodies / Associations	Our team represents and/or hold leadership positions in several industry bodies and associations including the Colombo Brokers Association, Colombo Tea Traders Association, Sri Lanka Tea Board, Ceylon Chamber of Commerce, Spices & Allied Products Producers' & Traders' Association among others.	Engaging with all stakeholders in ensuring the long-term sustainability of the respective industries including contributions to policy making, planning and operational aspects of the respective sectors.	- Active participation in Industry advancement workshops, discussion forums - Adhering to rules and regulations of the relevant industry bodies and associations - Effective communication
Community	- Internship and other training opportunities are provided to students pursuing degrees in agriculture as part of our community engagement initiatives. - We engage with tea small holders through conducting seminars, site visits and multi-level discussions. - Donations and other forms of support are provided to schools in tea growing communities.	- The main concerns of the planting communities are centered on their socio economic progress. - Students engaged in our internship programmes, seek opportunities for skill development, training and increased employability.	- Carrying out various social responsibility initiatives - Internships and training opportunities for students pursuing degrees/diplomas in Plantation Management - Direct and indirect employment opportunities
Government / Regulators	- Quarterly performance reviews and other announcements. - We engage with the Government through our representation in industry associations, participation in economic and industry forums and contributions to policy making among others.	- Compliance with legal and statutory regulations and timely payment of dues such as income tax, PAYE tax etc. - Participation in initiatives to mobilise stakeholders and ensure sustainability of employees.	- Participated at various industry related forums, discussions spearheaded by the Government of Sri Lanka - Regular monitoring on compliance requirements & internal controls - Independent Assurance - Liaise with relevant representatives of the Regulators - Responsible business practice through maintaining transparency and accountability

The concept of materiality, comprises of the selection and prioritization of the issues that are most material to our stakeholders. These issues can potentially impact our ability to create value over the long-term. The process we adopt in determining our material issues is illustrated below;



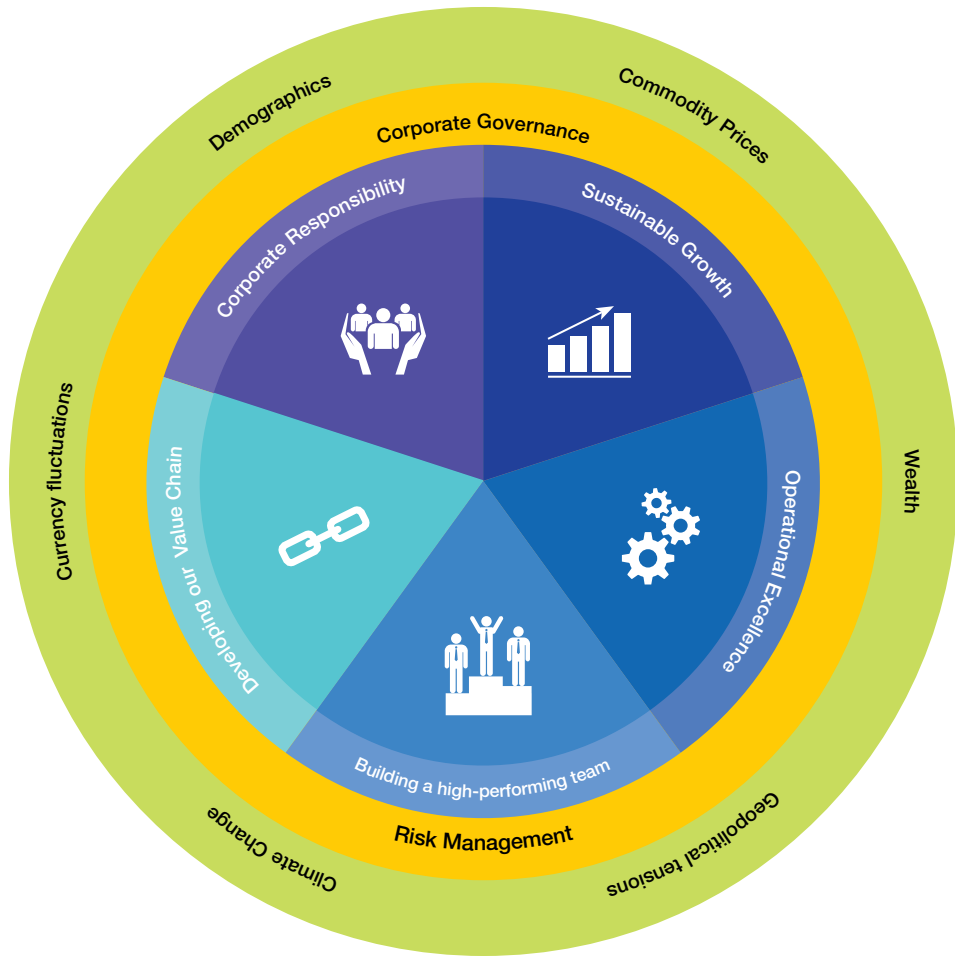
The matrix reflecting the significance of issues to the Group’s strategy as well as its key stakeholders for the reviewed period is given below;



No	Material Aspect	Relevance to Strategy
1	Financial performance	Sustainable growth
2	Effectiveness	Operational effectiveness
3	Innovation	Sustainable growth
4	Supply chain management	Developing our value chain
5	Employee engagement	Building a high-performing team
6	Training and development	Building a high-performing team
7	Employee productivity	Building a high-performing team
8	Research capabilities	Sustainable growth
9	Community value creation	Corporate responsibility
10	Climate change	Corporate responsibility
11	Managing environmental impacts	Corporate responsibility

Our growth strategy is developed to respond to, and surmount, external risks and to maximise on opportunities in the market. We align our internal strengths towards our growth objectives to ensure sustainable value creation for our shareholders and other stakeholders.

The graphical representation depicted below demonstrates the contextual trends which can potentially impact our value creation process and lists our core strategic priorities.



In furthering our sustainability agenda, we have identified how we contribute towards the UN Sustainable Development Goals through our business operations that involves the creation of employment both directly and indirectly, thereby supporting livelihoods, incomes and productive, legitimate economic activities. In addition, we also attempt to conserve natural resources within our business.



SDG	Our contribution
1	We provide a multi-faceted value proposition to tea smallholders, to ensure the creation of sustainable value and contribute directly to their socio economic empowerment.
3	As a leading tea broker, we facilitate the increased consumption of clean tea globally, which is widely considered to be a healthy beverage choice.
5	We are an equal opportunity employer and do not practice gender based discrimination in any aspect of our operations.
7	We strive to reduce dependence on fossil fuels by increasing the use of renewable energy, particularly in our warehouses which are powered by LED lighting and battery operated machinery.
8	We provide a dynamic and rewarding work environment for our team of 115 employees.
9	We built and operate the first and only green warehousing facility in South Asia which adds value to Pure Ceylon Tea
13	Multiple initiatives to drive energy efficiency and reduce dependence on fossil fuels (through renewable energy sources) are aimed towards minimising our carbon footprint.
17	We continue to engage with the Government and industry stakeholders, in ensuring the long-term sustainability of Pure Ceylon Tea.

At Asia Siyaka we understand that corporate governance is the full system of rules, practices and processes by which our activities are directed and controlled and we consider corporate governance to be the vital pivot that balances the interests of the Company's many stakeholders to ensure mutually beneficial returns for all stakeholders. In meeting this outcome the Company has in place a formal governance framework aligned to international best practices, which cuts across all decision making and operational aspects of the Company.

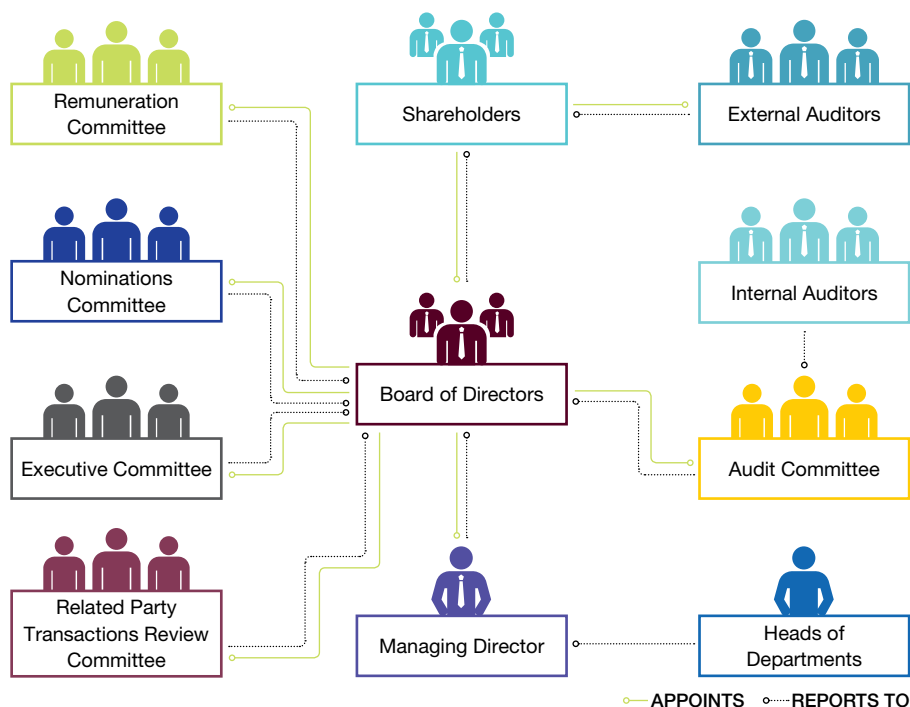
The Board of Directors as the highest governing body of the Asia Siyaka Group are fully cognisant of the crucial importance of maintaining good governance in all aspects of business operations of Asia Siyaka Commodities PLC and its fully owned subsidiaries, Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd collectively referred to as the "Company". The Board is fully committed to discharge its statutory and fiduciary duties as defined in the Companies Act No. 07 of 2007 and all other applicable laws and regulations, while also adopting international good governance practices in the operational and internal control aspects of the Company. The Board firmly believes that a sound and effective system of governance is fundamental in attracting and maintaining public confidence in the Company and towards discharging its obligations to shareholders and other stakeholders.

The Company has in place formal and structured management processes and policies to ensure compliance with laws and regulations and has implemented clear lines of authority for decision making and accountability, with well defined reporting channels. The Company is bound by the license issued by the Sri Lanka Tea Board and guidelines and regulations that govern the tea broking industry as well as the Securities and Exchange Commission of Sri Lanka and Directions stipulated in Section 7.10 of the Continuing Listing Requirements on Corporate Governance.

During the financial year under review, the Company remained committed to all good corporate governance practices through total compliance with all applicable regulations and

by adopting best practices and upholding the highest standards of business integrity, ethical values, professionalism and transparency and by ensuring that its obligations to all its stakeholders are understood and met. The Directors met regularly during the year to provide continuing oversight of the Company's operations and strategy evaluation and continued to improve and build on the Company's Corporate Governance practices.

Corporate Governance Structure



Chairman and Managing Director

In conformity with best practice, we have segregated the roles of the Chairman and the Managing Director with a clear distinction of responsibilities, which ensures balance of power and authority.

Board of Directors

The Board of Directors is the final authority of the Company and the Board composition is made up of the relevant skills and experience to provide strategic direction and guidance to the Company. In line with best corporate practice, the Board of Directors has been vested with the powers to direct, lead and control the Company in an effective manner that reflects the best interest to the Company.

The Board composed of 12 members of whom six are Non -Executive Directors and six serve as Executive Directors. Three Non-Executive Directors – Dr. S A B Ekanayake, Dr. I A Ismail and Mr. B A Hulangamuwa are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange, ensuring autonomous thinking and judgments in decision making.

To ensure regular reporting and oversight, Board Meetings are scheduled once every quarter and whenever necessary. The Board met six times during the financial year. Attendance at the scheduled Board meetings is set out below.

	Name of Director	Office Held	Attendance at Board Meetings
1	Dr. S A B Ekanayake	Chairman / Independent Non-Executive Director	6/6
2	Mr. A R Cooke	Managing Director	6/6
3	Mr. D J Wedande	Executive Director	5/6
4	Mr. S G Amarasuriya	Executive Director	4/6
5	Mr. Y Kuruneru	Executive Director	6/6
6	Mr. S T Gunatilleke	Non-Executive Director	6/6
7	Mr. B A Hulangamuwa	Independent Director	4/6
8	Dr. I A Ismail	Independent Director	6/6
9	Mr. H R V Caldera	Non-Executive Director	6/6
10	Mr. J N Dambawinne	Non-Executive Director	6/6
11	Mr. R C Dissanayake*	Executive Director	N/A
12	Mr. S S Samaranayake*	Executive Director	N/A

*Appointed w.e.f. 13 June 2018

Board sub committees

The Board has delegated some of its powers to a number of Committees in line with the mandatory requirements of the Listing Rules of the Colombo Stock Exchange and the voluntary requirements of the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, each made up entirely of members of the Board. Each Committee so appointed, reports to the Board and is accountable for its responsibilities.

The Board has appointed an Audit Committee, Remuneration Committee, Nominations Committee and Related Party Transactions Review Committee. The composition of the said committees is as follows:

Audit Committee

Mr. B.A. Hulangamuwa	Chairman
Mr. S.T. Gunatilleke	Member
Dr. I A Ismail	Member

The Committee met four times during the year. The meetings are attended by the Managing Director/Chief Executive Officer, other Executive Directors, Senior Vice President - Finance and Executives by invitation when required.

The report of the Audit Committee is given on page 65.

Remuneration Committee

Dr. S.A.B. Ekanayake	Chairman
Mr. S.T. Gunatilleke	Member
Dr. I A Ismail	Member

The Committee met once during the year under review.

The Committee regularly reviews the remuneration policy to ensure that the remuneration structures are in line with industrial standards.

A main objective of the remuneration policy is to attract and retain a highly qualified and experienced workforce and to compensate employees who contributed to the success of the Company.

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 aggregate remuneration paid to executive and non-executive Directors is given on page 103.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee was appointed by the Board on 06th November 2015. The names of the Directors who serve on the said Committee are as follows:

Dr. I A Ismail	Chairman
Mr. B A Hulangamuwa	Member
Mr. H R V Caldera	Member

The Committee met four times during the year.

The Report of the Related Party Transactions Review Committee is given on page 64.

Nominations Committee

The Nominations Committee was appointed by the Board on 06th November 2015. The names of the Directors who serve on the said Committee are as follows:

Dr. S A B Ekanayake	Chairman
Mr. S T Gunatilleke	Member
Dr. I A Ismail	Member

By order of the Board

ASIA SIYAKA COMMODITIES PLC

P W CORPORATE SECRETARIAL (PVT) LTD.

Director / Secretaries

17 July 2018

Levels of Compliance with the CSE's Listing Rules – Section 7.10. Rules on Corporate Governance.

Reference	Principle / Rule	Compliance Status	Applicable Section in the Annual Report
7.10 Compliance			
(a) – (c)	Compliance with Corporate Governance Rules The Company is compliant with the Corporate Governance Rules and any deviations are explained where applicable	Compliant	Corporate Governance
7.10.1 Non – Executive Director (NED)			
(a) – (c)	At least 02 members or 1/3 of the Board, whichever is higher should be NED	Compliant	As at the conclusion of the last AGM there were 6 Non-Executive Directors
7.10.2 Independent Directors (ID)			
(a)	Two or 1/3 of NEDs whichever is higher should be Independent	Compliant	Of the 6 Non – Executive Directors, 3 are independent
(b)	Each NED to submit a signed and dated declaration of his/her independence or non-independence in the prescribed format	Compliant	Please refer page 27 of the Corporate Governance Report
7.10.3 Disclosures are relating to Directors			
(a)	The Board shall annually make a determination as to the independence or otherwise of the NED and names of Independent Directors should be disclosed in the Annual Report	Compliant	Please refer page 27 of the Corporate Governance Report
(b)	The basis of the Board to determine a Director is Independent, if criteria specified for independence is not met	Not Applicable	No such determination was required as Independent Directors met the criteria
(c)	A brief resume of each Director should be included in the Annual Report and should include in the areas of expertise	Compliant	Please refer page 14 - Board of Directors
(d)	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the exchange	Compliant	Please refer page 14 - Board of Directors
7.10.4 Criteria for Defining Independence			
(a) – (h)	Requirements for meeting criteria to be an Independent Director	Compliant	Independent Directors met the criteria
7.10.5 Remuneration Committee – Listed Company shall have a Remuneration Committee.			
(a)	Composition of the Remuneration Committee shall comprise of Non-Executive Directors a majority of whom will be independent	Compliant	Please refer page 27 of the Corporate Governance Report
(b)	Functions of Remuneration Committee – The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and other Executive Directors	Compliant	Please refer to the Remuneration Committee Report on page 66
(c)	Disclosures in the Annual Report relating to the Remuneration Committee on Remuneration Policy, Names of the Directors of the Committee and aggregated remuneration paid to executive and non-executive directors	Compliant	Please refer Remuneration Committee Report on page 66 and Financial Report Note no. 32 on page 103

Reference	Principle / Rule	Compliance Status	Applicable Section in the Annual Report
7.10.6 Audit Committee – The Company shall have an Audit Committee.			
(a)	Composition of Audit Committee		
	I – Shall comprise of Non- Executive Directors a majority of whom should be independent	Compliant	Please refer page 27 of the Corporate Governance Report
	II - A Non-Executive Director shall be the Chairman of the Committee	Compliant	Chairman of the Audit Committee is a Non- Executive Director
	III –Chairman of the Audit Committee or one member should be a member of a Professional Body	Compliant	Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka
	IV - CEO and CFO shall attend the Committee Meetings	Compliant	CEO & CFO attended audit Committee meetings by invitation
(b)	Audit Committee Functions,		
	Functions shall include:		
	I – Overseeing the preparation, presentation and disclosures in the Financial Statements are in accordance with the Sri Lanka Accounting Standards.	Compliant	Please refer the Audit Committee Report on page 65
	II – Overseeing the compliance of the reporting requirements, information requirements of the Company's Act and other relevant financial reporting related regulations and requirements.	Compliant	
	III - Overseeing the process to ensure that the internal control and risk management are adequate to meet the requirements of Sri Lanka Auditing Standards.	Compliant	
	IV – Assessment of the independence and the performance of the External Auditors	Compliant	
	V – Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and approve the remuneration and terms of the engagement of the External Auditors	Compliant	
(c)	Disclosures in the Annual Report relating to Audit Committee.		
	I - Names of Directors comprising the Audit Committee.	Compliant	Please refer to the Audit Committee Report on page 65
	II - The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis of such determination.	Compliant	
	III - The Annual Report shall contain a report of the Audit Committee setting of the manner of compliance with their functions	Compliant	

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Reference	Principle	Adoption Status	Section in Annual Report
A DIRECTORS			
A.1 THE BOARD			
A.1	Effective Board	Adopted	Corporate Governance
A.1.1	Regular Meetings at least once in every quarter	Adopted	Corporate Governance
A.1.2	Ensure the formulation and implementation of sound business strategy - Ensure that the Chief Executive Officer (CEO) and management team possess the skills, experience and knowledge to implement the strategy - Ensure effective CEO and senior management succession strategy - Ensure effective systems to secure integrity of information, internal controls and risk management - Ensure compliance with laws, regulations and ethical standards - Ensure all stakeholder interests are considered in corporate decisions - Ensure that the company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations - Fulfill such other Board functions as are vital, given the scale, nature and complexity of the business concerned	Adopted	Corporate Governance & Statement of Directors Responsibility
A.1.3	Act in accordance with laws relevant to the organization and procedure for Directors to obtain independent professional advice	Adopted	Corporate Governance
A.1.4	Access to advise and services of Company Secretary	Adopted	Corporate Governance
A.1.5	Independent judgment	Adopted	Corporate Governance
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Adopted	Corporate Governance
A.1.7	Board induction and training	Adopted	Corporate Governance
A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)			
A.2	Separating the activities of the Board from the executive responsibilities of the Company	Adopted	Corporate Governance
A.3 CHAIRMAN'S ROLE			
A.3	Chairman's role in preserving good corporate governance. Conduct Board meetings in a proper manner.	Adopted	Corporate Governance
A.4 FINANCIAL ACUMEN			
A.4	Availability of financial acumen and knowledge to offer guidance on matters of finance	Adopted	Corporate Governance
A.5 BOARD BALANCE			
A.5.1 and A.5.2	Non-Executive Directors of sufficient caliber and number	Adopted	Corporate Governance
A.5.3	Independence of Non-Executive Directors	Adopted	Corporate Governance
A.5.4	Annual declarations of independence from Directors	Adopted	Corporate Governance
A.5.5	Annual evaluation of independence	Adopted	Corporate Governance
A.5.6	Appointment of an alternate Director	N/A	N/A

