

INNOVATE TO ELEVATE

Asia Siyaka Commodities PLC | Annual Report 2020/21



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While the challenge of previous years continued with a significant global impact, we strategised in making the best of the situation and exploring new avenues of progress. Innovation has always been at the forefront of our business and we drew from this strength to look ahead and see possibilities in a new light. In our time in the industry, we have always done things differently, and that is the secret of longevity; so with innovation and sustainability at the fore, helping us to continue our best work in faster and more efficient ways, we will continue to defy the norm as we innovate to elevate Asia Siyaka to a greater altitude.

“

The Sri Lankan tea industry transformed and reinvented itself in the wake of unprecedented challenges, by replacing the 137-year old public outcry auction system with an innovative electronic solution, thereby ensuring continuity of the tea logistics system and safeguarding over 2 million livelihoods reliant on the country's tea sector.

”

About this Report

Asia Siyaka Commodities PLC's ("ASC" or "the Company") Annual Report for the financial year ended 31st March 2021 has been prepared in line with the principles of the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). Similar to the Group's Annual Report for the previous year, this year's Report seeks to provide a concise and balanced overview of key factors driving the Group's performance, with focus on the challenges arising from the outbreak of the COVID-19 pandemic and measures taken to address these vulnerabilities. The information disclosed has been carefully selected to fulfil the relevant statutory requirements and essential information requirements of our stakeholders.

Scope and Boundary: The Report covers the operations of ASC and its subsidiaries Asia Siyaka Warehousing (Pvt) Ltd and Siyaka Produce Brokers (Pvt) Ltd (collectively referred to as "the Group") for the period from 1st of April 2020 to 31st of March 2021. The financial information presented on pages 76 to 122 of this Report takes a consolidated view, while non-financial information presented throughout the Report represents that of the Company.

Reporting Frameworks

Financial Statements

- ⊙ Sri Lanka Financial Reporting Standards
- ⊙ Sri Lanka Accounting and Auditing Standards

