

ASIA SIYAKA COMMODITIES PLC

ANNUAL REPORT 2019/20



ASIA
Siyaka
COMMODITIES P.L.C.

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VISION

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

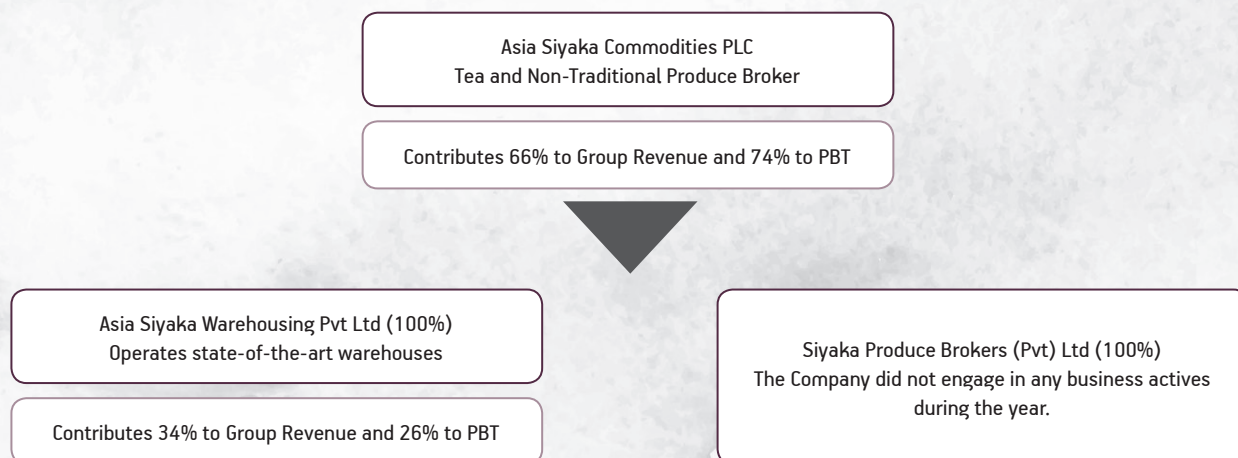
MISSION

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

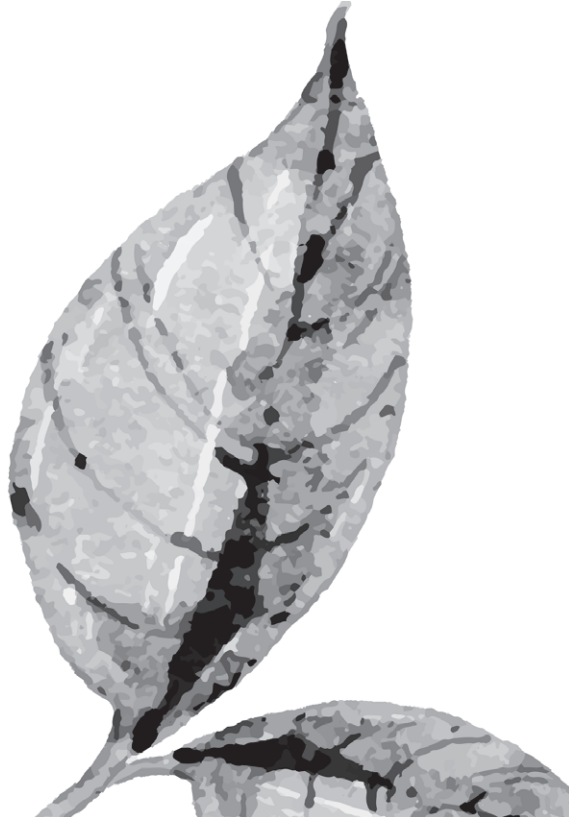
CORE VALUES

- Ethical
- Integrity
- Good Governance

GROUP STRUCTURE



ABOUT THIS REPORT



ABOUT THIS REPORT

Our Annual Report for 2019/20 reflects the unprecedented operating and financial challenges that prevailed in the latter part of the financial year, due to the outbreak of the COVID-19 pandemic. Accordingly, we have sought to produce a concise, yet statutorily compliant Report which provides a high-level overview of the Group's strategy, operating environment and performance during the year. While broadly following the principles of the Integrated Reporting Framework and including the content elements required thereof, we have made efforts to condense the information provided and eliminate superfluous content. The information disclosed has been carefully selected to fulfil the essential information requirements of our stakeholders given the prevalent conditions.

REPORT PROFILE

SCOPE AND BOUNDARY

Scope: Asia Siyaka Commodities PLC ("ASC" or "the Company") and its subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd (collectively referred to as "the Group")

Period: 1st of April 2019 to 31st of March 2020.

Boundary: The financial information presented on pages 76 to 120 of this Report takes a consolidated view, while non-financial information presented throughout the Report represents that of the Company.

STANDARDS AND PRINCIPLES

- Companies Act No. 7 of 2007
- Listing Requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance (2017) issued by the CA Sri Lanka
- IR Framework of the IIRC
- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting and Auditing Standards

REPORTING CONCEPTS

Reliability
Consistency
Connectivity
Comparability
Strategic orientation

MATERIALITY

We have adopted the principle of materiality when selecting and prioritising the content to be included in this Integrated Report. Material matters are defined as those issues which could potentially impact the Group's ability to create value over the short, medium, and long-term. The process for determining material issues is detailed on page 16 of this Report, along with the material.

EXTERNAL ASSURANCE

External assurance on the Financial Statements have been provided by Messrs. Ernst and Young. Due to the operational difficulties in collating information we have not adopted the GRI Framework this year, and therefore have not sought external assurance on our sustainability reporting. The assurance reports on financial reporting is presented on pages 72 to 75.

THE YEAR IN REVIEW

Difficult operating conditions stemming from the external environment rendered it an extremely challenging year for the Group. Revenue was impacted by a drop in tea production as well as the sharp downturn in global prices during the year. Profitability was also impacted by an increase in bad debt provisioning as tea factories grappled with adverse weather conditions and lower prices. Despite these challenges, the Group remained profitable and continued to deliver on its stakeholder commitments.

PERFORMANCE HIGHLIGHTS 2019/20

Performance for the Year ended 31st March		2020	2019	Change %
Revenue	Rs.million	713.24	770.68	(7.45)
Gross Profit	Rs.million	709.84	766.88	(7.44)
Operating Profit	Rs.million	199.08	296.20	(32.79)
Net Finance Cost	Rs.million	149.04	133.25	(11.85)
Profit Before Tax	Rs.million	50.04	162.96	(69.30)
Income Tax Expense	Rs.million	33.18	49.91	33.51
Profit for the period	Rs.million	16.85	113.05	(85.09)
Gross Margin	%	99.52	99.51	0.01
Operating Margin	%	27.91	38.43	(27.38)
Net Profit Margin	%	2.36	14.67	(83.89)
Return on Total Assets	%	0.69	4.03	(82.91)

Position as at the Year ended 31st March

Total Assets	Rs.million	2,448.95	2,806.65	(12.74)
Long-term Interest-Bearing Borrowings	Rs.million	203.57	267.86	(24.00)
Total Equity	Rs.million	866.10	733.04	18.15
Debt/(Debt+Equity)	Times	0.58	0.63	(7.52)
Debt/Total Assets	Times	0.49	0.44	11.17
Current Ratio	Times	1.22	1.18	3.20
Quick Asset Ratio	Times	1.22	1.18	3.05

Market/Shareholder Information as at the Year ended 31st March

Earnings per share	Rs.	0.06	0.43	(85.09)
Net Asset Value per share	Rs.	3.33	2.82	18.15
Market Price per share	Rs.	1.80	1.90	(5.26)
Market Capitalisation	Rs.million	468	494	(5.26)
Price Earnings Ratio	Times	30.00	4.42	578.95
Dividend Payout	%	231	57	302.45
Dividend Yield	%	8	13	(36.67)

Value Added

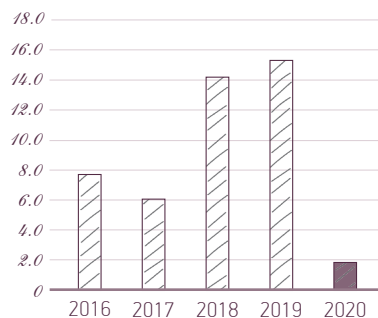
To Government	Rs.million	43.93	63.47	(30.79)
To Employees	Rs.million	235.69	238.67	(1.25)
To Providers of Capital	Rs.million	39.00	65.00	(40.00)
To Providers of Funds	Rs.million	125.39	129.20	(2.94)
Retained for Reinvestment and Future Growth	Rs.million	40.52	114.34	(64.57)
Total Value Added	Rs.million	484.53	610.69	(20.66)

For the year ended 31 March	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.
Operations					
Gross Revenue	565,077,557	609,619,157	784,688,643	770,678,872	713,243,470
Profit Before Taxation	90,248,494	69,090,323	135,605,046	162,959,003	50,036,508
Profit After Taxation	53,859,195	44,170,741	97,558,051	113,052,101	16,854,710
Return on Equity (%)	7.81	6.17	14.30	15.42	1.95
Statement of Financial Position as at 31 March					
Current Assets	1,310,708,249	1,710,627,514	1,483,918,207	1,898,087,295	1,316,556,925
Current Liabilities	1,342,386,992	1,471,358,393	1,237,050,328	1,603,357,985	1,077,691,552
Total Assets	2,096,644,354	2,664,763,600	2,432,292,344	2,806,651,907	2,448,950,369
Total Liabilities	1,406,722,998	1,949,056,209	1,750,297,229	2,073,604,566	1,582,846,693
Net Assets	689,921,356	715,707,391	681,995,115	733,047,341	866,103,676
Per Share					
Number of Shares 260,000,000					
Earnings (Rs.)	0.21	0.17	0.38	0.43	0.06
Net Assets (Rs.)	2.65	2.75	2.62	2.82	3.33

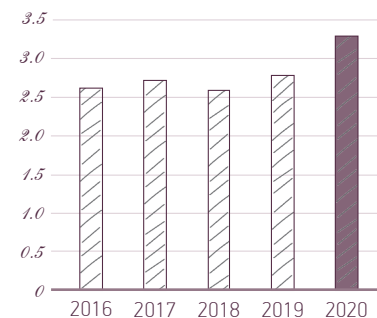
Gross Revenue (Rs. Mn)



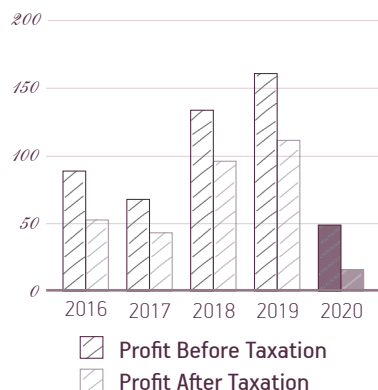
Return on Equity (%)



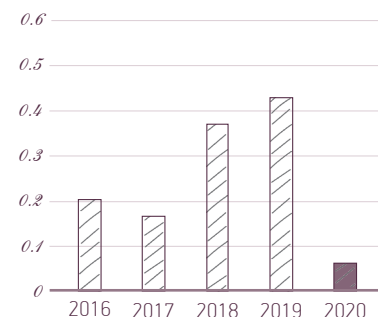
Net Assets Per Share (Rs.)



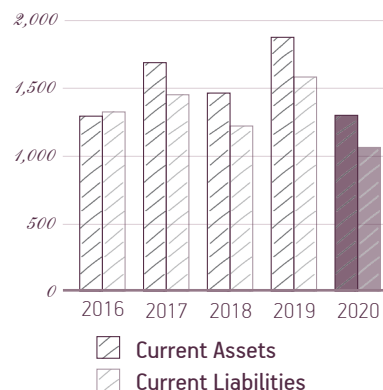
PBT/PAT (Rs. Mn.)



Earnings Per Share (Rs.)



Current Assets/ Liabilities (Rs. Mn.)



OPERATIONAL HIGHLIGHTS 2019/20



HUMAN CAPITAL

113

Employees

Rs.235.69 million

Payments to employees

Rs. 1.13 million

Training investment



MANUFACTURED CAPITAL

Rs. 31.09 million

Capital expenditure

84.37%

Capacity utilisation at warehouse



SOCIAL AND RELATIONSHIP

11

Regional Plantation Companies

85

Private Tea Factories

92,400

Smallholders

Rs.782 million

Financial support to customers



INTELLECTUAL CAPITAL

Significant contribution to industry
thought leadership

LEED Certified Warehouse



CORPORATE GOVERNANCE

2/3

Independent Directors

424 years

Collective experience

10%

Female representation



NATURAL CAPITAL

304,882kWh

Energy consumption

5,787m³

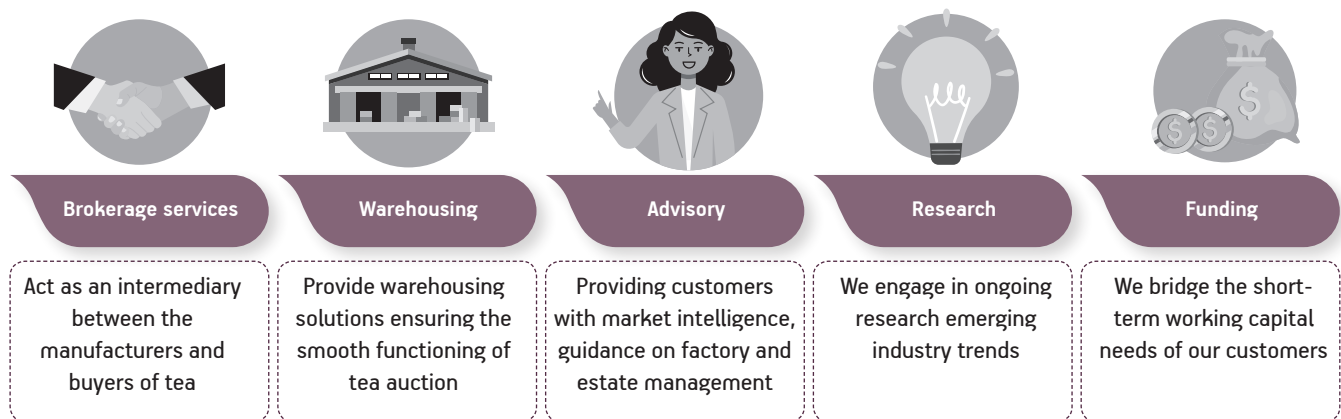
Water consumption

ABOUT US

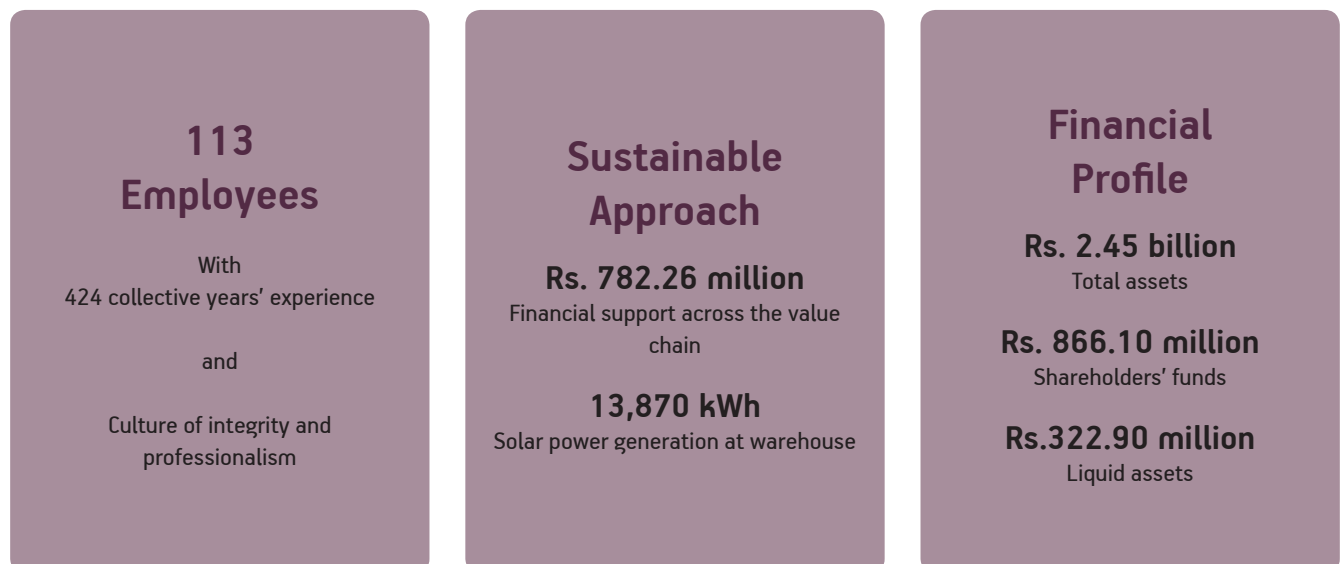
ORGANISATIONAL OVERVIEW

Asia Siyaka is at the forefront of Sri Lanka's tea logistics system, having pioneered several innovative and pragmatic value chain solutions which have transformed the country's tea auction process. The Company handles approximately 15% of the country's total traded tea volumes and has nurtured strong relationships across the entire supply chain, generating shared value across factories, estates and mills, regional plantation companies as well as smallholders, traders, and exporters. Its competitive edge is sharpened by a team of 113 employees, whose insights and domain specific knowledge has contributed towards the advancement of both Asia Siyaka and the industry as a whole.

WHAT WE DO

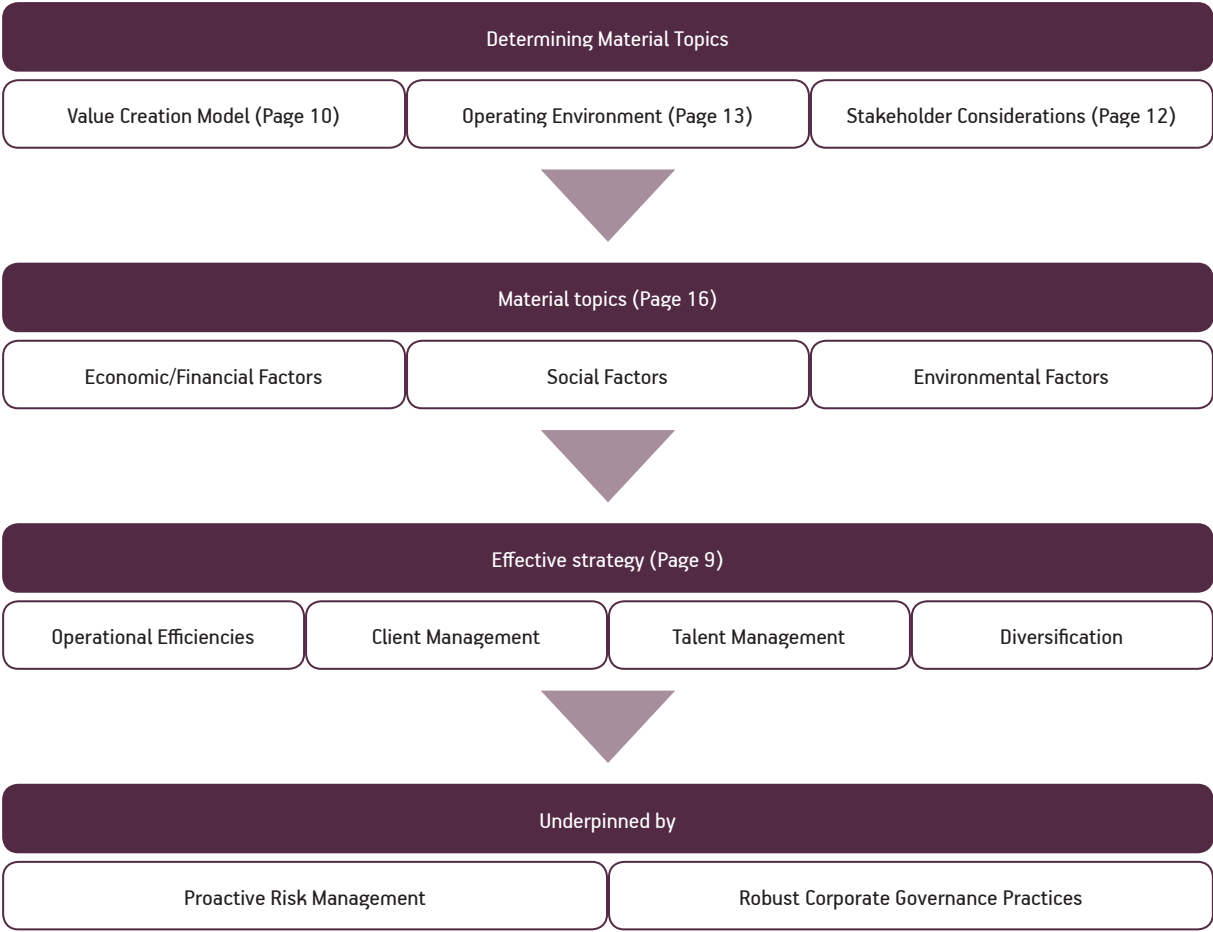


OUR STRENGTHS



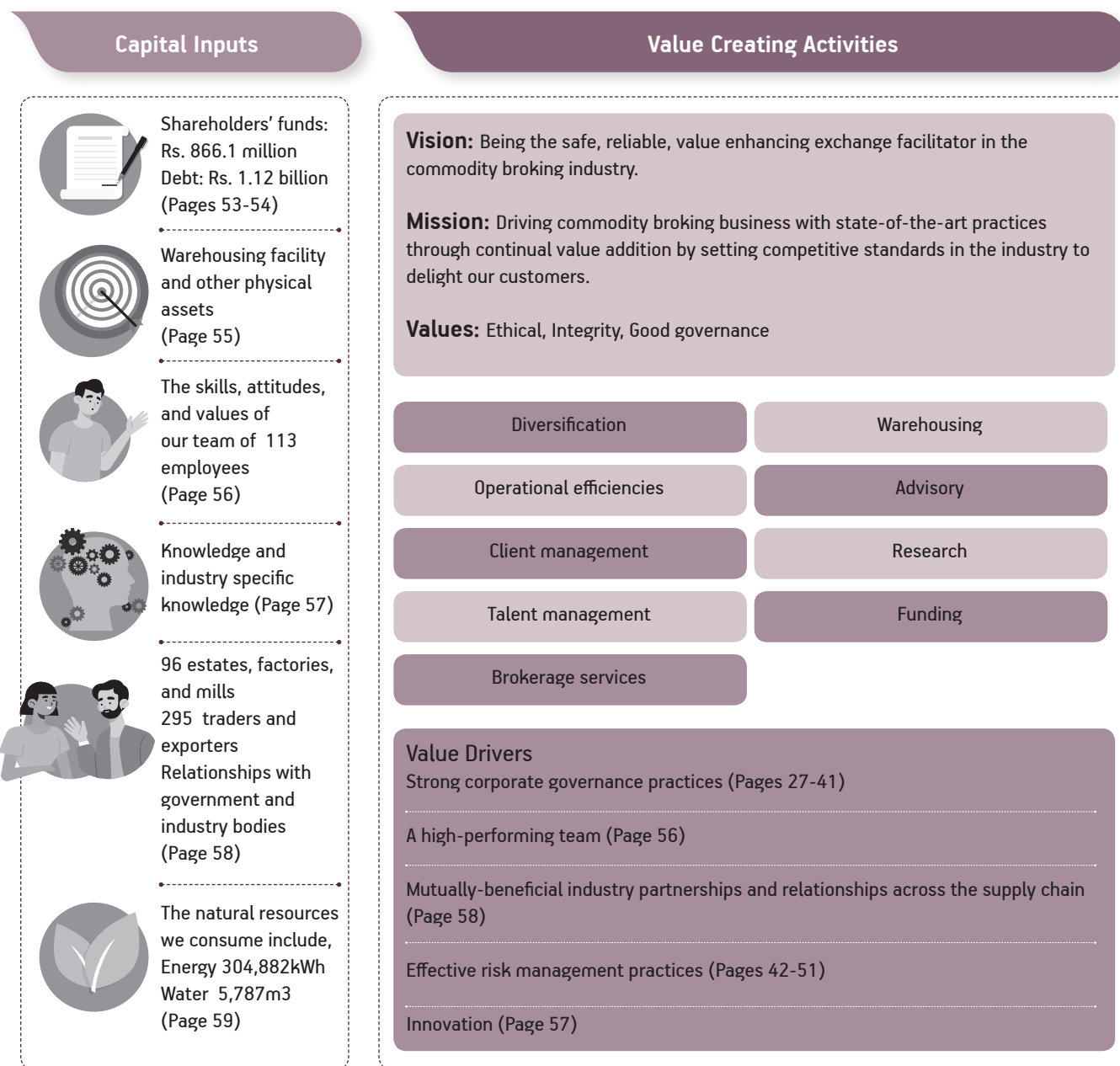
STRATEGY AND MATERIALITY

The content and structure of our Annual Report reflects the Group’s approach to strategy formulation and value creation. As illustrated below, material topics are determined following ongoing assessment of the industry landscape, feedback received from stakeholders as well as our own inherent strengths and weaknesses. These material topics are a key determinant in managing risks and formulating strategy. Our value creation process is also underpinned by robust corporate governance and effective risk management practices.