Reference	Principle	Adoption Status	Section in Annual Report
A.5.7	Senior Independent Director (SID)	N/A	N/A
A.5.8	SID to meet with other Directors	N/A	N/A
A.5.9	Chairman to hold meetings with Non-Executive Directors, without Executive Directors being present	Adopted	Corporate Governance
A.5.10	Recording of Directors' concerns in Board Minutes	Adopted	N/A
A.6 SUPPLY OF RELEVANT INFORMATION			
A.6.1	Provision of appropriate and timely information and the Chairman to ensure all Directors are properly briefed on issues arising at Board meetings	Adopted	Corporate Governance
A.6.2	Board papers and agenda to be circulated 7 days prior to meetings	Adopted	Corporate Governance
A.7 APPOINTMENTS TO THE BOARD			
A.7.1	Formal and transparent procedure for new appointments through an established Nominations Committee	Adopted	Corporate Governance
A.7.2	Annually assess Board composition	Adopted	Corporate Governance
A.7.3	Disclosure of information to shareholders upon appointment of new directors	Adopted	Corporate Governance / Notice of Meeting
A.8 RE-ELECTION			
A.8.1 and A.8.2	☉ All directors should submit themselves for re-election at regular intervals ☉ Non-Executive Directors are appointed for specified terms subject to re-election ☉ All directors including Chairman to be subject to re-election at first opportunity after appointment and re-election at least every 3 years thereafter	Adopted	Corporate Governance / Notice of Meeting
A.9 APPRAISAL OF BOARD PERFORMANCE			
A.9.1	Appraisal of Board Performance	Adopted	Corporate Governance
A.9.2	Appraisal of Board Sub-Committees	Adopted	Corporate Governance
A.9.3	Disclosure of Board and Sub-Committee method of appraisal	Adopted	Corporate Governance
A.10 DISCLOSURE OF INFORMATION IN RESPECT TO DIRECTORS			
A.10.1	Annual Report to disclose specified information regarding directors	Adopted	Board of Directors / Corporate Governance
A.11 APPRAISAL OF CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR			
A.11.1	Set reasonable financial and non-financial targets to be met by the CEO	Adopted	Corporate Governance
A.11.2	Evaluate performance of the CEO with reference to targets	Adopted	Corporate Governance
B. DIRECTOR'S REMUNERATION			
B.1 REMUNERATION PROCEDURE			
B.1.1	Appointment of a Remuneration Committee	Adopted	Corporate Governance
B.1.2 and B.1.3	Remuneration Committee to comprise exclusively of Non-Executive Directors	Adopted	Corporate Governance
B.1.4	Remuneration for Non- Executive Directors	Adopted	Corporate Governance
B.1.5	Remuneration of Executive Directors	Adopted	Corporate Governance

Reference	Principle	Adoption Status	Section in Annual Report
B.2 LEVEL AND MAKEUP OF REMUNERATION			
B.2.1 and B.2.2	Remuneration for Executive Directors should attract, retain and motivate	Adopted	Corporate Governance
B.2.3	Positioning company remuneration levels relative to other companies	Adopted	Corporate Governance
B.2.4	Performance related elements of remuneration for Executive Directors	Adopted	Corporate Governance
B.2.5	Share option schemes	N/A	N/A
B.2.6	Designing schemes of performance related remuneration	Adopted	Corporate Governance
B.2.7	Compensation commitments in the event of early termination	Adopted	Corporate Governance
B.2.8	Dealing with early termination	Adopted	Corporate Governance
B.2.9	Levels of remuneration for Non-Executive Directors	Adopted	Corporate Governance
B.3 DISCLOSURE OF REMUNERATION			
B.3.1	Composition of Remuneration Committee, Remuneration Policy and disclosure of aggregate remuneration paid to directors	Adopted	Remuneration Committee Report / Financial Statements – Note no. 32
C. RELATIONS WITH SHAREHOLDERS			
C.1 CONSTRUCTIVE USE AND CONDUCT OF ANNUAL GENERAL MEETING			
C.1.1	Count of all proxy votes lodged	Adopted	Notice of Meeting
C.1.2	Separate resolutions for each substantially separate issue	Adopted	Notice of Meeting
C.1.3	Availability of Board Sub-Committee Chairmen at AGM	Adopted	Notice of Meeting
C.1.4	Circulation of notice of AGM and related documents to shareholders	Adopted	Notice of Meeting
C.1.5	Summary of procedures governing voting at the AGM	Adopted	Notice of Meeting
C.2 COMMUNICATION WITH SHAREHOLDERS			
C.2.1 - C.2.7	⊙ Channel to reach all shareholders ⊙ Policy and methodology for communication with shareholders ⊙ Contact person for shareholder matters ⊙ Process to make all Directors aware of major issues and concerns of shareholders ⊙ Process of responding to shareholder matters	Adopted	Corporate Governance
C.3 MAJOR AND MATERIAL TRANSACTIONS			
C.3.1	Disclosure of major transactions	Adopted	Notes to Financial Statements
D. ACCOUNTABILITY & AUDIT			
D.1 FINANCIAL REPORTING			
D.1.1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects Interim reports, price-sensitive public reports, regulatory reports and statutory information requirements	Adopted	Chairman's / MD's Review / Financial Statements / Corporate Governance / Risk Management
D.1.2	Declaration in Directors' Report	Adopted	Directors' Report / Financial Statements / Corporate Governance / Risk Management
D.1.3	Responsibilities of the Board for the preparation and presentation of financial statements and statement by the Auditors about their reporting responsibilities	Adopted	Statement of Directors' Responsibility / Auditors' Report

Reference	Principle	Adoption Status	Section in Annual Report
D.1.4	Include a Management Discussion & Analysis	Adopted	Management Discussion & Analysis
D.1.5	Declaration of the Directors that the business is a going concern	Adopted	Notes to the Financial Statements
D.1.6	Notify shareholders in case net assets of the company fall below 50% of the value of the Company's shareholders funds	N/A	N/A
D.1.7	Related Party Transactions	Adopted	Notes to the Financial Statements
D.2 INTERNAL CONTROL			
D.2.1	Maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Adopted	Report of the Audit Committee
D.2.2	Review need for Internal Audit Function	Adopted	Corporate Governance
D.2.3 and D.2.4	Continuity of Internal Control	Adopted	Corporate Governance
D.3 AUDIT COMMITTEE			
D.3.1	- Establish arrangements for selection and application of accounting policies, financial reporting and internal control principles - Composition and Terms of Reference for Audit Committee	Adopted	Corporate Governance / Report of the Audit Committee
D.3.2	Review of external audit function and relationship with External Auditors	Adopted	Corporate Governance / Report of the Audit Committee
D.3.3	Terms of Reference	Adopted	Corporate Governance
D.3.4	Disclosures regarding Audit Committee	Adopted	Corporate Governance / Report of the Audit Committee
D.4 CODE OF BUSINESS CONDUCT AND ETHICS			
D.4.1	Code of Business Conduct and Ethics	Adopted	Corporate Governance
D.4.2	Affirmative declaration by Chairman of compliance with Code of Business Conduct and Ethics	Adopted	Chairman's Report
D.5 CORPORATE GOVERNANCE DISCLOSURES			
D.5.1	Corporate Governance Report	Adopted	Corporate Governance
E. SHAREHOLDERS			
E.1 INSTITUTIONAL INVESTORS			
E.1.1	Encourage voting at AGM Regular structured dialogues with institutional investors	Adopted	Corporate Governance
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
E.2	Encourage institutional investors to give due weight to relevant governance arrangements	Adopted	Corporate Governance
F. SHAREHOLDER RELATIONS-INDIVIDUAL SHAREHOLDERS			
F.1	Individual shareholders are encouraged to do their own analysis or seek independent advice	Adopted	Corporate Governance
F.2	Encourage shareholders to participate and vote at the AGM	Adopted	Corporate Governance
G. SUSTAINABILITY REPORTING			
G.1 – G.1.7	Sustainability Reporting	Adopted	Sustainability Approach / Management Discussion & Analysis

Enterprise Risk Management

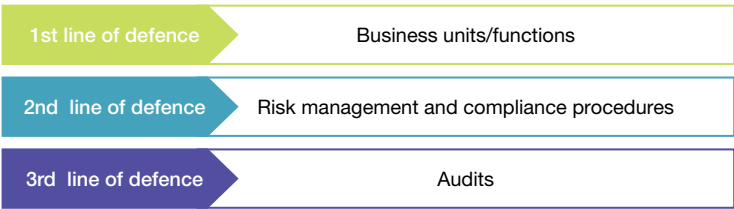
As a business exposed to both domestic and global influences, Asia Siyaka faces a broad range of risks that can impact the organisation in the short, medium and long term influencing operations, tactics and strategy.

The Board is fully cognisant of the vital importance of effective risk management to safeguard shareholder assets and to facilitate long term wealth creation for all stakeholders. Therefore, the Company has developed a proactive and structured risk management system that assists in risk identification and monitoring at a broader ecological, political and socio-economic frame, with inbuilt and flexible response mechanisms. In addition to risks faced in the domestic market, emerging global trends pose the potential to disrupt the company's strategic plans through commodity market changes. Therefore, the Company continuously evaluates and refines the overall risk management process to reflect the rapidly changing nature of our operating landscape and to ensure attainment of strategic objectives.

Managing the risks

The overall risk portfolio of Asia Siyaka can be broadly classified as unsystematic risks which are within the control of the Company and systematic risks which are beyond the control of the Company. The risk management system has been developed to address both types of risks.

The company has developed an effective Risk Management Framework (RMF) based on the Three Lines of Defence model. This is an international standard, enables the company to harness different perspectives in defining risks and their impacts, while allowing to draw upon a wide range of skills for managing risks. The RMF is a continuous safeguard which is always active and operational in the day-to-day operations of the company as it permeates the width and breadth of the organisation.



Risk governance

Risk governance is essentially the application of the principles of good governance to the identification, assessment, treatment, monitoring, reviewing and reporting of risks. A strong risk governance system allows oversight of and accountability for risk at all levels and across all risk types. As the highest decision making body of the company, the Board of Directors are the final authority for determining the nature and extent of the significant risks the Company is willing to take and ensuring that these risks are managed effectively. The Board is supported by the Audit Committee in discharging its risk management related functions and the Audit Committee reviews the effectiveness of the Company's risk management and internal control systems on an annual basis.

Regular risk reporting to the Board ensures that risks are monitored on an ongoing basis. For clarity and transparency within the risk management process, the company has adopted a formal board approved, documented risk management process, which stipulates the procedures for identification, analysis, evaluation, treatment, management and communication of the material risks.

The organisation's risk management structure is depicted below;

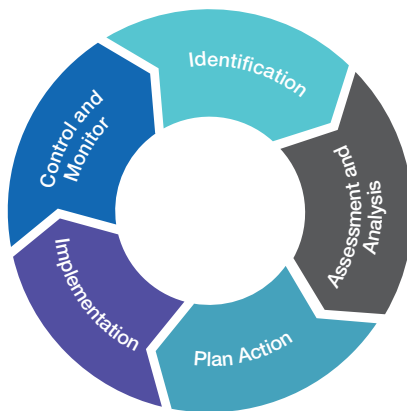


Risk appetite

The Group has formulated a formal risk appetite statement that defines the level of risk the Board is willing to accept in the achievement of its strategic objectives. Risk appetites are regularly reviewed and refined in line with strategic cost-benefit objectives and ability to absorb risk. The risk appetite statement provides oversight and consistency in the level of risk taken by the Group as a whole and ensures that risk return dynamics are appropriately managed at all times.

Approach to risk management

The process of risk management encompasses the steps of continually monitoring the systematic and unsystematic risk landscape, identifying risks and prioritising risks based on a weighted scoring system, developing risk responses and executing the risk management strategy. Due to the utilization of the 3-Lines of Defence model, risk responses and monitoring receives close attention from specific risk owner groups, which strengthens the overall risk management framework.



- 1. Risk Identification** - The process of risk identification is primarily through regular and continuous consultations between the Chief Executive Officer (CEO) and key management personnel from different functional units to ensure comprehensive coverage of the risk landscape. Identified risk elements are reviewed by the Senior Management Team and the Audit Committee against the Group's strategic and tactical targets and stakeholder expectations.

- 2. Assessment and Analysis** – Existing and emerging identified risks are mapped and rated based on the likelihood and potential level of impact as depicted below. During the year, the Group further strengthened its risk assessment and analysis mechanisms by assigning weighted scores to each risk element.

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Moderate	High	High	Extreme	Extreme 1
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate 4, 7, 17, 18, 21	High 6	Extreme
Unlike	Low 3, 13, 14, 20	Moderate	Moderate	Moderate 2, 5, 19	High
Rare	Low	Low 8, 9, 10, 11, 12, 15, 16	Moderate	Moderate	High

(Refer pages 36 to 40 for Risk table)

- 3. Response planning and execution** - Based on the derived risk scores, strategies are formulated to curtail and mitigate the risk exposures. Responsibility for managing each identified risk lies with the respective risk owners. The Group will ensure there is sufficient flexibility to respond to risks and adequate resources to mitigate risks. It is recognised that risks can be most effectively managed if a risk culture is nurtured within the Group. The internal controls for risk management will be scrutinised by internal and external audit functions but these can only be minimised the consequences of occurrence based on impact and likelihood but the risk itself will not be eliminated.

Group Policies will ensure that fundamental risks in their department are identified, assessed and monitored and incorporated in the Risk Register. Emerging risks will be added as required, and actions and controls put in place to mitigate them and provide assurance to the Board.

- 4. Control and Monitor** – Monitoring of all risk exposures are the collective responsibility of the respective risk owners and the senior management team. The Internal Audit function is responsible for aspects of the annual review of the effectiveness of the internal control system within the organization while the external audit function provides feedback to the Audit Committee on the operation of the adequacy and effectiveness of the internal control system within the organisation. Assurance on the effectiveness of the Group's overall risk management framework and internal controls is provided by the Statement of Internal Controls.
- 5. Risk Reporting**
Well defined reporting structures and monitoring mechanisms are in place to continuously track the Group's risk exposures and ensure that risk management strategies and internal controls are adequate in design and implementation

Risk Universe

The Group's key risk exposures can be categorised as Market Risks, Political and Economic Risks, Operational Risks, HR Risks, IT Risks, and Other Risks. The risk profile did not experience significant changes during the current financial year with market risks continuing to pose the highest risk to the company due to commodity market pricing disruptions. While rising competitive elements put pressure on market share and margins, this threat has remained moderate. The company has initiated strategic responses to address these risks while accommodating shareholder expectations in terms of financial performance during the year.

The table below provides a summary of the potential impacts, mitigation mechanisms and risk scoring for the year under review.



S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment		
				2017/18	2016/17	2015/16
Market Risks						
1	Decline in commodity prices - Changes in global tea prices	Direct Impact on Profitability, Vulnerable to credit exposure of Clients	- Consistently monitoring industry and market trends - Achieving differentiation through quality focus	Extreme	High	Moderate
2	Competition and potential loss of clients - Increasing competitive pressures	Loss of Market share, Loss of profitability, Negative impact on cash flows	- Long Term Investment in business diversification - Develop long-term relationships with stakeholders based on sustainable value creation - Developing a broad based client portfolio - Close monitoring of competitor behaviour and the trend of moving from one broker to another - Continuous engagement with the CBA to ensure all Brokers adhere to By-Laws	Moderate	Moderate	Low
3	Trends in Tea industry - New Global Trends which may have an impact on the Tea industry	Impact on company profitability	- Continual market research and sharing knowledge with producer clients - Diversified Income streams apart from tea broking industry	Low	-	-

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment		
				2017/18	2016/17	2015/16
Political and Economic Risks						
4	Interest Rate Risk - Increasing interest rates	Impact on profitability through rising funding costs	⊙ Lending rates reviewed on a timely basis and proactive negotiations with financial institutions ⊙ Strong treasury management to ensure borrowing costs are minimized ⊙ Adherence to CBA regulations on avoidance of rate based competition on lending. ⊙ Exploring opportunities of new financing through offshore borrowings ⊙ Building Reserves in the company ⊙ Increase intercompany borrowings	Moderate	Moderate	Moderate
5	Government Policy Change Risk - Sudden changes to fiscal and monetary policies by the government.	Loss of profitability, Effects on budgets and targets.	⊙ Obtaining Professional Advices from professional bodies/ consultancy firms. ⊙ Discussions with relevant authorities for exemptions/ rulings with the support of CBA	Moderate	-	-
6	Geopolitical Risk - Domestic and global political and economic conditions have a direct impact on the market for tea	Loss of profitability, Going Concern Issues	⊙ Continual review of global and national drivers/factors to provide marketing and product advice to clients enabling them to respond to the world market.	High	High	High
Operational Risk						
7	Credit Risk - Potential loss of earnings and cash flow arising from inability of clients to fulfil their financial obligations to the Group	Loss of profitability, Going concern issues	⊙ Close monitoring through credit committee and automated processes for evaluation ⊙ Act within a legal frame work to ensure assurance of recoverability of client advance portfolio ⊙ Maintaining close relationships with clients with continual inspection and monitoring. ⊙ Communication channel through CBA to improve unity among all brokers to prevent defaulting by borrowers	Moderate	Moderate	Moderate

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment		
				2017/18	2016/17	2015/16
8	Liquidity, Leverage Risk	Going concern issues, litigation claims by fund providers	⊙ Maintaining good Debt/Equity ratio as per company policy ⊙ Effective Cash management & regular review ⊙ Building Company Reserves	Low	-	-
9	Fraud risk - Potential financial and reputational losses arising from frauds within the Organisation.	Loss of profitability	⊙ Continual review of Internal Controls ⊙ Implementation of procedure manual with all the internal controls over quantitative and qualitative measurements, Introducing delegation authorities, segregation of duties and access levels etc	Low	Low	Low
10	Compliance related risks - Regulatory and reputational risks arising from non-compliance to regulatory requirements	Loss of reputations, Going concern, Possible fines & chargers	⊙ Periodic reviews over compliance through internal audit and implementation of ISO Audit ⊙ Appointing Compliance officer to maintain independent supervisory functions ⊙ Continuous engagement with Sri Lanka Tea Board (SLTB) ensuring compliance with other regulatory Bodies' requirements including the CTTA and CBA and ensuring the company and the clientele are operating within the legal environment ⊙ Professionals and specialists are consulted to provide guidance and direction to ensure compliance in various transactions entered in to	Low	Low	Low
11	Manual Document Related data breaches / Sabotage / Burglary and theft (External/Internal)	Loss of sensitive information, loss of profitability	⊙ Storing sensitive data on secured locations(Safes/ Lockers) ⊙ Limiting access to authorised personnel ⊙ Additional backups as soft copies on cloud/other backup solutions ⊙ Security personnel on duty 24/7 ⊙ CCTV surveillance	Low	-	-

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment		
				2017/18	2016/17	2015/16
12	Public Liability	Loss of reputation	- Health and Safety policies - Proper Insurance covers	Medium	-	-
HR Risk						
13	People related risk - Risks arising from inability to retain staff, shortage of skilled labor, lack of adequate training and inadequate standards of performance	Loss of market share, Loss of industry reputation	- Continued investment in training and development initiatives to equip employees with the required skills to responds to dynamics in the environment - Competitive remuneration schemes - Structured and comprehensive HR policies and frameworks	Low	Low	Low
14	Unawareness of HR Policies & Procedures - Lack of knowledge in HR Policies and procedures, User Level authorisation for time and attendance system	Disciplinary issues	- Conduction of programmes to educate employees about their duties & responsibilities. - Member of The Employers' Federation of Ceylon. - HR Training programs	Low	-	-
15	Lack of succession planning framework	Going concern issues	Have a proper succession plan in place.	Low	-	-
IT Risks						
16	Data integrity and IT related risks - Data Access / Modification by unauthorized persons /loss of data/ data entry errors and sampling errors	Loss of reputation, Loss of sensible data, Loss of clients, Compliance issues	- Robust data security and back-up systems in place - In order to ensure high level of competence in a dynamic environment has outsourced key IT functions to specialist - Introduction of multiple platforms for delivering of data to clients - The company conducts periodic Information system audits by engaging professionals in the industry. - Departmental cross checking - Automation of all possible manual work	Low	Low	Low
17	Computer Hardware / Software / Communication / Connectivity failures	Loss of reputation, Loss of client's trust, Compliance issues, Timely reporting of issues	- DR plan in place - Keeping uptodate with modern technology - Constant bug fixes.	Moderate	-	-

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment		
				2017/18	2016/17	2015/16
Other Risks						
18	Risks of Climate Change - Rising temperatures, erratic weather patterns and soil degradation have a medium and long-term impact on the productivity of land and quality and quantity of tea produced.	Loss of profitability	⦿ Advisory services provided to RPCs and smallholders on sustainable agricultural practices ⦿ Maintaining a clientele representing all three elevations to reduce the risk of low production ⦿ Contribute to Industry Policy Institutions	Moderate	Moderate	Moderate
19	Natural and man-made disasters - Disasters due to human error / negligence and natural disasters like floods, landslides etc.	Loss of profitability, Loss of goods	⦿ Proper training and regulations ⦿ Comprehensive insurance cover extending to weekly evaluation of tea stock ⦿ Action plans and instructions in place for potential environmental changes ⦿ Security systems, Fire Drills, Fire detectors to avoid man-made disasters ⦿ HACCP	Moderate	High	Moderate
20	Miscommunication of buyer /seller orders	Loss of reputation, Loss of clients, Loss of profitability	⦿ Having proper checking mechanism in departments. ⦿ Crosschecking with catalogues of marketing officers ⦿ Use of new technology in communication.	Low	-	-
21	Loss of opportunity	Loosing viable opportunities	⦿ Constant lookout for new opportunities ⦿ Track Trades. ⦿ Membership in Ceylon Chamber of Commerce ⦿ Attending of International Events ⦿ Canvassing for referrals.	Moderate	-	-
22	Business in single geographical location	Adverse economic effects on the operating geographical location	⦿ Constant lookout for foreign opportunities. ⦿ Company representation in off shore events	Moderate	-	-

PERFORMANCE AGAINST OUR CAPITALS

ISO 22000 CERTIFICATION

With a focus on maintaining stringent standards on the product from inception to consumer use, we rely on technologically advanced methods to ensure freshness and add value to our product.