Narrative Report

IR Framework of the IIRC

Companies Act No. 7 of 2007

Listing Rules of the Colombo Stock Exchange

Corporate Governance

Code of Best Practice on Corporate

Governance (2017) issued by CA Sri Lanka

Navigation icons

Financial Capital



Manufactured Capital



Human Capital



Social & Relationship Capital



Intellectual Capital



Natural Capital



Vision

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

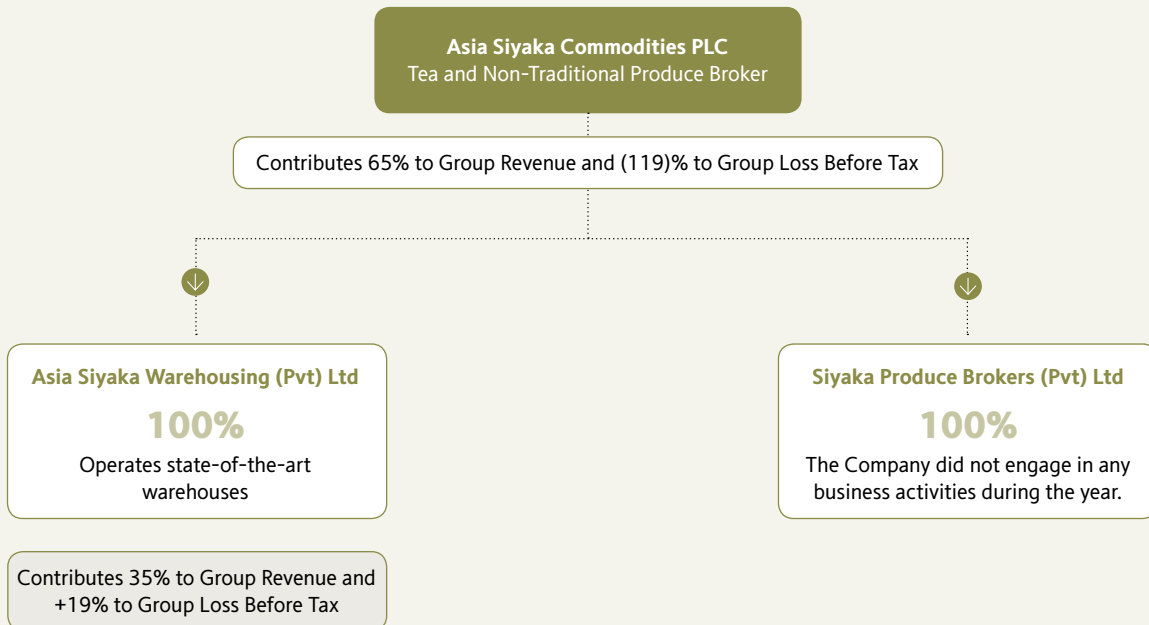
Core Values

- ⦿ Ethical
- ⦿ Integrity
- ⦿ Good Governance

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

Group Structure



The Year in Review

Performance Highlights 2020/21

Performance for the Year ended 31st March		2021	2020	Change %
Revenue	Rs. million	647.16	713.24	(9.27)
Gross Profit	Rs. million	644.22	709.84	(9.24)
Operating Profit	Rs. million	45.69	199.08	(77.05)
Net Finance Cost	Rs. million	75.57	149.04	(49.30)
Profit /(Loss) Before Tax	Rs. million	(29.87)	50.04	(159.70)
Income Tax Expense	Rs. million	(25.64)	33.18	(177.28)
Profit /(Loss) for the period	Rs. million	(4.23)	16.85	(125.11)
Gross Margin	%	99.55	99.52	0.02
Operating Margin	%	7.06	27.91	(74.70)
Net Profit Margin	%	(0.65)	2.36	(127.68)
Return on Total Assets	%	(0.17)	0.69	(124.60)

Position as at the Year ended 31st March

Total Assets	Rs. million	2,499.98	2,448.95	2.08
Long-term -interest-bearing borrowings	Rs. million	139.29	203.57	(31.58)
Total Equity	Rs. million	878.44	866.10	1.42
Debt/(Debt+Equity)	Times	0.45	0.58	(22.88)
Debt/Total Assets	Times	0.28	0.49	(41.78)
Current Ratio	Times	1.10	1.22	(9.96)
Quick Asset Ratio	Times	1.10	1.22	(9.97)

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

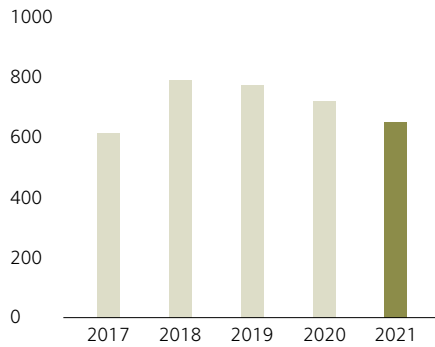
Earning per share	Rs.	(0.02)	0.06	(125.11)
Net Asset Value Per Share	Rs.	3.38	3.33	1.42
Market Price per Share	Rs.	2.50	1.80	38.89
Market Capitalization	Rs. million	650	468	38.89
Price Earnings Ratio	Times	(125)	30	(516.67)
Dividend payout	%	(1,106)	231	(577.84)
Dividend Yield	%	7	8	(16.92)

Value Added

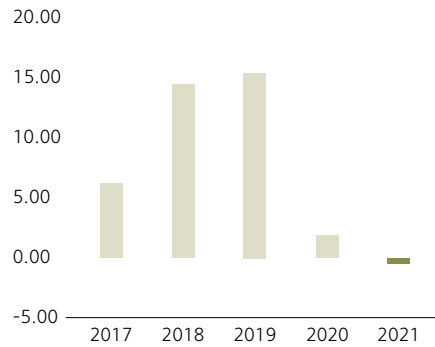
To Government	Rs. million	(24.65)	43.93	(156.12)
To Employees	Rs. million	235.42	235.69	(0.12)
To Providers of capital	Rs. million	46.80	39.00	20.00
To providers of funds	Rs. million	75.47	125.39	(39.81)
Retained for reinvestment and future growth	Rs. million	32.00	44.78	(28.55)
Total Value Added	Rs. million	365.03	488.80	(25.32)