VALUE CREATION MODEL

The Integrated Reporting Framework defines six capitals which are inputs to any organisation's value creation process; the following is a graphical representation of our business model which demonstrates how we utilise these capital inputs in generating and delivering shared stakeholder value.



Outputs

43Mn Kgs

Tea handled

Rs. 713.24 million

Revenue generated

Rs. 199.08 million

Operating profit

Rs. 50.04 million

Pre-tax profit

Rs. 16.85 million

Profit for the year



Impacts

Shareholders

Engagement is facilitated through regular financial reporting including quarterly results updates and the Annual Report, the Annual General Meeting and press releases.

Employees

We engage with employees through annual performance appraisals, multi-level staff meetings and work-life balance initiatives. We also maintain an open-door policy enabling employees to bring forward their grievances.

Clients

Commodity producers, warehousing clients, and buyers of estate supplies
Customer engagement is facilitated through weekly and quarterly performance reviews, research reports, site visits and one to one engagement.

Buyers

Facilitated through weekly engagement at tea auctions, face-to-face meetings, research reports and site visits.

Industry bodies and associations

Facilitated through regular meetings, industry forums and promotional campaigns

Communities

We engage with our communities through internship and training opportunities, seminars for tea smallholders, site visits as well as donations and other forms of support for schools in estate communities.

Government

Engagement through quarterly performance reviews, representation industry associations, participation in economic and industry forums and contributions to policy making

Impacts

Generation of waste/Discharge of emissions

STAKEHOLDER ENGAGEMENT

Our stakeholders have diverse and often-conflicting interests and concerns and work hard to effectively address these issues through our numerous engagement platforms. In selecting and prioritising stakeholders to engage with, we engage with parties who potentially have the most significant impact on our value creation process and those who are affected most by our activities.

Engagement Platforms

SHAREHOLDERS

Engagement is facilitated through regular financial reporting including quarterly results updates and the Annual Report, the Annual General Meeting and press releases.

EMPLOYEES

We engage with employees through annual performance appraisals, multi-level staff meetings and work-life balance initiatives. We also maintain an open-door policy enabling employees to bring forward their grievances.

CLIENTS: COMMODITY PRODUCERS, WAREHOUSING CLIENTS AND BUYERS OF ESTATE SUPPLIES

Customer engagement is facilitated through weekly and quarterly performance reviews, research reports, site visits and one to one engagement.

BUYERS

Facilitated through weekly engagement at tea auctions, face-to-face meetings, research reports and site visits.

INDUSTRY BODIES AND ASSOCIATIONS

Facilitated through regular meetings, industry forums and promotional campaigns

COMMUNITIES

We engage with our communities through internship and training opportunities, seminars for tea smallholders, site visits as well as donations and other forms of support for schools in estate communities.

GOVERNMENT

Engagement through quarterly performance reviews, representation in industry associations, participation in economic and industry forums and contributions to policy making

Topics of concern

- Adequate financial returns commensurate with the risk undertaken
- Future strategy
- Governance and risk management practices
- Long-term sustainability

- Fair remuneration
- Opportunities for skill and career development
- Dignity of labour
- Work-life balance

- Sustainable demand
- Fair pricing
- Ease of transacting
- Warehousing services
- System efficiencies

- High quality produce
- Transparent and fair pricing
- Ease of transactions
- Efficient logistics

- Engagement to ensure long-term sustainability of industry
- Contribution to policy making and planning

- Internship programs
- Opportunities for skill development
- Employment opportunities
- Community engagement initiatives

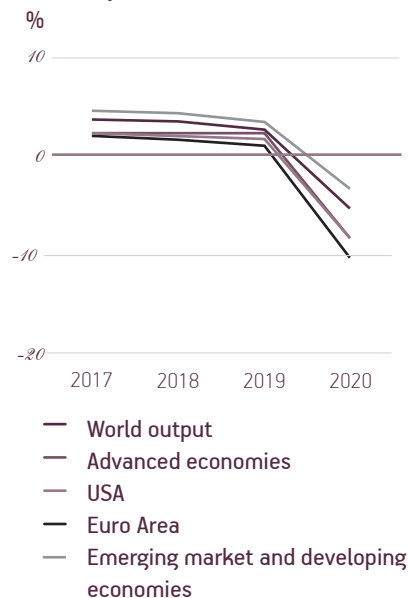
- Compliance to all legal and statutory regulations
- Employment opportunities
- Community engagement initiatives

OPERATING ENVIRONMENT

THE GLOBAL ECONOMY

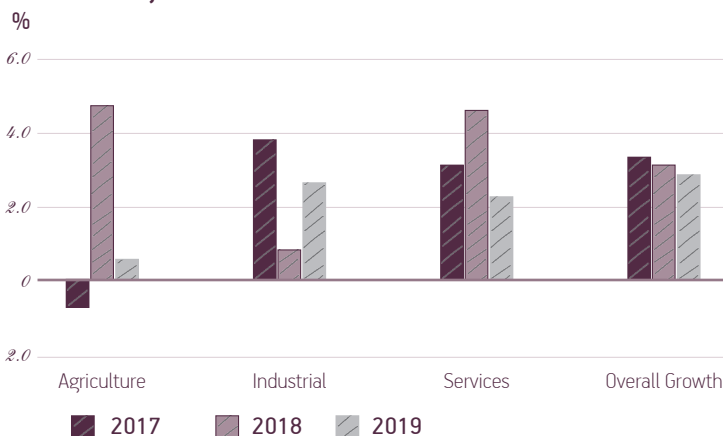
Global growth slowed to 2.9% in 2019 from 3.6% the previous year, reflecting trade tensions between key trading partners, implications of natural disasters and climate change as well as geopolitical stress in certain emerging markets. Economic activity thus remained sluggish in most regions; advanced economies grew by just 1.7% in 2019 due to prolonged uncertainty regarding Brexit as well as weaker industrial activity in the European region. China continued to experience a structural slowdown, while a drop in domestic demand affected growth in India resulting in the growth of emerging markets and developing economies also slowing to 3.7% during the year.

World output



Source: International Monetary Fund

Sri Lanka GDP growth



Source: Central Bank of Sri Lanka

Economic conditions worsened in 2020 as all regions faced unprecedented challenges amidst the outbreak of the COVID-19 pandemic. As nations grappled with containing the spread of the virus, triple shocks on demand, supply and financial systems have had devastating economic consequences around the world. Massive stimulus packages have driven economic activity in developed countries, although emerging economies face drastic challenges with increasing debt, limited trade activity and weak fiscal positions. Accordingly, the IMF anticipates global output to contract in 4.9%, signalling the inevitability of a global recession.

SRI LANKAN ECONOMY

Global issues, coupled with a host of domestic challenges including the April terror attacks led to a moderation in economic growth, with GDP expansion slowing to 2.3% in 2019. Agriculture sector growth slowed to 0.6% primarily due to erratic weather conditions while growth in the Services sector also slowed to 2.3%. The Industries sector growth increased to 2.7% (from 1.2% the previous year) reflecting moderate improvements in mining, quarrying and construction.

Meanwhile the implications of COVID-19 on the Sri Lankan economy have been widespread with the economy contracting by 1.6% during the first quarter of 2020. The consequences of the pandemic on country's such as Sri Lanka is expected to be significant, given the reliance on tourism and exports for foreign currency generation, dependence on micro and SMEs as well as the country's relatively weak fiscal position.

OUTLOOK

Short-term challenges are expected to prevail, stemming from the country's rising debt burden, protracted recovery of the tourism sector as well moderation in consumer spending given impacts on disposable income. However, the medium-to-long term economic outlooks remains promising, given expected policy stability and improved sentiments following the recently concluded General Elections.

Operating Environment Contd.

Tea Industry

It was yet another challenging year for the Sri Lankan tea industry, as adverse weather conditions affected overall production volumes. Dry weather conditions in the first half of the year, followed by heavy rains in the last quarter resulted in production declining by 1.3% to 300.1 million kilogrammes - the third consecutive year of volume decline. High-grown and low-grown tea volumes declined by 3% and 10% respectively while medium-grown tea production increased marginally. Meanwhile the first quarter of 2020 also saw a 28% decline in production volumes as adverse weather, coupled with the outbreak of the pandemic by the end of March impacted activity in the plantation sector.

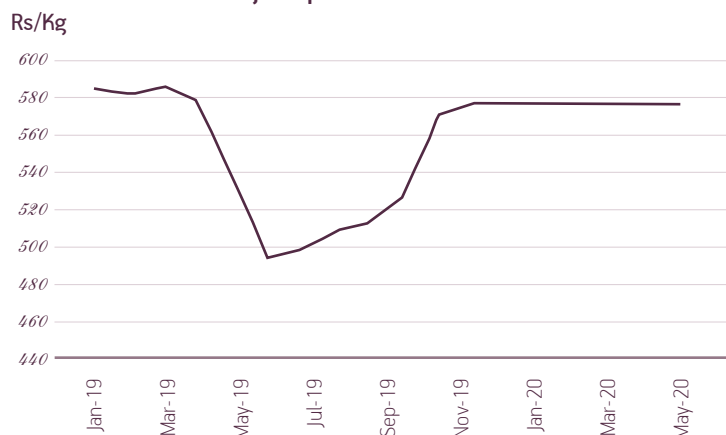
Tea production trends



Source: Central Bank of Sri Lanka

Meanwhile tea prices also recorded a sharp decline in 2019, reflecting weaker global economic conditions, trade tensions and geopolitical stress in key buying markets. Accordingly, the annual average price at the Colombo Tea Auction decreased by 6% to Rs.546.67 per kilogramme. Despite an increase in the volume of tea exports, export earnings generated from tea declined by 5.7% to USD1,346 million in 2019 as the average export price of tea decreased by 9.1% to USD4.60 per/kg. Turkey maintained its position as the leading importer of Sri Lankan tea, both in terms of value and volume while Russia, Iraq, Iran, and Syria were the other major tea export destinations.

Colombo Tea Auction - gross price



Source: Central Bank of Sri Lanka

Tea auctions around the world were suspended following the outbreak of COVID-19; Colombo was the first auction to commence trading as industry stakeholders worked together to successfully transition to a digital auction platform by early April. This marked an important milestone in the evolution of Sri Lanka's tea industry, with the 137-year-old outcry auction system replaced by an online platform. The move also enabled Sri Lankan manufacturers to obtain significantly higher prices for the produce as pent-up demand and inactivity in other regional markets led to higher demand in the ensuing weeks.

Outlook

Tea prices improved by an average of 11% in the first quarter of 2020/21; while prices have normalised following the opening of other regional markets, they are expected to sustain at these levels over the short-to-medium term supported by strong demand conditions. Key downside risks include the rising cost of production, implications of adverse weather patterns and geopolitical tensions in key buying markets.

OPPORTUNITIES AND RISKS

S	W	O	T
➤ Strong reputation and brand name as a leading tea broker in the country ➤ Strong relationships with industry stakeholders ➤ Collective experience of dynamic management team ➤ Diversified revenue streams	➤ High lending exposure to tea factories	➤ Increasing prevalence of tea consumption supported by the anti-viral properties of black tea ➤ Increased demand due to rising consumption in China ➤ Opportunities in value-added teas	➤ Sharp decline in global oil prices and its impact on tea consuming nations ➤ Trade restrictions with key buying markets such as Iran ➤ Geopolitical stress across markets ➤ Implications of climate change ➤ Rising cost of production for manufacturers ➤ Exchange rate volatility ➤ Long drawn implications of COVID-19

DETERMINING MATERIALITY

Material topics are defined as the issues that could potentially have the most impact on the Group's ability to create value. These topics represent matters that are most relevant to both the Organisation and its stakeholders and is an important determinant of strategy and risk management. Our material issues for the year under review are presented below and remained relatively unchanged over the previous year, although a new topic has been added in view of the importance of employee health and safety in the current conditions. Given operational challenges that prevailed in the aftermath of the pandemic, we have not adopted the GRI Standards for sustainability reporting this year, although we hope to recommence reporting on this framework in the coming year.

Material topics	Material topics
Sustainable growth in earnings Driving sustainable growth in earnings is key to fulfilling shareholder needs	Research capabilities Our ability to identify emerging market trends and share such information across our value chain is an important aspect of our competitive edge.
Efficiency Efficient processes are vital in satisfying customer requirements and driving cost optimisation	Supply chain management The effective management of our supply chain is a prerequisite in procuring high quality teas.
Employee health and safety A new topic that was added during the year to reflect the unprecedented challenges of COVID-19	Government policy The Government's monetary and fiscal policy actions have a direct impact on the Group's operations.
Managing our talent pool In a service industry such as ours, attracting, developing, and retaining the right talent is critical for long-term sustainability	Exchange rate fluctuations As tea buyers are primarily exporters, fluctuations in exchange rates have a direct impact on our operations.
Innovation The Group has built a strong reputation for innovative and pragmatic solutions, which is a key source of competitive edge	Geopolitical tensions in buying markets Directly impacts the demand and pricing of tea
Client debt management The Group has built a strong reputation for innovative and pragmatic solutions, which is a key source of competitive edge	Managing our environmental impacts The Group's direct environmental impacts are limited, although given the increasingly pronounced impacts of climate change, we are committed to minimising the environmental impacts of our operations.
Exposure to commodity prices Fluctuations in tea prices have a direct impact on our earnings.	Community engagement Maintaining healthy relationships with the communities we operate in, is vital in preserving our social license to operate ensuring smooth continuity to operations.

STRATEGY

Strategic priorities are determined following interactions with stakeholders, performance reviews and opportunities and challenges in the operating landscape. Our priorities remained relatively unchanged over the previous year, although increased emphasis was placed on the client debt management pillar given an escalation in defaults amidst the challenging operating conditions experienced by tea smallholders and factories.

Client Management	Given adverse weather conditions and weaker tea prices, tea factories and smallholders experienced difficult operating conditions, which in turn impacted their cashflows and financial viability. Resultantly, the Group faced some difficulty in recovering advances it had made to customers which in turn necessitated provisioning.
Diversification	We have placed strategic emphasis on reducing reliance to the tea sector, which is exposed to numerous factors beyond our control including weather, global commodity prices and government policy. We have therefore sought diversification of revenue streams through focusing on our warehouse solutions and other commodities.
Operational efficiencies	The Group continued to drive concerted efforts towards generating cost efficiencies and productivity improvements. This included optimising energy usage, enhancing the IT infrastructure to drive efficiencies and staff training on improving productivity.
Talent management	The Group placed continued emphasis on providing opportunities for skill development through engaging employees in numerous training initiatives. We also maintained a high level of employee engagement facilitated through numerous formal and informal mechanisms.

CHAIRMAN'S MESSAGE

"ASC sought to refine its strategy to best suit emerging challenges, which in turn allowed the Group to remain profitable. The Group generated an earnings per share of Rs. 0.06 while dividend per share amounted to Rs. 0.15 during the year."

Dear Shareholder,
It is my pleasure to welcome you to the Annual General Meeting and present to you the Annual Report of Asia Siyaka Commodities PLC (ASC) for the financial year ending 31st March 2020.

The year under review was one of extraordinary challenges; adverse weather together with weaker global prices adversely impacted the tea industry for most part of the year, while the outbreak of the COVID-19 pandemic to which we closed the year has led to devastating economic and social impacts across the world. Against this backdrop, ASC sought to refine its strategy to best suit emerging challenges, which in turn allowed the Group to remain profitable. The Group generated an earnings per share of Rs. 0.06 while dividend per share amounted to Rs. 0.15 during the year.

CONTEXT TO PERFORMANCE

Global economic growth was moderate at best in 2019, reflecting trade tensions between key trading partners, implications of natural disasters and climate change as well as geopolitical stress in certain markets. Accordingly, world output expanded by just 2.9% compared to

the growth of 3.6% recorded in 2018. Economic activity remained subdued in most regions, including the Middle Eastern and CIS countries - two of Sri Lanka's largest tea export destinations, which were affected by weaker oil prices and geopolitical tensions. Sri Lanka experienced its own challenges, particularly following the Easter Sunday attacks in April 2019. Weaker consumer sentiments coupled with heightened security concerns and political instability, led to a slowdown in economic activity. Sri Lanka's GDP growth thus slowed to 2.3% during the year, with the Agriculture and Services sector slowing to a respective 0.6% and 2.3%. Meanwhile the Industries sector recorded a growth of 2.7% from 1.2% the previous year reflecting moderate improvements in mining, quarrying and construction.

The Sri Lankan tea industry continued to experience persistent challenges, as unfavourable weather, weaker pricing, and rising cost of production impacted industry profitability. Dry weather in the first half of the year, followed by heavy rains in latter months led to production declining by 1.3% to 300.1 million kilogrammes; the first quarter of 2020 also saw production

volumes decreasing by 28%. Tea prices also recorded a sharp decline in 2019 with the annual average price at the Colombo Tea Auction decreasing by 6% to Rs. 546.67 per kilogramme in 2019. These setbacks had a direct impact on industry stakeholders - particularly regional plantation companies and tea factories, which experienced sharp declines in profitability and liquidity stresses. A subsequent increase in prices in recent months, however, have given cause for optimism and we anticipate the industry to post recovery in ensuing months.

IMPLICATIONS OF COVID-19

The economic and human toll of the COVID-19 pandemic has been devastating, with nations still struggling to contain the spread of the virus. Restrictions on mobility, job losses and implications to businesses have been unprecedented and the International Monetary Fund points towards the inevitability of a global recession, with output expected to contract by 4.9% in 2020. Sri Lanka has been largely successful in containing the spread of the virus, thanks to proactive and stringent social distancing measures including early lockdown. However, the economic implications of these measures

are expected to be significant, particularly given the country's reliance on the tourism sector, weak fiscal position, and economic significance of the SME sector.

Despite its widespread implications across industries, the pandemic's impacts on the country's tea industry have been relatively limited. With Agriculture being classified as an essential service, the industry commenced operations relatively quickly. Given the vulnerability of estate communities, stringent health and safety measures were put in place to ensure the health and safety of all employees due to which there were no infections reported from these communities. The suspension of the tea auction for three weeks temporarily impacted industry operations, although proactive measures taken by industry stakeholders to transition to an e-platform enabled rapid recovery. Tea prices recorded improvement in the early months of 2020/21, and we expect prices to sustain at these levels, thereby supporting growth and improvement in profitability.

RESILIENCE AND INNOVATION

Crises sometimes pave way for incredible opportunities, particularly if new ways of thinking and working are adopted. The Sri Lankan tea industry did just that following the outbreak of the pandemic, with stakeholders collaborating to successfully conduct Sri Lanka's first-ever tea digital auction. Positive and decisive action by all relevant parties facilitated the resumption of operations across the entire value chain, thereby enabling the country to benefit from pent-up global demand, which led to a sharp increase in prices. Sri Lanka was the first auction in the region to recommence operations, while factory

owners, RPCs, exporters, and tea brokers rapidly resumed manufacturing, blending, packaging, and exporting, ensuring continuity of business.

LEADERSHIP AND GOVERNANCE

Robust governance practices and responsible leadership continue to underpin value creation at ASC. I would like to take this opportunity to express my deepest sympathies to the family of Dr. I.A. Ismail who passed away during the year. Dr. Ismail's contribution to ASC was invaluable over the past six years and he will be deeply missed. I also welcome Mr.A. Vaithyalingam to the Board of Directors and look forward to working with him in the future. Dr. S.A.B. Ekanayake, who led the Board as a non-executive Chairman for six years resigned during the year under review and I would like to express my sincere appreciation and gratitude for his leadership and valuable counsel over the years. The Board continued to provide leadership and strategic direction to the Group and key areas of focus during the year included strengthening risk management practices, refining strategy, and formulating our medium to long-term goals.

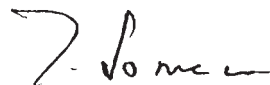
WAY FORWARD

Sri Lankan tea prices are expected to sustain at these current levels, given stronger demand, the increasing prevalence for healthy beverages and the anti-viral properties for black tea. Against this backdrop, the industry is expected to record sustained improvement in profitability over the ensuing months. Key downside risks include the persistently rising cost of production, the threat of a looming wage hike, implications of climate change and declining yields. We urge the

Government to take decisive action to create a conducive industry environment, which ensures the sustainability of this critical industry while safeguarding the interests of all industry stakeholders.

ACKNOWLEDGEMENTS

The Managing Director, Mr. Anil Cooke, has provided exceptional leadership not just to the Group, but to the entire industry, playing a leadership role in driving the transformation of the auction to an e-platform. The Board joins me in congratulating him for his vital contribution to the industry during a critical time. I also wish to extend my appreciation to my colleagues on the Board for their continued support and valuable contributions over the years. On behalf of the Board, I also wish to thank all employees, shareholders, customers, suppliers, industry stakeholders and strategic partners who have supported us over the years.



Mr. T. Someswaran
Chairman

21st September 2020

MANAGING DIRECTOR'S REVIEW

"ASC sought to leverage the expertise of its leadership and spirit of its people to activate a timely response plan to address the sudden and unprecedented challenges posed by the pandemic."

Dear Stakeholder,
In a year wrought with unprecedented challenges, ASC sought a decisive and swift pivot in its priorities, enabling it to demonstrate resilience and remain profitable despite the widespread implications of COVID-19. The Group delivered a revenue of Rs. 713.24 million and a profit after tax of Rs. 16.85 million during the year, while playing a vital role in ensuring the continuity of Sri Lanka's tea value chain process as it transformed to a digital platform.

AGILITY AND RESILIENCE

COVID-19 has impacted every economy and organisation in some form or the other. ASC sought to leverage the expertise of its leadership and spirit of its people to activate a timely response plan to address the sudden and unprecedented challenges posed by the pandemic. Our immediate priority was to ensure the safety of our employees and we invested in soft and hard technological infrastructure which facilitated remote working. With the industry being classified as an essential service and critical employees returning to work, we implemented stringent hygiene practices while work rotations

were introduced to ensure physical distancing. We also understood the financial difficulties our employees faced due to the sudden lockdown and provided full remuneration, with salaries even being paid on the first day of the month in April, despite the liquidity stress faced by the Company.