Global Economy

World growth strengthened in 2017 to 3.8 percent, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Two-thirds of countries accounting for about three-fourths of global output experienced faster growth in 2017 than in the previous year (the highest share of countries experiencing a year-over-year growth pickup since 2010). Resurgent investment spending in advanced economies and an end to the investment decline in some commodity-exporting emerging market and developing economies were important drivers of the uptick in global GDP growth and manufacturing activity.

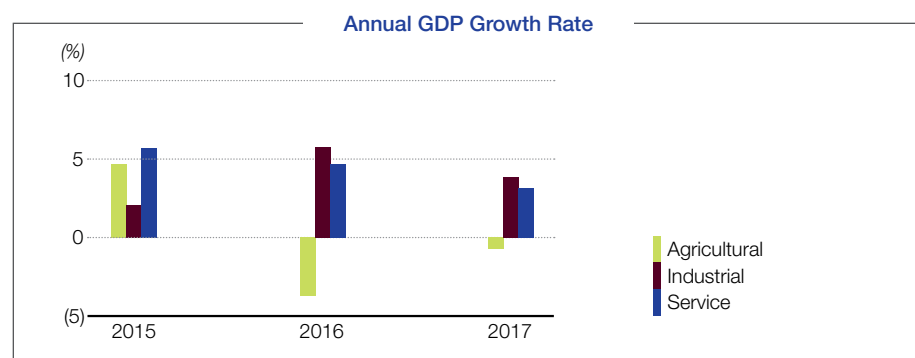
Global Economic Growth

	2015	2016	2017	2018 Projection
World	3.5	3.2	3.8	3.9
Advanced economies	2.3	1.7	2.3	2.5
USA	2.9	1.5	2.3	2.9
Euro area	2.1	1.8	2.3	2.4
Japan	1.4	0.9	1.7	1.6
UK	2.3	1.9	1.8	1.6
Emerging market and developing economies	4.3	4.4	4.8	4.9
Commonwealth of Independent States	2	0.4	2.1	2.2
Middle East and North Africa	2.4	4.9	2.2	3.2
Emerging and Developing Asia	6.8	6.5	6.5	6.5
China	6.9	6.7	6.9	6.6
India	8.2	7.1	6.7	7.4
ASEAN-5	4.9	5	5.3	5.3

Source - IMF

Commodity Prices

The IMF's Primary Commodities Price Index rose 16.9 percent between August 2017 and February 2018. As described in the Commodities Special Feature, the increase was driven primarily by rising oil and natural gas prices. Among the other sub indices, metals and agricultural commodity prices also rose, although less rapidly than energy prices.



Source : CBSL

Sri Lankan Economy

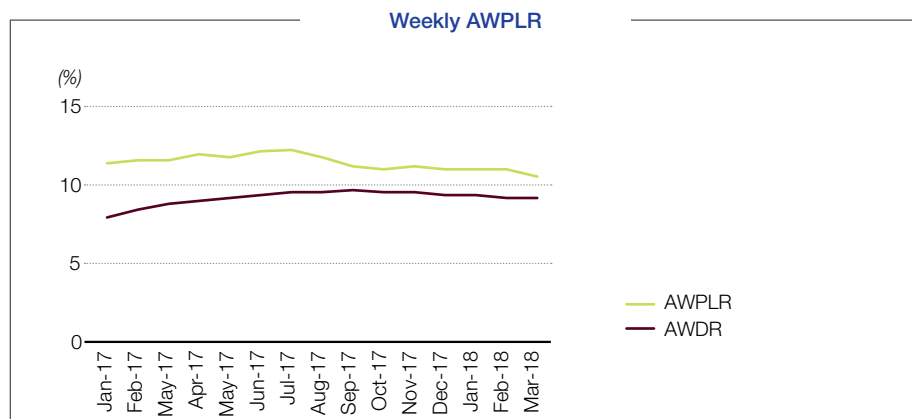
Sri Lanka's real GDP growth rate declined to 3.1 percent, from 4.5 percent in 2016. Both services and industry related activities, which together account for 92.4 percent of gross value added, recorded growth rates of below 4 percent. The agriculture related activities recorded a negative growth for the second consecutive year, due to droughts and extreme weather patterns, although estimates for Quarter 4, 2017 indicated a recovery in the sector.

The current account deficit, which was 2.1 percent of GDP in 2016, expanded to 2.6 percent of GDP in 2017, triggered by the widened trade and primary income deficits, moderate earnings from tourism and lower workers' remittances. Although 2017 marked the highest ever export earnings with a double digit growth, the trade deficit expanded to 11.0 percent of GDP in 2017 from 10.9 percent of GDP in 2016 due to increased imports of fuel, rice and gold, in particular

Interest Rates

The Central Bank raised the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR), by 25 basis points in March 2017, to 7.25 percent and 8.75 percent, respectively. This followed the 2016, 100 basis point increase in policy interest rates and the 1.50 percentage point increase in the Statutory Reserve Ratio (SRR). With policy rates increasing, deposit and lending interest rates of commercial banks followed suit, raising the cost of funds in the economy. The average weighted deposit rate (AWDR) and the average weighted fixed deposit rate (AWFDR), increased by 90 basis points and 102 basis points, respectively, from end 2016 to end 2017. The average weighted lending rate (AWLR), which is based on interest rates of all outstanding rupee denominated loans and advances extended

by Licensed Commercial Banks (LCBs) to the private sector, increased by 68 basis points to 13.88 percent by end 2017 from 13.20 percent at end 2016.



Source : CBSL

External Sector and Exchange rates

Reflecting movements in cross-currency exchange rates against the US dollar in international markets, the rupee depreciated markedly against all other major currencies in 2017, in comparison to the previous year. Accordingly, the exchange rate of the Sri Lankan rupee depreciated against the USD by 2 percent, the Euro by 13.49 percent, the Indian rupee by 7.54 percent and the Japanese yen by 5.10 percent and the pound sterling by 10.46 percent. With the combined effect of the depreciation of the rupee against major currencies, the Sri Lankan rupee also depreciated against the SDR by 7.49 percent during the year.

The Tea Industry

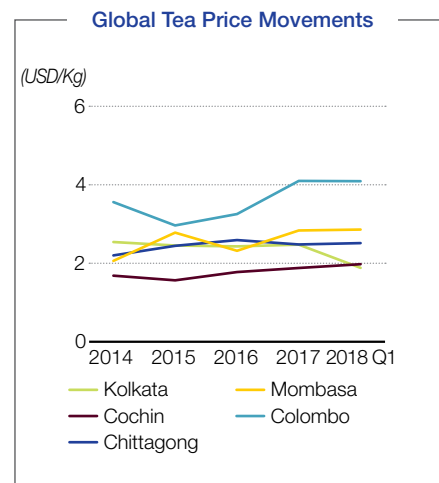
Tea production recorded a positive growth in 2017, reversing the declining trend of the past four years. Accordingly, production recovered with a growth of 5.2%, resulting in an output of 307.7 Mn kilos in 2017, compared to 292.6 Mn kilos in 2016.

The highest share of total tea production amounting to 64.3 percent, was from low grown tea, which increased by 7.5 percent, to 197.4 Mn kilos in 2017. High grown tea, which accounted for around 21 percent of the total tea production, witnessed a marginal growth of 0.3 percent to record an output of 64.6 Mn kilos. Production of medium grown tea increased marginally by 2.6 percent to 45.7 Mn kilos in 2017, compared to the previous year. Meanwhile, the tea smallholder sector contributed to 75.4 percent of the total tea production in 2017.

The average prices at the Colombo Tea Auction (CTA) witnessed a continuation of the upward momentum recorded since the last quarter of 2016, with increased demand from some of the major importers. The steady rise in global oil prices during 2017 had a favourable impact on the income levels of major tea importing countries, resulting in a higher demand for Sri Lankan tea. The average price at the CTA for the year 2017 increased significantly by 31.1 percent to Rs. 620.44 per kilo, compared to the previous year.

The highest increase was recorded for high grown tea (35.6 percent), followed by medium grown tea (32.2 percent) and low grown tea (30.4 percent). The average export price of tea (FOB), increased significantly by 26.2 percent to Rs. 807.44 per kilo, during 2017, from Rs. 639.88 per kilo recorded during 2016, supported by higher demand and the depreciation of the domestic currency.

The volume of tea offered at the CTA recorded a marginal increase of 0.1 percent in 2017, while export earnings grew by 20.5 percent during the year when compared to 2016. The average price received by tea smallholders for green leaf increased to Rs. 90.69 per kilo in 2017, from Rs. 68.53 per kilo in 2016.



Source: Sri Lanka Tea Board

Domestic fiscal and plantation sector policies remained for the most part unfavourable in 2017/18 with tax changes and high interest rates destabilising business gains. Rising exchange rate was in favour of exporters, as a broker, Asia Siyaka capitalized on this trend with an upward price movement in the Colombo Tea Auction.

Business line	Industry overview	Strategic priorities and developments	Performance in 2017/18
Tea broking	☉ Production recovered with a growth of 5.2% ☉ Higher demand for Sri Lankan tea	☉ Increase market share ☉ Increase auction prices	☉ Market share has increased from 14.77% of total tea auctioned in 2016/17 to 15.03% in 2017/18. ☉ Client base stood at 130 at the end of the year. ☉ Auction prices increased from Rs. 626.47 in the previous year, to Rs. 534.37 ☉ Revenue from tea broking increased by 28% to Rs. 291.34 Mn
Other commodities broking	Rubber production grew by 5.1% in 2017 amidst unfavorable weather conditions.	☉ Unfavorable weather conditions effected production and prices adversely.	☉ Revenue from rubber broking decreased by 5% to Rs. 6.2Mn ☉ Revenue from spices broking decreased by 20% to Rs. 6.1Mn
Warehousing	High stocks impacted the warehousing business favorably.	☉ Increase capacity utilization ☉ Increase market share ☉ Align with ISO 22000 certification	☉ New technology systems were fully executed ☉ Revenue from warehousing increased by 29% to Rs. 198.4Mn ☉ Warehousing staff trained on new systems ☉ Diversified our warehouse client profile



Highlights of 2017/18

Inputs	Activities during the year	Outputs
Shareholders' funds Rs. 682 Mn	Proactive investment management	Profit after tax Rs. 97.56 Mn
Borrowings Rs. 967.86 Mn	Optimal use of financial resources	EPS Rs. 0.38
		Dividend per share Rs. 0.25
		Share price (end-March 2018) 2.20

Financial Performance

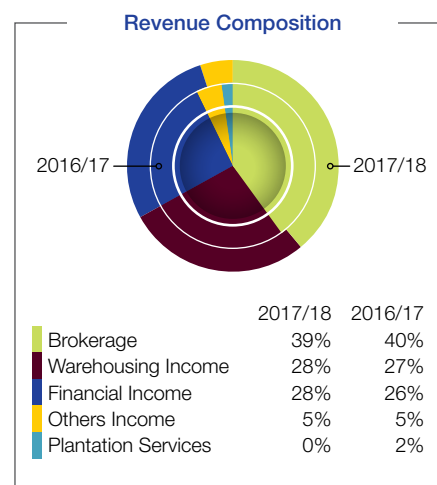
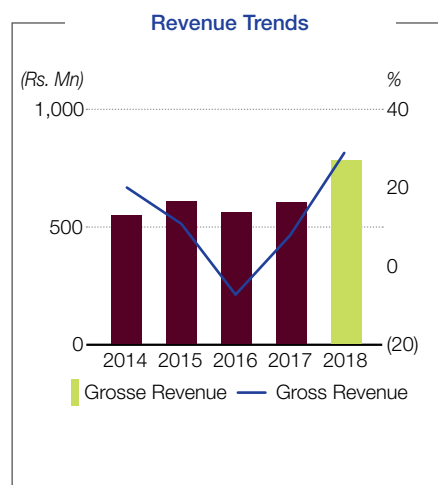
Revenue

Total Group revenue increased during the year due to higher turnover from all our business lines except the packing material operation and also due to better prices for other commodities and tea. As a result gross revenue of the Group grew by 29% to Rs. 784.68 Mn from Rs. 609.62 Mn.

The core brokerage business continues to represent the lions share of revenue accounting for approximately 39% of total Group revenue, followed by warehousing income (28%), financing income (28%) and others (5%). Broking income increased by 25% year on year to Rs. 303.6 Mn.

With the new LEED Certified warehouse coming into full operation the income from our warehousing subsidiary increased by 33% year on year to Rs. 218 Mn.

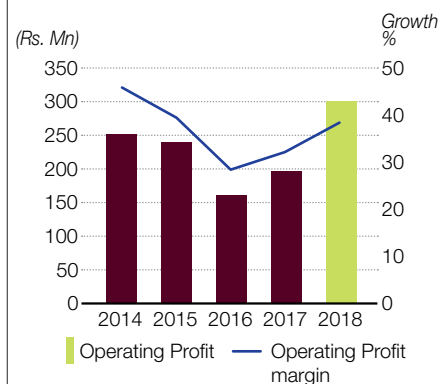
“With the new LEED Certified warehouse coming into full operation the income from our warehousing subsidiary increased by 33% year on year”



Operating performance

The Group has implemented an ongoing efficiency improvement programme to streamline internal processes that would result in cost savings. This would be achieved primarily through ICT integration into work flows and by investing in more energy efficient products. As a result of these ongoing efforts, the increase in overhead expenses was contained to a 14% year on year. Administrative expenses comprising primarily of salaries, other staff costs and maintenance costs accounted for almost 59% of the Group's total overhead costs and grew by 14%, while selling and distribution increased by 80% to Rs. 104.64 Mn from Rs. 58.29 Mn due to increased provisioning.

Operating Profit

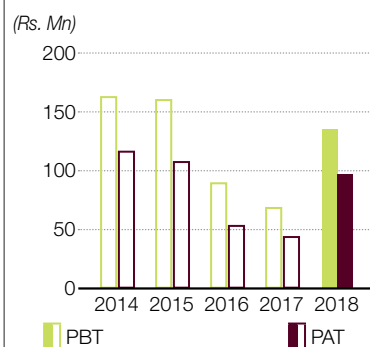


The operating profits reflected these savings by increasing by 53% to Rs. 302.33 Mn from Rs. 197.11 Mn. The operating profit margin also improved to 39% from 32% year before.

Pre and post-tax profits

The Group's profit before tax increased by 96% to Rs. 135.60 Mn from Rs. 69.09 Mn despite higher financing costs that grew by 33% to Rs. 174.8 Mn in the wake of rising interest rates in client financing business and repayment of Warehousing loan.

Profitability Trends

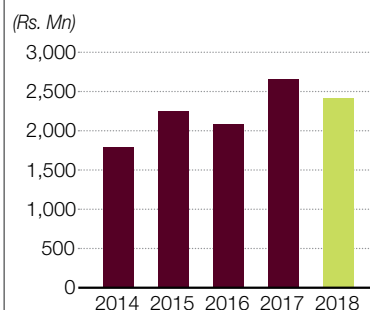


Financial Position

Assets

The Group's total assets decreased by 8.72% to Rs. 2.43 Bn from Rs. 2.66 Bn as at end-March 2018 due to efficiencies in recoveries in lending.

Total Assets



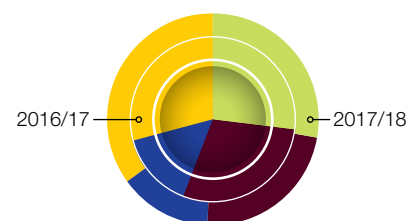
Asset Composition



Liabilities

Shareholders' funds for the year decreased to Rs 681.9 from Rs. 715.7 Mn, accounting for 44% of the Group's total funding. During the year, total borrowings decreased by 22% to Rs. 968 Mn. Resultantly the debt to equity ratio decreased to 1.4 times from 1.7 times the year before.

Liabilities Composition



Cash flow and debt protection

The stronger operational performance resulted in strengthening the Group's operating cash flow. Net cash inflow from operating activities amounted to Rs. 84.29 Mn, compared to an outflow of Rs.37.78 Mn the year before. Cash outflows from investing activities amounted to Rs 7.62 Mn reflecting further capital expenditure on the new warehousing facility while cash flow from financing activities decreased due to repayment of warehousing loan and higher dividend. Despite the decrease in borrowings the Group's debt protection metrics remained relatively unchanged, with the operating profit to debt cover clocking in at 0.31 times, compared to 0.17 times the year before.

Shareholder returns

We continued to generate sustainable returns to our shareholders during the year, with the earnings per share amounting to Rs. 0.38 while dividend per share clocked in at Rs. 0.25. The performance of the share price mirrored the broad based decline in the Colombo Stock Exchange, with the ASC share price ending the year at Rs.2.20, compared to Rs.2.00 the year before.

	2017/18	2016/17	2015/16
Earnings per share	0.38	0.17	0.21
Dividend per share	0.25	0.10	0.30
P/E ratio	5.78	11.77	10.47
Share Price	2.20	2.00	2.20
Market Capitalization	572 Mn	520 Mn	572 Mn



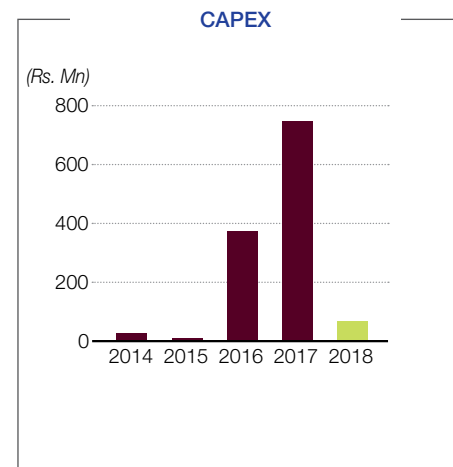
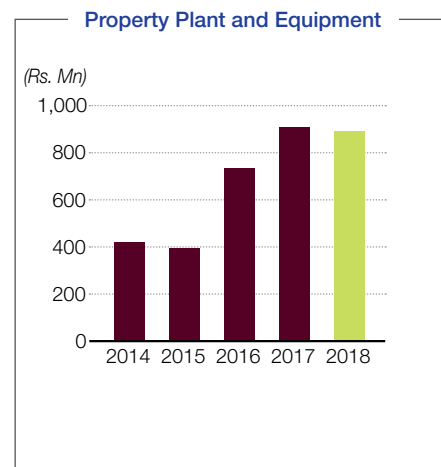
Highlights of 2017/18

Inputs	Activities during the year	Outputs
Property, Plant and Equipment Rs. 911.26 Mn	Capital expenditure amounting to Rs. 39.1 Mn	Property, Plant and equipment Rs. 894.69 Mn
		Warehousing: pre - tax profit Rs. 63.81 Mn Broking: pre - tax profit Rs. 73.48 Mn

The Group invested approximately Rs. 15.2 Mn additionally in the second warehousing facility during the year to make it fully operational and another Rs. 6.04 Mn on upgrading its first warehousing unit. With a total storage space of 86,000 square feet, the new warehouse has doubled the Group's storage capacity and facilitated further diversification of its earnings profile.