Gross Revenue

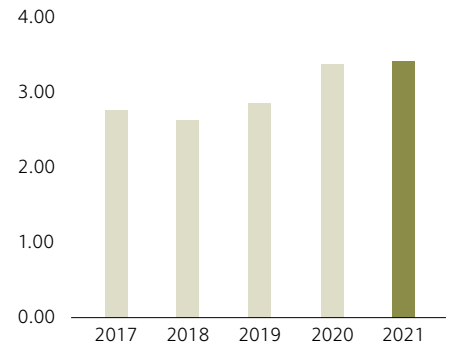
(Rs. Mn)

**Return on Equity**

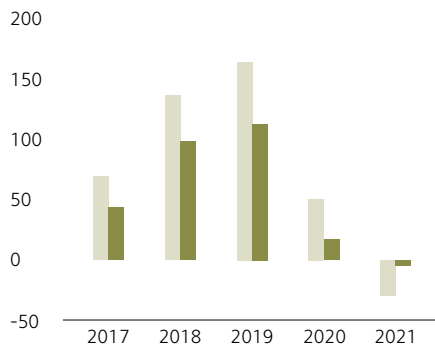
(%)

**Net Assets Per Share**

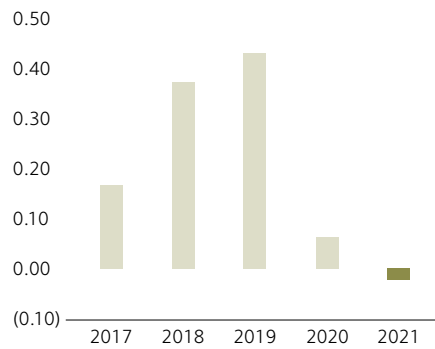
(Rs.)

**PBT/PAT**

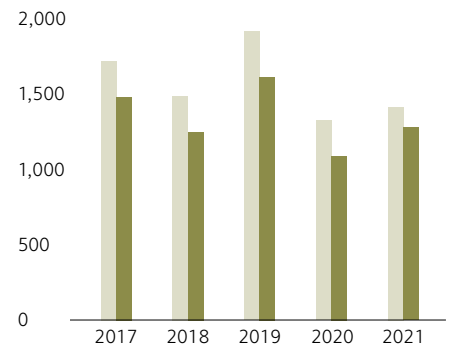
(Rs. Mn.)

**Earnings Per Share**

(Rs.)

**Current Assets/ Liabilities**

(Rs. Mn.)



● Profit Before Taxation
● Profit After Taxation

● Current Assets
● Current Liabilities

Operational Highlights 2020/21

Despite the numerous challenges that prevailed during the year, we continued to generate value for our stakeholders, the highlights of which are presented below:

Human Capital



109
Employees
(2020:113)

96.46%
Employee retention
(Zero layoffs)

235.42 Mn
Payments to
employees
(-0.11% y-o-y)

Social and Relationship Capital



11
Regional plantation
companies

89
Private tea
factories

90,000
Tea smallholders

Manufactured Capital



Capital expenditure
53.40 Mn

78.32%
Capacity Utilisation
levels (%)

Intellectual Capital

**450**

years
Collective industry
experience

Significant
contribution to
driving industry
forward through
thought leadership

Governance and leadership

**03/12**

Independent
Directors

11%

Female
representation

04

Board meetings

Natural Capital

**307,100 kwh**

Energy
consumption
(0.72% y-o-y)

LEED certified
warehouse

4,846 m³

Water consumption

Implications of COVID-19

The outbreak of the COVID-19 pandemic in early 2020 led to dramatic shifts in the Group's operating landscape, with broad-based implications on operations, employee health and safety as well as demand-supply dynamics. The Group adopted prompt measures to address these challenges, proactively realigning its strategy to respond to emerging risks.