Following the outbreak of the pandemic, Sri Lanka's tea auction was suspended leading to severe liquidity stress across the entire supply chain. Through strong collaboration, dedication, and tireless efforts of the Sri Lanka Tea Board, Colombo Tea Traders Association (CTTA), Tea Exporters Association and local Microsoft Partner, CICRA Solutions, Sri Lanka successfully launched a cloud-based auction system in less than a week- marking a major milestone in the 150-year old tea industry. The e-auction solution ensured that buyers and sellers were socially distanced while preserving the spirit and ways of the outcry system. The digital platform allowed for a much-needed liquidity injection to the sector thereby protecting the livelihoods of nearly two million people engaged in the industry while sheltering them from

potentially-devastating consequences of the shutdown. As the first regional auction to recommence operations Sri Lanka benefitted from the pent-up demand which in turn led to a sharp increase in prices. I am extremely proud and humbled to have been part of the CTTA task force which was assigned to implement the e-auction and would like to reiterate my gratitude to all parties involved in this herculean effort. For our part, ASC was the first sample room and warehouse to recommence operations, thereby providing leadership to the industry in these extremely challenging times.

STRATEGIC PRIORITIES

As discussed in detail in the Chairman's Message on page 18 of this Report, adverse weather conditions and weaker prices sharply impacted the profitability and liquidity of RPCs, smallholders, and tea factories during the year under review. This in turn led to significant difficulties in recovering client advances, necessitating an increase in bad debt provisioning. In responding to this challenge, we consciously curtailed lending, with client advances decreasing by 41% as at end-March 2020. While safeguarding our

financial position we also placed emphasis on ensuring the long-term survival of these business partners through proactive engagement, advisory services, and flexible repayment plans.

Our foresight in diversification continued to serve us well during the year, with revenue from warehousing operations accounting for 44% of consolidated revenue during the year. Despite the adverse industry conditions, we continued to focus on driving growth in this business line through optimising capacity and increasing market penetration.

Ensuring the safety and job security of our employees was also a vital priority during the year, and we sought to enhance our employee value proposition through maintaining a high level of engagement, investing in employee safety and hygiene and facilitating remote working arrangements. The Group continued to record high retention, attesting to the satisfaction levels of our team.

REFLECTING ON OUR RESULTS

Persistent challenges in the operating landscape directly impacted the Group's profitability during the year under review. The drop in tea prices coupled with reduced volumes led to a 7% decline in consolidated revenue to Rs. 713.24 million during the year with revenue from broking and warehousing decreasing by 8%. The decline in revenue, coupled with a sharp increase in provisioning costs during the year resulted in the Group's operating profit decreasing by 33% to Rs. 199.08 million. Meanwhile net finance costs increased by 12% during the year, reflecting an increase in overdrafts

obtained on client financing. Resultantly, the Group's profit after tax for the year declined to Rs. 16.85 million, a reduction of 85% compared to the previous year. The cautious approach we adopted towards client lending resulted in the Group's total assets declining by 13% to Rs. 2.45 billion. Meanwhile the Group's funding position remained strong, with equity accounting for 35% of total assets.

SUSTAINABLE VALUE PROPOSITIONS

Generating shared value through ensuring commercial and social sustainability is a vital part of our ethos. As a Group with extensive industry expertise, we are cognisant of the role we can play in contributing to the long-term growth of the industry. Thus, we have always been willing to share knowledge with our industry counterparts, which in turn has allowed us to emerge as a thought leader in the industry. Despite the challenging operating conditions that prevailed during the year, we continued to offer our customers a holistic and multi-faceted value proposition which extends beyond the role of a traditional market intermediary. We understand that our competitive edge is underpinned by the strength and professionalism of our team and we place continued emphasis on ensuring that our employees are motivated and happy.

LOOKING AHEAD

The short-to-medium outlook is promising, given the recent uptick in prices which is expected to sustain at the present levels. Against this backdrop, we will continue to drive our strategy towards diversifying our earnings profile, investing in technology

and people, and proactively managing our debt portfolio. The long-term survival of the country's tea industry will depend largely on manufacturers' ability to increase productivity and yields, while sustaining the strong brand and value proposition of Ceylon Tea.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank our former Chairman, Dr.S.A.B Ekanayake for his valuable counsel and support extended over the years. I would also like to welcome the new Chairman and look forward to working with him in the future. My gratitude goes out to the Board of Directors for their continued support and guidance. Team Asia Siyaka rallied together in an extremely difficult year, and I thank all our employees for their commitment, professionalism, and dedication. My gratitude also goes out to all our customers, buyers, regulatory authorities, government, and all other stakeholders for their continued support.



Mr. Anil R. Cooke
Managing Director / CEO

21st September 2020

OUR LEADERSHIP



BOARD OF DIRECTORS

Mr. T. Someswaran Chairman

Mr. T. Someswaran is a Chartered Accountant, in practice for more than 35 years and retired from the post of Senior Partner of SJMS Associates, a Firm of Accountants which is associated with Deloitte in Sri Lanka. He is also a Fellow member of CMA and a member of its Governing Council. Mr. Someswaran serves on the Audit Committee of the Institute of Chartered Accountants of Sri Lanka and Serendib Land PLC. He also serves on the Boards of Clean Co Lanka Ltd., Pan Asia Power PLC, Esna Power (Pvt) Ltd., ECSAT (Equality-based Community Support & Training), Institute for Development of Commercial Law & Practice. Mr. Someswaran is a member of the Sri Lanka Institute of Directors and Organization for Professional Associations (OPA). He also serves as the Chairman of the Center for Advancement of Resource Mobilization (CARM). He holds numerous memberships and honorary positions to help strengthen the capacity of charitable and non-profit organisations as well as philanthropic projects and activities. Mr. Someswaran has substantial experience in auditing, organisational development, leadership and partnership building and is passionate about networking and linking organisations to facilitate positive social change and development, with specific focus on governance, accounting ethics and resource mobilisation.

Mr. A.R. Cooke Managing Director

Mr. Cooke has a wealth of experience counting 42 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 a past Chairman of the Colombo Brokers' Association (CBA), a committee member of the Colombo Tea Traders' Association (CTTA) and a Director of the Sri Lanka Tea Board. He is the head of CTTA 2030 Road Map and was a member of the CTTA Committee for the Digitalisation of the Auction Trading Platform. 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 PLC. He has over 45 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 and a Founder Vice President of Asia Siyaka Commodities PLC, was appointed as a Senior Vice President in April 2011. He was in Tea Estate Management from 1988 till he joined Forbes & Walker Ltd in 1993. He counts over 31 years' experience (from 1988-2019), five years estate management and 26 years in Tea Broking, Tea Tasting and as a Valuer. He specialises in Tea Manufacturing advice 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 Operations Officer of Asia Siyaka Commodities PLC.



Board of Directors Contd.

Mr. S.G. Amarasuriya Executive Director



Mr. Senaka Amarasuriya has been associated with the tea industry for 40 years, having commenced his career with Bartleet & Company Ltd in the year 1980 up to 1986 where he was actively involved in the Broking operations. Thereafter, Mr. Amarasuriya worked with two leading Tea Export organisations i.e. M. S. Hebtulabhoy & Company Ltd and Stassen Exports Ltd gaining significant exposure in Tea Trading and Exports. In 1998 he joined Forbes & Walker Tea Brokers (Pvt) Ltd where he worked as a Director handling their Low Country clientele. In 2004, he joined Lanka Commodity Brokers Ltd as a Director, and, currently serves as their Director/CEO.

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 MSc in Logistics & Supply Chain Management from Birmingham City University (UK), and Higher National Diploma in Plantations Management (HNDPM) 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 resource person at the National Institute of Plantations Management (NIPM) and Ceylon Tea Academy (CTA).

Mr. S.S. Samaranayake Executive Director



Mr. Samaranayake counts 22 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.

Mr. H.R.V. Caldera Non-Executive Director



Mr. Vernon Caldera counts over 53 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 seven years.

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 48 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.



Mr. J.N. Dambawinne
Non-Executive Director



Mr. Dambawinne counts over 40 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 were 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. Anandh Vaithylingam
Non-Executive Director



Mr. Vaithylingam counts over 27 years of experience in several leading companies both in Sri Lanka and India. In 2001 he returned to Sri Lanka to take up position as a Director for Sunshine Tea. Since then he has held several top positions within Sunshine Holdings PLC. He has overall experience in managing plantations, exports and shipping/logistics. He is currently serving as Head of Plantations at Hatton Plantations PLC which is a subsidiary of GGG Group of Companies.



MANAGEMENT TEAM

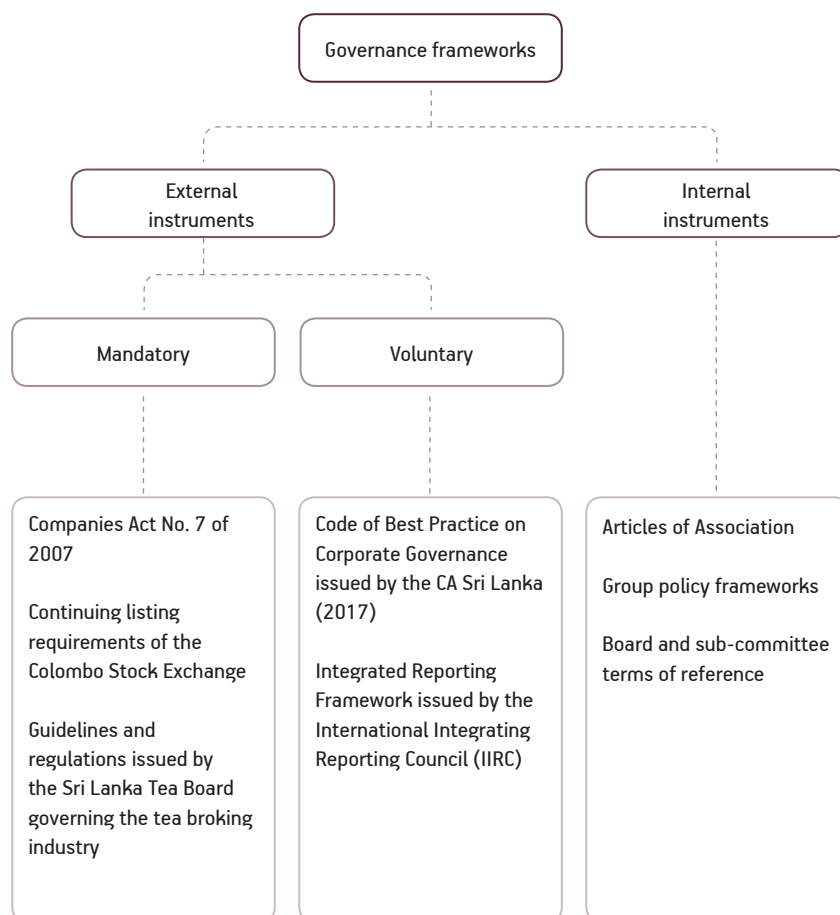
Corporate Management Team	
Anil Cooke	Managing Director/Chief Executive Officer
Dhammike Wedande	Director/Senior Vice President
Yashojith Kuruneru	Director/Chief Operations Officer
Vernon Caldera	Director/Consultant
Charmara Dissanayake	Director/Senior Vice President
Sohan Samaranayake	Director/Senior Vice President
Marketing and Consultancy	
Deepal Jayamanne	Consultant-Tea
Kirk Wijesekera	Senior Manager-Marketing High & Medium
Shihan Peiris	Manager-Marketing Low Grown
Praveen Weerasinghe	Manager-Marketing Low Grown
Mohammed Himas	Assistant Manager-Marketing Low Grown
Manufacturing Advisory Service	
Avantha Nishshanka	Assistant Manager-Technical Low Grown
Corporate and Client Finance	
Roshantha Munasinghe	Senior Vice President-Finance
Champika Withanage	Manager-Finance
Shamila Cooray	Manager-Client Finance
Pramitha Perera	Assistant Manager-Client Finance
Jagath Wijerathne	Assistant Manager-Client Finance
Sandun Deshapriya	Assistant Manager-Finance
Administration and Human Resources	
Ganga Udeni	Manager-Human Resources
Vajira Nandathilake	Deputy Manager-Administration
Warehousing / IT Services	
Emil Diaz	Vice President-Warehousing
Prabath Kasthuriarachchi	Assistant Manager-Warehousing
Sisila Kariyapperuma	IT-System Administrator
Other Commodities	
Lakshman Kodytuakku	Consultant-Other Commodities
Lalith Perera	Vice President-Rubber Division

CORPORATE GOVERNANCE

THE GROUP'S SOUND GOVERNANCE PRACTICES SET THE TONE FOR INTEGRITY AND ETHICAL LEADERSHIP ACROSS THE ORGANISATION AND IS THE VITAL PIVOT THAT BALANCES THAT OFTEN-COMPETING INTERESTS OF ITS MANY STAKEHOLDERS. OUR GOVERNANCE FRAMEWORK HAS BEEN CAREFULLY FORMULATED TO COMPLY WITH ALL STATUTORY REQUIREMENTS WHILE EMBRACING INDUSTRY BEST PRACTICES.

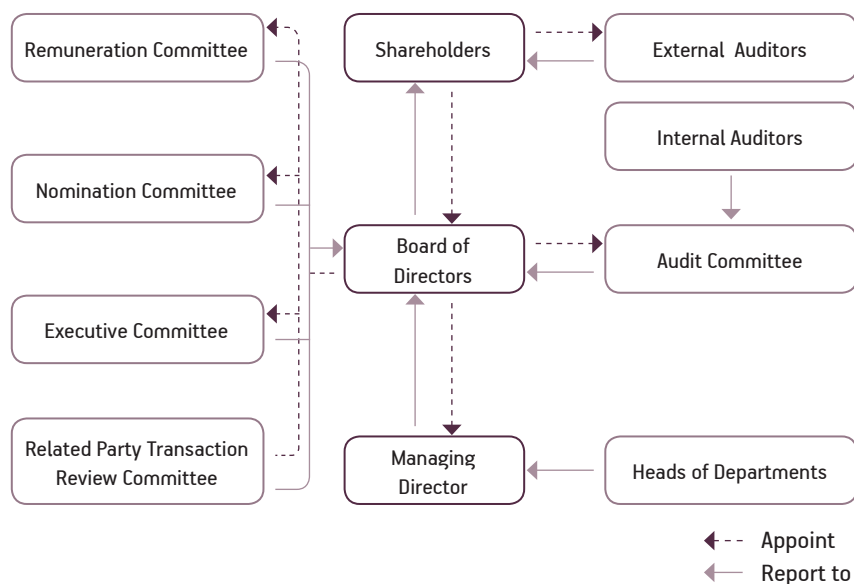
APPROACH TO CORPORATE GOVERNANCE

The Company has in place a 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. Asia Siyaka's governance framework is based on the following internal and external steering instruments:



Corporate Governance Contd.

GOVERNANCE STRUCTURE



The key responsibilities of the Board of Directors include,

- Formulating the overall strategies of the Company, reviewing/monitoring the risk management mechanisms, and ensuring the adequacy and effectiveness of internal systems and controls.
- Identification of risks and ensuring that the risk management framework in place is adequate in dealing with these risks.
- Identification of authority and key responsibilities of the Board and those of the Senior Management.
- Provide oversight of affairs of the Company to assess the effectiveness of the Company's governance practices.
- Review of policy and progress towards corporate objectives.
- Ensure adherence to regulatory requirements.

BOARD OF DIRECTORS

The Board of Directors is the apex governing authority and have been vested with the powers to direct, lead and control the Company in an effective manner. The Board comprises eleven (11) directors consisting of 5 (five) Non-Executive Directors and 6 (six) Executive Directors. Of the Non-Executive Directors, two (2) function in an independent capacity, as per the criteria set out in the Listing Rules of the Colombo Stock Exchange. The composition of Executive, Non-Executive and Independent Directors ensures an appropriate balance of authority.

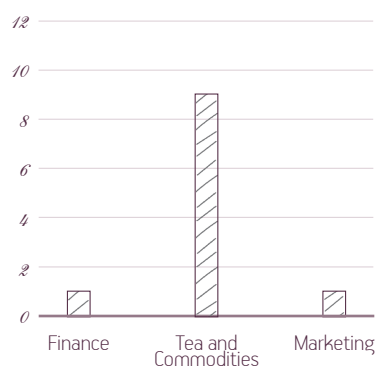
Changes to the Board in 2019/20

- Resignation of Chairman- Dr. S.A.B Ekanayake
- Appointment of new Chairman- Mr. T. Someswaran
- Appointment of Mr. A. Vaithyalingam as an Independent Non-Executive Director
- Demise of Dr. I.A. Ismail

BOARD EFFECTIVENESS

The Board of Directors combines a diverse set of skills and expertise including corporate, finance and marketing. Several Founder Directors of the Group have extensive experience in the tea and plantation industries, contributing to the depth of discussions and effectiveness of decision making. This collective experience has enabled the Group to be resilient during extremely challenging periods. The skill profile of the Board of Directors is presented alongside;

Skill profile of the Board of Directors



Role of Chairman and Managing Director

The role of Chairman and CEO/Managing Director have been segregated, in line with best practices thereby ensuring that no one director has unfettered power and authority. The Chairman holds a non-executive position and leads the Board of Directors while the Managing Director is accountable to the Board for the exercise of authority delegated by the Board of Directors and for the performance of the Company.

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.

Sub-committee	Mandate	Composition
Audit Committee	Ensure that effective systems are in place to secure the integrity of information and internal controls	Mr. T. Someswaran - Chairman Mr. S.T. Gunatilleke Mr. A. Vaithyalingam (Appointed w.e.f 17.10.2019) Dr. I.A. Ismail (Ceased w.e.f 22.02.2020)
Nominations Committee	The implement procedures to select/appoint new Directors, CEO, Key Management Personnel	Mr. T. Someswaran (Appointed w.e.f 22.10.2019) - Chairman Mr. S.T. Gunatilleke Mr. A. Vaithyalingam (Appointed w.e.f 13.02.2020) Dr. S.A.B. Ekanayake (Resigned w.e.f 30.09.2019) Dr. I.A. Ismail (Ceased w.e.f 22.02.2020)
Remuneration Committee	Make recommendations to the Board on the Company's framework of Executive Directors' remuneration, regularly review the Company's remuneration policy	Mr. T. Someswaran (Appointed w.e.f 22.10.2019) - Chairman Mr S.T. Gunatilleke Mr. A. Vaithyalingam (Appointed w.e.f 13.02.2020) Dr. S.A.B. Ekanayake (Resigned w.e.f 30.09.2019) Dr. I.A. Ismail (Ceased w.e.f 22.02.2020)
Related Party Transactions Review Committee	Development of a related party transactions policy, updating the Board on any relevant related party transactions and ensuring that appropriate disclosures are made on relevant related party transactions	Mr. A. Vaithyalingam (Appointed w.e.f 13.02.2020) - Chairman Mr. T. Someswaran Mr. H.R.V. Caldera Dr. I.A. Ismail (Ceased w.e.f 22.02.2020)

Corporate Governance Contd.

BOARD ACTIVITIES

To ensure regular reporting and oversight, Board Meetings are scheduled once every quarter and whenever necessary. Directors are given adequate notice of Board meeting/ Special meeting and of any changes. In addition to Board papers, Directors are also regularly kept abreast of changes in the economic and industry environment that could impact its ability to create value. The Board met four times during the year and attendance at the scheduled Board meetings is set out below;

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

* Appointed w.e.f 16.10.2019

** Resigned w.e.f 30.09.2019

*** Ceased w.e.f 22.02.2020

Key areas of Board focus during the year under review included the following:

- Strategy formulation
- Identification and management of emerging risks
- Responding to market challenges including rising client defaults and decline in commodity prices
- Review and update policy frameworks

BOARD REMUNERATION

Remuneration schemes are designed to ensure that the Group can attract and retain skilled individuals. Key considerations when setting remuneration include market and industry practice and experience and contribution of each director. Remuneration for Non-Executive Directors is determined taking into consideration the time commitment, role and responsibilities of each individual Director as well as industry practice. The Board has delegated this responsibility to the Board Remuneration Committee, the details and composition of which are given on page 77 of this Report. No individual Director has the capacity to determine his own remuneration.

ACCOUNTABILITY AND AUDIT

The Board holds ultimate responsibility for presenting a balanced, accurate and understandable assessment of the Group's performance, financial position and prospects. Financial Statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act. Our Annual Report conforms to the Integrated Reporting Framework published by the International Integrated Reporting Council.

The following specialised information requirements are also included in this Annual Report.

- The Annual Report of the Board of Directors on the Affairs of the Company on pages 60 to 64 of this Report contains the declarations prescribed by the Code
- The Statement of Directors' Responsibility is given on page 65 of this Report.
- The Independent Auditor's Report on page 72 to 75 of this Report.

THE AUDIT COMMITTEE

The Audit Committee has oversight responsibility for ensuring that there is a sufficiently robust system of internal controls in place to facilitate financial reporting and regulatory compliance. The Audit Committee is chaired by an Independent Non-Executive Director and comprises solely of Non-Executive Directors. During the year under review, the Audit Committee convened five times. The meetings are attended by the Managing Director/Chief Executive Officer, Senior Vice

President-Finance by invitation & other Directors and Executives when required.

Primary responsibilities of the Audit Committee are,

- Review of risk management reports and risk dashboards
- Review of internal audit plan and internal audit reports
- Ensure that regulatory reporting and filing of returns is carried out accurately and in a timely manner
- Review of quarterly Financial Statements and recommending to the Board prior to publication
- Review of Annual Report including the financial statements, management discussion and analysis, and recommending to Board prior to publication
- Meet with External Auditors and review audit plans, management letters and discuss any issues arising from the external audit
- Recommend appointment of External Auditors

SHAREHOLDER COMMUNICATION

The Group maintains a high level of engagement with institutional and retail shareholders through multiple engagement mechanisms. Shareholders appoint directors, receive annual reports and appoint auditors on a regular basis in accordance with the Companies Act. The Annual General Meeting is the primary platform facilitating stakeholder engagement and several directors including the Chairman of the Audit Committee participate in the AGM and are available to respond to any points raised by shareholders. Shareholders are

kept informed about the performance of the Company through press releases, quarterly financial statements, and notices to the Colombo Stock Exchange in accordance with the continuing Listing Rules. Shareholders are also given the opportunity to direct their suggestions, feedback and comments to the Company Secretary.

SUSTAINABILITY REPORTING

The Group's Annual Report in previous years represented global best practice in financial and sustainability reporting, as we adopted both the Integrated Reporting framework and GRI Standards. This year, however, we have opted to exclude GRI disclosures given the unprecedented financial and operational challenges faced during the year. We hope to recommence sustainability reporting under the GRI Framework next year. We continue to align with the broader principles of integrated reporting including materiality, conciseness, strategic orientation, comparability and connectivity.

Corporate Governance Contd.

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 5 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 5 Non-Executive Directors, 2 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 60.
7.10.3 Disclosures 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 60 of the Annual Report of the Board of Directors.
(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 the areas of expertise.	Compliant	Please refer pages 23 to 25
(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	Provided to the CSE.
7.10.4 Criteria for Defining Independence			
(a) – (h)	Requirements for meeting criteria to be an Independent Director.	Compliant	Independent Directors met the criteria.

Reference	Principle/Rule	Compliance Status	Applicable Section in the Annual Report
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 69.
(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 69
(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 69 and Financial Report Note no. 32 on page 117
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 68 of the Audit Committee 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 s Professional Accounting 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 & Senior Vice President-Finance attended audit Committee meetings by invitation.

Corporate Governance Contd.

Reference	Principle/Rule	Compliance Status	Applicable Section in the Annual Report
(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 68
	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	Please refer the Audit Committee Report on page 68
	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 68
	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 (2017) 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 judgement	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	Resolution to be presented to the Board	Adopted	Corporate Governance
A.1.8	Appropriate training	Adopted	Corporate Governance

Corporate Governance Contd.