Asia Siyaka Warehouse Complex renewed the ISO 22000 certification in 2017 on top of the prestigious Leadership in Energy and Environmental Design (LEED) Certification (Silver) from the United States Green Building Council. The LEED evaluates the environmental performance of buildings to encourage sustainable design. Our warehouse complex is the first tea logistics facility in Sri Lanka and among very few in the world, to obtain the LEED certification. It has been designed to ensure optimum energy efficiency, aimed at reducing overall energy consumption and dependence on fossil fuels

“Our warehouse complex is the first tea logistics facility in Sri Lanka and among very few in the world, to obtain the LEED certification”





Highlights of 2017/18

Inputs	Activities during the year	Outputs
Headcount 115	Invested Rs. 0.5 Mn in 2024 training hours	Rewards and benefits – Rs. 222.92 Mn
Industry insights, skills and attitudes	Ongoing employee engagement initiatives	Staff retention rate - 94.5%
		Net profit per employee - Rs. 0.85 Mn

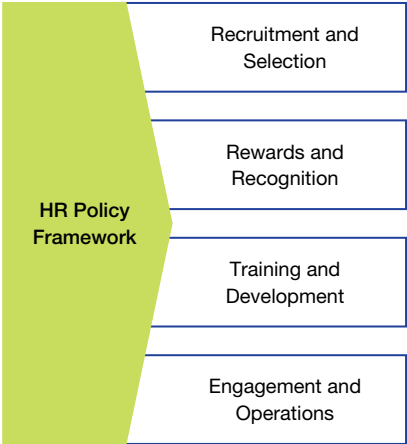
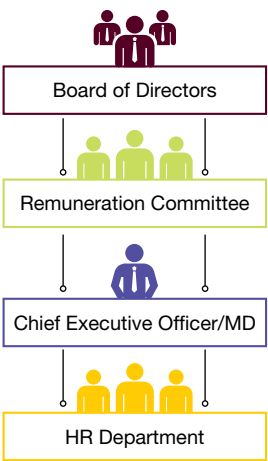
Our approach to people management

The human resource framework in the Group is guided by formal policy frameworks and clearly defined governance structures, which facilitate performance while nurturing effective team dynamics. In addition, we strive to instill a learning and knowledge sharing culture within the Group through structured training and development and exposure to local and international industry events and by encouraging in-house research sharing. We believe strong professional ethics where we create value for our customers through value added and helpful services.

Human capital governance

We are an equal opportunity employer and all human resource related aspects within the Group are governed by formal policy frameworks which ensure consistent treatment to all employees. The apex responsibility for effective management of human capital lies with the Company’s Human Resource Department.

“The human resource framework in the Group is guided by formal policy frameworks and clearly defined governance structures”



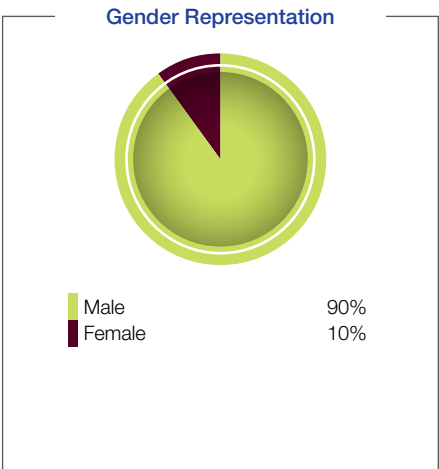
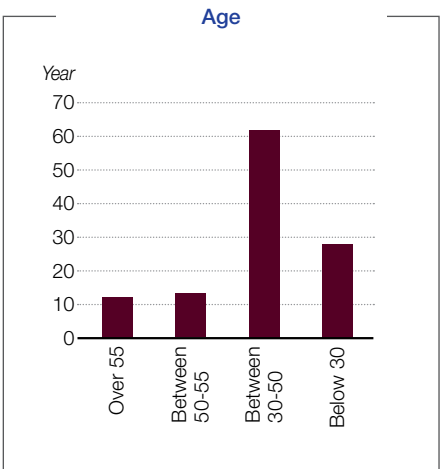
Compliance

The Asia Siyaka Group has been fully compliant with all applicable labour regulations during the year. The Company and Group did not face any fines, penalties or legal action for non compliance or delayed compliance with labour regulations. All statutory payments to employees have been made on time.

The Group contributed 12% of gross emoluments to the Employees' Provident Fund/ Estate Suppliers Provident Society or Ceylon Planters' Provident Society and 3% of gross emoluments to the Employees' Trust Fund. These statutory payments amounted to Rs. 14.49 Mn in 2017/18 compared to Rs. 12.59 Mn in 2016/17.

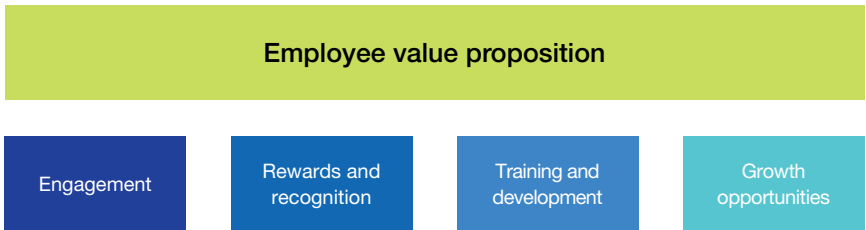
Team profile

Our team comprises of 115 qualified and experienced personnel between the ages of 20 and 64. A majority 54% of our employees are in the age group of 30-50 and 10% of our employees are female. During the year, we recruited 11 new employees to our team.



Employee value proposition

Our employee value proposition is based on the four main pillars of Engagement, Rewards and recognition, Training and development and Growth opportunities. More information on these pillars are given below.



Talent attraction

We have a formal Board approved recruitment policy that specifies clear procedures for recruitment based on merit. The recruitment process is initiated based on a skill mapping exercise which identifies skill gaps in line with our business growth objectives. We structure extremely competitive remuneration packages based on market rates to attract the best talent.

During the year under review, we recruited 11 new staff and provided research / training opportunities for 05 University graduates pursuing degrees in agriculture and related fields and internship opportunities for 02 interns.

Employee engagement

We maintain both informal and formal channels of engagement with our employees to ensure talent retention and a motivated team.

At a formal level we conduct regular staff meetings, annual performance appraisals, and year-round work life balance initiatives.

In addition all senior management members maintain an open door policy to encourage employee feedback and suggestions and informal activities are conducted during the year, encouraging fellowship and camaraderie.



Rewards and recognition

We have structured highly competitive remuneration packages that are also reviewed regularly and updated in line with market changes. All rewards are to performance. Total salaries, wages and other benefits to employees amounted to Rs. 222.92 Mn, an increase of 15% in comparison to the previous year.

All employees undergo performance appraisals at least once on an annual basis. The performance reviews encourage feedback and is used as an effective platform to identify skill gaps, assess training needs and evaluate areas for further improvement.

Training and development

Personal growth and development is a key employee value proposition and we facilitate this by providing a range of training opportunities that harmonise with our growth objectives as a corporate. We ensure the training events we organise are able to make our employees more competitive and productive and instill the correct attitude.

Training needs are identified primarily through the annual performance appraisals. Training initiatives include orientation for new staff, in-house training, professional education as well as participation in related seminars/conferences among others. During the year we invested Rs. 0.5 Mn in training and development, providing total training hours of 2024.

Training in 2017/18

Category	Training Hours
Corporate Managers	110
Managers	120
Executives	736
Non Executives/Associates	328
Trainees	730
Total	2024

Growth opportunities

Combined with training and development opportunities and performance appraisals, we ensure our employees have productive and fulfilling careers with scope for personal development and career progress.



Inputs	Activities during the year	Outputs
Collaborative and meaningful relationships with our customers, business partners, communities, industry stakeholders and the Government	Ongoing engagement and multifaceted value proposition to customers	Investment in advisory services Rs. 25 Mn
	Industry thought leadership	Investment in CSR Rs. 0.14 Mn
	Community engagement initiatives	CSR beneficiaries 300+

Customers

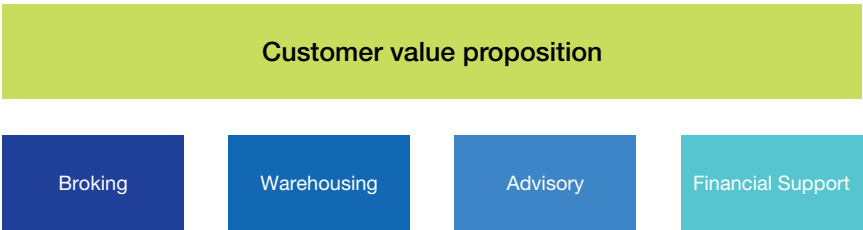
Customer profile

Our customer base comprises regional plantation companies and private factories that process teas purchased from small holders and buyers and exporters of tea and other commodities. During the year, our customer base stood at 123 clients and also we attracted additional customers to the new warehouse attracting additional customers. During the year we served 12 RPCs, 80 private tea factories and over 270 buyers of Ceylon tea and other commodities.

Value proposition

The Group has successfully redefined the role of the traditional broker in the country’s tea industry, by providing value added technical information services, financial support and warehousing facilities. In addition, we strive to build long term relationships by attempting to exceed customer needs at all times.

“We strive to build long term relationships by attempting to exceed customer needs at all times”



Our multi-faceted customer value proposition

**Broking**

The Group acts as a market intermediary for tea, rubber and non-traditional commodities. As part of our facilitating role in the CTA we perform multiple functions related to the auction process, including sampling, tasting, cataloging, distributing samples and collection and remittance of proceeds.

Warehousing

Our warehousing services were expanded in the current financial year with our second warehouse coming into full operation as a green storage facility certified by LEED. The facility is the first of its kind in Sri Lanka, designed to ensure optimum energy efficiency, aimed at reducing overall energy consumption and dependence on fossil fuels. Both the Group's warehousing facilities feature innovative tracking systems which enable quality to be retained while achieving savings reductions in the tea to cash cycle. Our facilities have redefined industry standards, setting the benchmark for auction warehouses nationally and internationally. Furthermore by helping improve the tea value chain as well as reduce the finance cost associated with storage, the Group has successfully created value at both ends, both to its clients as well as the buyers.

Advisory

We offer advisory services to our clients, ranging from market intelligence to guidance on factory and estate management. Our ongoing engagement with exporters and other buyers allows us to clearly identify emerging trends in consumer demand, which are in turn communicated to our clients.

Knowledge is shared through weekly/ monthly reports and research reports on a timely and accurate basis. ASC's team of skilled industry veterans engage with clients through site visits, discussions and written communication on optimal estate and factory management techniques. During the year under review we invested Rs. 25 Mn in such advisory efforts.

Financial support

A core service provided by us as a broker is short term credit to customers for working capital needs. During the year under review total support granted to our customers exceeded Rs.765 Mn.

Industry thought leadership

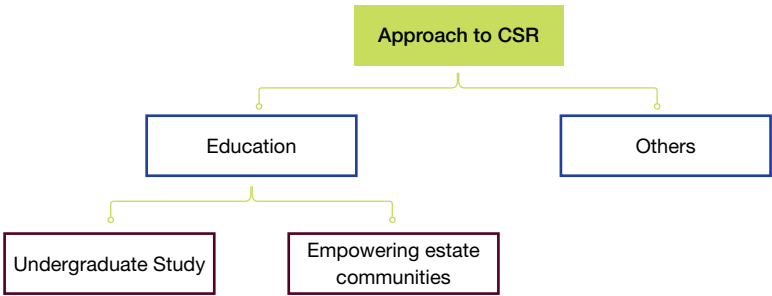
Our investments into market research, coupled with our engagements with buyers and producers, give us extensive insights into the industry and a large industry network of contacts. We have leveraged this industry knowledge to act as an industry thought leader, to enhance the position of Ceylon Tea in the global market. Our senior managers regularly participate in local and global industry events and provide expertise to industry leaders and government. During the year the Group sent representatives to 12 industry events which are listed below and the Managing Director and several members of our senior management team played a key role in the promotion of the 150 year Anniversary of Ceylon Tea in 2017.

In addition, we hold membership in the following industry bodies;

- Colombo Brokers Association
- Colombo Tea Traders Association
- Sri Lanka Tea Board
- Ceylon Chamber of Commerce
- Spices and Allied Products Producers and Traders Association

Community engagement

Our approach towards Corporate Social Responsibility (CSR) is focused towards uplifting the standard and quality of education of two groups; school children in estate communities and undergraduate students pursuing degrees in agriculture and related fields of study.



Internship opportunities for undergraduate studies

We provide internship opportunities for students from universities and other institutes. These students receive a comprehensive on-the-job training and opportunities for skill development through diverse exposure to multiple aspects of our trade. While enhancing their industry knowledge, their exposure to corporate culture also improves their employability. During the current year we provided internships to students from the institutions listed below.

- University of Peradeniya
- Uva Wellassa University
- Rajarata University of Sri Lanka
- National Institute of Plantations Management

Supporting educational needs of tea growing communities

As an ongoing program, we strive to empower impoverished families in tea growing communities by supporting the educational needs of school students. This year, we contributed a Library Donation to Karannagoda Maha Vidyalaya, Rathnapura.

Other CSR activities in 2017/18

Library donation to Karannagoda Maha Vidyalaya, Rathnapura





Inputs	Activities during the year	Impacts
Energy(kwh) 270,036	Day to day operations which consumes natural resources	Waste
Water (m³) 10,178		Emissions
Raw materials (paper-Kg) 8,230		

Our approach to environmental management

We comply with all environmental regulations and we make all efforts to conserve natural resources while minimizing adverse environmental impacts. Our approach is graphically illustrated below.

“We comply with all environmental regulations and we make all efforts to conserve natural resources while minimizing adverse environmental impacts”



Compliance

During the year under review, there were no incidences of non-compliance, penalties or fines imposed on us pertaining to any applicable environmental regulations and laws.

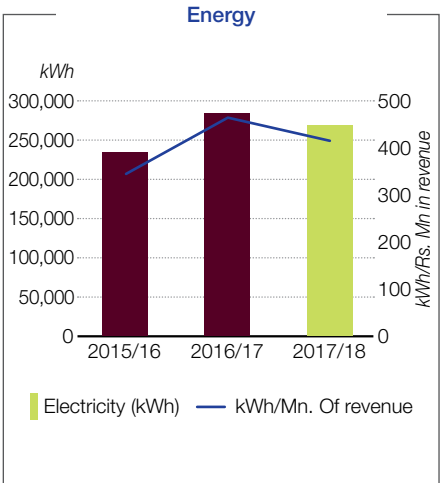
Energy

A key aspect of our sustainable business model is to gradually reduce our dependency on fossil fuels and shift to renewable solar energy. Currently almost all our energy needs are met through national grid. However, our new warehouse is powered partly through solar power. Meanwhile, design aspects of the new warehousing facility ensure that energy consumption is optimized through maximizing the usage of natural lighting and air flows. All machinery within the warehouse is also battery operated.

In addition, the following measures are in place to optimise the Group's energy consumption;

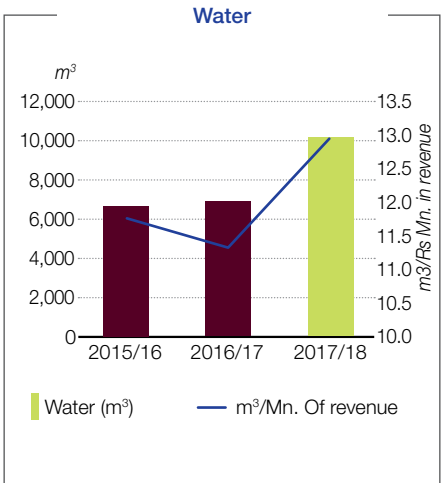
- Energy tracking and monitoring systems were implemented to identify opportunities for reducing energy inputs.
- Engaging employees in energy conservation awareness programs
- Priority was given to improve natural lighting flows and natural air flows for cooling purpose to reduce energy inputs.

During the year under review, energy consumption from the national grid amounted to 270,036 kWh compared to 285,233 kWh last year.



Water

The Group's water consumption is limited to that used by its employees in the day to day running of our operations. We continue to engage our employees in the conservation of water and during the year under review water consumption amounted to 10,178 m³ while water intensity clocked in at 12.9 m³/ Rs. Mn of revenue.



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 2018.

General

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 re-registered under the Companies Act. No. 07 of 2007 on 30th April 2008 under Company Registration No. PV 3562 PB/PQ 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.

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

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

The business of the subsidiary company, Asia Siyaka Warehousing (Pvt) Ltd is provided warehousing facilities for clients of parent and other selected third parties. Siyaka Produce Brokers (Pvt) Ltd a fully owned subsidiary of the Company transferred its rubber broking license to the parent on 18th April 2017. The Company did not engage in any business activities during the year.

A review of the business of the Company and its subsidiaries performance during the year with comments on financial results, future strategies and prospects are contained in the Managing Director's Report on pages 12 and 13, 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 are given on pages 72 to 106.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 69 to 71.

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 77 to 84. 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 14 to 15.

Name of Director

Executive Directors

Mr. A R Cooke	Managing Director
Mr. D J Wedande	Director
Mr. S G Amarasuriya	Director
Mr. Y Kuruneru	Director

Non-Executive Directors

Dr. S A B Ekanayake*	Chairman
Mr. B A Hulangamuwa*	Director
Mr. S T Gunatilleke	Director
Dr. I A Ismail*	Director
Mr. H R V Caldera	Director
Mr. J N Dambawinne	Director

*Independent Non-Executive Directors as per the Listing Rules of the Colombo Stock Exchange.

Mr. B A Hulangamuwa retires by rotation at the conclusion of the Annual General Meeting in terms of Article 87(i) of the Articles of Association and being eligible is recommended by the Directors for re-election.

The Directors have recommended the re-appointment of Dr I A Ismail who is 81 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-appointment of Dr. I A Ismail.

The Directors have recommended the re-appointment of Mr. H R V Caldera who is 73 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the appointment of Mr. Vernon Caldera.

Mr. R C Dissanayake and Mr. S S Samaranayake who were appointed to the Board on 13th June 2018 shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

Directors of subsidiary Companies

Asia Siyaka Warehousing (Pvt) Ltd

Mr. A R Cooke
Mr. D J Wedande
Mr. S G Amarasuriya
Mr. Y Kuruneru
Dr. I A Ismail

Siyaka Produce Brokers (Pvt) Ltd

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

Composition of the Board

The Board of Asia Siyaka Commodities PLC comprises twelve members of whom six are Non -Executive Directors. Six members of the Board serve as Executive Directors.

Based on the declarations submitted by the Directors, the Board has determined that three Non-Executive Directors – Dr. S A B Ekanayake, Dr. I A Ismail and Mr. B A Hulangamuwa are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Interest 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.

The relevant interests of Directors in the shares of the Company as at 31st March 2018 as recorded in the interests register are given in this report under Directors' shareholding.

Related Parties' Transactions with the Company

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.

Transactions of related parties (as defined in LKAS 24 - Related Parties Disclosure) with the Company are set out in Note 32 to the financial statements.

The Related Party Transactions Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2018 in compliance with the relevant Listing Rules. The Directors declare that the Company has complied with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

Directors' Remuneration

The Directors' remuneration is disclosed under key management personnel compensation in Note 32 to the Financial Statements on page 103.

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 63.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company and its subsidiaries 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. 695,609/- is payable by the Company to the Auditors for the year under review comprising Rs. 452,035/- as audit fees and Rs. 243,363/- for non-audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 28th May 2018 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company as at 31st March 2018 was Rs.100,000,000/- represented by 260,000,000 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2018 and 31st March 2017 are as follows.

	Shareholding as at 31/03/2018	Shareholding as at 31/03/2017
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. S G Amarasuriya**	-	-
Mr. Y Kuruneru	2,499,063	2,499,063
Mr. B A Hulangamuwa	-	-
Mr. S T Gunatilleke*	-	-
Dr. I A Ismail	-	-
Mr. H R V Caldera	-	-
Mr. J N Dambawinne**	-	-

*Mr. S T Gunatilleke is the Chairman of Lanka Commodity Brokers Limited, which holds 149,148,464 shares constituting 57.36% of the issued shares of the Company.