Operations

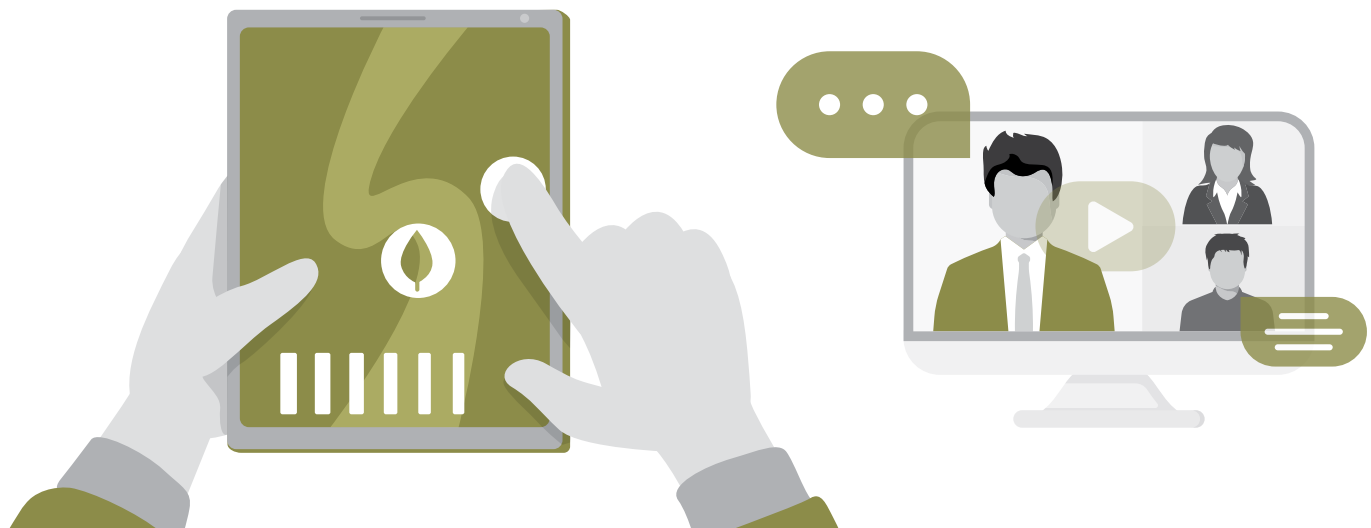
- ◉ Sri Lanka swiftly transitioned to a digital auction platform by April 2020, emerging as the first auction to commence trading following the outbreak of the pandemic.
- ◉ With agriculture being classified as an essential service, operations continued relatively uninterrupted.
- ◉ Increased vulnerability to health and safety risks, which in turn necessitated the implementation of stringent hygiene and safety protocols.
- ◉ Strategic focus on diversification of revenue sources and operational efficiencies to rationalise costs and drive productivity improvements.

Global Demand

- ◉ Increased in-home consumption given prevalence towards healthy beverages.
- ◉ Sharp downturn in the HORECA channel following lockdowns and increased focus on health and safety.

Supply Dynamics

- ◉ Liquidity stress on tea factories triggering closures with nearly 20 factories closed during the year.
- ◉ Shortfall of production from North India due to pandemic-related disruptions to supply, which in turn drove demand for Sri Lankan tea.



About the Company

Asia Siyaka is one of Sri Lanka's leading tea brokers, handling approximately 13.42% of the country's total traded tea volumes. Over an established track record of over 23 years, the Group has driven Sri Lanka's tea logistics system forward, pioneering several innovative and pragmatic value chain solutions which have transformed the country's tea auction process. The Company has nurtured a unique base of organisational knowledge, sharpened by the industry insights and domain specific knowledge of its highly-skilled team who have driven the advancement of the Company as well as the industry.