Reference	Principle	Adoption Status	Section in Annual Report
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 calibre 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	Determination of independence of the Directors	Adopted	Corporate Governance
A.5.6	Appointment of an alternate Director	N/A	N/A
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 INFORMATION			
A.6.1	Management's obligation to provide appropriate and timely information to the Board	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	Working towards compliance	N/A
A.7.2	Annually assess Board composition	Adopted	Corporate Governance
A.7.3	Disclosure of information to shareholders upon appointment of new directors	Adopted	Announcement made to CSE

Reference	Principle	Adoption Status	Section in Annual Report
A.8 RE-ELECTION			
A.8.1 and A.8.2	➤ All Non-Executive Directors should submit themselves for re-election at regular intervals ➤ All Non-Executive Directors excluding the 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.8.3	➤ Resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Adopted	Corporate Governance
A.9 APPRAISAL OF BOARD PERFORMANCE			
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	Working towards compliance	N/A
A.9.3	Review the performance of the Directors at the time of re-election	Working towards compliance	N/A
A.9.4	Disclosure of Performance evaluation criteria	Working towards compliance	N/A
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF 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	Remuneration Committee	Adopted	Corporate Governance
B.1.2	Composition of Remuneration Committee	Adopted	Corporate Governance
B.1.3	Disclosure of members of Remuneration Committee	Adopted	Corporate Governance
B.1.4	Remuneration for Non-Executive Directors	Adopted	Corporate Governance
B.1.5	Consultation of the Chairman and access to professional advice	Adopted	Corporate Governance
B.2 LEVEL AND MAKEUP OF REMUNERATION			
B.2.1	Remuneration for Executive Directors should attract, retain and motivate	Adopted	Corporate Governance
B.2.2	Design of the remuneration packages of Executive Directors to promote long-term success	Adopted	Corporate Governance

Corporate Governance Contd.

Reference	Principle	Adoption Status	Section in Annual Report
B.2.3	Comparison of remuneration with other Companies	Adopted	Corporate Governance
B.2.4	Comparison of remuneration with other Companies in the Group	Adopted	Corporate Governance
B.2.5	Performance related elements of remuneration of Executive Directors	N/A	N/A
B.2.7	Executive Directors' remuneration	Adopted	Corporate Governance
B.2.10	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	Notice of the AGM and Related Documents	Adopted	Notice of Meeting
C.1.2	Separate resolution for all separate issues at the AGM	Adopted	Notice of Meeting
C.1.3	Use of Proxy Votes	Adopted	Notice of Meeting
C.1.4	Availability of Board Sub-Committee Chairmen at AGM	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 and material transactions	Adopted	Notes to Financial Statements
C.3.2	Compliance with the disclosure requirements and the shareholder approval by special resolution	Adopted	Notes to Financial Statements
D. ACCOUNTABILITY & AUDIT			
D.1 FINANCIAL AND BUSINESS 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 and MD's Review / Financial Statements / Corporate Governance / Enterprise Risk Management

Reference	Principle	Adoption Status	Section in Annual Report
D.1.2	The Board's responsibility in presenting balanced and understandable information	Adopted	Statement of Directors Responsibility/ Financial Statements/Corporate Governance/Enterprise Risk Management
D.1.3	Declaration from the Chief Executive Officer and Chief Financial Officer	Adopted	Statement of Directors Responsibility/ Financial Statements/Corporate Governance/Enterprise Risk Management
D.1.4	Directors' Report in the Annual Report	Adopted	Statement of Directors Responsibility/ Financial Statements/Corporate Governance/Enterprise Risk Management
D.1.5	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
D.1.6	Include a Management Discussion & Analysis	Adopted	Performance and Value Creation
D.1.7	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.1.8	Disclosure of Related Party transactions	Adopted	Notes to the Financial Statements Note no 32
D.2 RISK MANAGEMENT AND INTERNAL CONTROL			
D.2.1	Directors to review on Risk management and Internal Controls	Adopted	Report of the Audit Committee
D.2.2	Disclosures in the Annual Report on Risk Management and Internal Controls	Adopted	Statement of Directors Responsibility/ Financial Statements/Corporate Governance/Enterprise Risk Management
D.2.3	Internal Audit Function	Adopted	Corporate Governance
D.2.4	Review of effectiveness of the risk management and internal controls	Adopted	Audit Committee/ Enterprise Risk Management/Statement of Directors Responsibility
D.2.5	Responsibilities of Directors in maintaining a sound system of internal control	Adopted	Statement of Directors Responsibility

Corporate Governance Contd.

Reference	Principle	Adoption Status	Section in Annual Report
D.3 AUDIT COMMITTEE			
D.3.1	Composition of the Audit Committee	Adopted	Corporate Governance/Report of the Audit Committee
D.3.2	Duties of the Audit Committee and Terms of Reference for Audit Committee	Adopted	Corporate Governance/Report of the Audit Committee
D.3.3	Disclosures regarding Audit Committee	Adopted	Corporate Governance/Report of the Audit Committee
D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE			
D.4.1	A related party and related party transactions	Adopted	Financial Statements/Report of the Related Party Transactions Review Committee
D.4.2	Related Party Transactions Review Committee (RPTRC)	Adopted	Report of the Related Party Transactions Review Committee
D.4.3	Terms of Reference of the RPTRC	Adopted	Report of the Related Party Transactions Review Committee
D.5 CODE OF BUSINESS CONDUCT AND ETHICS			
D.5.1	Disclosure of Code of Business Conduct & Ethics	Adopted	Corporate Governance
D.5.2	Process to ensure that material and price sensitive information is promptly identified and reported.	Adopted	Corporate Governance
D.5.3	Policy and process to ensure for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting	Adopted	Corporate Governance
D.5.4	Affirmation Statement by Chairman	Adopted	Chairman's Report
D.6 CORPORATE GOVERNANCE DISCLOSURES			
D.6.1	Corporate Governance Report	Adopted	Corporate Governance
E. SHAREHOLDERS			
E.1 INSTITUTIONAL INVESTORS			
E.1.1	Encourage voting at AGM Regular structured dialogue 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

Reference	Principle	Adoption Status	Section in Annual Report
F. OTHER INVESTORS			
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 General Meetings	Adopted	Corporate Governance
G. INTERNET OF THINGS AND CYBERSECURITY			
G.1 - G 5	Internet of Things and Cyber Security	Adopted	Enterprise Risk Management
H. ENVIRONMENT, SOCIETY AND GOVERNANCE			
H.1 - H.1.5	Environment, Society and Governance (ESG)	Adopted	Integrated Reporting Framework/Management Discussion & Analysis/Corporate Governance/Enterprise Risk Management

LEVEL OF COMPLIANCE TO THE CONTINUING LISTING REQUIREMENTS SECTION 9 ON RELATED PARTY TRANSACTIONS ISSUED BY THE COLOMBO STOCK EXCHANGE (CSE)

Reference	Principle/Rule	Compliance	Section in Annual Report
9.2	Related Party Transactions Review Committee		
9.2.2	Composition	Compliant	Corporate Governance
9.2.4	Committee meetings	Compliant	Report of the Related Party Transaction Review Committee
9.3	DISCLOSURES		
9.3.2	Disclosures in the Annual Report		
(a)	Non-recurrent Related Party Transactions	Compliant	Annual Report of the Board of Directors.
(b)	Recurrent Related Party Transactions	Compliant	Financial Statements Note no.32
(c)	Report of the Related Party Transactions Review Committee	Compliant	Report of the Related Party Transactions Review Committee
(d)	A declaration by the Board of Directors	Compliant	Annual Report of the Board of Directors

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, performance, tactics and strategy.

The Board is fully cognisant of the vital importance of effective risk management to safeguard shareholder value and 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 in a broad 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 changes in commodity markets. 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 its control. 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. The Three Lines of Defence model, which 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, enables 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;

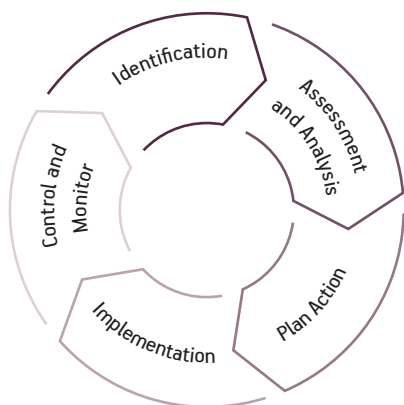


Risk appetite

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 and prioritising risks based on a weighted scoring system, developing risk responses and executing the risk management strategy. Due to the adoption of the Three Lines of Defence model, risk responses and monitoring receives close attention from specific risk owner groups, which strengthens the overall risk management framework.



- 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 the Audit Committee against the Group's strategic and tactical targets and stakeholder expectations.
- 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 3, 7, 8, 18, 19, 20, 21, 23, 24	High	Extreme
Unlikely	Low 4, 5, 14, 15, 22	Moderate	Moderate	Moderate 2, 6, 19	High
Rare	Low	Low 9, 10, 11, 12, 13, 16, 17	Moderate	Moderate	High

- 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 minimise 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.

Enterprise Risk Management Contd.

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 organisation 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 are 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 Risk, 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			
				2019/20	2018/19	2017/18	2016/17
Market Risks							
1.	Decline in commodity prices – Cyclical price changes globally and locally.	Direct Impact on Profitability, Vulnerable to credit exposure of clients	➤ Consistently monitoring market trends and industry developments ➤ Achieving differentiation through quality focus	Extreme	Extreme	Extreme	High
2.	Competition and potential loss of clients-Increasing competitive pressures	Loss of Market share, Impacts on 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 trend of client movement ➤ Continual engagement with the CBA to ensure all Brokers adhere to By-Laws	Moderate	Moderate	Moderate	Moderate
3.	Closure of factories	Impacts on profitability, Increased provisions, Negative impact on cash flows	➤ Proactive monitoring of client advances ➤ Monitoring of green leaf intakes to the factories, and catalogued quantities ➤ Monitoring factory compliance with SLTB regulations	Moderate	-	-	-
4.	Trends in Tea/ Rubber/Other Commodity Industries- Emerging global trends which may have an impact on the business	Impact on Company profitability	➤ Continual market research and sharing knowledge with producer clients ➤ Diversified Income streams apart from broking industry	Low	Low	Low	-

Enterprise Risk Management Contd.

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
Political and Economic Risks							
5.	Interest Rate Risk- Increasing interest rates	Impact on profitability through rising funding costs	➤ Timely review of lending rates and proactive negotiations with financial institutions ➤ Strong treasury management to ensure borrowing costs are minimised ➤ Adherence to CBA regulations on avoidance of rate based competition on lending ➤ Building reserves in the Company	Low	Moderate	Moderate	Moderate
6.	Government Policy Change Risk- Sudden changes to fiscal and monetary policies by the government.	Impacts on profitability, Effects on budgets and targets.	➤ Obtaining advice from professional bodies/consultancy firms. ➤ Discussions with relevant authorities for exemptions/rulings with the support of CBA	Moderate	Moderate	Moderate	-
7.	Geopolitical Risk- Domestic and global political and economic conditions have a direct impact on the market for Tea/ Rubber & Other commodities	Impacts on 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	Moderate	High	High	High

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
Operational Risk							
8.	Credit Risk- Potential loss of earnings and cash flow arising from inability of clients to fulfil their financial obligations to the Group	Impacts on 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 collaboration among all brokers to prevent defaulting by borrowers	Moderate	Moderate	Moderate	Moderate
9.	Liquidity, Leverage Risk	Litigation claims by fund providers	➤ Maintaining good Debt/Equity ratio as per company policy ➤ Effective cash management and regular review ➤ Building Company Reserves	Low	Low	Low	-
10.	Fraud Risk- Potential financial and reputational losses arising from frauds within the Organisation.	Impacts on 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	Low

Enterprise Risk Management Contd.

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
11.	Compliance related risks- Regulatory and reputational risks arising from non-compliance with regulatory requirements	Impacts on reputation, Going Concern, Possible fines and Charges	➤ Periodic review of 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	Low	Low	Low	Low
12.	Manual documents related to data breaches/Sabotage/Burglary and theft	Loss of sensitive information, Loss of security documents, Impacts on Profitability	➤ Storing sensitive data on secured locations (Safes/lockers) ➤ Limiting access to authorised personnel ➤ Additional backups as softcopies on cloud/other backup solutions ➤ Security personnel on duty 24/7 ➤ CCTV surveillance	Low	Low	Low	-
13.	Public Liability	Loss of reputation	➤ Health and Safety policies ➤ Proper insurance covers	Low	Low	Low	-
HR Risk							
14.	People related risk- Risks arising from inability to retain staff, shortage of skilled labour, lack of adequate training and inadequate standards of performance	Loss of Market share, Loss of Industry reputation	➤ Continual 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	Low

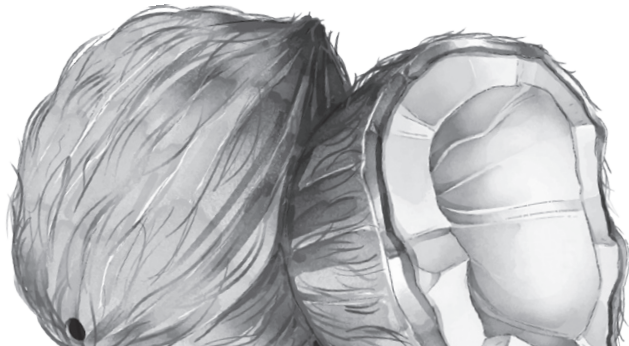
S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
15.	Unawareness of HR Policies & Procedures-Lack of knowledge in HR Policies and procedures, User Level authorisation for time and attendance system	Disciplinary issues	➤ Conducting programmes to educate employees about their duties & responsibilities ➤ Member of The Employers' Federation of Ceylon ➤ HR Training programmes	Low	Low	Low	-
16.	Lack of succession planning framework	Going Concern Issues	➤ Have a proper succession plan in place	Low	Low	Low	-
IT Risks							
17.	Data integrity and IT related risks-Data Access/Modification by unauthorised persons/loss of data/data entry errors and sampling errors	Loss of reputation, Loss of sensitive 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	Low
18.	Computer Hardware/Software/ Communication/ Connectivity failures	Loss of reputation, Loss of client's trust, compliance Issues, timely reporting issues	➤ DR plan in place ➤ Ongoing investments in modern technology ➤ Constant bug fixes	Moderate	Moderate	Moderate	-

Enterprise Risk Management Contd.

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
Health & Safety Risk							
19.	COVID-19 – Global pandemic.	Protection of employees and the business continuity. A pressure on the business which will erode margins and profits	➤ Conducting weekly Auctions through an online platform ➤ Follow guidelines issued by the World Health Organisation (WHO), Health Authorities & Infections Control Unit on the pandemic to safeguard staff ➤ Providing all the required sanitisation needs including equipment and advise for the staff members. Best health practices such as temperature monitoring, hand washing/sanitising before entering the premises, chemical foot bath and social distancing ➤ A comprehensive communication process in place to educate internal and external stakeholders on the safety measures ➤ Business Continuity Plan	Moderate	-	-	-
Other Risks							
20.	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	Moderate

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2019/20	2018/19	2017/18	2016/17
21.	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	Moderate	Moderate	High
22.	Miscommunication of buyer/seller orders	Loss of reputation, Loss of clients, Loss of profitability	➤ Use of new technology for Auction ➤ Having proper checking mechanism in departments ➤ Crosschecking with catalogues of marketing officers	Low	Low	Low	-
23.	Loss of opportunity	Losing viable opportunities	➤ Constant lookout for new opportunities ➤ Track trades ➤ Membership in Ceylon Chamber of Commerce ➤ Attending of international events ➤ Canvassing for referrals	Moderate	Moderate	Moderate	-
24.	Business in Single Geographical Location	Adverse economic effects on the operating geographical location	➤ Constant lookout for foreign opportunities ➤ Company representation in off shore events ➤ Head Office and Warehouse in two geographical locations	Moderate	Moderate	Moderate	-

PERFORMANCE AND VALUE CREATION



FINANCIAL CAPITAL



OUR FINANCIAL CAPITAL COMPRISES SHAREHOLDER FUNDS, INTERNALLY-GENERATED FUNDS AND BORROWINGS. OBTAINING FINANCIAL CAPITAL AT A REASONABLE COST AND MANAGING THESE FUNDS IN AN OPTIMAL WAY IS VITAL NOT ONLY TO ENSURE SMOOTH FLOW OF OUR DAILY OPERATIONS BUT ALSO FOR OUR STRATEGIC GROWTH.

REVENUE

Consolidated Revenue declined by 7% to Rs. 713.24 million during the year, as all revenue categories decreased in view of the fall in tea prices and drop in volumes. Revenue from the Group's core business, broking recorded a decrease of 4% to Rs. 258.86 million during the year and contributed 36% to consolidated revenue. Meanwhile, revenue from warehousing declined by 7% during the year, against the backdrop of weaker pricing and lower activity levels. Warehousing operations contributed 34% to total revenue during the year, relatively unchanged compared to 2018/19.

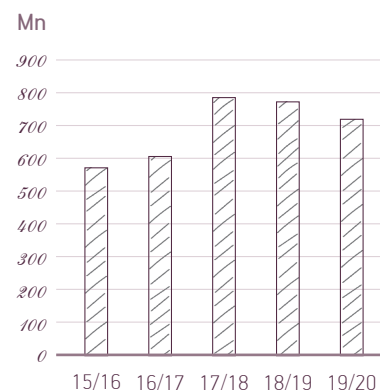
OPERATING PROFIT

The decline in revenue together with an increase in distribution costs resulted in the Group's operating profit decreasing by 33% to Rs. 199.08 million during the year. Distribution costs nearly doubled to Rs. 94.98 million due to increased provisioning costs, as tea factories faced liquidity pressure given the challenging industry conditions. Ongoing emphasis on productivity and efficiency improvements allowed the Group to maintain administrative expenses at relatively unchanged levels. Other income for the year amounted to Rs. 10.08 million primarily due to gains on the disposal of property, plant, and equipment. Meanwhile the Group's operating profit margin contracted from 38% to 28% in 2019/20.

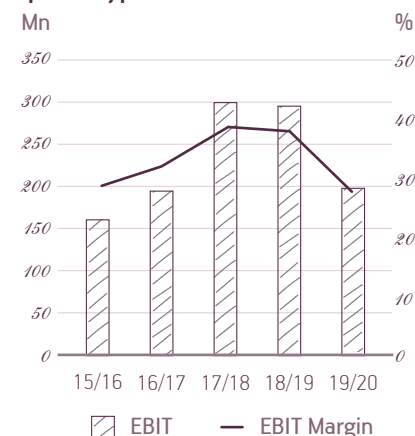
PRE-AND POST-TAX PROFITABILITY

Net finance cost for the year increased by 12% to Rs. 149.04 million reflecting a 11% increase in finance costs and a marginal decline in finance income. The increase in finance costs is primarily due to an increase in overdrafts obtained on client financing. The Group's pre- and post-tax profit fell sharply by a respective 69% and 85% during the year, primarily due to the fall in tea prices and reduction in volumes which impacted both the brokerage and warehousing businesses.

REVENUE



Operating profit



Financial Capital Contd.

FINANCIAL POSITION

Assets

Consolidated assets declined by 13% to Rs. 2.45 billion as the Group sought to reduce exposure to client lending given the adverse industry conditions. Accordingly, loans and advances to clients decreased by 41% to Rs. 782.26 million and accounted for 32% of total assets, compared to 47% the previous year. Investment in working capital also declined to Rs. 135.13 million from Rs. 446.84 million the previous year, as trade receivables decreased due to the fall in prices as well as reduced activity levels. PPE increased by 22% to Rs. 1.04 billion while a right-of-use asset of Rs. 56.0 million was recorded on the balance sheet following the adoption of SLFRS-16.

Liabilities

Total borrowings declined marginally to Rs. 1.20 billion mainly due to a reduction in long-term interest-bearing borrowings. Loans obtained to fund client financing increased by 3% and accounted for 77% of the Group's total borrowings. Trade payables fell sharply to Rs. 41.89 million reflected reduced activity levels during the year. Overall, the Group's total liabilities decreased by 24% during the year.

Equity

The Group's funding profile is strong, with equity funding 35% of total assets as at end-March 2020. Shareholders' funds increased by 18% to Rs. 866.10 million during the year supported mainly by revaluation gains. Accordingly, the Group's gearing ratio (defined as debt/debt+equity) decreased to 0.58X from 0.63X the previous year.

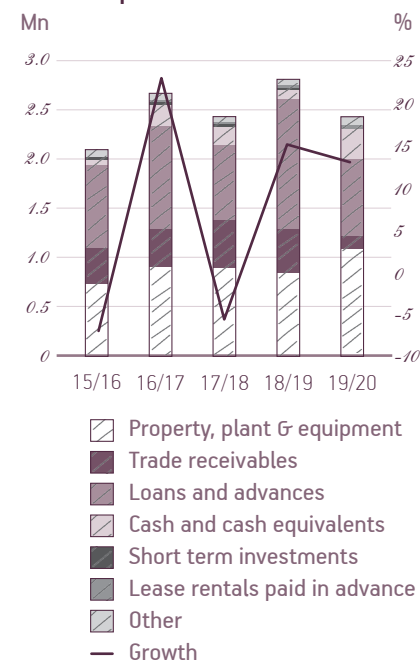
Cash flow and Liquidity

Despite the moderation in performance, the Group's cash flow position was supported by reduced investments in working capital and the conscious effort to curtail lending to clients. Accordingly, net cash inflow from operations increased to Rs. 273.06 million from Rs. 81.82 million the previous year. Cash outflow from investing activities amounted to Rs. 16.13 million reflecting acquisition of PPE. Dividend, Lease and Loan Repayments during the year resulted in a net cash outflow from financing activities amounting to Rs. 109.12 million. Resultantly, the Group generated an increase in CCE of Rs.147.82 million during the year, compared to a net outflow of Rs. 52.60 million in 2018/19.

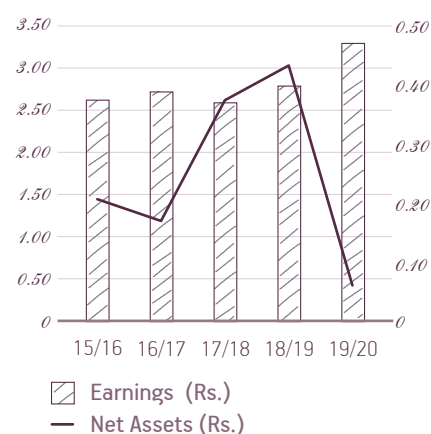
Shareholder Returns

Earnings per share declined to Rs.0.06 from Rs.0.43 the previous year in line with the overall moderation in profitability. Meanwhile, Dividends per share amounted to Rs. 0.15 for the year 2019/20, which translated to a dividend payout of over 200%. Net asset per share also increased to Rs. 3.33 reflective of the Group's strengthening capital base. The Group's share price performance mirrored that of the broader market, which saw a steep decline towards the end of the financial year following the outbreak of the COVID-19 pandemic. Accordingly, the share price declined by 5% to close the year at Rs. 1.80 as at end-March 2020.