**Messrs. J N Dambawinne and S G Amarasuriya serve as Directors of Lanka Commodity Brokers Limited.

Shareholders

There were 1,433 shareholders registered as at 31st March 2018. The details of distribution are given on page 108 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 108 to 109 under Share Information.

Reserves

The reserves of the Company with the movements during the year are given in the Financial Statements on page 75.

Land holdings

The Company does not own any freehold land or buildings.

The leasehold interest in the immovable property, held by Asia Siyaka Warehousing (Pvt) Ltd the subsidiary company was revalued as at 31st March 2017 by an Independent Valuer and it is recorded at market values set out in Note 3.8 to the Financial Statements.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Note 3 to the Financial Statements on pages 85 to 88.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2018 are given in Note 6 to the Financial Statements on pages 89 to 90.

Donations

The Company made donations amounting to Rs. 491,927/- and Asia Siyaka Warehousing (Pvt) Ltd donated Rs. 46,500/- in total, during the year under review. There were no donations made by Siyaka Produce Brokers (Pvt) Ltd.

Dividends

The Company paid a final dividend of Cents 10 for 2016/17 on 6th July 2017 and an interim dividend of Cents 15 for 2017/18 on 02nd March 2018.

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 Enterprise Risk Management on pages 34 to 40.

There were no material issues pertaining to employees and industrial relations of the Company during the year.

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 Balance Sheet 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 29 to the Financial Statements on page 101, there were no material Contingent Liabilities as at the Balance Sheet date.

Events occurring after the Reporting date

Except for the matters disclosed in Note 31 to the Financial Statements on page 102 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 26 to 33 explains the measures adopted by the Company during the year.

An Audit Committee, Remuneration Committee, Nominations Committee and Related Party Transaction Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows.

Audit Committee

Mr. B A Hulangamuwa	Chairman
Mr. S T Gunatilleke	Member
Dr. I A Ismail	Member

Remuneration Committee

Dr. S A B Ekanayake	Chairman
Mr. S T Gunatilleke	Member
Dr. I A Ismail	Member

Nominations Committee

Dr. S A B Ekanayake	Chairman
Mr. S T Gunatilleke	Member
Dr. I A Ismail	Member

Related Party Transactions Review Committee

Dr. I A Ismail	Chairman
Mr. B A Hulangamuwa	Member
Mr. H R V Caldera	Member

Annual General Meeting

The Notice of the Annual General Meeting appears on page 112.

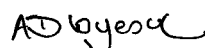
This Annual Report is signed for and on behalf of the Board of Directors by



Dr. S A B Ekanayake
Chairman



Mr. Anil R. Cooke
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

17 July 2018

Addendum to the Annual Report of the Board of Directors

Dr. I A Ismail and Mr. H R V Caldera ceased to be Directors of the Company on 13th August 2018, upon completion of the one year period following their appointment at the Annual General Meeting held on 14th August 2017.

The Directors have recommended their appointment to the Board and accordingly resolutions therefor will be placed before the shareholders at the forthcoming Annual General Meeting.

Accordingly, the paragraphs relating to the re-appointment of Dr. I A Ismail and Mr. H R V Caldera appearing on page 59 shall stand amended as set out above.



P W Corporate Secretarial (Pvt) Ltd
Secretaries

31 August 2018
Colombo

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act, No.7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and the income and expenditure of the Company for the accounting year ending on that reporting date.

The Directors are also responsible in ensuring that the Financial Statements comply with any regulations made under the Companies Act, which specifies the form and content of Financial Statements and any other requirements which apply to the Company's Financial Statements under any other law.

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

The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the Company and its subsidiaries, which will enable them to have the Financial Statements prepared and presented as aforesaid.

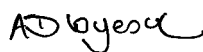
They are also responsible for taking measures to safeguard the assets of the Company and its subsidiaries and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company and the group have adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

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

By Order of the Board

ASIA SIYAKA COMMODITIES PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

17 July 2018

Adoption of the Code of Best Practices on Related Party Transactions

The Board of Directors of Asia Siyaka Commodities PLC (ASC) adopted the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and established the Related Party Transactions Review Committee (RPTRC) in November 2015.

Purpose of the Committee

The purpose of the RPTRC of ASC is to conduct an independent review approval and oversight of all related party transactions of ASC and to ensure that the Company complies with the rules set out in the Code. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions. To exercise this purpose the Committee has adopted the related party transaction Policy which contains the company's Policy governing the review, approval and oversight of related party transactions.

Composition of the Committee

As at the date of this report, the Committee of ASC consists of three (03) Directors. The members of the Committee during the year were:

Dr. I A Ismail	Chairman (Independent Non-Executive Director)
Mr. B A Hulangamuwa	Member (Independent Non- Executive Director)
Mr. H R V Caldera	Member (Non- Executive Director)

PW Corporate Secretarial (Pvt) Ltd, the Company Secretaries of the Company functions as the Secretary to the Committee.

The Managing Director and the Senior Vice President Finance attend meetings by invitation.

Meetings

The Committee met four times during the year under review and the attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Dr. I A Ismail	4
Mr. B A Hulangamuwa	4
Mr. H R V Caldera	3

Charter of the Related Party Transaction Review Committee

The Charter of the Related Party Transaction Review Committee clearly sets out the purpose, membership, authority and the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and efficiently, the Committee has been authorised to:

- Receive regular reports from the management, and be provided with any information it requests relating to its responsibilities
- Establish policies and procedures that provide general pre-approvals to certain classes or types of related party transactions
- Review and evaluate the terms, conditions, and the advisability of, any related party transaction
- Determine whether the relevant related party transaction is fair, and in the best interest of the Company and its shareholders as a whole
- Recommend to the Board what action, if any, should be taken by the Board with respect to any related party transaction
- Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties

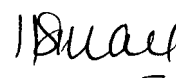
Review of Related Party Transactions

The Committee reviewed all related party transactions of the Company for the financial year 2017/18. It was observed that all related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company.

In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note 32 to the Financial Statements, on page 103 of this Annual Report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on pages 59 and 62 of this Annual Report.



Dr. I A Ismail
Chairman - Related Party Transactions Review Committee

17 July 2018

Asia Siyaka Commodities PLC management is responsible for its internal control and financial reporting including the preparation of consolidated financial statements. Independent Accountants 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 the 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 fulfil 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 31st March 2018. 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.

Meetings

The Committee met four times during the year under review and the attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Mr. B A Hulangamuwa	4
Mr. S T Gunatilleke	4
Dr. I A Ismail	3

Conclusion

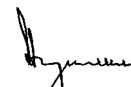
The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and the financial position of the company is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation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

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.

On behalf of the Audit Committee;



Mr. B A Hulangamuwa
Chairman - The Audit Committee



Mr. S T Gunatilleke
Member - The Audit Committee



Dr. I A Ismail
Member - The Audit Committee

17 July 2018
Colombo

The Remuneration Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Managing Director/Chief Executive Officer, and setting the broad parameters of remuneration for Senior Management across the Group.

Composition

The Committee consists of three Non-Executive Directors namely

Dr. S. A. B. Ekanayake	Chairman
Mr. S. T. Gunatilleke	Member
Dr. I. A. Ismail	Member

P W Corporate Secretarial (Pvt) Ltd acts as the Secretaries to the Remuneration Committee.

Remuneration Policy

The remuneration policy aims to attract and retain management with the appropriate professional, managerial and operational expertise necessary to achieve the Group's objectives and create value for our shareholders. A significant portion of executives' total potential remuneration is performance related in order to drive the right behaviour to optimize Group performance. The remuneration packages which are linked to individual performances are aligned with the Group's short-term and long-term strategy. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business

unit and overall performance of the Group and market practices. The Committee continues to provide analysis and advice to ensure key management personnel remuneration is competitive in the market place. The Committee has the authority to seek external independent professional advice on matters within its purview.

Meetings

The Committee met once during the year under review and the attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Dr. S A B Ekanayake	1
Mr. S T Gunatilleke	1
Dr. I A Ismail	1

The Directors emoluments are disclosed in Note 32 in the financial statements.

On behalf of the Remuneration Committee;



Dr. S. A. B. Ekanayake
Chairman – Remuneration Committee

17 July 2018

FINANCIAL INFORMATION

Financial Calendar	2017/18	2016/17
1st Quarter -	15th August 2017	8th August 2016
2nd Quarter -	13th November 2017	7th November 2016
3rd Quarter -	8th February 2018	9th February 2017
4th Quarter -	30th May 2018	30th May 2017

Annual General Meetings

2012 / 13 – Annual Report Published on 14th August 2013 and 01st Annual General Meeting held on 23rd September 2013
2013 / 14 – Annual Report Published on 19th August 2014 and 02nd Annual General Meeting held on 15th September 2014
2014 / 15 – Annual Report Published on 22nd July 2015 and 03rd Annual General Meeting held on 24th August 2015
2015 / 16 – Annual Report Published on 28th June 2016 and 04th Annual General Meeting held on 28th July 2016
2016 / 17 – Annual Report Published on 10th July 2017 and 05th Annual General Meeting held on 14th August 2017



Ernst & Young
Chartered Accountants
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eysl@lk.ey.com
ey.com

MPDC/SKWD/DM

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

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Asia Siyaka Commodities PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G S Manatunga FCA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



Key Audit Matter	How our audit addressed the key audit matter
Impairment of loans and advances Loans and advances balance represents 46% of the Company's total assets as at 31 March 2018. The Company's impairment assessment process is described in Note 2.5.12 (d) to these financial statements. Determination of the expected future cash flows involves management judgement and is unique to each particular loan depending on the history of settlements, credit worthiness and future business plans with tea clients. Due to the significance of these loan balances, inherent credit risk involved with such loans and management's judgements used in the impairment assessment, this area was considered significant for the purposes of our audit.	We gained an understanding of the Company's business model and tested the design and implementation of key controls over lending and loan recoveries. This included testing on a sample basis, management's controls over credit assessments in accordance with the Company's standard operating procedure for granting credit to tea clients. We assessed management's recoverability expectations of loans and advances comparing management's discounted cash flow forecasts to historic cash flow patterns, along with post year end settlements. We also assessed the Company's impairment methodology to determine whether it is in line with accounting standards. We also assessed the adequacy of disclosures provided by management in Note 2.5.12 (d) and 10.1.

Other information included in the Group's 2018 Annual Report

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

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk



of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ⊙ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- ⊙ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ⊙ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ⊙ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ⊙ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1518.

17 July 2018
Colombo

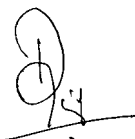
Statement of Financial Position

As at 31 March 2018

		Group		Company	
	Note	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	894,698,919	911,259,258	8,663,052	9,265,361
Intangible Assets	4	1,174,434	2,746,265	1,174,434	2,746,265
Lease Rentals Paid in Advance	5	28,435,000	29,375,000	-	-
Investments	6	-	-	190,521,681	197,387,635
Investment Property	7	755,727	755,727	755,727	755,727
Deferred Tax Asset	25	23,310,057	9,999,836	13,537,140	8,112,788
		948,374,137	954,136,086	214,652,034	218,267,776
Current Assets					
Inventory	8	2,689,620	2,273,443	2,677,570	2,273,443
Trade Receivables	9	493,550,989	378,361,550	474,063,468	433,975,232
Loans and Advances	10	765,424,742	1,053,467,313	765,424,742	968,120,561
Other Receivables, Prepayments and Advances	11	20,836,902	38,798,699	8,771,200	8,012,962
Lease Rentals Paid in Advance	5	940,000	940,000	-	-
Income Tax Receivable		1,799,326	1,919,892	1,729,029	1,514,444
Short Term Investments		23,666,076	21,534,192	23,666,076	21,534,192
Cash and Cash Equivalents	13	175,010,551	208,088,152	174,654,276	201,611,588
		1,483,918,207	1,705,383,241	1,450,986,361	1,637,042,422
Assets Held for Sale	12	-	5,244,273	-	5,244,273
		1,483,918,207	1,710,627,514	1,450,986,361	1,642,286,695
Total Assets		2,432,292,344	2,664,763,600	1,665,638,395	1,860,554,471
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	14	100,000,000	100,000,000	100,000,000	100,000,000
Revaluation Reserves		264,233,828	321,078,223	-	-
Revenue Reserves		317,761,287	294,629,168	148,327,593	166,313,779
Total Equity		681,995,114	715,707,391	248,327,593	266,313,779
Non Current Liabilities					
Retirement Benefit Obligation	15	59,315,883	38,609,616	52,922,502	33,411,934
Deferred Tax Liability	25	121,788,155	42,659,629	-	-
Long Term Interest Bearing Borrowings	16	332,142,864	396,428,571	-	-
		513,246,901	477,697,816	52,922,502	33,411,934

		Group		Company	
	Note	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Current Liabilities					
Interest Bearing Borrowings	16	64,285,709	53,571,429	-	-
Trade Payables	17	569,672,535	582,216,231	781,517,255	755,149,100
Income Tax Payable		307,679	625,795	-	-
Interest Bearing Borrowings on Client Financing	18	553,359,453	779,433,374	553,359,453	779,433,374
Sundry Creditors including Accrued Expenses		31,352,001	46,267,439	14,844,298	18,905,014
Bank Overdrafts	13	18,072,951	9,244,125	14,667,294	7,341,270
		1,237,050,328	1,471,358,393	1,364,388,300	1,560,828,758
Total Liabilities		1,750,297,229	1,949,056,209	1,417,310,802	1,594,240,692
Total Equity and Liabilities		2,432,292,344	2,664,763,600	1,665,638,395	1,860,554,471

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

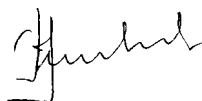


Senior Vice President - Finance

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



Director



Director

The accounting policies and notes on pages 77 through 106 form an integral part of these financial statements.

17 July 2018
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March 2018

		Group		Company	
	Note	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Gross Revenue	19	784,688,643	609,619,157	550,210,307	412,935,392
Cost of Sales		(3,907,861)	(9,316,109)	(3,907,861)	(9,316,109)
Net Revenue		780,780,782	600,303,048	546,302,446	403,619,283
Other Income and Gains	20	22,435,377	1,788,304	23,651,343	24,340,691
Distribution Expenses		(104,635,476)	(58,290,362)	(98,763,801)	(53,995,175)
Administrative Expenses		(396,250,384)	(346,695,804)	(262,286,741)	(222,755,354)
Operating Profit		302,330,299	197,105,186	208,903,247	151,209,445
Finance Cost	21	(174,857,717)	(131,683,830)	(145,010,654)	(110,926,069)
Finance Income	22	8,132,465	3,668,967	10,246,036	14,334,606
Net Finance Cost		(166,725,252)	(128,014,863)	(134,764,618)	(96,591,463)
Profit Before Tax	23	135,605,046	69,090,323	74,138,629	54,617,982
Income Tax Expense	24	(38,046,995)	(24,919,582)	(17,872,636)	(8,913,659)
Profit for the year		97,558,051	44,170,741	56,265,993	45,704,323
Other Comprehensive Income for the Year, net of tax					
Items that will not be Reclassified Subsequently to Statement of Profit or Loss					
Actuarial Loss for the year	15	(13,091,573)	(3,542,927)	(12,850,249)	(3,538,939)
Tax Effect on Actuarial Loss	25	3,665,640	991,650	3,598,070	990,903
		(9,425,932)	(2,551,277)	(9,252,179)	(2,548,036)
Revaluation Surplus		-	11,296,190	-	-
Income Tax Effect	25	(56,844,395)	(1,129,619)	-	-
		(56,844,395)	10,166,571	-	-
Other Comprehensive Income/(Loss) for the Year, net of tax		(66,270,328)	7,615,294	(9,252,179)	(2,548,036)
Total Comprehensive Income for the Year, net of tax		31,287,723	51,786,035	47,013,814	43,156,287
Basic/ Diluted Earnings Per Share	26	0.38	0.17	0.22	0.18
Dividend Per Share	27	0.25	0.10	0.25	0.10

The accounting policies and notes on pages 77 through 106 form an integral part of these financial statements.

Statement of Changes In Equity

Year Ended 31 March 2018

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
As at 01 April 2016	100,000,000	310,911,652	279,009,704	689,921,356
Net Profit for the Year	-	-	44,170,741	44,170,741
Other Comprehensive Income	-	10,166,571	(2,551,277)	7,615,294
Total Comprehensive Income	-	10,166,571	41,619,464	51,786,035
Dividend Paid	-	-	(26,000,000)	(26,000,000)
As at 31 March 2017	100,000,000	321,078,223	294,629,168	715,707,391
Net Profit for the Year	-	-	97,558,051	97,558,051
Other Comprehensive Income	-	(56,844,395)	(9,425,932)	(66,270,328)
Total Comprehensive Income	-	(56,844,395)	88,132,119	31,287,723
Dividend Paid	-	-	(65,000,000)	(65,000,000)
As at 31 March 2018	100,000,000	264,233,828	317,761,287	681,995,114

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
As at 1 April 2016	100,000,000	-	149,157,492	249,157,492
Net Profit for the Year	-	-	45,704,323	45,704,323
Other Comprehensive Income	-	-	(2,548,036)	(2,548,036)
Total Comprehensive Income	-	-	43,156,287	43,156,287
Dividend Paid	-	-	(26,000,000)	(26,000,000)
As at 31 March 2017	100,000,000	-	166,313,779	266,313,779
Net Profit for the Year	-	-	56,265,993	56,265,993
Other Comprehensive Income	-	-	(9,252,179)	(9,252,179)
Total Comprehensive Income	-	-	47,013,814	47,013,814
Dividend Paid	-	-	(65,000,000)	(65,000,000)
As at 31 March 2018	100,000,000	-	148,327,593	248,327,593

The accounting policies and notes on pages 77 through 106 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March 2018

		Group	Company		
		2018	2017	2018	2017
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows From Operating Activities					
Profit before Income Tax Expense		135,605,046	69,090,323	74,138,629	54,617,982
Adjustment for					
Depreciation and Amortization	3 & 4	57,228,527	46,937,688	4,686,753	6,827,239
Finance Cost	21	174,857,717	131,683,830	145,010,654	110,926,069
Finance Income	22	(8,132,465)	(3,668,967)	(10,246,036)	(14,334,606)
Gratuity Charge		8,326,232	6,247,911	7,099,237	5,147,669
(Gain) / Loss on sale of Property, Plant and Equipment		(7,821,187)	1,134,806	4,900	(215,569)
Gain on sale of Assets Held for Sale		(12,405,702)	-	(12,405,702)	-
Provision for Impairment of Loans and Advances		72,032,284	33,435,213	72,032,284	33,435,213
Provision for Impairment of Trade Receivables		5,423,070	4,043,502	5,505,814	4,019,317
Impairment of Subsidiary Investment		-	-	6,865,954	-
Amortization of Lease Rentals Paid in Advance	5	940,000	940,000	-	-
Operating Profit before Working Capital Changes		426,053,522	289,844,306	292,692,486	200,423,314
(Increase) / Decrease in Inventories		(416,178)	(63,333)	(404,127)	(63,333)
(Increase) / Decrease in Trade and Other Receivables		(102,650,712)	(12,136,340)	(46,091,771)	64,778,371
Decrease / (Increase) in Loans and Advances		216,010,286	(242,807,476)	130,825,639	(252,808,943)
(Decrease) / Increase in Trade and Other Payables		(27,459,134)	150,165,949	22,307,439	367,433,230
(Decrease) / Increase in Interest Bearing Borrowings on Client Financing		(226,073,921)	(71,171,690)	(226,073,921)	(71,171,690)
		285,463,864	113,831,416	173,255,746	308,590,949
Income Tax Paid		(25,604,992)	(18,219,300)	(19,913,499)	(7,930,015)
Defined Benefit Plan Costs Paid	15	(711,539)	(1,709,620)	(711,539)	(1,112,962)
Finance Cost Paid	21	(174,857,717)	(131,683,830)	(145,010,654)	(110,926,069)
Net cash flows Generated from / (Used in) Operating Activities		84,289,616	(37,781,334)	7,620,054	188,621,903
Cash Flows From Investing Activities					
Acquisition of Property, Plant and Equipment and Intangible Assets	3 & 4	(39,106,256)	(212,373,904)	(2,672,511)	(6,097,528)
Sales Proceeds from Fixed Asset Disposals		7,831,085	3,481,845	4,994	2,090,541
Sales Proceeds from Asset Held for Sale		17,649,975	-	17,649,975	-
Investment in Short Term Investments		(2,131,884)	(21,534,192)	(2,131,884)	(21,534,192)
Finance Income Received	22	8,132,465	3,668,967	10,246,036	14,334,606
Net Cash Flows Used in Investing Activities		(7,624,616)	(226,757,284)	23,096,610	(11,206,573)
Cash Flows From Financing Activities					
Dividend Paid		(65,000,000)	(26,000,000)	(65,000,000)	(26,000,000)
Loans Obtained/ (Repayment)		(53,571,427)	450,000,000	-	-
Net Cash Flows (Used in) / Generated from Financing Activities		(118,571,427)	424,000,000	(65,000,000)	(26,000,000)
Net (Decrease) / Increase in Cash and Cash Equivalents		(41,906,427)	159,461,382	(34,283,336)	151,415,330
Cash and Cash Equivalents at the Beginning of the Year	13	198,844,027	39,382,645	194,270,318	42,854,988
Cash and Cash Equivalents at the End of the Year	13	156,937,600	198,844,027	159,986,982	194,270,318

The accounting policies and notes on pages 77 through 106 form an integral part of these financial statements.