Presence along the industry value chain



Rs. 2.49 Bn

Total Assets

Rs. 647.16 Mn

Revenue

Rs. 878.44 Mn

Total Equity

Rs. 650 Mn

Market Capitalisation

Chairman's Message

Board activities continued uninterrupted during the year, with meetings shifting to digital platforms and the Board increasing engagement with the Group's leadership team. We continued to proactively monitor the evolving nature of the pandemic and its implications on Asia Siyaka's performance, liquidity and financial stability.

Dear Shareholder,

My message to you comes at the close of what has been one of the most challenging years for organisations, communities and governments around the world. Despite unprecedented difficulties stemming from the external environment, Asia Siyaka Commodities PLC adopted a long-term view to value creation, taking tough decisions to ensure the commercial and social viability of our business and our diverse stakeholders. Against this backdrop, it is my pleasure to present to you our Annual Report and Financial Statements for the year ended 31st March 2021.

Operating Environment

The economic and social scarring of the pandemic has been devastating with catastrophic losses in lives and livelihoods across the world. As nations grappled with rising infections, the global economy entered a recession, contracting by 3.3% in 2020. Sri Lanka also faced the inevitable economic toll of the pandemic, with Gross Domestic Product contracting by 3.2% during the year due to extended lockdowns, restrictions on mobility and the overall weakening of investor and consumer sentiments. The Government implemented unprecedented stimuli to support pandemic-hit businesses and revive the economy through debt moratoriums and concessionary funding schemes, while an accommodative monetary policy stance led to sustained reductions in market interest rates. On the other hand, the country's external sector weakened considerably, due to capital outflows from the debt and equity market coupled with the sharp drop in tourism earnings. With rising pressure on the Sri Lankan Rupee, the country's foreign exchange reserves were depleted, prompting

the government to impose restrictions on a range of non-essential imports.

Sri Lanka's tea sector remained relatively resilient during the first and second waves of the pandemic, with operations continuing relatively uninterrupted. That said, inclement weather and unfavorable policy direction adversely affected the sector and is likely to threaten the sector's survival and sustainability over the medium to long-term. Drought conditions during the first half of the year resulted in the country's total tea production declining by 7% to 278.9 million kgs during the year. Tea prices, however, remained attractive for most part of the year, reflecting supply disruptions in India and Kenya and increased consumer propensity towards healthy beverages. On the other hand, the wage hike for plantation sector workers and the ban on chemical fertilizer is expected to insert severe stress on both the RPCs and the tea smallholders, given Sri Lanka's already high cost of production and relatively low productivity. The industry is already showing signs of impending stress, with over 20 tea factories and smallholders facing bankruptcy in the face of severe financial pressure. As industry stakeholders, we are deeply concerned about the socio-economic implications of these dynamics, that are likely to impact Sri Lanka's competitiveness in the global tea arena and threaten the livelihoods of thousands of people employed in the country's tea sector.

Response to COVID-19

With plantations and related services being classified as an essential service, the Group's operations continued relatively uninterrupted for most part of the year. The health and safety of our workers was our foremost priority and stringent

hygiene protocols were established at all our operating locations. We also facilitated work-from-home arrangements for selected employees and arranged transport facilities for employees using public transport. From a strategic perspective, the Group placed emphasis on diversifying its revenue sources, particularly in the warehousing operation, while driving operational efficiencies and productivity improvements to streamline processes and curtail costs. Sri Lanka also quickly transitioned to an online auction platform, emerging as the first regional tea auction to recommence trading following the outbreak of the pandemic. While ensuring continuity of the country's tea logistics process this swift move also enabled Sri Lanka to fulfill the surge in demand for black tea, as other auctions remained suspended for an extended period. We are extremely proud of the valuable role played by the Group's Leadership Team in proactively engaging with industry stakeholders and transitioning to a digital platform, thereby replacing the 137-year outcry auction system.