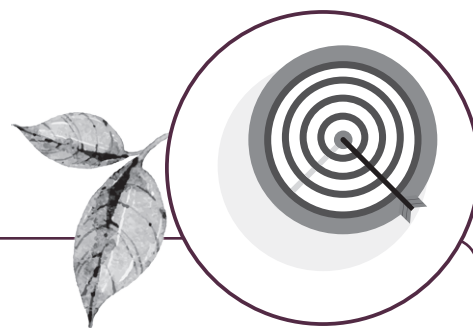
Asset Composition and Growth



Shareholder returns (Rs. Per Share)



MANUFACTURED CAPITAL



THE GROUP'S MANUFACTURED CAPITAL CONSISTS PRIMARILY OF ITS WAREHOUSING FACILITIES AS WELL AS MACHINERY, MOTOR VEHICLES, FURNITURE AND FITTINGS. INVESTMENTS IN MANUFACTURED CAPITAL HAVE BEEN IN LINE WITH THE GROUP'S STRATEGIC PRIORITIES INCLUDING ENHANCING CUSTOMER VALUE AND DIVERSIFYING REVENUE STREAMS

HIGHLIGHTS OF 2019/20

- Our state-of-the-art warehousing facility offers a total storage space of 197,500 square feet, allowing the Group to diversify its revenue sources and limit exposure to the relatively volatile broking segment.
- The warehouse design incorporates numerous environmentally friendly practices as is Sri Lanka's first tea centre and among very few in the world to obtain the prestigious Leadership in Energy and Environmental Design (LEED) Certification (Silver) from the United States Green Building Council.
- The adverse industry conditions and resultant reduction in activity levels led to a fall in the warehouse utilisation levels. Revenue generated from the warehousing amounted to Rs. 229.87 million, approximately 34% of consolidated revenue.
- During the year we also made investments in facilitating remote working facilities for employees, to ensure their safety in the aftermath of the COVID-19 outbreak.
- Ongoing investments were also made in strengthening the Group's IT infrastructure to drive improved decision making and efficiencies.

VALUE INPUT

Buildings	Rs. 780.90 million
Furniture and fittings	Rs. 14.31 million
Storage system	Rs. 121.70 million
Motor vehicles	Rs. 25.11 million
Others	Rs. 59.31 million

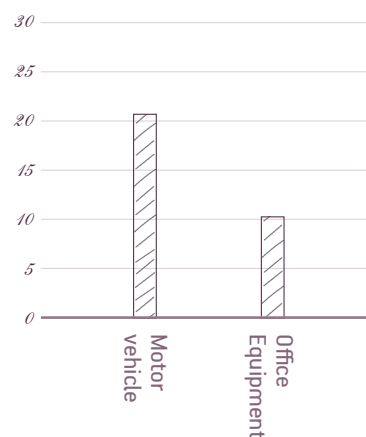
VALUE ADDITION IN 2019/20

Rs.31.09 million
Capital expenditure

Investments in facilitating work from home arrangements following the outbreak of COVID-19 and ongoing investments in driving efficiency improvements

CAPEX

Mn.



VALUE DELIVERED

Rs.229.87 million	84.37%
Warehousing revenue	Capacity utilisation at warehouse

Remote working facilities for 10 employees

HUMAN CAPITAL



OUR LOYAL AND COMMITTED TEAM OF 113 EMPLOYEES DRIVES OUR STRATEGIC AGENDA AND ENSURES THE CONTINUED CREATION OF SHARED VALUE. DESPITE THE UNPRECEDENTED CHALLENGES OF 2019/20, OUR PEOPLE CONTINUED TO DRIVE THEIR TEAMS TO DELIVER RESULTS.

HIGHLIGHTS OF 2019/20

- The Asia Siyaka team comprises 113 employees, representing diverse age profiles, skills, and experience. All human capital related aspects are governed by a comprehensive policy framework.
- The Group offers attractive remuneration which is subject to regular revisions in response to market conditions. Despite the challenging conditions that prevailed during the year, we maintained remuneration levels of all employees. In cognisance of the difficulties faced by employees during the lock-down period, we also paid salaries several weeks earlier than usual.
- All employees undergo performance appraisals, which in turn determine increments, promotions, and training needs, among others.
- We maintain proactive engagement with all employees, which is facilitated through a range of formal and informal platforms.
- We continue to offer opportunities for training and skill development through a range of external and internal training opportunities. We also strive to embody a culture of learning and knowledge sharing, thereby building tacit knowledge within the Group. During the year under review the Group invested Rs. 1.13 million in training.
- Employee retention for the year was 94.7%, attesting to the unique value proposition we offer to our employees.

VALUE INPUT

Employees	113
Female representation	10%
New recruits	11

VALUE ADDITION IN 2019/20

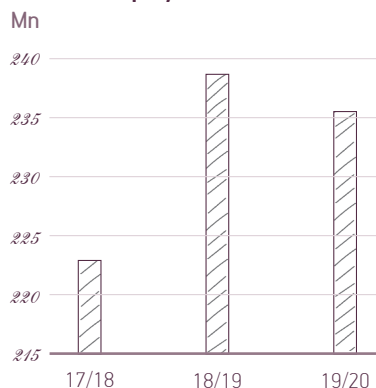
Rs. 235.69 million

Payments to employees

Rs. 1.13 million

Investment in training and development

Payments to employees



VALUE DELIVERED

Rs. 6.3 million

Revenue generated per employee

Rs. 0.15 million

Profit per employee

INTELLECTUAL CAPITAL



THE EXTENSIVE INDUSTRY EXPERIENCE OF OUR BOARD AND MANAGEMENT TEAM HAS OVER THE YEARS ENABLED US TO SHARPEN OUR COMPETITIVE EDGE THROUGH PIONEERING MANY INNOVATIVE LOGISTICS SOLUTIONS. MEMBERS OF THE GROUP’S LEADERSHIP TEAM ALSO PLAY A KEY ROLE IN DRIVING SRI LANKA’S TEA INDUSTRY FORWARD THROUGH COLLABORATING WITH INDUSTRY STAKEHOLDERS AND REPRESENTING THE BROKER COMMUNITY AT INDUSTRY FORUMS.

HIGHLIGHTS OF 2019/20

- The Group’s leadership is represented by several industry veterans, who have consistently demonstrated their willingness to share domain knowledge for the betterment of the overall industry.
- Members of our leadership team played a vital role in ensuring the continuity of the tea logistics process following the outbreak of the COVID-19 pandemic. We promptly collaborated with industry stakeholders to effectively transition to a digital auction, thereby emerging as the first auction in the region to recommence operations. This enabled Sri Lanka to benefit from a surge in prices following pent-up demand of several weeks and suspension of several regional auctions.
- ASC was also the first tea sampling room and first warehouse to commence operations following the lockdown period, attesting to the agility of its operations.
- We are committed to propagating knowledge and best practice across our supply chain; we continue to share market insights with customers, which in turn enable them to produce the varieties and qualities of tea that are in high demand in the global market. During the year, the Group published 51 research reports.

VALUE INPUT

Collective years of experience	424
Memberships in industry associations	5

VALUE ADDITION IN 2019/20

Rs. 1.13 million	51 Research publications
<i>Investment in training and development</i>	

VALUE DELIVERED

Significant contributions by the leadership team in transitioning the country’s tea auction to an online platform.

SOCIAL & RELATIONSHIP CAPITAL



THE MUTUALLY-VALUE-ADDING RELATIONSHIPS WE HAVE NURTURED OVER THE YEARS HAVE ENABLED THE GROUP TO REMAIN RESILIENT IN CHALLENGING CONDITIONS, AS THEY HAVE ALLOWED US TO COLLABORATE ACROSS THE SUPPLY CHAIN AND FIND PRAGMATIC SOLUTIONS FOR EMERGING CHALLENGES.

HIGHLIGHTS OF 2019/20

- Our customers comprise regional plantation companies and private tea factories that process teas purchased from small holders. Our value proposition to customers include services such as warehousing facilities, financial support and advisory, among others.
- During the year, we continued to command above average pricing, attesting to the value we create to manufacturers through advisory and sharing market insights.
- Given the challenging industry conditions that prevailed, the Group reduced exposure to client lending during the year. Total advances to clients amounted to Rs. 782.26 million during the year.
- Efficiency in our state-of-the-art warehousing facility has enabled us to create value across our supply chain through reducing finance costs associated with storage while preserving the quality of stocks.
- Our industry experience and strong market relationships have enabled us to build a unique base of knowledge, which is shared with manufacturers in order to make their products more competitive and attractive.
- We continue to source 100% of our raw materials locally and payments to suppliers amounted to Rs. 23 billion during the year.

VALUE INPUT		VALUE ADDITION IN 2019/20	
Customers	295	Rs. 782.26 million	
Suppliers	96	(-40.71%)	
		<i>Financial support to customers</i>	
		Rs. 27.83 million	
		<i>Investment in advisory</i>	
  			
PRODUCERS		BUYERS	
<i>Advisory</i>		Auction	
<i>Short-term financing</i>		related	
<i>Warehousing</i>		services	
<i>Auction related activities</i>			
Rs. 0.24 million <i>Investment in CSR</i>			
VALUE DELIVERED			
Market share		Rs. 102 %	
<i>Low grown: 17.08 %</i>		<i>Customer retention</i>	
<i>High grown: 11.36 %</i>			

NATURAL CAPITAL



THE GROUP'S ENVIRONMENTAL IMPACTS ARE LIMITED TO THE CONSUMPTION OF ENERGY, WATER AND PAPER AND THE GENERATION OF WASTE AND EFFLUENTS. DESPITE ITS RELATIVELY LIMITED IMPACTS ON THE ENVIRONMENT, AS A RESPONSIBLE CORPORATE CITIZEN THE GROUP REMAINS COMMITTED TO CONSISTENTLY REDUCING IMPACTS ON NATURAL CAPITAL ACROSS ALL ITS OPERATIONS. WE CONTINUE TO BE THE ONLY GREEN WAREHOUSE LOGISTICS CENTRE.

HIGHLIGHTS OF 2019/20

- A robust framework of internal controls ensures compliance with all relevant environmental regulations including CEA and local council regulations. The Group was fully compliant with all relevant regulations during the year.
- Our warehouse complex is designed to drive energy efficiency and reduce dependence on fossil fuels. It is partially powered through solar and is designed to take maximum usage of natural light and air flows. All machinery within the warehouse are battery operated.
- We are committed towards reducing the consumption of paper through increased focus on automation and technology.
- We are increasingly aware of the escalating challenges posed by climate change and given our reliance on the plantation sector these issues have a direct impact on our commercial sustainability. This underscores the importance of engaging in sustainable agriculture methods and we have continued to invest in propagating good agricultural practices across our supply chain through advisory services.

VALUE INPUT

Energy consumption 304,882 kWh

Water consumption 5,787 m³

VALUE ADDITION IN 2019/20

*Rs. 0.4 million
Investment in IT
processes to reduce
paper consumption*

*Rs. 0.5 million
Investments committed
preserving biodiversity
through 'Rotary Jungle'*

*Ongoing efforts to raise employee awareness on
preserving energy and water.*

VALUE DELIVERED

*11%
Reduction in energy expenses*

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Asia Siyaka Commodities PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the year ended 31st March 2020.

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. The Company was re-registered under the Companies Act. No. 07 of 2007 on 30th April 2008 and was subsequently converted to a public limited liability company on 28th March 2012 and listed on the Colombo Stock Exchange on 12th September 2012. The registration number of the Company is PV3562PB/PQ.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activities of the Company are carrying 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 (Private) Limited is providing warehousing facilities for clients of the parent and other selected third parties. Siyaka Produce Brokers (Private) Limited a fully owned subsidiary of 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 20 and 21, 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 76 to 120.

AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 72 to 75.

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 82 to 94. 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 23 to 25.

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
Mr. R.C. Dissanayake	Director
Mr. S.S. Samaranayake	Director

Non-Executive Directors

Mr. T. Someswaran*	Chairman
Mr. S.T. Gunatilleke	Director
Mr. H.R.V. Caldera	Director
Mr. J.N. Dambawinne	Director
Mr. A. Vaithyalingam*	Director

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

Dr. S.A.B. Ekanayake who served as the Chairman/Director of the Company resigned with effect from 30th September 2019.

Dr. I.A. Ismail who served as a Director of the Company, expired on 22nd February 2020.

Mr. J.N. Dambawinne 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.

Mr. A. Vaithyalingam who was appointed to the Board on 16th October 2019 shall retire in terms of Article 94 of the Articles of Association of the Company and being eligible is recommended by the Directors for re-election

The Directors have recommended the re-appointment of Mr. H R V Caldera who is 75 years of age and Mr. T Someswaran who is 77 years of age as Directors of the Company; and accordingly resolutions will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the said re-appointments.

DIRECTORS OF SUBSIDIARY COMPANIES

Asia Siyaka Warehousing (Private) Limited

Mr. A.R. Cooke
Mr. D.J. Wedande
Mr. S.G. Amarasuriya
Mr. Y. Kuruneru
Mr. A. Vaithyalingam*
Mr. R.C. Dissanayake
*Appointed w.e.f. 28/02/2020

Siyaka Produce Brokers (Private) Limited

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

Composition of the Board

The Board of Asia Siyaka Commodities PLC comprises eleven members of whom five 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 two Non-Executive Directors - Mr. T. Someswaran and Mr. A Vaithyalingam 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 2020 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 Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the year ended 31st March 2020.

Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions of which aggregate value exceeded 10% of the equity or 5% of the total asset of the Company during the year ended 31st March 2020, which require specific disclosure in the Annual Report as required by Listing Rules 9.3.2 of the Colombo Stock Exchange.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 32 to the Financial Statements on page 117.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company and the Group to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 65.

AUDITORS

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

A total amount of Rs. 740,718/- is payable by the Company to the Auditors for the year under review comprising Rs. 453,585/- as Audit fees and Rs. 287,135/- for Non Audit Services.

Annual Report of The Board of Directors on The Affairs of The Company Contd.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 13th August 2020 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Details of payments to Auditors of Subsidiary companies on account of audit fees and for permitted non-audit services are set out in Note 23 to the Financial Statements on page 122.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2020 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 2020 and 31st March 2019 are as follows.

	Shareholding as at 31/03/2020	Shareholding as at 31/03/2019
Mr. T. Someswaran	-	-
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. S.T. Gunatilleke*	-	-
Mr. H.R.V. Caldera	-	-
Mr. J.N. Dambawinne**	-	-
Mr. R.C. Dissanayake	1,279,808	1,279,808
Mr. S.S. Samaranayake	265,734	265,734
Mr. A. Vaithyalingam	-	-

*Mr. S.T. Gunatilleke is the Chairman of Lanka Commodity Brokers Limited, which holds 149,148,464 shares constituting 57.365% 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 1596 shareholders registered as at 31st March 2020. The details of distribution are given on page 122 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, public holding as per the Listing Rules of the Colombo Stock Exchange are given on pages 122 to 123 under Shareholder Information.

RESERVES

The reserves of the Company with the movements during the year are given in the Financial Statements on page 79.

LAND HOLDINGS

The Company does not own any freehold land or buildings.

The leasehold interest in the immovable property, held by Asia Siyaka Warehousing (Private) Limited, the subsidiary company was revalued as at 31st March 2020 by an Independent Valuer and it is recorded at market values as set out in Note 3.7 to the Financial Statements.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 3 to the Financial Statements on pages 95 to 98.

INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2020 are given in Note 6 to the Financial Statements on page 100.

DONATIONS

The Company made donations amounting to Rs. 352,421/- in total, during the year under review. Asia Siyaka Warehousing (Private) Limited made donations amounting to Rs. 95,402/- during the year. Siyaka Produce Brokers (Private) Limited did not make any donations during the year.

DIVIDENDS

The Company paid a Final Dividend of Rs.0.15 per share for the year ended 31st March 2019 on 30th August 2019.

The Company paid an Interim Dividend of Rs. 0.05 per share for the year ended 31st March 2020 on 03rd September 2020.

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 42 to 51.

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 reporting 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 115, there were no material Contingent Liabilities as at the Reporting date.

EVENTS OCCURRING AFTER THE REPORTING DATE

Except for the matters disclosed in Note 31 to the Financial Statements on page 116 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 27 to 41 explains the measures adopted by the Company during the year.

An Audit Committee, Remuneration Committee, Nominations Committee and Related Party Transactions 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. T. Someswaran	Chairman
Dr. I.A. Ismail	Member (up to 22.02.2020)
Mr. S.T. Gunatilleke	Member
Mr. A. Vaithylingam	Member (appointed w.e.f 17.10.2019)

Remuneration Committee

Mr. T. Someswaran	Chairman (appointed w.e.f 22.10.2019)
Mr. S.T. Gunatilleke	Member
Mr. A. Vaithylingam	Member (appointed w.e.f 13.02.2020)
Dr. I.A. Ismail	Member (up to 22.02.2020)
Dr. S.A.B. Ekanayake	Chairman/Member up to 30.09.2019

Annual Report of The Board of Directors on The Affairs of The Company Contd.

Nominations Committee

Mr. T. Someswaran	Chairman (appointed w.e.f 22.10.2019)
Mr. S.T. Gunatilleke	Member
Mr. A. Vaithyalingam	Member (appointed w.e.f 13.02.2020)
Dr. I.A. Ismail	Member (up to 22.02.2020)
Dr. S.A.B. Ekanayake	Chairman/Member up to (30.09.2019)

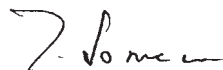
Related Party Transactions Review Committee

Mr. A Vaithyalingam*	Chairman (appointed on 13.03.2020)
Mr. H.R.V. Caldera	Member
Mr. T. Someswaran	Member
Dr. I.A. Ismail	Chairman/Member up to (22.02.2020)

ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting appears on page 126.

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



Mr. T. Someswaran
Chairman



Mr. A R Cooke
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

21st September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

21st September 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Company was established in November 2015 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with the Rules in place for independent review, approval and oversight of Related Party Transactions of the Company and with particular emphasis relating to the interests of both major and minor stakeholders alike.

COMPOSITION OF THE COMMITTEE

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

Mr. A. Vaithyalingam*	Chairman (appointed as a Member/Chairman on 13.03.2020)
Mr. H.R.V. Caldera	Member
Mr. T. Someswaran	Member
Dr. I.A. Ismail	Chairman/Member (up to 22.02.2020)

P W 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
Mr. A. Vaithyalingam*	0/4
Mr. T. Someswaran	3/4
Mr. H.R.V. Caldera	4/4
Dr. I.A. Ismail**	3/4

*Appointed as a Member on 13.02.2020

** Ceased to be the Chairman/Member w.e.f 22.02.2020

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Charter of the Related Party Transactions 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 2019/20 and has communicated its comments and observations to the Board. 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 pages 116 to 117 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 60 and 64 of this Annual Report.



Mr. A. Vaithyalingam

Chairman - Related Party Transactions Review Committee

21st September 2020

THE REPORT OF THE AUDIT COMMITTEE OF ASIA SIYAKA COMMODITIES PLC

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 are financial position of the Company. The Independent Auditors are also responsible for issuing a report on those Financial Statements. The Audit Committee monitors and oversees these processes. The Audit Committee annually recommends to the Board, for its approval on, an independent accounting firm to be appointed as the Company's Independent Auditors.

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

- Reviewed and discussed with the Company's Management and the Independent Auditors, the Consolidated Financial Statements for the accounting year ended 31st March 2020. 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 Statements 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. T Someswaran	3/5
Mr. S T Gunatillke	3/5
Mr. A Vaithyalingam *	5/5
Dr. I A Ismail**	5/5

*Appointed w.e.f 17.10.2019

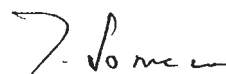
** Ceased w.e.f 22.02.2020

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. T. Someswaran
Chairman

21st September 2020

REPORT OF THE REMUNERATION COMMITTEE

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,

Mr. T. Someswaran	Chairman (appointed w.e.f 17.10.2019)
Mr. S. T. Gunatilleke	Member
Mr. A. Vaithyalingam	Member (appointed w.e.f 13.02.2020)
Dr. I.A. Ismail	Member (up to 22.02.2020)
Dr. S.A.B. Ekanayake	Chairman/Member up to 30.09.2019

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 optimise 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 twice 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. T. Someswaran***	1/2
Mr. S.TGunatilleke	2/2
Mr. A. Vaithyalingam****	N/A
Dr. I.A. Ismail**	1/2
Dr. S.A.B. Ekanayake*	1/2

* Resigned w.ef. 30/09/2019

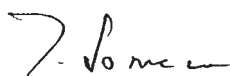
** Ceased w.ef. 22/02/2020

*** Appointed w.ef. 22/10/2019

**** Appointed w.ef. 13/02/2020

The Directors' emoluments are disclosed on Note 32 to the Financial Statements.

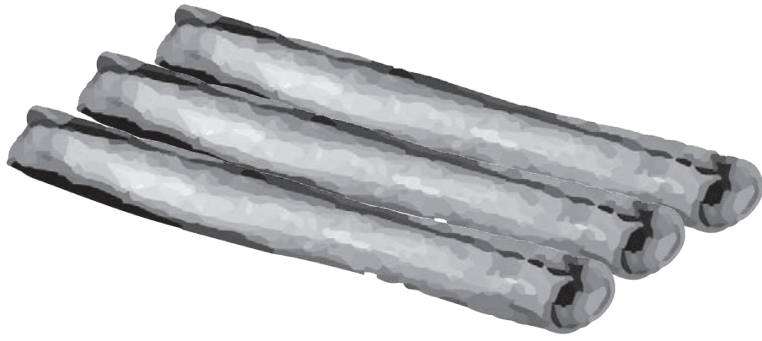
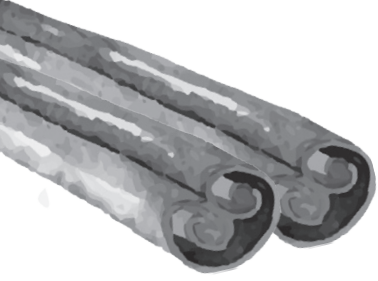
On behalf of the Remuneration Committee;



Mr. T. Someswaran
Chairman – Remuneration Committee

21st September 2020

FINANCIAL REPORTS



FINANCIAL CALENDER

Financial Calendar	2019/20	2018/19
1st Quarter	07th August 2019	10th August 2018
2nd Quarter	25th October 2019	15th November 2018
3rd Quarter	13th February 2020	11th February 2019
4th Quarter	13th August 2020	30th May 2019

ANNUAL GENERAL MEETINGS

2012 / 13 – Annual Report Published on 30th August 2013 and 01st Annual General Meeting held on 23rd September 2013
 2013 / 14 – Annual Report Published on 22nd August 2014 and 02nd Annual General Meeting held on 15th September 2014
 2014 / 15 – Annual Report Published on 28th July 2015 and 03rd Annual General Meeting held on 24th August 2015
 2015 / 16 – Annual Report Published on 04th July 2016 and 04th Annual General Meeting held on 28th July 2016
 2016 / 17 – Annual Report Published on 21st July 2017 and 05th Annual General Meeting held on 14th August 2017
 2017 / 18 – Annual Report Published on 31st August 2018 and 06th Annual General Meeting held on 28th September 2018
 2018 / 19 – Annual Report Published on 29th August 2019 and 07th Annual General Meeting held on 23rd September 2019

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

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Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

NdeS/ONS/TW

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 2020, 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 2020, 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 R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeevani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudan ACMA A A J R Perera ACA ACMA 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
Provision for Impairment of Loans and Advances Loans and advances balance as at 31 March 2020, amounts Rs. 782,264,026/=, which represents 32% of the Group's total assets. The Entity's impairment assessment process is described in Note 2.3.11 (e) to these financial statements. Determination of the provision for Impairment of Loans and Advances involves management judgements, use of mathematical models and estimates which included the assessment of the possible impact of the COVID 19 outbreak on such Impairment Provisions as disclosed in Note 11.2 in the financial statements. This area was considered significant for our audit due to the significance of the balance coupled with judgements and assumptions included.	We gained an understanding of the Entity'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 Entity's standard operating procedure for granting credit to tea clients. We assessed forecasted settlements of loans and advances by comparing the actual recoveries against previously estimated amounts. We also assessed the Entity's impairment methodology to determine whether it is in line with SLFRS 9. We checked the completeness and accuracy of the underlying information and calculations thereon by agreeing details to the relevant source documents, information in accounting systems and re-performing the calculations. We also assessed the adequacy of disclosures provided by management in Note 2.3.11 (e) and 11.1.
Valuation of Storage Systems and Buildings As of reporting date, Property, Plant and Equipment includes Storage Systems and Buildings carried at fair value amounting to Rs.121.7 Mn and 780.9 Mn respectively. The fair value of Storage Systems and Buildings were determined mainly using an independent external valuer engaged by the Group. The valuation of Storage Systems and Buildings was considered a key audit matter due to the use of significant judgments and estimates which included the assessment of the possible impact of the COVID 19 outbreak on such valuations as disclosed in Notes 3.7, 3.8 and 3.9 in the financial statements.	Our audit procedures included the following; • we evaluated the competence, capability and objectivity of the external valuer engaged by the Group; • we read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of Storage Systems and Buildings; • we engaged our internal specialized resources to assist us in assessing appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per pallet location price and value per square foot used by the valuer and ; • we have also assessed the adequacy of the disclosures made in Notes 3.7,3.8 and 3.9 in the financial statements.