1. CORPORATE INFORMATION**1.1 Reporting Entity**

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

1.2 Consolidated Financial Statements

The financial statements for the year ended 31 March 2018, comprise "the Company" referring to Asia Siyaka Commodities PLC as the holding company and "the Group" referring to the companies whose accounts have been consolidated herein.

1.3 Principal Activities and Nature of Operations**Holding company**

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

Subsidiaries

The companies within the Group and their business activities are disclosed in Note 2.3.

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Date of Authorization for Issue

The financial statements of Asia Siyaka Commodities PLC for the year ended 31 March 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 17 July 2018.

2. GENERAL ACCOUNTING POLICIES**2.1 Statement of Compliance**

The financial statements of the Company and the Group 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 (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Preparation

The financial statements of the Company and the Group have been prepared on a historical cost basis, except for available-for-sale financial assets, buildings on leasehold lands and storage system that have been measured at fair value.

The financial statements are presented in Sri Lankan Rupees (Rs).

2.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ⊗ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ⊗ Exposure, or rights, to variable returns from its involvement with the investee
- ⊗ The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ⊗ The contractual arrangement with the other voting holders of the investee
- ⊗ Rights arising from other contractual arrangements
- ⊗ The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting year using uniform Accounting Policies for transactions, in similar circumstances and are applied consistently.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiaries

The details of Subsidiaries are as follows:

Company Name	Asia Siyaka Warehousing (Pvt) Ltd	Siyaka Produce Brokers (Pvt) Ltd
Nature of Operations	The principal activities and the nature of operations are to carry on business of providing warehousing facilities for clients of parent and other selected third parties.	The principal activities and the nature of operations are to carry on business of Rubber Brokers, Auctioneers, Appraisers, Valuers, Commission Agents and General Agents. On 18 April 2017, the Company transferred its Rubber Brokering Licence to Asia Siyaka Commodities PLC its parent company and since then the Company has not carried out any business activity.
Year of Ownership/ Incorporation	18.01.1999	15.02.2008
Ownership Percentage	100%	100%

2.4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements of the Group require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revaluation of Property, Plant and Equipment

The Group measures buildings in leasehold lands and storage system at revalued amounts where changes in fair value being recognised in the statement of other comprehensive income. The Group engages independent, qualified valuation specialists to determine fair value. Such valuer uses assumptions and valuation techniques to determine the fair value. Please refer Note 3 for Revaluation of Property, Plant and Equipment.

(ii) Impairment of Non- Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its Value In Use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(iii) Retirement Benefit Obligation

The employee benefit liability of the Group is based on the actuarial valuation carried out by independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates, salary increment rate, staff turnover rate, mortality rate and, retirement age. The complexity of the valuation, the underlying assumptions and its long term nature, the retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 15.4

2.5 Summary of Significant Accounting Policies**2.5.1 Comparative Information**

The accounting policies have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.5.2 Foreign Currency Translation

The financial statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising from settlement or translation of monetary items are taken to the statement of profit or loss and other comprehensive income. 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.

2.5.3 Taxation

(a) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized under other comprehensive income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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.

2.5.4 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.

2.5.5 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. The cost incurred in bringing its inventories to present location and condition is accounted at purchase cost on weighted average basis.

2.5.6 Current versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current or non-current classification. An asset is current when it is:

- ⊙ Expected to be realized or intended to be sold or consumed in normal operating cycle
- ⊙ Held primarily for the purpose of trading
- ⊙ Expected to be realised within twelve months after the reporting period

or

- ⊙ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- ⊙ It is expected to be settled in normal operating cycle
- ⊙ It is held primarily for the purpose of trading
- ⊙ It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5.7 Fair Value Measurement

The Group measures financial instruments such as quoted investments under available-for-sale financial assets, and non-financial assets such as buildings on leasehold land and storage systems, at fair value. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

Disclosures for valuation methods, significant estimates and assumptions in Note 3.10

Quantitative disclosures of fair value measurement hierarchy in Note 3.10

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that

are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (un-adjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, such as buildings on lease hold lands, storage systems and available for sale financial assets, and for non-recurring measurement. External valuers are involved for valuation of significant assets, such as buildings on lease hold lands, storage systems and investment properties. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

2.5.8 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 and capitalised borrowing

cost. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation and impairment losses thereon. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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 over the estimated economic life of such assets.

The estimated useful life of assets is as follows:

Assets	Years
Buildings on Leasehold Land	Lower of 30 years or Lease Term
Furniture and Fittings	6.67
Storage System	15
Office Equipment	4-6.67
Computer Equipment	5
Motor Vehicle	4

The residual values, useful lives and depreciation method are reviewed at each

reporting date and adjust prospectively when appropriate.

(d) Revaluation

Buildings on leasehold land and storage systems are measured at fair value less accumulated depreciation 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 revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Cost of repairs and maintenance are charged to the statement of profit or loss and other comprehensive 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 profit or loss and other comprehensive income in the year the asset is derecognised.

2.5.9 Operating Leases

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

2.5.10 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.

2.5.11 Intangible Assets

2.5.11.1 Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

2.5.11.2 Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against statement of profit or loss and other comprehensive income in the year in which the expenditure is incurred.

2.5.11.3 Useful Economic Lives, Amortization and Impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end and such changes are treated as accounting estimate changes. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income. Intangible assets with indefinite useful lives are not amortized but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life

assessment from indefinite to finite is made on a prospective basis.

The estimated useful life of assets is as follows:

Asset	Years
Software	2

2.5.11.4 Disposal Gains and Losses

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

2.5.11.5 Business Combination and Goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in the statement of profit or loss and other comprehensive income.

2.5.12 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, loans & advances, short term investments and cash and bank balances.

b) Subsequent Measurement

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

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 profit or loss and other comprehensive income.

c) De-recognition

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 financial 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.

Specifically for loans and advances to tea clients, impairment is assessed for the Group's aggregate exposure to each client considering macroeconomic challenges faced by tea sellers and management's experience and business understanding. For loans where objective evidence of impairment exists, a discounted cash flow (DCF) model is used for determining the impairment loss. Within the DCF model, in determining the amount and timing of the expected future cash flows, management considers historical payment patterns and past events of default.

Financial Assets Carried at Amortized 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 profit or loss and other comprehensive 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 profit or loss and other comprehensive 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 profit or loss and other comprehensive income.

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 and loans and borrowings.

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 profit or loss and other comprehensive 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 profit or loss and other comprehensive income.

g) De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive 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

2.5.13 Trade and Other Receivables

Trade debtors, including amounts owing by subsidiaries, 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 policies for this category of financial assets are stated in Note 2.5.12 above.

2.5.14 Cash and Cash Equivalents

Cash and cash equivalents are cash at bank and in hand, demand 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.

2.5.15 Provisions

Provisions are recognized when the 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 asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive 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.

2.5.16 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, staff turnover rate, future salary increment rate 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 2018, carried out by Messrs. Actuarial and

Management Consultants (Pvt) Ltd, actuaries.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans-

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

The Group contributes 12% of gross emoluments of the employees to Employees' Provident Fund, Estate Supplier's Provident Society, Ceylon Planters' Provident Society and 3% of gross emoluments of the employees to Employees' Trust Fund.

2.5.17 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) 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 dispatch of the goods.

c) 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.

Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

d) Others

Other income is recognised on accrual basis.

2.5.18 Segment Information

2.5.18.1 Reporting segments

The group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risk and return are similar. The primary segments represent this business structure. Since the individual segments are located close to each other and operate in the same industry environment, catering to clientele from the same geographical location, the need for geographical segmentation does not arise.

2.5.18.2 Segment information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the group. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Board of Directors. The Board of Directors 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 which in certain respects, as explained in the operating segments information, is measured differently from operating profit or loss in the consolidated financial statements.

2.6 Standards Issued but Not Yet Effective

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

SLFRS 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

SLFRS 16 Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 evaluating the substance of Transactions Invoicing the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 Revenue from Contracts with customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019.

Pending the completion of the detailed impact analysis, possible impact from SLFRS 9, SLFRS 15 and SLFRS 16 are not reasonably estimable as of the reporting date.

IFRIC 23

IFRIC Interpretation 23 "Uncertainty over Income Tax Treatment"

This interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Sri Lanka Accounting Standard - LKAS 12 "Income tax" and does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- ⊙ Whether an entity considers uncertain tax treatments separately
- ⊙ The assumptions an entity makes about the examination of tax treatments by taxation authorities
- ⊙ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- ⊙ How an entity considers changes in facts and circumstances an entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1st January 2019, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

3. Property, Plant and Equipment

Group

	Balance As at 01.04.2017 Rs.	Additions Rs.	Adjustments Rs.	Transfers/ Disposals Rs.	Balance As at 31.03.2018 Rs.
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3.1 Gross Carrying Amounts

At Cost /Valuation

Buildings	673,254,190	8,176,742	-	-	681,430,932
Furniture and Fittings	40,701,364	2,164,306	-	-	42,865,670
Office Equipment	153,977,992	9,452,837	-	-	163,430,829
Storage System	105,585,766	2,000,000	-	-	107,585,766
Computer and Accessories	13,006,562	1,669,091	800,750	(1,015,746)	14,460,657
Motor Vehicle	24,305,205	15,600,000	-	(12,410,714)	27,494,491
	1,010,831,079	39,062,976	800,750	(13,426,460)	1,037,268,345

Assets on Finance Leases

Land Development Cost	24,954,082	18,383,730	-	-	43,337,812
	24,954,082	18,383,730	-	-	43,337,812
Total Value of Depreciable Assets	1,035,785,161	57,446,706	800,750	(13,426,460)	1,080,606,157

3.2 In the Course of Construction

Capital Work In Progress	18,340,450	9,319,263	-	(27,659,713)	-
	18,340,450	9,319,263	-	(27,659,713)	-

	Balance As at 01.04.2017 Rs.	Charge for the year Rs.	Adjustments Rs.	Transfers/ Disposals Rs.	Balance As at 31.03.2018 Rs.
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3.3 Depreciation

At Cost /Valuation

Buildings	8,587,073	23,114,539	-	-	31,701,612
Furniture and Fittings	12,764,023	5,396,495	-	-	18,160,518
Office Equipment	83,243,095	13,583,057	-	-	96,826,152
Storage System	4,079,293	7,272,381	-	-	11,351,674
Computer and Accessories	8,105,976	1,656,393	800,750	(1,005,848)	9,557,271
Motor Vehicle	20,713,207	3,399,439	-	(12,410,714)	11,701,932
	137,492,667	54,422,302	800,750	(13,416,562)	179,299,158

Assets on Finance Leases

Land Development Cost	5,373,685	1,234,394	-	-	6,608,079
	5,373,685	1,234,394	-	-	6,608,079
	142,866,353	55,656,696	800,750	(13,416,562)	185,907,236

3. Property, Plant and Equipment (Contd.)**Group**

	2018 Rs.	2017 Rs.
3.4 Net Book Values		
At Cost /Valuation		
Buildings	649,729,320	664,667,116
Furniture and Fittings	24,705,152	27,937,342
Office Equipment	66,604,677	70,734,898
Storage System	96,234,092	101,506,473
Computer and Accessories	4,903,386	4,900,586
Motor Vehicle	15,792,559	3,591,998
	857,969,186	873,338,413
Assets on Finance Leases		
Land Development Cost	36,729,733	19,580,395
	36,729,733	19,580,395
In the Course of Construction		
Capital Work In Progress	-	18,340,450
	-	18,340,450
Total Carrying Amount of Property, Plant and Equipment	894,698,919	911,259,258

3.5 During the financial period, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 39,106,256/- (2017 - Rs. 751,659,799/-) cash payment amounting to Rs. 39,106,256/- (2017 - Rs. 212,373,904/-).

3.6 Property, Plant and Equipment includes fully depreciated assets still in use having a gross carrying amount of Rs. 81,054,759/- (2017 - Rs. 88,962,327/-).

3.7 Capital Work in Progress

Asia Siyaka Warehousing (Pvt) Ltd commenced construction of the new warehouse facility in May 2015. The Work-In-Progress capitalized during the year amounted to Rs. 27,659,713/- (2017 - Rs. 542,062,305/-).

3.8 Non-Financial Assets Fair Value Hierarchy

As at 31 March

Assets Measured at Fair Value	Valuation Date	Fair value measurement using		
		Quoted Prices in active market (level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Buildings on Leasehold Land	31/3/2017	-	-	297,400,000
Storage System	31/3/2017	-	-	24,000,000

3.9 In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also the valuers have made reference to market evidence of the transaction prices for similar properties, with appropriate adjustments for the size and location.

The fair value of the Company's Buildings on Leasehold Land and Storage System were determined by means of a revaluation during the financial year 2016/2017 by Mr. A.R. Ajith Fernando, an independent valuer based on depreciated replacement cost. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 31 March 2017. The surplus arising from the revaluation was transferred to a revaluation reserve.

There have been no transfers between Level 1 and Level 2 during the year.

3.10 Details of Group's Building on Leasehold Lands and Storage System stated at Valuation are indicated below;

Non Financial Assets	Valuation Technique	Property Valuer	Significant Unobservable Inputs	Estimates for Unobservable Inputs	Level of Fair Value Hierarchy	Sensitivity of Fair Value to Unobservable Inputs
Buildings on Leasehold Land	Depreciated Replacement Cost	A.R. Ajith Fernando MRICS Chartered Valuation Surveyor	Price per Sq.ft	Rs. 2,700/- to Rs. 3,800/- per Sq.ft @ Dep. Rate of 3.33%	Level - 03	Positively Correlated Sensitivity
Storage System	Depreciated Replacement Cost	A.R. Ajith Fernando MRICS Chartered Valuation Surveyor	Pallet Locations	Rs. 1,750/- per Pallet Location @ Dep. Rate of 6.67%	Level - 03	Positively Correlated Sensitivity

3.11 The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost	Cumulative Depreciation if Assets were carried at cost	Net Carrying Amount 2018	Net Carrying Amount 2017
Buildings on Leasehold Land	121,618,282	62,494,971	59,123,310	63,177,252
Storage System	9,446,992	9,446,992	-	-
	131,065,274	71,941,963	59,123,310	63,177,252

3.12 Gross Carrying Amounts

Company	Balance As at 01.04.2017 Rs.	Additions Rs.	Adjustments Rs.	Transfers/ Disposals Rs.	Balance As at 31.03.2018 Rs.
At Cost					
Furniture and Fittings	15,216,198	652,334	-	-	15,868,532
Office Equipment	9,638,892	497,103	-	-	10,135,995
Computer and Accessories	9,414,538	1,373,074	800,750	(1,015,746)	10,572,616
Motor Vehicle	1,782,558	-	-	-	1,782,558
Total Value of Depreciable Assets	36,052,186	2,522,511	800,750	(1,015,746)	38,359,701

3. Property, Plant and Equipment (Contd.)

	Balance As at 01.04.2017 Rs.	Charge for the year Rs.	Adjustments Rs.	Transfers/ Disposals Rs.	Balance As at 31.03.2018 Rs.
3.13 Depreciation					
At Cost					
Furniture and Fittings	10,100,388	1,496,664	-	-	11,597,052
Office Equipment	8,490,453	427,435	-	-	8,917,888
Computer and Accessories	7,498,405	948,403	800,750	(1,005,848)	8,241,710
Motor Vehicle	697,579	242,420	-	-	939,999
Total Depreciation	26,786,825	3,114,922	800,750	(1,005,848)	29,696,649
				2018 Rs.	2017 Rs.

3.14 Net Book Values

At Cost		
Furniture and Fittings	4,271,479	5,115,810
Office Equipment	1,218,107	1,148,439
Computer and Accessories	2,330,906	1,916,133
Motor Vehicle	842,559	1,084,979
Total Carrying Amount of Property, Plant and Equipment	8,663,052	9,265,361

3.15 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 2,522,511/- (2017 - Rs.3,321,118/-) cash payment amounting to Rs. 2,672,511/- (2017 - Rs. 6,097,528/-) were made during the period for purchase of Property, Plant and Equipment.

3.16 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 17,138,648/- (2017 - Rs. 12,670,702/-)

	Computer Software 2018 Rs.	Group/ Company Capital Advance 2018 Rs.	Total 2018 Rs.
4. Intangible Assets			
Cost			
Balance as at the Beginning of the year	11,326,095	1,122,000	12,448,095
Additions/Transfer	1,122,000	(1,122,000)	-
Balance as at the End of the year	12,448,095	-	12,448,095
Amortization			
Balance as at the Beginning of the year	9,701,830	-	9,701,830
Charge for the year	1,571,831	-	1,571,831
Balance as at the End of the year	11,273,661	-	11,273,661
Carrying Value	1,174,434	-	1,174,434

4.1 During the financial year, the Company has not acquired any intangible assets (2017 - Rs.2,776,410/-).

4.2 Capital advances include the advance payments to acquire Software Applications. During the year capital advance balance of Rs. 1,122,000 transferred to intangible assets (2017 - nil).

	Group 2018 Rs.	2017 Rs.
5. Lease Rentals Paid in Advance		
Lease Rentals paid in Advance	47,000,000	47,000,000
Accumulated Amortization	(17,625,000)	(16,685,000)
Lease Rentals paid in Advance net of Amortization	29,375,000	30,315,000
5.1 Summary		
At the Beginning of the year	30,315,000	31,255,000
Amortization for the year	(940,000)	(940,000)
At the End of the year	29,375,000	30,315,000
5.2 Amortization of Lease Rentals Paid in Advance		
Total Current		
To be Amortized within One year	(940,000)	(940,000)
Total Non - Current		
To be Amortized from Two to Five years	(3,760,000)	(3,760,000)
To be Amortized after Five years	(24,675,000)	(25,615,000)
	(28,435,000)	(29,375,000)

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/-.

	Company 2018 Rs.	2017 Rs.
6. Investments		
Investment in Subsidiaries (6.1)	190,521,681	197,387,635
	190,521,681	197,387,635
6.1 Non-Current Investments		
Investment in Subsidiaries		
Asia Siyaka Warehousing (Pvt) Ltd	190,250,000	190,250,000
Siyaka Produce Brokers (Pvt) Ltd	271,681	7,137,635
	190,521,681	197,387,635
	Holding %	
	2018	2017
Asia Siyaka Warehousing (Pvt) Ltd	100%	100%
Siyaka Produce Brokers (Pvt) Ltd	100%	100%

- 6.2 The Company currently holds 100% ownership of Siyaka Produce Brokers (Pvt) Ltd (the Subsidiary), which transferred its Rubber Broking License to Asia Siyaka Commodities PLC on 18 April 2017. Due to such transfer the Subsidiary lost its revenue generation from rubber broking which was the main revenue source. During the year the Subsidiary declared a dividend of Rs. 9,500,000/-. Further a provision for impairment of Rs. 6,865,954/- is made due to the drop in net assets at the reporting date. The Board of Directors intends to close down the Subsidiary in the impending future.

	Acre. of Land		Group / Company	
	2018	2017	2018	2017
	Acre.	Acre.	Rs.	Rs.
Deniyaya Land	5.542	5.542	755,727	755,727

- 7.1 In October 2011, Ministry of Land and Land Development has issued an Extra Ordinary Gazette Notification No 1518/7 -2007, acknowledging that part of the land classified as Investment Property will be acquired by the Government for public use.
- 7.2 During the year, the Kolonna Divisional Secretariat acquired a land extent of 38.458 acres for a consideration of Rs. 17,649,975/-. The portion of land which remained with the Company of 5.542 acres reflected at the proportionate cost as Investment Property.
- 7.3 The fair value of Investment Property is deemed to be Rs. 2,543,454/-, which is based on the price determined by Kolonna Divisional Secretariat and Valuation Department for acquisition of the adjoining property reflected in Note 12.