Value to Stakeholders

Despite numerous challenges stemming from the external environment, the Group's relentless focus on its long-term strategy enabled it to deliver on its stakeholder commitments during the year. Financial performance in 2020/21 reflected the Group's prudent approach towards managing client advances which resulted in the write-off of Rs. 215 million outstanding advances. Given increasing financial stress and closure of tea factories, the Group's decision reflects a clearing of its books, reflecting the inevitability client default going forward. As a result, ASC's profitability dipped to the red during the

year with the Group generating a loss of Rs. 4.23 million during the year. Despite curtailing advances to clients, the Group continues to strengthen relationships with customers through advisory services and sharing market insights. We also sought to diversify our customer base in the warehousing operations, thereby reducing dependence on the tea sector. Meanwhile, we continued to invest in developing our employees, focusing on enhancing digital skills; a definitive decision was also made to retain all employees, thereby ensuring their job security in these trying times.

Effective Leadership

Board activities continued uninterrupted during the year, with meetings shifting to digital platforms and the Board increasing engagement with the Group's leadership team. We continued to proactively monitor the evolving nature of the pandemic and its implications on Asia Siyaka's performance, liquidity and financial stability. Risk management frameworks were strengthened during the year, as the Group sought to optimise risk-return dynamics by reducing exposure to client financing. Other areas of Board focus included ensuring employee safety, enhancing digital capabilities and oversight on the Group's diversification strategy. The Board was refreshed during the year, and I join my colleagues in welcoming Mr. Mario Reyhan Morris who was appointed as an Independent Non-Executive Director during the year.

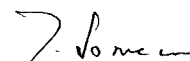
Way Forward

Demand conditions are expected to be favourable, given the faster than anticipated recovery of advanced economies and increased prevalence for healthier beverages such as tea. Prices may moderate as

global supply conditions improve over the short-to-medium term, reflecting a return to relative normalcy in Kenya and North India. The outlook for Sri Lanka is however, dampened by limited availability of fertilizer following the ban on chemical fertilizer which is likely to have a significant impact on production volumes, quality and yields. This in turn would have a direct impact on the livelihoods of thousands of workers in the tea sector, thereby affecting their socio-economic conditions and living standards. While acknowledging the good intentions of the chemical fertilizer ban, we encourage the government to pursue a phased approach to transitioning to organic fertilizer, thereby mitigating the inevitable adverse impacts across the entire tea value chain.

Acknowledgements

I would like to take this opportunity to thank my colleagues on the Board for their valuable counsel and continued support in a year rife with numerous challenges. The Managing Director, Mr. Anil Cooke, continues to provide exceptional leadership to the Group and to the entire industry, leading the transformation to a digital auction and continuing to engage with industry stakeholders in creating a conducive operating landscape. 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

30 August 2021

Managing Director's Review

The Group's ability to consistently serve its customers and drive continued value creation despite numerous pandemic-related disruptions, is a result of the agility, commitment and resilience of the Asia Siyaka team.

In a year of unprecedented uncertainty and complete disruption to traditional ways of working, the ASC team came together with remarkable agility, successfully driving a strategy that was realigned to adapt to the post-pandemic realities. Despite the inevitable impact on the Group's financial performance, I am happy to report that ASC maintained its market position, delivered multi-stakeholder value and continued to play a proactive role in driving Sri Lanka's tea logistics system forward. Against this backdrop, I am pleased to present to you our Annual Report and Financial Statements for the financial year ending 31st March 2021.

Financial Performance

The Group's performance reflects the numerous challenges faced by the industry during the year. Despite stronger pricing for Sri Lankan tea, adverse weather conditions together with limited access to fertilizer resulted in Sri Lanka's tea production declining by 7% in 2020. This had a direct impact on the Group's brokerage and warehousing income, resulting in ASC's Consolidated Revenue declining by 9% to Rs.647.16 million during the year. The Group's profitability for the year was impacted by our decision to write-off approximately Rs. 215 million of outstanding client advances; the persistently rising cost of production in recent years, together with difficulties in obtaining fertilizer and broad-based implications of COVID-19 inserted significant liquidity pressure on tea factories, resulting in bankruptcy and factory closures. Our decision to clear outstanding advances and curtail further exposure despite its impacts on financial performance reflects prudence in managing client advances and mitigating against future losses. The sustained reduction in interest rates during

the year and the conscious reduction of client advance exposure did not impact Group performance despite the revenue on client advances declining by 39% during the year. Overall, the Group's profitability weakened with the Group incurring a post-tax loss of Rs. 4.23 million during the year; losses incurred in the broking operation was however, countered by a significant contribution of the warehousing operations, which generated a profit of Rs.46 million supported by the Group's diversification strategy.