Independent Auditors' Report Contd.



Other information included in the Group's 2020 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 1864.

21 September 2020
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
ASSET					
Non-Current Assets					
Property, Plant and Equipment	3	1,035,846,024	849,463,452	4,731,210	7,101,985
Rights of Use Asset	7	55,995,948	-	35,089,990	-
Intangible Assets	4	440,368	811,220	440,368	811,220
Lease Rentals Paid in Advance	5	-	27,495,000	-	-
Investments	6	-	-	190,306,046	190,352,272
Investment Property	8	755,727	755,727	755,727	755,727
Deferred Tax Asset	25	39,355,377	30,039,213	37,122,106	27,165,200
		1,132,393,444	908,564,612	268,445,447	226,186,404
Current Assets					
Inventory	9	4,040,401	3,249,083	4,019,870	3,228,553
Trade Receivables	10	131,134,938	443,590,930	109,146,058	419,708,957
Loans and Advances	11	782,264,026	1,319,640,720	782,264,026	1,319,640,720
Other Receivables, Prepayments and Advances	12	42,590,343	17,169,183	5,650,058	7,561,473
Lease Rentals Paid in Advance	5	-	940,000	-	-
Income Tax Receivable		4,720,903	-	408,366	-
Short Term Investments		28,901,562	26,096,218	28,901,562	26,096,218
Cash and Cash Equivalents	13	322,904,752	87,401,161	321,502,944	79,340,848
		1,316,556,925	1,898,087,295	1,251,892,884	1,855,576,769
Total Assets		2,448,950,369	2,806,651,907	1,520,338,331	2,081,763,173
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	14	100,000,000	100,000,000	100,000,000	100,000,000
Revaluation Reserves		421,386,900	264,233,828	-	-
Revenue Reserves		344,716,776	368,813,513	198,744,913	192,853,696
Total Equity		866,103,676	733,047,341	298,744,913	292,853,696
Non Current Liabilities					
Retirement Benefit Obligation	15	80,856,606	69,941,127	72,938,913	63,256,675
Lease liabilities	7	22,872,595	-	27,533,370	-
Deferred Tax Liability	25	197,854,499	132,448,309	590,489	-
Long Term Interest Bearing Borrowings	16	203,571,441	267,857,149	-	-
		505,155,141	470,246,585	101,062,772	63,256,675

As at 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Liabilities					
Interest Bearing Borrowings	16	67,857,132	64,285,709	-	-
Trade Payables	17	41,895,208	589,105,181	162,456,885	788,182,313
Income Tax Payable		-	2,717,713	-	2,516,423
Interest Bearing Borrowings on Client Financing	18	920,811,597	896,061,397	920,811,597	896,061,397
Sundry Creditors including Accrued Expenses		37,839,484	45,828,340	25,557,315	33,651,391
Lease liabilities	7	4,993,853	-	7,478,648	-
Bank Overdrafts	13	4,294,278	5,359,641	4,226,201	5,241,278
		1,077,691,552	1,603,357,981	1,120,530,646	1,725,652,801
Total Liabilities		1,582,846,693	2,073,604,566	1,221,593,418	1,788,909,477
Total Equity and Liabilities		2,448,950,369	2,806,651,907	1,520,338,331	2,081,763,173

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

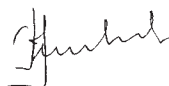


Senior Vice President - Finance

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 82 through 120 form an integral part of these financial statements.

21st September 2020
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	19	713,243,470	770,678,872	472,252,948	510,564,978
Cost of Sales		(3,400,294)	(3,794,631)	(3,400,294)	(3,794,631)
Net Revenue		709,843,176	766,884,241	468,852,654	506,770,347
Other Income and Gains	20	10,079,862	3,039,110	54,195,089	47,591,184
Distribution Expenses		(94,978,691)	(48,771,622)	(84,791,510)	(45,302,089)
Administrative Expenses		(425,866,802)	(424,946,971)	(247,852,036)	(270,795,834)
Operating Profit		199,077,545	296,204,758	190,404,197	238,263,608
Finance Cost	21	(159,019,406)	(143,777,468)	(142,290,205)	(123,216,838)
Finance Income	22	9,978,369	10,531,713	9,968,235	10,472,555
Net Finance Cost		(149,041,037)	(133,245,755)	(132,321,970)	(112,744,283)
Profit Before Tax	23	50,036,508	162,959,003	58,082,227	125,519,325
Income Tax Expense	24	(33,181,798)	(49,906,902)	(11,730,751)	(19,503,176)
Profit for the year		16,854,710	113,052,101	46,351,476	106,016,149
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	(2,710,341)	(7,802,929)	(2,028,138)	(7,094,835)
Tax Effect on Actuarial Loss	25	758,894	2,184,820	567,879	1,986,554
		(1,951,447)	(5,618,109)	(1,460,259)	(5,108,281)
Revaluation Surplus		218,268,155	-	-	-
Income Tax Effect	25	(61,115,083)	-	-	-
		157,153,072	-	-	-
Other Comprehensive Loss for the year, net of tax		155,201,625	(5,618,109)	(1,460,259)	(5,108,281)
Total Comprehensive Income for the year, net of tax		172,056,335	107,433,992	44,891,217	100,907,868
Basic/Diluted Earnings Per Share	26	0.06	0.43	0.18	0.41
Dividend Per Share	27	0.15	0.25	0.15	0.25

The accounting policies and notes on pages 82 through 120 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
Balance as at 1 April 2018 (Restated)	100,000,000	264,233,828	326,379,521	690,613,349
Net Profit for the Year	-	-	113,052,101	113,052,101
Other Comprehensive Income	-	-	(5,618,109)	(5,618,109)
Total Comprehensive Income	-	-	107,433,992	107,433,992
Dividend Paid	-	-	(65,000,000)	(65,000,000)
Balance as at 01 April 2019	100,000,000	264,233,828	368,813,513	733,047,341
Net Profit for the Year	-	-	16,854,710	16,854,710
Other Comprehensive Income	-	157,153,072	(1,951,447)	155,201,625
Total Comprehensive Income	-	157,153,072	14,903,263	172,056,335
Dividend Paid	-	-	(39,000,000)	(39,000,000)
As at 31 March 2020	100,000,000	421,386,900	344,716,776	866,103,676

Company	Stated Capital Rs.	Revenue Reserves Rs.	Total Rs.
Balance as at 1 April 2018 (Restated)	100,000,000	156,945,828	256,945,828
Net Profit for the Year	-	106,016,149	106,016,149
Other Comprehensive Income	-	(5,108,281)	(5,108,281)
Total Comprehensive Income	-	100,907,868	100,907,868
Dividend Paid	-	(65,000,000)	(65,000,000)
Balance as at 01 April 2019	100,000,000	192,853,696	292,853,696
Net Profit for the Year	-	46,351,476	46,351,476
Other Comprehensive Income	-	(1,460,259)	(1,460,259)
Total Comprehensive Income	-	44,891,217	44,891,217
Dividend Paid	-	(39,000,000)	(39,000,000)
As at 31 March 2020	100,000,000	198,744,913	298,744,913

The accounting policies and notes on pages 82 through 120 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows From Operating Activities					
Profit before Income Tax Expense		50,036,508	162,959,003	58,082,227	125,519,325
Adjustment for					
Depreciation and Amortization	3.2, 3.13 & 4	63,612,532	59,236,976	3,322,377	3,889,675
Finance Cost	21	159,019,406	143,777,468	142,290,205	123,216,838
Finance Income	22	(9,978,369)	(10,531,713)	(9,968,235)	(10,472,555)
Gratuity Charge	15.1	13,036,752	10,659,473	11,444,110	9,299,936
(Gain) / Loss on sale of Property, Plant and Equipment	20	(8,055,583)	(399,908)	-	(90,975)
Provision for Impairment of Loans and Advances		(5,611,243)	19,617,028	(5,611,243)	19,617,028
Provision for Impairment of Trade Receivables		1,089,053	1,346,437	914,774	1,342,991
Bad Debts Written Off		65,100,606	-	65,064,472	-
Impairment of Subsidiary Investment	6.2	-	-	46,225	169,410
Dividend Income Received		-	-	(51,520,015)	(44,289,136)
Amortization of lease rentals paid in advance		-	940,000	-	-
Amortization of Right of Use Assets	7	9,709,522	-	11,405,139	-
Operating Profit before Working Capital Changes		337,959,184	387,604,764	225,470,035	228,202,537
Increase in Inventories		(791,318)	(559,463)	(791,317)	(550,983)
Decrease / (Increase) in Trade and Other Receivables		285,945,778	52,281,341	311,559,540	54,221,252
(Increase) / Decrease in Loans and Advances		477,887,330	(565,214,777)	477,923,465	(565,214,773)
Increase / (Decrease) in Trade and Other Payables		(555,198,829)	33,908,984	(633,819,504)	25,472,151
Increase / (Decrease) in Interest Bearing Borrowings on Client Financing		(64,000,000)	365,000,000	(64,000,000)	365,000,000
		481,802,145	273,020,849	316,342,217	107,130,183
Income Tax Paid		(44,886,575)	(39,581,718)	(23,454,077)	(26,899,231)
Defined Benefit Plan Costs paid	15.1	(4,831,614)	(7,837,158)	(3,790,010)	(6,060,598)
Finance Cost Paid	21	(159,019,406)	(143,777,468)	(142,290,205)	(123,216,838)
Net cash Flows Generated from / (Used in) Operating Activities		273,064,550	81,824,505	146,807,925	(49,046,484)

Year ended 31 March 2020		Group		Company	
	Note	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows From Investing Activities					
Acquisition of Property, Plant and Equipment and Intangible Assets	3.1, 3.12 & 4	(31,356,097)	(13,730,276)	(580,749)	(2,035,919)
Sales Proceeds from Fixed Asset Disposals		8,055,583	491,891	-	161,498
Investment in Short Term Investments		(2,805,344)	(2,430,142)	(2,805,344)	(2,430,142)
Dividend Income Received		-	-	51,520,015	44,289,136
Finance Income Received	22	9,978,369	10,531,713	9,968,235	10,472,555
Net Cash Flows (Used in) / Generated From Investing Activities		(16,127,489)	(5,136,814)	58,102,157	50,457,128
Cash Flows From Financing Activities					
Repayments under Lease Liabilities		(9,404,022)		(11,483,111)	-
Dividend Paid		(39,000,000)	(65,000,000)	(39,000,000)	(65,000,000)
Loans Repaid		(60,714,285)	(64,285,714)	-	-
Net Cash Flows Used in Financing Activities		(109,118,307)	(129,285,714)	(50,483,111)	(65,000,000)
Net Decrease in Cash and Cash Equivalents		147,818,754	(52,598,023)	154,426,972	(63,589,357)
Cash and Cash Equivalents at the Beginning of the Year	13	50,980,123	103,578,147	43,038,173	106,627,529
Cash and Cash Equivalents at the End of the Year	13	198,798,877	50,980,123	197,465,146	43,038,173

The accounting policies and notes on pages 82 through 120 form an integral part of these financial statements.

NOTES TO THE 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 2020, 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 2.1.4

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 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 21 September 2020.

2. GENERAL ACCOUNTING POLICIES

2.1 Basis Of Preparation

The financial statements of the Company and the Group have been prepared on an accrual basis and under the historical cost convention, except for, buildings on leasehold lands and storage system that have been measured at fair value.

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

2.1.1 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.

2.1.2 Going concern

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

The board of directors is of the view that the Group's operations have not been materially impacted by the COVID 19 outbreak. We are monitoring the situation at Asia Siyaka Commodities PLC and its Subsidiaries closely and believe that as it is engaged in the Tea industry in Sri Lanka which provides essential services it is unlikely that COVID 19 will have a significant impact on its activities.

2.1.3 Comparative Information

Presentation and classification of the financial statements of the previous year have been amended where relevant for better presentation and to be comparable with those of current year.

2.1.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2020. 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

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 Broking Licence to Asia Siyaka Commodities PLC its parent company and since then the Company has not carried out any business activity. The Company is in the process of closing down by way of striking off in the ensuing year. Under these circumstances, the Board of Directors intends to liquidate the Company within foreseeable future.
Year of Ownership/ Incorporation	18.01.1999	15.02.2008
Ownership Percentage	100%	100%

2.1.5 Changes in Accounting Policies *New and amended standards and interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, SLFRS 16 Leases, the nature and effect of these changes are disclosed below.

a) SLFRS 16 - Leases

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

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

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the right-of-use assets were recognised based on

Notes to The Financial Statements Contd.

the amount equal to the lease liabilities, adjusted by the amount of any pre-paid or accrued lease payments and no restatement of comparative information.

The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The Lease Liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as at 1 April 2019 as follows,

Assets	Rs.
Operating Commitments as at 31 March 2019	60,242,411
Weighted Average Incremental borrowing rate at 1 April 2019	14%
Discounted Operating lease commitments as at 1 April 2019	46,495,130
Less:	
Commitments relating to short term leases	Nil
Commitments relating to leases on low value assets	Nil
Lease Liabilities as at 1 April 2019	46,495,130

2.2 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 have been

discussed in the individual notes of the related financial statement line items.

The line items which have most significant effect on accounting, judgements, estimate and assumptions are as follows;

a) 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.

b) Employee benefit liability

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

c) Provision for expected credit losses of loans and advances

Details of the Group's policy relates the Provision for expected credit losses of Loans and Advances are contained in Note 2.3.11 (e).

d) Income tax and Deferred tax rates

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from January 01, 2020, pending formal amendments being made to the IRA. The Group's management having applied significant judgment to the said proposed revision of income tax rates, have determined that it is probable that formal amendments to the IRA will be made. The management concluded that Circular No. PN/IT/2020-03 (Revised) is more likely to be enacted in the near future and therefore, income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular to be effective from 01/01/2020 have been used to calculate the last quarter income tax provision of the 2019/20 financial year of the Group. Accordingly, the Group has decided to apply the revised income tax rates with effective from 1 January 2020.

The Group has computed deferred tax at the rates based on Substantively enacted rate (28%), which is the statutory rate specified in the IRA, as of the reporting date, because the Inland Revenue Department Circular No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date.

e) SLFRS 16 – Leases (Incremental Borrowing Rate)

At the commencement date, a lessee (the company) shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate

cannot be readily determined, the lessee shall use the lessee's (the company's) incremental borrowing rate.

The basis used when determining the incremental borrowing rate in this regard are described more fully in Note 7.2.1.2 to these financial statements.

2.3 Summary Of Significant Accounting Policies

2.3.1 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.

2.3.2 Taxation

(a) Income Tax

Current income tax assets and liabilities for the current period 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 which is currently the Inland Revenue Act No. 24 of 2017 effective from 1st April 2018 and subsequent amendments thereon.

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.

Notes to The Financial Statements Contd.

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.

2.3.3 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.

2.3.4 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
- It does not have a right at the reporting date to defer 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.

2.3.5 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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.

2.3.6 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 10-30 years or lease term
Land Development Cost	Over the 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 adjusted prospectively when appropriate.

(d) Revaluation

Buildings on leasehold land and storage systems are measured at fair value at the date of revaluation 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.

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.

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

Notes to The Financial Statements Contd.

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.

2.3.7 Leases

Policy applicable before 1st April 2019

The Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

Lease Rentals Paid in Advance

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/-.

Lease rentals paid in advance to acquire 'land use rights' are amortized over the lease term in accordance with the pattern of benefits provided.

Policy applicable after 1st April 2019

The Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company / Group as a lessee

The Entity applies a single recognition and measurement approach for all leases. The Entity recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Entity recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets

includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date (Lease Rental Paid in Advance) less any lease incentives received.

As at 1st April 2019 the Group transferred the Carrying Value of Lease Rentals Paid in Advance to Right-of-Use Assets. (Refer Note No 07).

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Head Office Premises - 6 years
- Sample Room - 6 years
- Motor Vehicle - 5 years
- Lease Rentals Paid in Advance to acquire Lease Hold Land Rights - 30 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.5- Impairment of non-financial assets.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value

guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. (refer Note 07).

2.3.8 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.

2.3.9 Intangible Assets

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.

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.

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 asset is as follows:

Asset	Years
Software	2

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.

2.3.10 Investment in Subsidiaries

Investment in Subsidiaries are initially recognised at cost in the Financial Statements of the Company. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

Notes to The Financial Statements Contd.

2.3.11 Financial Instruments – Initial Recognition and Subsequent Measurement Financial Assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result

from collecting contractual cash flows, selling the financial assets, or both.

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.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

c) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortised cost includes trade receivables, loans and advances, short term investments and cash and cash equivalents included under other financial assets.

d) Derecognition

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.

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

e) Impairment of Financial Assets

The Group recognises an allowance for Expected Credit Losses (ECLs) for all

debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For Loans and advances collectively assessed for impairment, the Group applies a simplified approach in calculating ECLs. Therefore, the Group do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with

forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's loans and advances is disclosed in Note 11.

Financial Liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

b) Subsequent measurement

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

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 profit or loss 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 as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

c) Derecognition

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

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

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

Notes to The Financial Statements Contd.

that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company.

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

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 company 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 company determines the policies and procedures for both recurring fair value measurement, such as buildings on lease hold lands and storage systems and for non-recurring measurement. External valuers are involved for valuation of significant assets, such as buildings on leasehold lands and storage systems. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained.

2.3.12 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.

2.3.13 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.

2.3.14 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 Group 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.

2.3.15 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. Details of the key assumptions used in the estimates are contained in Note 15.4.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31 March 2020, carried out by Messrs. Actuarial and Management Consultants (Private) Limited, actuaries.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans-

Employees 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.

2.3.16 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

2.3.16.1 Principal versus agent considerations

In determining whether the Group is the principal or the agent pertaining to certain revenue contracts the Group has evaluated who has control over the goods before transferring it to the customer;

The following factors were also considered;

- The primary responsibility for fulfilling the promise to provide the specified goods or the service.
- Inventory risk before or after the specified goods has been transferred to the customer
- The discretion in establishing the price for the specified good or service

Based on the above factors the Group concluded that it does not have the control over the goods or services on broking before transferring it to the customer, it will recognise revenue on the contract on net basis.

a) Brokerage Income

Brokerage income is recognised on net basis at on the date of the auction (after placing hammer). The settlement terms are generally within 7 days.

b) Warehousing Income

Warehousing handling income is recognised on net basis as an agent on the date of the auction and the handling income from third parties is recognised on net basis. Settlement terms are generally within 7 days

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 revenue and finance income in the statement of profit or loss and other comprehensive income. Advance settlement terms are generally within 4 weeks.

d) Rent Income

Rent income is recognised on accrual basis.

Notes to The Financial Statements Contd.

e) Others

Other income is recognised on accrual basis.

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the statement of profit of loss.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions are not material, are aggregated, reported and presented on net basis.

f) Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established.

2.3.17 Segment Information

2.3.17.1 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.

2.3.17.2 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.

2.4 Standards Issued But Not Yet Effective

The following new accounting standards and amendments/improvements to existing standards were issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), which are not effective as at 31st March 2020. Accordingly, these accounting standards have not been applied in the preparation of financial statements for the year ended 31 March 2020.

The Company intends to adopt these new and amended standards and interpretations, if applicable and does not expect material impact on the Company's financial statements, when they become effective.

- Amendments to **Sri Lanka Accounting Standard - LKAS 1 "Presentation to Financial Statements"** and **Sri Lanka Accounting Standard - LKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** (effective from 1 January 2020)
- Amendments to **Sri Lanka Accounting Standard - SLFRS 3 "Business Combinations"** (effective from 1 January 2020)
- Amendments to references to the **conceptual framework in SLFRS standards** (effective from 1 January 2020)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Balance As at 01.04.2019 Rs.	Additions Rs.	Revaluation Rs	Disposals Rs.	Balance As at 31.03.2020 Rs.
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3.1 Gross Carrying Amounts

At Cost /Valuation

Buildings	681,914,715	-	98,985,285	-	780,900,000
Furniture and Fittings	43,505,235	45,567	-	(169,900)	43,380,902
Office Equipment	170,301,071	9,933,580	-	(6,567,000)	173,667,651
Storage System	107,585,766	-	14,114,234	-	121,700,000
Computer and Accessories	15,034,239	520,700	-	-	15,554,939
Motor Vehicle	27,931,070	20,600,000	-	(10,028,076)	38,502,994
	1,046,272,096	31,099,847	113,099,519	(16,764,976)	1,173,706,486

Assets on Lease Hold Land

Land Development Cost	43,337,812	-	-	-	43,337,812
	43,337,812	-	-	-	43,337,812
Total Value of Depreciable Assets	1,089,609,908	31,099,847	113,099,519	(16,764,976)	1,217,044,298

3.2 In the Course of Construction

Capital Work In Progress	-	256,250	-	-	256,250
	-	256,250	-	-	256,250

3.3 Depreciation

	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Revaluation Rs	Disposals Rs.	Balance As at 31.03.2020 Rs.
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At Cost /Valuation

Buildings	55,949,707	23,522,486	(79,472,193)	-	-
Furniture and Fittings	23,684,467	5,556,291	-	(169,900)	29,070,858
Office Equipment	107,312,132	16,594,166	-	(6,567,001)	117,339,297
Storage System	18,524,058	7,172,385	(25,696,443)	-	-
Computer and Accessories	11,118,411	1,458,117	-	-	12,576,528
Motor Vehicle	15,715,209	7,703,841	-	(10,028,075)	13,390,975
	232,303,984	62,007,286	(105,168,636)	(16,764,976)	172,377,658

Assets on Lease Hold Land

Land Development Cost	7,842,472	1,234,394	-	-	9,076,866
	7,842,472	1,234,394	-	-	9,076,866
	240,146,456	63,241,680	(105,168,636)	(16,764,976)	181,454,524

Notes to The Financial Statements Contd.

3.4 Net Book Values

	2020 Rs.	2019 Rs.
At Cost /Valuation		
Buildings	780,900,000	625,965,008
Furniture and Fittings	14,310,044	19,820,768
Office Equipment	56,328,354	62,988,939
Storage System	121,700,000	89,061,708
Computer and Accessories	2,978,411	3,915,828
Motor Vehicle	25,112,019	12,215,861
	1,001,328,828	813,968,112
Assets on Lease Hold Land		
Land Development Cost	34,260,946	35,495,340
	34,260,946	35,495,340
In the Course of Construction		
Capital Work In Progress	256,250	-
	256,250	-
Total Carrying Amount of Property, Plant and Equipment	1,035,846,024	849,463,452

3.5 During the financial period, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 31,099,847/- (2019 - Rs. 13,368,870/-) cash payment amounting to Rs. 31,099,847/- (2019 - Rs. 13,730,276/-).