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Packing Material	2,307,374	1,934,874	2,307,374	1,934,874
Stationery	136,734	117,879	136,734	117,879
Other Consumables	245,512	220,690	233,462	220,690
	2,689,620	2,273,443	2,677,570	2,273,443

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.

9. Trade Receivables

Trade Receivables - Others	498,205,378	380,668,907	483,803,791	361,501,134
Less: Provision for Impairment of Trade Receivables - Others (9.2)	(9,869,963)	(5,142,092)	(9,740,323)	(4,929,708)
	488,335,415	375,526,815	474,063,468	356,571,426
Trade Receivables - Related Parties (9.1)	5,215,574	2,834,735	-	77,403,806
	493,550,989	378,361,550	474,063,468	433,975,232

	Relationship		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.

9.1 Trade Receivables - Related Parties

Siyaka Produce Brokers (Pvt) Ltd	Subsidiary	-	77,403,806
		-	77,403,806

	Relationship	Group 2018 Rs.	2017 Rs.
Lanka Commodity Brokers Ltd	Ultimate Parent	5,215,574	2,834,735
		5,215,574	2,834,735

9.2 Provision for Impairment of Trade Receivables

As at 31 March 2018, Trade Receivables of an initial value of Rs. 9,740,323/- (2017 - Rs. 4,929,708/-) were impaired in Company and Rs. 9,869,963/- (2017 - Rs. 5,142,092/-) were impaired in the Group and fully provided for. The movement of the Provision for Impairment of Trade Receivables is given below.

	Group 2018 Rs.	Company 2018 Rs.
Balance at the beginning of the year	(5,142,092)	(4,929,708)
Amount charged during the year	(5,423,070)	(5,505,814)
Bad debts written off	695,199	695,199
Balance at the end of the year	(9,869,963)	(9,740,323)

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:

	2018			2017		
	Total Rs.	Neither past due nor Impaired Rs.	Past due but not Impaired 8-120 days Rs.	Total Rs.	Neither past due nor Impaired Rs.	Past due but not Impaired 8-120 days Rs.
Company						
Trade Receivables - Others	474,063,468	429,556,703	44,506,765	356,571,426	344,715,280	11,856,146
Trade Receivables - Related Parties	-	-	-	77,403,806	77,403,806	-
	474,063,468	429,556,703	44,506,765	433,975,232	422,119,086	11,856,146
Group						
Trade Receivables - Others	493,550,989	435,589,097	57,961,892	378,361,550	362,506,416	15,855,134
	493,550,989	435,589,097	57,961,892	378,361,550	362,506,416	15,855,134

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.

10. Loans and Advances

Short Term Loans to Tea Clients	217,338,953	273,695,769	217,338,953	269,095,769
Advances to Tea Clients	679,178,638	769,551,417	679,178,638	769,551,417
Less : Provision for Impairment of Loans and Advances to Tea Clients (10.1)	(147,158,909)	(75,126,625)	(147,158,909)	(75,126,625)
Loans and Advances to Rubber and Spice Clients	16,066,060	85,346,752	16,066,060	4,600,000
	765,424,742	1,053,467,313	765,424,742	968,120,561

10.1 Provision for Impairment of Loans and Advances

	Group/Company	
	2018	2017
	Rs.	Rs.
Balance at the Beginning of the year	(75,126,625)	(41,691,412)
Impairment Provision for the year	(72,032,284)	(33,435,213)
Balance at the End of the year	(147,158,909)	(75,126,625)

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

Company	2018			2017		
	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
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Advances	765,424,742	296,318,985	469,105,757	968,120,561	395,684,005	572,436,556
	765,424,742	296,318,985	469,105,757	968,120,561	395,684,005	572,436,556

Group	2018			2017		
	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
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Advances	765,424,742	296,318,985	469,105,757	1,053,467,313	406,668,811	646,798,502
	765,424,742	296,318,985	469,105,757	1,053,467,313	406,668,811	646,798,502

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.

11. Other Receivables, Prepayments and Advances

Refundable Deposits	1,314,891	1,294,891	1,127,891	1,127,891
Prepayments	5,894,813	5,414,337	4,192,557	3,821,035
Medical Recoverable	1,959,363	493,040	1,959,363	493,040
Capital Advances	5,686,888	2,541,887	-	-
Other Receivable	5,980,948	29,054,544	1,491,390	2,570,996
	20,836,902	38,798,699	8,771,200	8,012,962

Group / Company
2018 2017
Rs. Rs.

12. Asset Held For Sale

Deniyaya Land	-	5,244,273
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12.1 As reflected in Note 07, a portion of land previously classified by the Company as Assets held for sale was acquired by the Government for public use. Kolonna Divisional Secretariat acquired the said property of Acre 38.458 for a consideration of Rs. 17,649,975/-.

13. Cash and Cash Equivalents

	Group		Company	
	2018	2017	2018	2017
Components of Cash and Cash Equivalents	Rs.	Rs.	Rs.	Rs.
Favorable Cash and Cash Equivalent balance				
Cash and Bank balances	175,010,551	208,088,152	174,654,276	201,611,588
	175,010,551	208,088,152	174,654,276	201,611,588
Unfavorable Cash and Cash Equivalent balance				
Bank Overdrafts	(18,072,951)	(9,244,125)	(14,667,294)	(7,341,270)
Total Cash and Cash Equivalent balance for the purpose of Statement of Cash Flows	156,937,600	198,844,027	159,986,982	194,270,318

	2018		2017	
	Number	Rs.	Number	Rs.
14. Stated Capital				
Fully Paid Ordinary Shares	260,000,000	100,000,000	260,000,000	100,000,000

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.

15. Retirement Benefit Obligation**15.1 Retirement Benefits Obligation-Gratuity**

At the Beginning of the Year	38,609,616	30,528,398	33,411,934	25,838,288
Transfer	-	-	272,621	-
Charge for the Year	8,326,232	6,247,911	7,099,237	5,147,669
Actuarial Loss for the year	13,091,573	3,542,927	12,850,249	3,538,939
Benefits Paid	(711,539)	(1,709,620)	(711,539)	(1,112,962)
At the End of the Year	59,315,883	38,609,616	52,922,502	33,411,934

15.2 Retirement Benefit Obligation costs recognized under Administrative Expenses in the Statement of Profit or Loss

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	3,663,107	2,678,327	3,058,543	2,047,075
Interest Cost	4,663,125	3,569,584	4,040,694	3,100,594
	8,326,232	6,247,911	7,099,237	5,147,669

15.3 Messrs. Actuarial & Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit (PUC) method as at 31 March 2018 and 2017. Appropriate and compatible assumptions were used in determining the cost of Retirement Benefits Obligation.

15.4 The Principal Assumptions used are as follows:

	Group		Company	
	2018	2017	2018	2017
Discount Rate per annum	11%	12%	11%	12%
Salary Increment Rate per annum	5% - 8%	5% - 8%	5% - 8%	5% - 8%
Staff Turnover Rate per annum	5% - 10%	6% - 14%	10%	14%
Expected Remaining Service Life years	6.61 - 9.05	4.94 - 8.56	6.61	4.94
Retirement Age years	55 - 60	55 - 60	55 - 60	55 - 60

15.5 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 Retirement Benefit Obligation measurement.

The effect of per unit changes in Discount Rate and Salary Increment Rate on Statement of Other Comprehensive Income and Statement of Financial Position -Retirement Benefit Obligation is as follows.

		2018	
		Group	Company
Increase/(Decrease) in Discount Rate	Increase/(Decrease) in Salary Increment Rate	Effect on Change to Statement of Other Comprehensive Income Rs.	Effect on Change to Statement of Other Comprehensive Income Rs.
		Effect on Retirement Benefit Obligation Rs.	Effect on Retirement Benefit Obligation Rs.
1%	*	(1,981,605)	(1,643,576)
-1%	*	2,155,168	1,780,457
**	1%	2,394,804	1,977,569
**	-1%	(2,231,878)	(1,850,798)

* Salary Increment Rate 5% - 8% for the Company and Group

** Discount Rate 11% for Company and Group

Increase/(Decrease) in Discount Rate	Increase/(Decrease) in Salary Increment Rate	Group		2017 Company	
		Effect on Change to Statement of Other Comprehensive Income Rs.	Effect on Retirement Benefit Obligation Rs.	Effect on Change to Statement of Other Comprehensive Income Rs.	Effect on Retirement Benefit Obligation Rs.
1%	*	(1,327,112)	(1,327,112)	(1,068,038)	(1,068,038)
-1%	*	1,484,143	1,484,143	1,198,617	1,198,617
**	1%	1,634,108	1,634,108	1,310,704	1,310,704
**	-1%	(1,532,103)	(1,532,103)	(1,234,906)	(1,234,906)

* Salary Increment Rate 5% - 8% for the Company and Group

** Discount Rate 12% for Company and Group

16. Interest Bearing Borrowings

Bank	Amount	Interest Rate	Maturity	2018 Rs.	2017 Rs.
Bank					
Commercial Bank	Rs. 450 Mn	AWPLR + 1.5% p.a	March 2024	396,428,573	450,000,000
				396,428,573	450,000,000

	Amount repayable within 1 year Rs.	Amount repayable after 1 year Rs.	Total Rs.
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As at 31 March 2018

Bank loans- Commercial Bank	64,285,709	332,142,864	396,428,573
	64,285,709	332,142,864	396,428,573

As at 31 March 2017

Bank loans- Commercial Bank	53,571,429	396,428,571	450,000,000
	53,571,429	396,428,571	450,000,000

	As at 01.04.2017 Rs.	Loans obtained Rs.	Repayment Rs.	As at 31.03.2018 Rs.
Bank loans				
Commercial Bank	450,000,000	-	(53,571,427)	396,428,573
	450,000,000	-	(53,571,427)	396,428,573

Year Ended 31 March 2018

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
17. Trade Payables				
Trade Payables - Others	569,672,535	582,126,501	569,672,539	572,900,968
Trade Payables - Related Parties (17.1)	-	89,730	211,844,716	182,248,132
	569,672,535	582,216,231	781,517,255	755,149,100

		Group		Company	
		2018	2017	2018	2017
		Rs.	Rs.	Rs.	Rs.
17.1 Amount payable to Related Parties					
Asia Siyaka Warehousing (Pvt) Ltd	Subsidiary	-	-	211,844,716	182,158,402
Lanka Commodity Brokers Ltd	Parent	-	89,730	-	89,730
		-	89,730	211,844,716	182,248,132

The amount due to Asia Siyaka Warehousing (Pvt) Ltd is subject to average interest charge at 13.4% (2017: 12.5%)

	Group / Company	
	2018	2017
	Rs.	Rs.
18. Interest Bearing Borrowings On Client Financing		
Short Term Loans and Overdrafts Obtained for Client Financing	553,359,453	779,433,374
	553,359,453	779,433,374

The Group has pledged its assets as security for the Interest Bearing Loans and Borrowings obtained as stated in Note 30

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
19. Gross Revenue				
Brokerage Income	303,629,793	241,965,733	303,293,301	235,458,943
Packing Material Operations	4,835,231	10,761,075	4,835,231	10,761,075
Warehousing Income	218,121,296	162,558,593	-	-
Interest on Loans and Client Advances	220,717,644	161,427,616	219,622,403	146,982,425
Sundry Sales	37,384,678	32,906,140	22,459,372	19,732,949
	784,688,643	609,619,157	550,210,307	412,935,392

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
20. Other Income and Gains				
Dividend Income	-	-	8,550,000	20,717,998
Profit / (Loss) on Sale of Property Plant and Equipment	7,821,187	(1,134,806)	(4,900)	215,569
Security Insurance	1,979,321	1,801,444	1,979,321	1,801,444
Commission Income	-	-	632,667	536,027
Trade Receivables Written back	88,554	1,069,653	88,554	1,069,653
Profit from Sale of Assets Held for Sale	12,405,702	-	12,405,702	-
Others	140,613	52,013	-	-
	22,435,377	1,788,304	23,651,343	24,340,691

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
21. Finance Cost				
Bank Charges	4,516,694	5,845,064	4,464,506	4,767,045
Interest on Overdraft	10,425,710	22,744,954	10,425,710	22,744,954
Interest on Short Term Financing	159,915,313	103,093,812	103,435,254	62,471,159
Interest on Intercompany Payable	-	-	26,685,185	20,942,911
	174,857,717	131,683,830	145,010,654	110,926,069

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
22. Finance Income				
Interest on Savings Accounts	3,118,599	2,153,162	3,118,599	2,038,875
Interest on REPO Investment	3,595,890	-	3,595,890	-
Interest Income on Penalties	1,240,201	1,391,515	1,240,201	1,391,515
Interest Income on Intercompany Receivables	-	-	2,150,667	10,818,217
Other Interest	177,775	124,290	140,680	85,999
	8,132,465	3,668,967	10,246,036	14,334,606

23. Profit Before Tax

	Group		Company	
Stated after Charging	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Employee Benefits including the following	119,402,357	102,787,164	96,209,892	80,516,801
Defined Contribution Plan Costs	14,488,190	12,592,077	11,623,129	9,830,756
Retirement Benefit Obligation - Gratuity	8,326,232	6,247,911	7,099,237	5,147,669
Depreciation and Amortization	58,168,531	47,877,689	4,686,753	6,827,239
External Audit Fees	682,887	537,631	452,035	386,578
Internal Audit Fees	546,565	527,850	316,710	316,710

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.

24. Income Tax Expense**Current Income Tax**

Current Income Tax Charge	33,292,911	18,474,033	27,404,549	10,077,652
Over Provision of Tax Expense in respect of prior years	(7,885,468)	-	(7,705,631)	-
	25,407,444	18,474,033	19,698,918	10,077,652

Deferred Income Tax

Reversal / (Charge) of Deferred Tax (Note 25)	12,639,551	6,445,549	(1,826,282)	(1,163,993)
	38,046,995	24,919,582	17,872,636	8,913,659

24.1 Reconciliation between Accounting Profit and Taxable Income

Accounting Profit (Profit before Taxation)	135,605,046	69,090,323	74,138,629	54,617,982
Dividend Income from Group companies	8,550,000	20,717,998	-	-
Other Consolidation Adjustments	(3,473,097)	2,302,008	-	-
Profit After Adjustments	140,681,949	92,110,329	74,138,629	54,617,982
Non-Deductible Items	113,716,512	65,690,003	51,087,928	15,849,568
Deductible Items	(168,272,397)	(152,318,285)	(37,599,205)	(48,810,540)
Statutory Income from Business	86,126,064	23,898,037	87,627,352	21,657,010
Statutory Loss from Business	(4,894,145)	(14,108,267)	-	-
Taxable Interest Income	36,968,316	35,315,808	10,246,036	14,334,606
Total Statutory Income	127,988,525	73,322,110	97,873,388	35,991,616
Tax Losses Utilized during the Year	(9,085,271)	(7,343,421)	-	-
Total Taxable Income	118,903,254	65,978,689	97,873,388	35,991,616

	Group		Company	
	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.
Statutory Tax Rates				
- Income Tax on Profit from Warehousing Business	10%	10%	-	-
- Income Tax on Profit from Others	28%	28%	28%	28%
Income Tax on Profit at 10%	-	-	-	-
Income Tax on Profit at 28%	33,292,911	18,474,033	27,404,549	10,077,652
Current Income Tax Charge	33,292,911	18,474,033	27,404,549	10,077,652
24.2 Effective Tax Rate	25%	27%	37%	18%

24.3 The new Income Tax Act No. 24 of 2017 was certified on 24th October 2017 and is effective from 01 April 2018. Accordingly, Income tax provisions for the year ended 31st March were made at the rate of 10% for the year of Assessment 2017/18 with deferred tax for the same period computed based on rates applicable post 1st April 2018 at the rate of 28%.

24.4 Deferred tax assets amounting to Rs. 6,701,609/- in respect of the unused tax losses have been recognized as of 31st March 2018 in Asia Siyaka Warehousing (Pvt) Ltd based on recoverability assessed by the management.

25. DEFERRED TAX

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2018	2017	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25.1 Deferred Tax - Group						
Deferred Tax Liability						
Accelerated Depreciation for Tax Purposes	121,788,155	42,659,629	22,284,131	7,722,402	56,844,395	1,129,619
	121,788,155	42,659,629	22,284,131	7,722,402	56,844,395	1,129,619
Deferred Tax Assets						
Defined Benefit Plans	(16,608,448)	(9,999,836)	(2,942,971)	(1,276,853)	(3,665,640)	(991,650)
Unused Tax Losses	(6,701,609)	-	(6,701,609)	-	-	-
	(23,310,057)	(9,999,836)	(9,644,581)	(1,276,853)	(3,665,640)	(991,650)
Deferred Income Tax Charge			12,639,551	6,445,549	53,178,755	137,969
Net Deferred Tax Liability	98,478,098	32,659,793				

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
25.2 Deferred Tax - Company						
Deferred Tax Liability						
Accelerated depreciation for Tax Purposes	1,281,161	1,315,498	(34,337)	38,669	-	-
Deferred Tax Assets						
Defined Benefit Plans	(14,818,301)	(9,428,286)	(1,791,945)	(1,202,662)	(3,598,070)	(990,903)
Deferred Income Tax Charge			(1,826,282)	(1,163,993)	(3,598,070)	(990,903)
Net Deferred Tax Asset	(13,537,140)	(8,112,788)				

26. Earnings Per Share

26.1 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.

26.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
Amount Used as the Numerator:				
Net Profit for the year	97,558,051	44,170,741	56,265,993	45,704,323
Number of Ordinary Shares Used as the Denominator:				
Weighted Average number of Ordinary Shares in issue applicable to Basic Diluted Earnings Per Share	260,000,000	260,000,000	260,000,000	260,000,000
Basic Diluted Earning Per Share	0.38	0.17	0.22	0.18

26.3 There were no potentially Dilutive Ordinary Shares outstanding at any time during the year or previous year.

	Group		Company	
	2018 Rs.	2017 Rs.	2018 Rs.	2017 Rs.
27. Dividend Per Share				
Total Gross Dividends	65,000,000	26,000,000	65,000,000	26,000,000
Number of Shares	260,000,000	260,000,000	260,000,000	260,000,000
Dividend Per Share	0.25	0.10	0.25	0.10
27.1 Dividend Pay Out Ratio	67%	59%	116%	57%

28. Segmental Information

Primary Reporting Format - Business Segments

As at 31 March 2018, the qualifying segments under business segment reporting are as follows;

- Commodity Broking
- Warehousing

The following tables present revenue and profit and certain asset and liability information regarding the Group's Business 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue								
Sales to External Customers	566,567,346	447,060,564	218,121,296	162,558,593	-	-	784,688,643	609,619,157
Total Revenue	566,567,346	447,060,564	218,121,296	162,558,593	-	-	784,688,643	609,619,157
Results								
Finance Costs	(147,163,136)	(120,931,916)	(56,530,433)	(42,513,042)	28,835,852	31,761,128	(174,857,717)	(131,683,830)
Finance Income	11,010,399	14,334,606	25,957,917	21,095,489	(28,835,852)	(31,761,128)	8,132,465	3,668,967
Depreciation & Amortization	(4,697,553)	(6,839,401)	(52,530,978)	(40,098,292)	-	-	(57,228,531)	(46,937,693)
Amortization of Leasehold Land	-	-	(940,000)	(940,000)	-	-	(940,000)	(940,000)
Gratuity Expense	(7,111,341)	(5,252,909)	(1,214,891)	(995,002)	-	-	(8,326,232)	(6,247,911)
Profit before Income Tax	73,471,637	57,861,205	63,817,455	31,947,116	(1,684,046)	(20,717,998)	135,605,046	69,090,323
Assets and Liabilities								
Segment Assets	1,665,977,760	1,873,715,209	1,158,908,066	1,160,308,777	(392,593,482)	(369,260,386)	2,432,292,344	2,664,763,600
Segment Liabilities	1,417,382,303	1,596,900,023	534,986,734	524,028,937	(202,071,807)	(171,872,751)	1,750,297,229	1,949,056,209

29. Commitments and Contingencies

29.1 Capital Commitments

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

29.2 Contingencies

Asia Siyaka Warehousing (Pvt) Ltd issues Corporate Guarantees to banks on behalf of the parent company, at the reporting date corporate guarantees issued amounted to Rs. 1,450 Mn (2017-Rs. 1,275Mn).

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.