Strategic agility

The operating conditions that prevailed during the year, necessitated a pivot in the Group's strategic priorities which in turn enabled the Group to navigate the complexities presented by pandemic-related disruptions. Diversification was a key focus during the year, as the Group sought to proactively widen its customer base in warehousing, in order to reduce uncertainties associated with tea. The successful acquisition of several large customers including exporters and MNCs enabled the Group to somewhat cushion the adverse impacts stemming from the fall in tea volumes, while increasing occupancy levels and yields. In tea, we also proactively sought to expand our customer base, through shifting single factory dependency to producer clusters and entrepreneurial groups. In addition to facilitating customer diversification, this initiative also enabled the Group to pursue increased geographical diversification thereby mitigating potential impacts of climate change. In broking, we continued to pursue diversification opportunities, building relationships and gaining traction in non-traditional products. In an exciting development, the Group also

established a foreign consultancy service during the year, with long-term aspirations of leveraging our expertise in marketing, logistics and to provide technical assistance in supporting the implementation of auction systems in commodity markets. We successfully completed an assignment in Tanzania and are encouraged by the initial response. In addition to diversifying our revenue sources, this initiative will also support the inflow of foreign exchange income to the country - a critical need at this juncture.

A Sustainable Value Chain

The conditions that prevailed during the year have been a reminder of the connectivity and interdependencies that exist between our business, value chain and environment we live in. As an organisation, ASC has always adopted a long-term and shared approach to value creation, striving to propagate sustainable practices across its operations and value chain. In recent years, the Group has proactively worked with industry stakeholders with the aim of reducing the carbon footprint across the tea value chain. Our leadership role in the industry's initiative to establish a more sustainable value chain remains a significant commitment for the organization.

Last year, Sri Lanka emerged as the first global tea auction to recommence operations following the outbreak of COVID-19. Sri Lanka successfully launched a cloud-based digital auction system within a few days of the initial outbreak, supported by strong collaboration between the Colombo Tea Traders Association (CTTA), Tea Exporters Association, Sri Lanka Tea Board and local Microsoft Partner CICRA Solutions. This digital trading platform

replaced Sri Lanka's 137-year-old outcry system and the industry is now positioned to further enhance this solution as an integrated system through linking the wider ecosystem of stakeholders including suppliers and estates. As leader of the Colombo Brokers' Association (CBA) team and a member of the CTTA Task Force which was assigned to implement the e-auction, I am extremely proud to have contributed towards this award winning transformation and will continue to play an active role in driving this forward.

A United Team

The Group's ability to consistently serve its customers and drive continued value creation despite numerous pandemic-related disruptions, is a result of the agility, commitment and resilience of the Asia Siyaka team. I am extremely proud of our team's ability to quickly adapt to new ways of working through embracing technology and actively pursuing market opportunities. As a responsible employer, the Group implemented stringent health and safety protocols to ensure the safety and well-being of its team. Despite continual pressures on every day activity we also ensured the job and financial security of all our employees. We continued to invest in upskilling our employees, with increased emphasis on digital and soft skill development.

Way Forward

Increased propensity toward healthy beverages and the gradual recovery of advanced economies is likely to augur well for Sri Lanka, which is likely to see robust demand for black tea. As a Group we remain optimistic of the opportunities presented by these shifts and look forward to leveraging

our market position, expertise and relationships to capitalise on these emerging trends. On the other hand, downside risks have also intensified: Sri Lanka's weak external position and moderating macro-economic outlook has given rise to considerable uncertainty while the ban on chemical fertilizer is expected to result in a sizable decline in the country's tea volumes and yields. Against this backdrop, we will continue to pursue diversification of our revenue sources, both in the warehousing and broking operations.