3.6 Property, Plant and Equipment includes fully depreciated assets still in use having a gross carrying amount of Rs.90,504,676 /- (2019 - Rs. 93,555,270 /-).

3.7 Non-Financial Assets Fair Value Hierarchy

As at 31 March		Fair value measurement using		
Assets Measured at Fair Value	Valuation Date	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Buildings on Leasehold Land	31/03/2020	-	-	780,900,000
Storage System	31/03/2020	-	-	121,700,000

3.8 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 Group's Buildings on Leasehold Land and Storage System were determined by means of a revaluation during the financial year 2019/2020 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 2020. 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.

Impact on COVID 19 Pandemic on Revaluation

The outbreak of COVID 19 was declared by World Health Organization on 11th March 2020 which has impacted global financial markets. As at the valuation date the valuer considered that they can attach less weightage to previous market evidences for comparison purposes to inform an opinion on values. Therefore the values determined by the Revaluer reported on the basis of "Material Valuation Uncertainty".

Also considering the unknown future impact of COVID 19 will have on Real Estate Market and the Revaluer suggesting to the Company of frequent review regard these properties.

3.9 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. 9,500/- 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. 2,750/- to Rs. 5,250/- per Pallet Location @ Dep. Rate of 6.67%	Level - 03	Positively Correlated Sensitivity

3.10 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 2020	Net Carrying Amount 2019
Buildings on Leasehold Land	474,842,676	105,925,295	368,917,382	59,123,310
Storage System	91,032,758	25,764,145	65,268,613	-
	565,875,434	131,689,440	434,185,994	59,123,310

3.11 Capital Working Progress included in Property, Plant and Equipment as at 31st March 2020 Rs. 256,250/= (2019- Nil), relating to expenditure for Solar System in the course of construction and it was measured at cost.

Notes to The Financial Statements Contd.

3.12 Gross Carrying Amounts

Company	Balance As at 01.04.2019 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2020 Rs.
At Cost				
Furniture and Fittings	16,015,997	15,119	-	16,031,116
Office Equipment	10,457,220	396,630	-	10,853,850
Computer and Accessories	10,892,997	169,000	-	11,061,997
Motor Vehicle	2,219,138	-	-	2,219,138
Total Value of Depreciable Assets	39,585,352	580,749	-	40,166,101

3.13 Depreciation

	Balance As at 01.04.2019 Rs.	Charge for the year Rs.	Disposals	Balance As at 31.03.2020 Rs.
At Cost				
Furniture and Fittings	13,153,693	1,452,182	-	14,605,875
Office Equipment	9,228,003	476,383	-	9,704,386
Computer and Accessories	9,048,395	652,451	-	9,700,846
Motor Vehicle	1,053,276	370,508	-	1,423,784
Total Depreciation	32,483,367	2,951,524	-	35,434,891

3.14 Net Book Values

	2020 Rs.	2019 Rs.
At Cost		
Furniture and Fittings	1,425,241	2,862,304
Office Equipment	1,149,464	1,229,217
Computer and Accessories	1,361,151	1,844,602
Motor Vehicle	795,354	1,165,862
Total Carrying Amount of Property, Plant and Equipment	4,731,210	7,101,985

3.15 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 580,749/- (2019 - Rs.1,674,512/-) cash payment amounting to Rs. 580,749/- (2019 - Rs. 2,035,919/-) were made during the period for purchase of Property, Plant and Equipment.

3.16 Property, Plant and Equipment include fully depreciated assets having a gross carrying amount of Rs. 29,671,233/- (2019 - Rs. 18,618,142/-)

4. INTANGIBLE ASSETS

	Group/ Company Computer Software	
	2020	2019
	Rs.	Rs.
Cost		
Balance as at the Beginning of the year	12,809,502	12,448,095
Additions/Transfer	-	361,407
Balance as at the End of the year	12,809,502	12,809,502
Amortization		
Balance as at the Beginning of the year	11,998,282	11,273,661
Charge for the year	370,852	724,621
Balance as at the End of the year	12,369,134	11,998,282
Carrying Value	440,368	811,220

4.1 During the financial year, the Company / Group did not acquire intangible assets (2019 -Rs. 361,407/-).

5. LEASE RENTALS PAID IN ADVANCE

	2020	2019
Group	Rs.	Rs.
Lease Rentals paid in Advance	-	47,000,000
Accumulated Amortization	-	(18,565,000)
Lease Rentals paid in Advance net of Amortization	-	28,435,000
5.1 Summary		
At the Beginning of the year	28,435,000	29,375,000
Amortization for the year	-	(940,000)
Transfers to Right of Use Assets	(28,435,000)	-
At the End of the year	-	28,435,000
5.2 Amortization of Lease Rentals Paid in Advance		
Total Current		
To be Amortized within One year	-	(940,000)
Total Non - Current		
To be Amortized from Two to Five years	-	(3,760,000)
To be Amortized after Five years	-	(23,735,000)
	-	(27,495,000)

Notes to The Financial Statements Contd.

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/-. The Carrying Value of this Lease rental paid in advance to acquire land use rights as at 1/4/2019 has been transferred to Right of Use Assets due to the first time adoption of SLFRS 16 and amortized over the lease term.

6. INVESTMENTS

	Company	
	2020	2019
	Rs.	Rs.
Investment in Subsidiaries (6.1)	190,306,046	190,352,271
	190,306,046	190,352,271

6.1 Non-Current Investments

Investment in Subsidiaries

Asia Siyaka Warehousing (Pvt) Ltd	190,250,000	190,250,000
Siyaka Produce Brokers (Pvt) Ltd	56,046	102,271
	190,306,046	190,352,271

	Holding %	
	2020	2019
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 brokering which was the main revenue source. Further a provision for impairment of Rs. 46,225 /- (2019 - Rs. 169,410/-) is made due to the drop in net assets as at the reporting date. The Board of Directors intends to close down the Subsidiary in the impending future.

7 INITIAL APPLICATION OF SLFRS 16 - LEASES

The Company / Group as a lessee has applied SLFRS 16 as initial application with effect from 01st April 2019 using the modified retrospective approach (Cumulative Catchup - Transition Method) and therefore the comparative information has not been restated and continues to be reported under LKAS 17. At inception of a contract, the Entity assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

- the contract involves the use of an identified asset
- the Entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Entity has the right to direct the use of the asset

The Entity recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use assets of the Group consist of Buildings, Motor Vehicles and Lease Hold Land taken on rent which were previously recognised as operating leases under LKAS 17.

7.1 Rights Of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Group's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Company is as follows;

The company does not foresee any indications of impairment of right of use assets due to the COVID-19 pandemic since company is engaged in Tea industry which is an essential service of Sri Lanka.

7.1.1 Amounts recognised in the statement of financial position and income statement

7.1.1 Amounts recognised in the statement of financial position and income statement

Right of Use Assets	Lease Hold Land Rs.	Group		Total Rs.
		Buildings Rs.	Motor Vehicles Rs.	
Right of Use Assets - Lease hold properties				
Cost				
Recognized as at 1/4/2019	-	33,370,351	3,900,119	37,270,470
Additions	-	-	-	-
Transfers from Lease rentals paid in advance (Note 5)	28,435,000	-	-	28,435,000
Balance as at 31/3/2020	28,435,000	33,370,351	3,900,119	65,705,470
Accumulated amortisation and impairment				
Balance as at 1/4/2019	-	-	-	-
Amortisation	(940,000)	(7,851,847)	(917,675)	(9,709,522)
Transfers	-	-	-	-
Balance as at 31/3/2020	(940,000)	(7,851,847)	(917,675)	(9,709,522)
Carrying Value	27,495,000	25,518,504	2,982,444	55,995,948

Right of Use Assets	Lease Hold Land Rs.	Company		Total Rs.
		Buildings Rs.	Motor Vehicles Rs.	
Right of Use Assets - Lease hold properties				
Cost				
Recognized as at 1/4/2019	-	42,595,011	3,900,119	46,495,130
Additions	-	-	-	-
Transfers from Lease rentals paid in advance (Note 5)	-	-	-	-
Balance as at 31/3/2020	-	42,595,011	3,900,119	46,495,130
Accumulated amortisation and impairment				
Balance as at 1/4/2019	-	-	-	-
Amortisation	-	(10,487,465)	(917,675)	(11,405,140)
Transfers	-	-	-	-
Balance as at 31/3/2020	-	(10,487,465)	(917,675)	(11,405,140)
Carrying Value	-	32,107,546	2,982,444	35,089,990

Notes to The Financial Statements Contd.

7.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group's incremental borrowing rate. The movement of Lease creditor for the period is as follows;

7.2.1 Amounts recognised in the statement of financial position and income statement

Lease Liability	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 1 April 2019	37,270,470	-	46,495,129	-
Additions	-	-	-	-
Interest Expense Recognised in Profit or Loss	4,038,899	-	5,130,714	-
Realization of Liability	(13,442,921)	-	(16,613,825)	-
Balance as at 31 March 2020	27,866,448	-	35,012,018	-
Lease Liability/Lease Creditor				
Amount repayable within 1 year	4,993,853	-	7,478,648	-
Amount repayable after 1 year	22,872,595	-	27,533,370	-

7.2.1.1 The maturity analysis of Lease Liabilities are disclosed in Note 34.

7.2.1.2 The Group and the Company had total cash outflows for leases of Rs. 13,442,921/= and Rs. 16,613,878/= respectively in 2019/20. Weighted Average Incremental Borrowing rate used in determining the Right of Use Assets as at 1/4/2019 is 14%.

7.3 The amounts recognized in Profit or Loss

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Amortization Expense of Right of Use Assets	9,709,522	-	11,405,139	-
Interest Expense Recognised in Profit or Loss	4,038,899	-	5,130,714	-

8. INVESTMENT PROPERTY

	Acre. of Land		Group / Company	
	2020 Acre.	2019 Acre.	2020 Rs.	2019 Rs.
Deniyaya Land	5.542	5.542	755,727	755,727

8.1 In 2018, 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 is reflected at the proportionate cost as Investment Property.

8.2 The fair value of Investment Property is deemed to be Rs. 2,543,458/-, which is based on the price determined by Kolonna Divisional Secretariat and Valuation Department for acquisition of the adjoining property.

9. INVENTORY

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Packing Material	1,824,514	1,935,380	1,824,514	1,935,380
Stationery	116,126	133,943	116,126	133,943
Other Consumables	2,099,761	1,179,760	2,079,230	1,159,230
	4,040,401	3,249,083	4,019,870	3,228,553

10. TRADE RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Others	137,013,483	447,035,292	121,026,385	430,673,496
Less: Provision for Impairment of Trade Receivables - Others (10.2)	(12,068,242)	(10,979,189)	(11,880,327)	(10,965,553)
	124,945,241	436,056,103	109,146,058	419,707,943
Trade Receivables - Related Parties (10.1)	6,189,697	7,534,827	-	1,014
	131,134,938	443,590,930	109,146,058	419,708,957

10.1 Trade Receivables - Related Parties

		Group		Company	
	Relationship	2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Lanka Commodity Brokers Ltd	Ultimate Parent	6,189,697	7,534,827	-	1,014
		6,189,697	7,534,827	-	1,014

10.2 Provision for Impairment of Trade Receivables

As at 31 March 2020, Trade Receivables of an initial value of Rs. 11,880,327/- (2019 - Rs. 10,965,553/-) were impaired in the Company and Rs. 12,068,242/- (2019 - Rs. 10,979,189/-) were impaired in the Group and fully provided for. The movement of the provision for expected credit losses on trade receivables is given below.

	Group	Company
	2020	2020
	Rs.	Rs.
Balance at the Beginning of the year	(10,979,189)	(10,965,553)
Amount Charged During the year	(1,089,053)	(914,774)
Balance at the End of the year	(12,068,242)	(11,880,327)

Notes to The Financial Statements Contd.

10.3 Trade Receivables are Non-Interest bearing and on 7 days credit terms. As at 31 March, the Ageing analysis of Trade Receivables is as follows:

Company	2020			2019		
	Total	Neither past due nor Impaired	Past due 8-120 days	Total	Neither past due nor Impaired	Past due 8-120 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Others	109,146,058	5,718,558	103,427,500	419,707,943	404,717,067	14,990,877
Trade Receivables - Related Parties	-	-	-	1,014	-	1,014
	109,146,058	5,718,558	103,427,500	419,708,957	404,717,067	14,991,891

Group	2020			2019		
	Total	Neither past due nor Impaired	Past due 8-120 days	Total	Neither past due nor Impaired	Past due 8-120 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trade Receivables - Others	124,945,241	5,718,558	119,226,683	436,056,103	417,825,698	18,230,405
Trade Receivables - Related Parties (10.1)	6,189,697	3,353,643	2,836,054	7,534,827	-	7,534,827
	131,134,938	9,072,202	122,062,736	443,590,930	417,825,698	25,765,232

11. LOANS AND ADVANCES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Short Term Loans to Clients	212,604,693	191,492,517	212,604,693	191,492,517
Advances to Tea Clients	676,338,238	1,173,606,033	676,338,238	1,173,606,033
Less : Provision for Impairment of Loans and Advances (11.1)	(152,546,459)	(158,157,702)	(152,546,459)	(158,157,702)
Loans and Advances to Rubber and Spices Clients	45,867,554	112,699,872	45,867,554	112,699,872
	782,264,026	1,319,640,720	782,264,026	1,319,640,720

11.1 Provision for Impairment of Loans and Advances

	Group/Company	
	2020 Rs.	2019 Rs.
Balance at the Beginning of the year	(158,157,703)	(147,158,909)
Impairment Provision of the year - Net	(51,762,361)	(10,998,793)
Provision Reversals - Related to Written Off	57,373,605	-
Balance at the End of the year	(152,546,459)	(158,157,702)

11.2 Impact on COVID 19 on Impairment of Loans and Advances

Management believes that there is no any direct impact of COVID - 19 for the entire group which requires an additional impairment provision on Loans and Advances as the Group engages in Tea Industry which is considered as an essential service in Sri Lanka.

11.3 As at 31 March, the Aging analysis of Loans and Advances is as follows:

Company	2020			2019		
	Total	Neither past due nor Impaired	Past due 28 to 90 days	Total	Neither past due nor Impaired	Past due 28 to 90 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Loans and Advances	782,264,026	391,009,170	391,254,856	1,319,640,720	674,701,495	644,939,225
	782,264,026	391,009,170	391,254,856	1,319,640,720	674,701,495	644,939,225
Group						
Loans and Advances	782,264,026	391,009,170	391,254,856	1,319,640,720	674,701,495	644,939,225
	782,264,026	391,009,170	391,254,856	1,319,640,720	674,701,495	644,939,225

12. OTHER RECEIVABLES, PREPAYMENTS AND ADVANCES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Refundable Deposits	1,430,891	1,414,891	1,243,891	1,227,891
Prepayments	4,188,226	4,302,030	1,752,511	2,256,992
Medical Recoverable	54,283	242,116	54,283	242,116
Capital Advances	30,810,818	4,708,637	-	-
Other Receivable	6,106,125	6,501,509	2,599,373	3,834,473
	42,590,343	17,169,183	5,650,058	7,561,472

13. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Favourable Cash and Cash Equivalent balance				
Cash and Bank balances	322,904,752	87,401,161	321,502,944	79,340,848
	322,904,752	87,401,161	321,502,944	79,340,848
Unfavourable Cash and Cash Equivalent balance	(4,294,278)	(5,359,641)	(4,226,201)	(5,241,278)
Unfavourable interest bearing borrowings on client financing (Over draft)	(119,811,597)	(31,061,397)	(119,811,597)	(31,061,397)
Total Cash and Cash Equivalent balance for the purpose of Statement of Cash Flows	198,798,877	50,980,123	197,465,146	43,038,173

Notes to The Financial Statements Contd.

14. STATED CAPITAL

14. STATED CAPITAL				
		2020		2019
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	260,000,000	100,000,000	260,000,000	100,000,000

15. RETIREMENT BENEFIT OBLIGATION

	2020	Group	2019	Company
	Rs.	Rs.	Rs.	Rs.
15.1 Retirement Benefits Obligation-Gratuity				
At the Beginning of the Year	69,941,127	59,315,883	63,256,675	52,922,502
Transfers	-	-	-	-
Charge for the Year	13,036,752	10,659,473	11,444,110	9,299,936
Actuarial Loss for the year	2,710,341	7,802,929	2,028,138	7,094,835
Benefits Paid	(4,831,614)	(7,837,158)	(3,790,010)	(6,060,598)
At the End of the Year	80,856,606	69,941,127	72,938,913	63,256,675

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

	2020	Group	2019	Company
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	4,643,817	4,134,726	3,853,309	3,478,461
Interest Cost	8,392,935	6,524,747	7,590,801	5,821,475
	13,036,752	10,659,473	11,444,110	9,299,936

15.3 Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the Projected Unit Credit (PUC) method as at 31 March 2020 and 31 March 2019. Appropriate and compatible assumptions were used in determining the cost of Retirement Benefits Obligation.

15.4 The Principal Assumptions used are as follows:

	2020	Group	2019	Company
Discount Rate per annum	10%	12%	10%	12%
Salary Increment Rate per annum	5% - 8%	5% - 8%	5% - 8%	5% - 8%
Staff Turnover Rate per annum	9% - 16%	9% - 16%	16%	16%
Expected Remaining Service Life years	4.82-6.47	4.82-6.47	4.82	4.82
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, Salary Increment Rate and Staff Turnover Rate on Statement of Other Comprehensive Income and Statement of Financial Position -Retirement Benefit Obligation is as follows.

Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turn Over Rate	2020			
			Group	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%	*	*	(2,476,628)	(2,476,628)	(2,058,724)	(2,058,724)
-1%	*	*	2,670,254	2,670,254	2,211,132	2,211,132
**	1%	*	2,929,922	2,929,922	2,429,903	2,429,903
**	-1%	*	(2,758,755)	(2,758,755)	(2,297,773)	(2,297,773)
**	*	1%	284,397	284,397	207,150	207,150
**	*	-1%	(305,956)	(305,956)	221,472	221,472

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

** Discount Rate 10% for Company and Group

*** Staff Turnover Rate 16% for the Company and 9% - 16% for the Group

Notes to The Financial Statements Contd.

15.5 Sensitivity of Assumptions employed in Actuarial Valuation

Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turnover Rate	2019			
			Group	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%	*	***	(2,072,013)	(2,072,013)	(1,777,730)	(1,777,730)
-1%	*	***	2,226,321	2,226,321	1,905,904	1,905,904
**	1%	***	2,497,588	2,497,588	2,135,268	2,135,268
**	-1%	***	(2,356,868)	(2,356,868)	(2,020,061)	(2,020,061)
**	*	1%	354,524	354,524	275,567	275,567
**	*	-1%	(379,323)	(379,323)	(294,479)	(294,479)

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

** Discount Rate 10% for Company and Group

*** Staff Turnover Rate 16% for the Company and 9% - 16% for the Group

16. INTEREST BEARING BORROWINGS

Bank	Amount	Interest Rate	Maturity	2020 Rs.	2019 Rs.
Commercial Bank	Rs. 450 Mn	AWPLR + 1.5% p.a	March 2024	271,428,573	332,142,858
				271,428,573	332,142,858

	Amount repayable within 1 year Rs.	Amount repayable after 1 year Rs.	Total Rs.
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As at 31 March 2020

Bank loans- Commercial Bank	67,857,132	203,571,441	271,428,573
	67,857,132	203,571,441	271,428,573

As at 31 March 2019

Bank loans- Commercial Bank	64,285,709	267,857,148	332,142,857
	64,285,709	267,857,148	332,142,857

Bank loans	As at 01.04.2019 Rs.	Loans obtained Rs.	Repayment Rs.	As at 31.03.2020 Rs.
Commercial Bank	332,142,857	-	(60,714,285)	271,428,572
	332,142,857	-	(60,714,285)	271,428,572

17. TRADE PAYABLES

	2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	2019 Rs.
Trade Payables - Others	41,895,208	589,105,181	41,895,221	589,105,185
Trade Payables - Related Parties (17.1)	-	-	120,561,664	199,077,128
	41,895,208	589,105,181	162,456,885	788,182,313

Relationship	2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	2019 Rs.
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17.1 Amount payable to Related Parties

Asia Siyaka Warehousing (Pvt) Ltd	Subsidiary	-	-	120,561,664	199,077,128
		-	-	120,561,664	199,077,128

The amount due to Asia Siyaka Warehousing (Pvt) Ltd is subject to an annual average interest rate of 12.81% (2019: 13.18%)

18. INTEREST BEARING BORROWINGS ON CLIENT FINANCING

	Group / Company 2020 Rs.	2019 Rs.
Short Term Loans	801,000,000	865,000,000
Overdrafts (Note 13)	119,811,597	31,061,397
	920,811,597	896,061,397

The Group has pledged its assets as security for the Interest Bearing Loans and Borrowings obtained as stated in Note 30. Overdrafts obtained on client financing is considered as "Cash and Cash Equivalent" for the purpose of Statement of Cash Flows.

Notes to The Financial Statements Contd.

19. REVENUE FROM CONTRACTS WITH THE CUSTOMERS

	2020 Rs.	Group 2019 Rs.	2020 Rs.	Company 2019 Rs.
Revenue from Contracts with Customers				
Brokerage Income	258,859,121	268,453,887	258,859,121	268,453,887
Packing Material Operations	3,836,790	4,524,099	3,836,790	4,524,099
Warehousing Income	229,866,494	247,275,366	1,734,333	2,323,919
Others	30,748,155	37,906,116	17,889,794	22,743,669
Total revenue from Contracts with Customers	523,310,560	558,159,468	282,320,038	298,045,574
Interest on Loans and Client Advances	189,932,910	212,519,404	189,932,910	212,519,404
Total Revenue	713,243,470	770,678,871	472,252,948	510,564,978

20. OTHER INCOME AND GAINS

	2020 Rs.	Group 2019 Rs.	2020 Rs.	Company 2019 Rs.
Dividend Income	-	-	51,520,015	44,289,136
Profit / (Loss) on Sale of Property Plant and Equipment	8,055,583	399,908	-	90,975
Security Insurance	1,899,617	1,956,237	1,899,617	1,956,237
Commission Income	-	-	751,081	699,966
Creditors Write Back	12,470	19,789	12,470	19,789
Others	112,192	663,176	11,906	535,081
	10,079,862	3,039,110	54,195,089	47,591,184

21. FINANCE COST

	2020 Rs.	Group 2019 Rs.	2020 Rs.	Company 2019 Rs.
Bank Charges	4,120,397	4,153,606	4,080,186	4,114,317
Interest on Overdraft	25,465,664	10,428,692	25,420,583	10,409,195
Interest on Borrowings	125,394,446	129,195,171	86,775,589	80,996,577
Interest on Intercompany Advances	-	-	20,883,133	27,696,749
Interest Expense on Amortization of Lease Creditor	4,038,899	-	5,130,714	-
	159,019,406	143,777,468	142,290,205	123,216,838

22. FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Interest on Savings Accounts	3,708,361	3,239,713	3,708,361	3,239,713
Interest on REPO Investment	3,010,869	5,303,817	3,010,869	5,266,173
Interest Income on Penalties	3,236,551	1,951,675	3,236,551	1,951,675
Other Interest	22,588	36,508	12,454	14,994
	9,978,369	10,531,713	9,968,235	10,472,555

23. PROFIT BEFORE TAX

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Stated after Charging				
Employee Benefits including the following	98,157,284	129,974,548	97,346,663	104,060,974
Defined Contribution Plan Costs	16,802,442	15,845,310	11,204,121	12,360,135
Retirement Benefit Obligation - Gratuity	13,036,752	10,659,474	11,444,110	9,299,937
Depreciation	55,044,805	62,174,540	14,727,515	3,889,675
Provision for Impairment of Loans & Advances	(3,433,129)	19,615,706	(3,787,685)	19,615,706
Provision for Impairment of Trade Receivables	(1,089,052)	1,347,751	(914,774)	1,344,307
Bad Debt Written Off	65,064,472	-	65,064,472	-
External Audit Fees	656,579	704,326	453,585	441,889
Internal Audit Fees	378,471	527,850	287,471	316,710

24. INCOME TAX EXPENSE

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Current Income Tax				
Current Income Tax Charge	34,727,937	43,366,395	18,448,691	30,719,993
Over/(Under) Provision of Tax Expense in respect of Prior years	2,720,036	424,689	2,080,582	424,689
	37,447,973	43,791,084	20,529,273	31,144,682
Deferred Income Tax				
Reversal / (Charge) of Deferred Tax (Note 25.1, Note 25.2)	(4,266,161)	6,115,817	(8,798,538)	(11,641,506)
	33,181,812	49,906,902	11,730,735	19,503,176

Notes to The Financial Statements Contd.