30. Assets Pledged**30.1 Details of Assets Pledged together with the related banking facilities are as follows - Company**

Bank	Nature of Facility	Facility Limit	Interest	Security/Assets pledged
NDB Bank	Overdraft	Rs.75Mn	Variable	Mortgage over book debts of Rs.325Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.325Mn.
	Short term loans	Rs.250Mn	Variable	
DFCC Vardhana Bank	Overdraft	Rs.25 Mn	Variable	Mortgage over book debts for Rs.200Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.200Mn and facility agreement for Rs.25Mn.
	Short term loans	Rs.175 Mn	Variable	
Commercial Bank	Overdraft	Rs.25Mn	Variable	Mortgage over book debts for Rs.225Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.225Mn and facility agreement for Rs.25 Mn.
	Short term loans	Rs.200Mn	Variable	
Hatton National Bank	Overdraft	Rs.25Mn	Variable	Corporate Guarantee for Rs.300Mn and Corporate Governance for Rs.25Mn from Asia Siyaka Warehousing (Pvt) Ltd.
	Short term loans	Rs.300Mn	Variable	
Sampath Bank	Overdraft	Rs.200Mn	Variable	Mortgage over book debts of Rs.200Mn and Corporate Guarantee for Rs.200Mn from Asia Siyaka Warehousing (Pvt) Ltd.
Bank of Ceylon	Overdraft	Rs.20Mn	Variable	Against the Fixed deposit in Bank of Ceylon of Rs. 24Mn

30.2 Details of Assets Pledged together with the related banking facilities are as follows - Subsidiary

Bank	Nature of Facility	Amount	Interest	Security/Assets pledged
Commercial Bank	Long Term Loan	Rs. 450 Mn	AWPLR + 1.5% p.a	Mortgage the leasehold rights of the Muthurajawela land

31. 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.

32. Related Party Disclosures**32.1 Details of significant related party disclosures are as follows**

Nature of Relationship	Lanka Commodity Brokers Ltd Rs. Parent	Asia Siyaka Warehousing (Pvt) Ltd Rs. Subsidiary	Siyaka Produce Brokers (Pvt) Ltd Rs. Subsidiary	Total Rs.
Nature of Transaction				
As at 01 April 2017	(89,730)	(182,158,402)	77,403,806	(104,844,326)
Sale of Goods and Rendering of Services	-	(146,374,007)	1,386,304	(144,987,703)
Funds Received/ (Transferred)	89,730	98,214,590	(79,593,629)	18,710,691
Expenses incurred	-	18,473,103	803,519	19,276,622
As at 31 March 2018	-	(211,844,716)	-	(211,844,716)

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and subject to an average interest rate of 13.4% per annum except for balances from parent. The guarantees received from Asia Siyaka Warehousing (Pvt) Ltd amounted to Rs. 1,450 Mn (2017-Rs. 1,275Mn). For the Year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017 - Nil). This assessment is undertaken in each financial year by examining the financial position of the related party and the market in which the related party operates.

32.2 Transactions with Key Management Personnel (KMP) 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.

	2018 Rs.	2017 Rs.
Salaries and Other Short Term Benefits	91,465,689	69,420,368
	91,465,689	69,420,368

32.3 Following Directors are also Directors of the Related Entities

- Mr. S.T. Gunatilleke who is a Director of the Company is also the Chairman of Lanka Commodity Brokers Ltd.
- Mr. A.C. Cooke, Mr. D.J. Wedande and Mr. S. G. Amarasuriya 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. Y. Kuruneru and Dr. I.A. Ismail who are Directors of the Company are also Directors of Asia Siyaka Warehousing (Pvt) Ltd. which is a fully owned subsidiaries of the Company.
- Mr. S.G. Amarasuriya and Mr. J.N. Dambawinne who are Directors of the Company are also Directors of Lanka Commodity Brokers Ltd
- Mr. H. R. V. Caldera who is a Director of the Company is also the Proprietor of VC Associates which provides consultancy services to the company. During the year the Company paid Rs. 5,526,012/- as consultancy fees to VC Associates.

33. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities comprise interest bearing loans and borrowings and 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 summarized 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;

	Change in Basis Points	Group Change in Profit before Tax Rs.	Change in Basis Points	Company Change in Profit before Tax Rs.
2018	100 (1%)	9,497,880	100 (1%)	5,533,595
2017	100 (1%)	11,422,376	100 (1%)	6,922,376

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.

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 analyzed 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 disclosed in Note 9, 10 and 13 respectively.

Liquidity risk

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

Group	2018			
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Total Rs.
Bank loans- Commercial Bank	-	-	64,285,709	64,285,709
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	500,000,000	-	500,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	-	53,359,453	-	53,359,453
Trade Payables	-	569,672,535	-	569,672,535
Bank Overdrafts	18,072,951	-	-	18,072,951
	18,072,951	1,123,031,988	64,285,709	1,205,390,648

Group	2017			
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Total Rs.
Bank loans- Commercial Bank	-	-	53,571,429	53,571,429
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	761,000,000	-	761,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	-	18,433,374	-	18,433,374
Trade Payables	-	582,216,231	-	582,216,231
Bank Overdrafts	9,244,125	-	-	9,244,125
	9,244,125	1,361,649,605	53,571,429	1,424,465,159

Year Ended 31 March 2018

Company	On demand Rs.	2018 Less than 3 months Rs.	Total Rs.
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	500,000,000	500,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	-	53,359,453	53,359,453
Trade Payables	-	781,517,255	781,517,255
Bank Overdrafts	14,667,294	-	14,667,294
	14,667,294	1,334,876,708	1,349,544,002

Company	On demand Rs.	2017 Less than 3 months Rs.	Total Rs.
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	761,000,000	761,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	-	18,433,374	18,433,374
Trade Payables	-	755,149,100	755,149,100
Bank Overdrafts	7,341,270	-	7,341,270
	7,341,270	1,534,582,474	1,541,923,744

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 healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group has long term debt in its capital structure amounting to Rs. 332 Mn (2017- Rs. 396 Mn)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

34. Reclassification of Comparatives

Cash and Cash Equivalents and Interest Bearing Borrowings on Client Financing

Favorable bank balances which was included under Interest Bearing Borrowings on Client Financing has been reclassified under Cash and Cash Equivalents for better presentation purpose.

Impact on Financial Position as at 31st March 2017

	Previously Reported Rs.	Group Impact Adjustment Rs.	Reclassified Amount Rs.	Previously Reported Rs.	Company Impact Adjustment Rs.	Reclassified Amount Rs.
Cash and Cash Equivalents	120,892,407	87,195,745	208,088,152	114,415,843	87,195,745	201,611,588
Interest Bearing Borrowings on Client Financing	692,237,629	87,195,745	779,433,374	692,237,629	87,195,745	779,433,374

SUPPLEMENTARY INFORMATION

Share Prices For The Year

	As at 31/03/2018	As at 31/03/2017
Market price per share		
Highest during the year	Rs. 3.10 (28/09/2017) Rs. 3.10 (03/10/2017)	Rs. 2.90 (19/05/2016)
Lowest during the year	Rs. 2.00 (12/04/2017)	Rs. 1.90 (30/03/2017)
As at end of the year	Rs.2.20	Rs. 2.00

Public Holding

Public Holding percentage as at 31st March 2018 being **34.12%** comprising of **1,427** shareholders.

The float adjusted market capitalization as at 31st March 2018 – Rs. 195,154,786.20

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Directors' & CEO's Shareholding as at 31st March 2018

	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. S G Amarasuriya	Nil	-
Mr. Y Kuruneru	2,499,063	0.961
Mr. B A Hulangamuwa	Nil	-
Mr. S T Gunatilleke	Nil	-
Dr. I A Ismail	Nil	-
Mr. H R V Caldera	Nil	-
Mr. J N Dambawinne	Nil	-
Mr. R C Dissanayake (appointed w.e.f. 13/06/2018)	1,279,808	0.492
Mr. S S Samaranayake (appointed w.e.f. 13/06/2018)	265,734	0.102

Share Distribution

Shareholding as at 31st March 2018

From	To	No of Holders	No of Shares	%
1	1,000	570	171,138	0.07
1,001	10,000	433	1,911,907	0.73
10,001	100,000	319	11,803,114	4.54
100,001	1,000,000	94	28,212,896	10.85
Over	1,000,001	17	217,900,945	83.81
		1,433	260,000,000	100.00

Categories Of Shareholders

Shareholding as at 31st March 2018

	No of Holders	No of Shares	%
Local Individuals	1,366	78,998,033	30.38
Local Institutions	58	177,944,285	68.44
Foreign Individuals	8	2,757,682	1.06
Foreign Institutions	1	300,000	0.12
	1,433	260,000,000	100.00

Major Shareholders Of The Company

No	Name	31 March 2018 No of Shares	%	31 March 2017 No of Shares	%
1	Pan Asia Banking Corporation PLC / Lanka Commodity Brokers Limited	149,148,464	57.365	149,148,464	57.365
2	Chadstone (Pvt) Ltd	11,000,000	4.231	10,000,000	3.846
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. K V Hewavitarne	6,301,026	2.423	2,400,000	0.923
6	Richard Peiris Financial Services (Pvt) Ltd / M A A Karim	6,078,353	2.338	10,055,766	3.868
7	Mr. M A A Karim	4,921,647	1.893	-	-
8	Seylan Bank Plc / Dr. Thirugnanasambandar Senthilvel	4,904,970	1.887	4,904,970	1.887
9	Mr. S D R Arudpragasam	2,500,000	0.962	2,428,300	0.934
10	Mr. Y Kuruneru	2,499,063	0.961	2,499,063	0.961
11	Mr. F N Herft	2,400,000	0.923	2,400,000	0.923
12	Mr. W M K S N D Fernando	2,125,656	0.818	2,125,656	0.818
13	Mr. M C M Zarook	2,120,000	0.815	2,120,000	0.815
14	Mr. D A Edussuriya	2,000,000	0.769	1,900,000	0.731
15	Mr. M H M Nazeer	1,500,000	0.577	1,500,000	0.577
16	Mr. R C Dissanayake	1,279,808	0.492	1,879,808	0.723
17	Mr. N Perera And Mrs N S Perera	1,021,748	0.393	1,021,748	0.393
18	Pan Asia Banking Corporation PLC / Mr S Gobinath	1,000,000	0.385	1,000,000	0.385
19	Mr. B L S Peiris	1,000,000	0.385	1,000,000	0.385
20	Ghazaly Group International (Pvt) Ltd	950,000	0.365	-	-
		220,850,945	84.943	214,483,985	82.496
	Others	39,149,055	15.057	45,516,015	17.504
	Total	260,000,000	100.000	260,000,000	100.000

	Group				Company			
	2017/2018 Rs.	%	2016/2017 Rs.	%	2017/2018 Rs.	%	2016/2017 Rs.	%
Revenue	784,688,643		609,619,157		550,210,307		412,935,392	
Other Income	22,435,377		1,788,304		23,651,343		24,340,693	
	807,124,020		611,407,461		573,861,650		437,276,085	
Cost of materials and services obtained	(233,235,177)		(179,230,452)		(179,578,281)		(118,792,160)	
Value Addition	573,888,843		432,177,009		394,283,369		318,483,925	
Value Allocated to:								
To Employees								
Salaries, wages and other benefits	222,921,189	39	193,243,027	45	182,380,816	46	153,418,177	48
To Providers of funds								
Interest to money lenders	159,915,313	28	125,838,766	29	130,120,439	33	106,159,024	33
To Government								
VAT/NTB on Financial Service	692,710		(5,630,235)		692,710		(5,630,235)	
VAT / NBT / Stamp Duty	8,796,233		7,771,114		4,085,304		4,250,729	
Rates & Taxes	429,373		431,875		5,000		5,000	
Income Tax	38,046,995		24,919,582		17,872,636		8,913,659	
	47,965,311	8	27,492,336	6	22,655,650	6	7,539,153	2
To Providers of capital								
Dividend paid to share holders	65,000,000	11	26,000,000	6	65,000,000	16	26,000,000	8
To expansion and growth								
Profit retained	32,558,052		18,170,741		(8,734,007)		19,704,325	
Depreciation and Amortization	58,168,529		47,877,688		4,686,753		6,827,239	
Deferred Taxation	(12,639,551)		(6,445,549)		(1,826,282)		(1,163,993)	
	78,087,030	14	59,602,880	14	(5,873,536)	(1)	25,367,571	8
	573,888,843	100	432,177,009	100	394,283,369	100	318,483,925	100

	Group			
	2017/2018	%	2016/2017	%
To Employees	222,921,189	39	193,243,027	45
To Providers of funds	159,915,313	28	125,838,766	29
To Government	47,965,311	8	27,492,336	6
To Providers of capital	65,000,000	11	26,000,000	6
To expansion and growth	78,087,030	14	59,602,880	14
	573,888,843	100	432,177,009	100

2017/2018



To Employees	39%
To Providers of funds	28%
To Government	8%
To Providers of capital	11%
To expansion and growth	14%

2016/2017



To Employees	45%
To Providers of funds	29%
To Government	6%
To Providers of capital	6%
To expansion and growth	14%

Accounting Policies

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

Accrual Basis

Recording revenue & expenses in the period in which they are earned or incurred regardless of whether cash received or disbursed in that period.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Borrowings

Bank loans, overdrafts, obligations and interest bearing liabilities.

Capital Employed

Shareholders' funds plus debt

Cash & Cash Equivalent

Liquid investments with original maturity periods of three months or less.

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 the enterprise.

Current Ratio

Current assets divided by current liabilities.

Debt/Equity Ratio

Debt as a percentage of Shareholder funds

Deferred Taxation

Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

Dividend Payout Ratio

Profit paid out to shareholders as dividends as a percentage of profits made during the year.

Dividends

Distribution of profits to holders of equity investments.

Earnings Per Share

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

GSA

The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage etc.

ISO

International Standards Organization

LEED

Leadership in Energy and Environmental Design

Market Capitalisation

Number of shares in issue at the end of the period multiplied by the market price.

Net Assets

Sum of fixed assets and current assets less total liabilities.

Net Assets Per Share

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

Net Turnover Per Employee

Net Turnover over average number of employees.

NSA

Net Sales Average.

PAT

Profit After Taxation.

PBT

Profit Before Taxation.

Related Parties

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

Return on Equity

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

Revenue Reserve

Reserves considered as being available for distributions and investments or the portion of a business' profits retained by the company for investment in future growth, and are not redistributed to the shareholders through regular or special dividends.

Shareholder Funds

Total of issued and fully paid up capital and reserves.

Staff Turnover Ratio

The ratio of the number of employees that leave a company through attrition, dismissal or resignation during a period to the number of employees on payroll during the same period.

Total Value Added

The difference between revenue and expenses, cost of materials and services purchased from external sources.

Value Addition

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

Value Creation

The performance of actions that increase the worth of goods, services or even a business.

Working Capital

Current Assets exclusive of liquid funds and interest bearing financial receivables less operating liabilities plus non-interest bearing provisions.

NOTICE IS HEREBY GIVEN that the 06th Annual General Meeting of Asia Siyaka Commodities PLC will be held at the Auditorium of The Ceylon Chamber of Commerce No. 50, Navam Mawatha, Colombo 02 on 28th September 2018 at 09.30 a.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 its subsidiaries and the Statement of Accounts for the year ended 31st March 2018 and the Report of the Auditors thereon.
2. To re-elect Mr. B A Hulangamuwa who retires in terms of Article 87(i) of the Articles of Association, as a Director of the Company.
3. To pass the ordinary resolution set out below to appoint Dr. I A Ismail who is 81 years of age, as a Director of the Company;

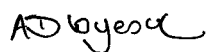
"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Dr. I A Ismail who is 81 years of age and that he be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007."

4. To pass the ordinary resolution set out below to appoint Mr. H R V Caldera who is 73 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 Mr. H R V Caldera who is 73 years of age and that he be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007."

5. To re-elect Mr. R C Dissanayake who retires in terms of Article 94 of the Articles of Association, as a Director of the Company
6. To re-elect Mr. S S Samaranayake who retires in terms of Article 94 of the Articles of Association, as a Director of the Company
7. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
8. To authorise the Directors to determine donations for the year ending 31st March 2019 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

31 August 2018

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).
- 2) A Form of Proxy is enclosed in this Report.
- 3) The completed Form of Proxy should be deposited at the Office of the Company, 1st Floor, "DEUTSCHE HOUSE", No. 320, T B Jayah Mawatha, Colombo 10 not later than 36 hours before the time appointed for the meeting.

[illegible]

*I/We.....holder of NIC / Passport / Business Registration No.
 ..of being a *Shareholder /Shareholders of Asia Siyaka Commodities PLC, do hereby
 appoint holder of NIC / Passport / Business Registration No of
or failing him/her

Dr. S A B Ekanayake	or failing him
Mr. A R Cooke	or failing him
Mr. D J Wedande	or failing him
Mr. S T Gunatilleke	or failing him
Mr. B A Hulangamuwa	or failing him
Mr. S G Amarasuriya	or failing him
Mr. Y Kuruneru	or failing him
Mr. J N Dambawinne	or failing him
Mr. R C Dissanayake	or failing him
Mr. S S Samaranayake	

as *my/our proxy to represent me/us to speak to and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th September 2018 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 re-elect Mr. B A Hulangamuwa as Director in terms of Article 87 (i) of the Articles of Association of the Company.	☐	☐
2 To pass the ordinary resolution set out in the Notice of Meeting under item 3 for the appointment of Dr. I A Ismail.	☐	☐
3 To pass the ordinary resolution set out in the Notice of Meeting under item 4 for the appointment of Mr. H R V Caldera	☐	☐
4. To re-elect Mr. R C Dissanayake who retires in terms of Article 94 of the Articles of Association, as a Director of the Company	☐	☐
5. To re-elect Mr. S S Samaranayake who retires in terms of Article 94 of the Articles of Association, as a Director of the Company	☐	☐
6. To appoint Messrs. Ernst & Young Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.	☐	☐
7. To authorize the Directors to determine donations for the year ending 31st March 2019 and up to the date of the next Annual General Meeting.	☐	☐

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

.....
 Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

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 Company, 1st Floor, "DEUTSCHE HOUSE", No. 320, T B Jayah Mawatha, Colombo 10 not later than 36 hours before the time appointed for the meeting.

Name of the Company

Asia Siyaka Commodities PLC

Company Registration No.

PV3562/PB/PQ

Legal Form

A Public Quoted Company with Limited Liability

Date of Incorporation

The Company was incorporated bearing Company Registration No. PV3562 on February 16, 1998 and was converted to a public limited liability company on March 28, 2012 under Company Registration No. PV3562/PB

The shares were listed in the Colombo Stock Exchange on September 12, 2012 Consequently the name of the Company changed to Asia Siyaka Commodities PLC and the registration number to PV3562PB/PQ

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 & Registered office

1st Floor, "DEUTSCHE HOUSE"

No. 320, T B Jayah Mawatha,

Colombo 10

Telephone : +94 114 600700

Fax: +94 112 678145

E-mail: tea@siyaka.lk

Website: www.asiasiyaka.com

Board of Directors

Dr. S A B Ekanayake	Chairman
Mr. A R Cooke	Managing Director
Mr. D J Wedande	Executive Director
Mr. S G Amarasuriya	Executive Director
Mr. Y Kuruneru	Executive Director
Mr. B A Hulangamuwa	Independent Non-Executive Director
Mr. S T Gunathilake	Non-Executive Director
Dr. I A Ismail	Independent Non-Executive Director
Mr. H R V Caldera	Non-Executive Director
Mr. J N Dambawinne	Non-Executive Director
Mr. R C Dissanayake	Executive Director
Mr. S S Samaranayake	Executive Director

Subsidiary Companies

Asia Siyaka Warehousing (Private) Limited

Siyaka Produce Brokers (Private) Limited

Secretaries

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road,

Colombo 08.

Telephone : +94 114 640360-3

Fax : +94 114 740588

Lawyers

Rohanadeera Associates

Attorneys-at-Law & Notaries Public,

No. 34 1/39, Lawyers' Office Complex,

St. Sebastian Hill,

Colombo 12

Shiranthi Gunawardena Associates

Attorneys-at-Law & Notaries Public,

22/1, Elliot Place, Colombo 08.

External Auditors

Ernst & Young,

Chartered Accountants,

201, De Saram Place,

P.O.Box 101,

Colombo 10.

Internal Auditors

SJMS Associates,

Chartered Accountants

11, Castle Lane,

Colombo 4.

Bankers

Bank of Ceylon

Commercial Bank of Ceylon PLC

DFCC Vardhana Bank PLC

Hatton National Bank PLC

NDB Bank PLC

Peoples Bank

Sampath Bank PLC

Seylan Bank PLC



ASIA SIYAKA COMMODITIES PLC
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