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
24.1 Reconciliation between Accounting Profit and Taxable Income				
Accounting Profit (Profit before Taxation)	50,036,508	162,959,003	58,082,227	125,519,325
Dividend Income from Group Companies	51,520,015	44,289,136	-	-
Dividend Tax	8,386,979	7,209,860	-	-
Other Consolidation Adjustments	22,119,429	18,427,891	-	-
Profit After Adjustments	132,062,931	232,885,890	58,082,227	125,519,325
Non-Deductible Items	221,835,997	104,884,097	150,648,973	46,929,942
Deductible Items	(256,138,440)	(185,782,490)	(150,370,950)	(62,735,005)
Statutory Income from Business	97,760,488	151,987,497	58,360,250	109,714,262
Taxable Interest Income	30,861,502	27,755,906	9,968,235	-
Total Statutory Income	128,621,990	179,743,403	68,328,485	109,714,262
Tax Losses Utilized during the Year	-	(24,863,419)	-	-
Total Taxable Income	128,621,990	154,879,984	68,328,485	109,714,262

Statutory Tax Rates

-Income Tax on Profits (Up to 01/01/2020)	28%	28%	28%	28%
-Income Tax on Profits (From 01/01/2020 to 31/03/2020)	24%	-	24%	-

Income Tax on Profit at 28%	27,010,618	43,366,395	14,348,982	30,719,993
Income Tax on Profit at 24%	7,717,319	-	4,099,709	-
Current Income Tax Charge	34,727,937	43,366,395	18,448,691	30,719,993

24.2 Effective Tax Rate	69%	27%	32%	24%
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25. DEFERRED TAX

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

25.1 Deferred Tax - Group

Deferred Tax Liability

Accelerated depreciation for Tax Purposes	136,717,569	132,448,309	4,269,260	10,660,153	-	-
Revaluation of PPE	61,115,083	-	-	-	(61,115,083)	-
Unclaimed ROUA	21,847	-	21,847	-	-	-
	197,854,499	132,448,309	4,291,107	10,660,153	(61,115,083)	-

Deferred Tax Assets

Defined Benefit Plans	(22,639,850)	(19,583,515)	(2,297,438)	(790,247)	758,894	2,184,820
Unused Tax Losses	-	-	-	6,701,609	-	-
Bad and Doubtful Debts	(16,715,527)	(10,455,698)	(6,259,829)	(10,455,698)	-	-
	(39,355,377)	(30,039,213)	(8,557,267)	(4,544,336)	758,894	2,184,820

Deferred Income Tax Charge			(4,266,161)	6,115,817	(60,356,189)	2,184,820
Net Deferred Tax Liability	158,499,122	102,409,096				

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

25.2 Deferred Tax - Company

Deferred Tax Liability

Accelerated depreciation for Tax Purposes	568,642	1,002,367	(433,725)	(278,794)	-	-
Unclaimed ROUA	21,847	-	21,847	-	-	-
	590,489	1,002,367	(411,878)	(278,794)	-	-

Deferred Tax Assets

Defined Benefit Plans	(20,422,896)	(17,711,869)	(2,143,148)	(907,014)	(567,879)	(1,986,554)
Provision for Bad and Doubtful Debts	(16,699,210)	(10,455,698)	(6,243,512)	(10,455,698)	-	-
	(37,122,106)	(28,167,567)	(8,386,660)	(11,362,712)	(567,879)	(1,986,554)

Deferred Income Tax Charge			(8,798,538)	(11,641,506)	(567,879)	(1,986,554)
Net Deferred Tax Liability	(36,531,617)	(27,165,200)				

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	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Amount Used as the Numerator:				
Net Profit for the year	16,854,710	113,052,101	46,351,476	106,016,149
Number of Ordinary Shares Used as the Denominator:				
Weighted Average number of Ordinary Shares in issue applicable to Basic Earnings per share	260,000,000	260,000,000	260,000,000	260,000,000
Basic Earning Per Share	0.06	0.43	0.18	0.41

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

Notes to The Financial Statements Contd.

27. DIVIDEND PER SHARE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Total Gross Dividends	39,000,000	65,000,000	39,000,000	65,000,000
Number of Shares	260,000,000	260,000,000	260,000,000	260,000,000
Dividend Per Share	0.15	0.25	0.15	0.25
27.1 Dividend Pay Out Ratio	231%	57%	84%	61%

28. SEGMENTAL INFORMATION AND REVENUE

Primary Reporting Format - Business Segments

As at 31 March 2020, the qualifying segments under business segment reporting are as follows;

- Commodity Brokering
- 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 Brokering		Warehousing		Elimination of Inter-Segment		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue								
Revenue from Contracts with Customers	293,444,066	310,884,102	229,866,494	247,275,366	-	-	523,310,560	558,159,468
Interest on Loans and Client Advances	189,932,910	212,519,404	-	-	-	-	189,932,910	212,519,404
Total Revenue	483,376,976	523,403,506	229,866,494	247,275,366	-	-	713,243,470	770,678,872
Results								
Finance Costs	(142,290,705)	(123,217,668)	(38,703,649)	(48,256,540)	21,974,948	27,696,749	(159,019,406)	(143,777,468)
Finance Income	9,968,235	10,510,199	20,893,267	27,718,263	(20,883,133)	(27,696,749)	9,978,369	10,531,713
Depreciation & Amortization	(3,322,376)	(3,889,675)	(51,520,634)	(55,347,302)	-	-	(54,843,010)	(59,236,977)
Amortization of Right of Use Assets	(11,405,139)	-	(940,000)	-	2,635,617	-	(9,709,522)	-
Amortization of Lease Hold Land	-	-	-	(940,000)	-	-	-	(940,000)
Gratuity Expense	(11,444,110)	(9,299,937)	(1,592,642)	(1,359,537)	-	-	(13,036,752)	(10,659,474)
Profit before Income Tax	58,036,063	125,353,731	42,917,766	81,725,007	(50,917,321)	(44,119,726)	50,036,508	162,959,003
Assets and Liabilities								
Segment Assets	1,520,491,578	2,081,969,153	1,245,915,542	1,111,238,139	(317,456,751)	(386,555,385)	2,448,950,369	2,806,651,907
Segment Liabilities	1,221,690,620	1,789,013,188	488,863,321	482,666,139	(127,707,182)	(198,074,761)	1,582,846,693	2,073,604,566

Elimination of inter-segment transactions includes dividend income received from Asia Siyaka Warehousing (Private) Limited of Rs. 51,520,015/- (2019- Rs.44,286,136/-), vehicle hire charges of Rs. 6,816,097/-(2019 - Rs. 6,309,000/-) and warehousing income of Rs. 3,170,963/- (2018 - Rs. 3,047,143/-).

29. COMMITMENTS AND CONTINGENCIES

29.1 Capital Commitments

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

29.2 Contingencies

Asia Siyaka Warehousing (Pvt) Ltd issue Corporate Guarantees to banks on behalf of the parent company, at the reporting date corporate guarantees issued were amounted to Rs. 1,450Mn (2019 - Rs. 1,450Mn).

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.25Mn	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.175Mn	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 from Asia Siyaka Warehousing (Pvt) Ltd.
	Short term loans	Rs.475Mn	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	Facility Limit	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

Notes to The Financial Statements Contd.

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.

The board of directors is of the view that the Entity's operations have not been materially impacted by the COVID 19 outbreak. We are monitoring the situation at Asia Siyaka Commodities PLC closely and believe that as it is engaged in the Tea industry in Sri Lanka which provides essential services that it is unlikely that COVID 19 will have a significant impact on its activities.

32. RELATED PARTY DISCLOSURES

32.1 Details of significant related party disclosures are as follows;

Nature of Relationship	Group	
	Lanka Commodity Brokers Ltd Parent Rs.	Total Rs.
Nature of Transaction		
As at 01 April 2019	7,533,813	7,533,813
Sale of Goods and Rendering of Services	71,458,668	71,458,668
Funds Received/ (Transferred)	-	-
Payments Made	(72,802,784)	(72,802,784)
As at 31 March 2020	6,189,697	6,189,697

Nature of Relationship	Lanka Commodity Brokers Ltd	Company Asia Siyaka Warehousing (Pvt) Ltd	Total
	Rs.	Rs.	Rs.
	Parent	Subsidiary	
Nature of Transaction			
As at 01 April 2019	1,014	199,077,128	199,078,142
Sale of Goods and Rendering of Services	2,594,456	(849,421)	1,745,035
Interest Cost	-	20,883,133	20,883,133
Funds Received	(2,595,470)	(100,131,383)	(102,726,853)
Expenses Incurred	-	129,030,962	129,030,962
Payments Made	-	(75,928,735)	(75,928,735)
Dividend Received	-	(51,520,020)	(51,520,020)
As at 31 March 2020	-	120,561,664	120,561,665

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 of 12.81% per annum except for balances from parent. The guarantees received from Asia Siyaka Warehousing (Private) Ltd is amounting to Rs. 1,450Mn (2019-Rs. 1,450Mn). For the

year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2019 - 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 GROUP

Related parties include KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and it's 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.

	2020 Rs.	Group 2019 Rs.
Salaries and Other Short Term Benefits	99,454,295	89,959,448
Post Employment Benefits	6,555,359	6,193,244
	106,009,654	96,152,692

32.3 Following Directors are also Directors of the Related Entities

- (i) Mr. S.T. Gunatilleke who is a Director of the Company is also the Chairman of Lanka Commodity Brokers Ltd.
- (ii) Mr. A.R. 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.
- (iii) Mr. Y. Kuruneru, Dr. I.A. Ismail, Mr. R.C Dissanayaka and Mr. Vaithyalingam who are Directors of the Company are also Directors of Asia Siyaka Warehousing (Pvt) Ltd. which is a fully owned subsidiaries of the Company.
- (iv) Mr. S.G. Amarasuriya and Mr. J.N. Dambawinne who are Directors of the Company are also Directors of Lanka Commodity Brokers Ltd
- (v) 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. 5,124,716/- 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.

Notes to The Financial Statements Contd.

Market risk

Interest rate risk

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

Interest rate sensitivity

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

	Group		Company	
	Change in Basis Points	Change in Profit before Tax Rs.	Change in Basis Points	Change in Profit before Tax Rs.
2020	100 (1%)	12,659,595	100 (1%)	9,208,116
2019	100 (1%)	12,282,043	100 (1%)	8,960,614

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

Trade receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on expected credit loss. 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 10, 11 and 13 respectively.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

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

Group	2020				
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Payable after 1 Year Rs.	Total Rs.
Bank loans- Commercial Bank	-	-	108,994,067	236,153,811	345,147,878
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	801,000,000	-	-	801,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	119,811,597	-	-	-	119,811,597
Lease Liabilities	-	-	11,826,041	31,802,493	43,628,534
Trade Payables	-	41,895,208	-	-	41,895,208
Bank Overdrafts	4,294,278	-	-	-	4,294,278
	124,105,875	842,895,208	120,820,108	267,956,304	1,355,777,495

Group	2019				
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Payable after 1 Year Rs.	Total Rs.
Bank loans- Commercial Bank	-	-	112,485,008	356,202,525	468,687,533
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	865,000,000	-	-	865,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	31,061,397	-	-	-	31,061,397
Lease Liabilities	-	-	-	-	-
Trade Payables	-	589,105,181	-	-	589,105,181
Bank Overdrafts	5,359,641	-	-	-	5,359,641
	36,421,038	1,454,105,181	112,485,008	356,202,525	1,959,213,752

Company	2020				
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Payable after 1 Year Rs.	Total Rs.
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	801,000,000	-	-	801,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	119,811,597	-	-	-	119,811,597
Trade Payables	-	162,456,885	-	-	162,456,885
Lease Liabilities	-	-	15,910,885	36,071,669	51,982,554
Bank Overdrafts	4,226,201	-	-	-	4,226,201
	124,037,798	963,456,885	15,910,885	36,071,669	1,139,477,237

Notes to The Financial Statements Contd.

	On demand Rs.	Less than 3 months Rs.	2019 Payable Within 1 Year Rs.	Payable after 1 Year Rs.	Total Rs.
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	865,000,000	-	-	865,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	31,061,397	-	-	-	31,061,397
Trade Payables	-	788,182,313	-	-	788,182,313
Lease Liabilities	-	-	-	-	-
Bank Overdrafts	5,241,278	-	-	-	5,241,278
	36,302,675	1,653,182,313	-	-	1,689,484,988

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. 204 Mn. (2019 - Rs. 267 Mn)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

SUPPLEMENTARY INFORMATION



SHAREHOLDER INFORMATION

DIRECTORS' & CEO'S SHAREHOLDING AS AT 31ST MARCH 2020

	No. of Shares	%
Mr. T Someswaran	Nil	-
Mr. A R Cooke	9,747,143	3.749
Mr. D J Wedande	8,353,067	3.213
Mr. S T Gunathilake	Nil	-
Mr. S G Amarasuriya	Nil	-
Mr. Y Kuruneru	2,499,063	0.961
Mr. H R V Caldera	Nil	-
Mr. J N Dambawinne	Nil	-
Mr. S S Samaranayake	265,734	0.102
Mr. R C Dissanayake	1,279,808	0.492
Mr. A Vaithyalingam	Nil	-
Dr. I A Ismail	Nil	-
Resigned w.e.f 22-02-2020		

SHARE PRICES FOR THE YEAR

Market price per share	As at 31/03/2020	As at 31/03/2019
Highest during the year	Rs. 3.00 (21-11-2019)	Rs. 2.40 (14-05-2018)
Lowest during the year	Rs. 1.60 (15-05-2019)	Rs. 1.70 (22-03-2019)
As at end of the year	Rs. 1.80	Rs. 1.90

PUBLIC HOLDING

- Public Holding percentage as at 31st March 2020 - 34.118%
Number of shareholders representing the above percentage - 1,590
- The float adjusted market capitalization as at 31st March 2020 – Rs. . 159,672,097.80
- 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.

SHARE DISTRIBUTION

Shareholding As At 31st March 2020

From	To	No of Holders	No of Shares	%
1	1,000	692	197,457	0.08
1,001	10,000	477	2,048,813	0.79
10,001	100,000	322	12,268,449	4.72
100,001	1,000,000	83	23,973,896	9.22
Over 1,000,000		22	221,511,385	85.19
		1,596	260,000,000	100.00

CATEGORIES OF SHAREHOLDERS

	No of Holders	No of Shares	%
Local Individuals	1,537	84,325,766	32.43
Local Institutions	53	172,963,434	66.53
Foreign Individuals	6	2,710,800	1.04
Foreign Institutions	-	-	-
	1,596	260,000,000	100.00

MAJOR SHAREHOLDERS OF THE COMPANY

NO	NAME	31 st March 2020 No of Shares	%	31 st March 2019 No of Shares	%
1	LANKA COMMODITY BROKERS LIMITED	149,148,464	57.365	-	-
	PAN ASIA BANKING CORPORATION PLC / LANKA COMMODITY BROKERS LIMITED	-	-	149,148,464	57.365
2	CHADSTONE (PVT) LTD	11,000,000	4.231	11,000,000	4.231
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	7,000,000	2.692	6,301,026	2.423
6	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	6,077,944	2.338	-	-
7	MR. M.C.M. ZAROOK	3,368,591	1.296	2,120,000	0.815
8	MRS. M.P.R. SILVA	2,500,000	0.962	-	-
9	MR. S.D.R. ARUDPRAGASAM	2,500,000	0.962	2,500,000	0.962
10	MR. F.N. HERFT	2,500,000	0.962	2,500,000	0.962
11	MR. Y. KURUNERU	2,499,063	0.961	2,499,063	0.961
12	MR. W.M.K.S.N.D. FERNANDO	2,125,656	0.818	2,125,656	0.818
13	MR. A.D. EDUSSURIYA	2,050,000	0.789	2,000,000	0.769
14	DR. T. SENTHILVERL	1,824,409	0.702	-	-
	SEYLAN BANK PLC/DR. THIRUGNANASAMBANDAR SENTHILVERL	-	-	4,940,590	1.900
15	MERCHANT BANK OF SRI LANKA & FINANCE PLC/S GOBINATH	1,700,001	0.654	1,000,000	0.385
16	RICHARD PEIRIS FINANCIAL SERVICES (PVT) LTD/M.A.A.KARIM	1,675,594	0.645	1,675,594	0.644
17	MR. M.H.M. NAZEER	1,500,000	0.577	1,500,000	0.577
18	MR. M.M. SOMASIRI	1,397,534	0.538	1,071,554	0.412
19	MR. R.C. DISSANAYAKE	1,279,808	0.492	1,279,808	0.492
20	MR. G.A.M.P. CHANDANA	1,200,000	0.462	500,000	0.192
		219,447,274	84.40	210,261,965	80.87
	Others	40,552,726	15.60	49,738,035	19.13
	Total	260,000,000	100.00	260,000,000	100.000

VALUE ADDED STATEMENT

	2019/2020 Rs.	Group %	2018/2019 Rs.	%	2019/2020 Rs.	Company %	2018/2019 Rs.	%
Revenue	713,243,470		770,678,872		472,252,948		510,564,978	
Other Income	10,079,862		3,039,110		54,195,089		47,591,184	
	723,323,332		773,717,982		526,448,037		558,156,162	
Cost of materials and services obtained	(238,791,287)		(163,031,268)		(185,154,287)		(134,261,784)	
Value Addition	484,532,045		610,686,714		341,293,750		423,894,378	

Value Allocated:

To Employees

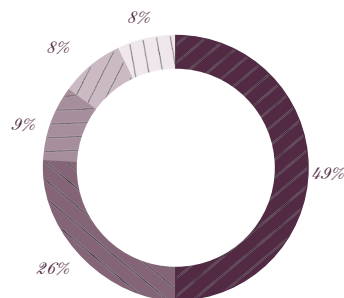
Salaries, wages and other benefits	235,690,168	49	238,672,190	39	162,947,213	48	189,529,318	45
To Providers of funds	-							
Interest to money lenders	125,394,446	26	129,195,171	21	107,658,723	32	108,693,326	26
To Government								
VAT/NTB on Financial Service	3,234,583		5,513,777		3,234,583		5,513,777	
VAT / NBT / Stamp Duty	6,045,578		7,614,398		2,441,909		2,385,463	
Rates & Taxes	1,468,138		439,375		1,000,000		5,000	
Income Tax	33,181,812		49,906,902		11,730,735		19,503,176	
	43,930,111	9	63,474,452	10	18,407,227	5	27,407,416	6

To Providers of capital

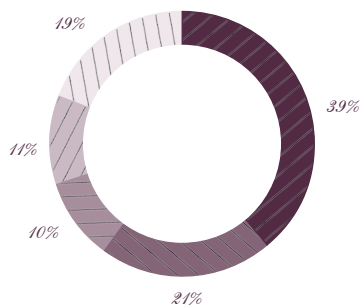
Dividend paid to share holders	39,000,000	8	65,000,000	11	39,000,000	11	65,000,000	15
To expansion and growth								
Profit retained	(22,145,224)		48,052,102		7,351,611		41,016,149	
Depreciation and Amortization	66,928,705		60,176,982		14,727,514		3,889,675	
Deferred Taxation	(4,266,161)		6,115,817		(8,798,538)		(11,641,506)	
	40,517,327	8	114,344,901	19	13,280,587	4	33,264,318	8
	484,532,045	100	610,686,714	100	341,293,750	100	423,894,378	100

	2019/2020	Group %	2018/2019	%
To Employees	235,690,168	49	238,672,190	39
To Providers of funds	125,394,446	26	129,195,171	21
To Government	43,930,111	9	63,474,452	10
To Providers of capital	39,000,000	8	65,000,000	11
To expansion and growth	40,517,320	8	114,344,901	19
	484,532,045	100	610,686,714	100

2019/2020



2018/2019



-  To Employees
-  To Providers of funds
-  To Government
-  To Providers of capital
-  To expansion and growth

GLOSSARY OF FINANCIAL TERMS

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.

GRI

Global Reporting Initiatives

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

The 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 OF MEETING

NOTICE IS HEREBY GIVEN that the 08th 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 October 2020 at 9.30 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 2020 and the Report of the Auditors thereon.
2. To re-elect Mr. J N Dambawinne who retires in terms of Article 87(i) of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. A Vaithyalingam who retires in terms of Article 94 of the Articles of Association, as a Director of the Company.
4. To pass the ordinary resolution set out below to appoint Mr. H R V Caldera who is 75 years of age, as a Director of the Company;

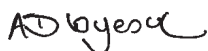
"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. H R V Caldera who is 75 years of age and that he be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007."

5. To pass the ordinary resolution set out below to appoint Mr. T Someswaran who is 77 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. T Someswaran who is 77 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."

6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
7. To authorise the Directors to determine donations for the year ending 31st March 2021 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

21st September 2020

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.

FORM OF PROXY

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

Mr. T. Someswaran	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. S.G. Amarasuriya	or failing him
Mr. Y. Kuruneru	or failing him
Mr. V. Caldera	or failing him
Mr. J.N. Dambawinne	or failing him
Mr. R.C. Dissanayake	or failing him
Mr. S.S. Samaranayake	or failing him
Mr. A. Vaithylingam	

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 28th October 2020 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. J.N. Dambawinne as a Director in terms of Article 87 (i) of the Articles of Association of the Company.		
2. To re-elect Mr. A. Vaithylingam as a Director in terms of Article 94 of the Articles of Association of the Company.		
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 pass the ordinary resolution set out in the Notice of Meeting under item 5 for the appointment of Mr. T. Someswaran		
5. To appoint Messrs. Ernst & Young Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.		
6. To authorize the Directors to determine donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.		

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

.....
Signature

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

Form of Proxy Contd.

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, the Form of Proxy;
 - (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 Shareholders 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.

CORPORATE INFORMATION

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

Mr T Someswaran	-	Chairman
Mr. A R Cooke	-	Managing Director
Mr. D J Wedande	-	Executive Director
Mr. S T Gunathilake	-	Non-Executive Director
Mr. S G Amarasuriya	-	Executive Director
Mr. Y Kuruneru	-	Executive Director
Mr. V Caldera	-	Non-Executive Director
Mr. J N Dambawinne	-	Non-Executive Director
Mr. R C Dissanayake	-	Executive Director
Mr. S S Samaranayake	-	Executive Director
Mr. A Vaithyalingam	-	Non-Executive Director

SUBSIDIARY COMPANIES

Asia Siyaka Warehousing (Private) Limited
Siyaka Produce Brokers (Private) Limited

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynesy 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.

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

SJMS Associates,
Affiliate of Deloitte,
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



www.asiasiyaka.com