Appreciation

I would like to take this opportunity to thank our Chairman Mr. T. Someswaran and the Board of Directors for their valuable counsel and guidance in an extremely challenging year. I also extend my gratitude and appreciation to each and every member of Team Asia Siyaka, who rallied together in unprecedented difficulties. I also thank all our customers, buyers, regulatory authorities, government, and all other stakeholders for their continued support.



Mr. Anil R. Cooke
Managing Director / CEO

30 August 2021

Board of Directors

Mr. Thirunavukarasu Someswaran *Chairman*

A fellow member of the Institute of Chartered Accountants of Sri Lanka, Mr. Someswaran received his education at Manipay Hindu College and Jaffna College and joined Aquinas University for his higher studies.

After completing his education, he joined Hulugalla & Wickremanayake Chartered Accountants as an Audit clerk and subsequently as an Articled clerk and completed his Chartered Accountancy program in 1974. Before he graduated, he worked with the late P. S. Duleep Kumar Tax Consultant as a member of the staff at Accounting Systems and Services Ltd, and rose to the position of Director at its group of companies.

After completing his Chartered Accountancy programme, he started his own practice as a Chartered Accountant in Sri Lanka and Maldives, and also undertook an overseas assignment as a Management Advisor for the Nigerian Construction Consortium Ltd., in the 1970s.

Mr. Someswaran played an inspiring role as a founder member who gave leadership in establishing some leading associations in the country; including the International Fiscal Association, the Economic Association of Sri Lanka, Market Research Society of Sri Lanka, Organization of Professional Associations of Sri Lanka (more commonly known as OPA), Institute of Certified Professional

Managers (CPM), Institute of Certified Management Accountants (CMA) and SJMS Associates which is now known as Deloitte Sri Lanka.

In 2004 he founded a Company by Guarantee known as CARM (Center for Advancement of Resource Mobilization) to initiate and enable a global framework that facilitates the creation of a society free from poverty and social injustice.

He also serves on the Board of ECSAT (Equality based Community Service and Training) in Galle which looks after the needs of special & differently-abled kids in the area.

He has served as the President of the Institute of Practicing Chartered Accountants, and the Benevolent Society of CA Sri Lanka. He was also the Vice President of the International Chamber of Commerce, and was also a Council Member of CA Sri Lanka. Mr. Someswaran also contributed immensely towards the development of the institute and the accounting profession and since 1982 served across many committees as a member. He also chaired the institute's Audit committee, Company Law & other Legislation Committee, International/Regional Conference Committee and also the Professional Conduct & Ethics Committee.

After retiring from practice in 2007, he served as the Director of Commercial Credit, Serendib Land, Pan Asian Power and SMB Leasing. At present he continues to serve CleanCo Lanka (Pvt) Ltd, Renewgen Lanka (Pvt) Ltd and

Serendib Land PLC as Director, where he serves on the Board as well as in the Audit, Remuneration and Related Party Issues Committees. He is also a Director at Transparency International Sri Lanka. Recently, Someswaran was installed as the President of the Rotary Club of Colombo 2017/18.

In recognition of the significant contribution made by him towards the development of the accounting profession and the business world; the Council of the Institute of Chartered Accountants of Sri Lanka inducted Someswaran to the Hall of Fame in the year 2017.

Mr. Anil R Cooke *Managing Director*

Mr. Cooke has a wealth of experience counting 43 years as a Broker, Auctioneer, Tea Taster and Valuer, with nearly 21 years of his work experience gained at Forbes and Walker Limited. He is a member of the Chartered Institute of Marketing (UK) and has previously served on the Board of Directors of Forbes & Walker Limited, Forbes & Walker Tea Brokers (Pvt) Limited and Forbes Ceylon Limited.

He is Chairman of the Colombo Brokers' Association, a committee member of the Colombo Tea Traders' Association and a Director of the Sri Lanka Tea Board. He is a member of the Promotion and Marketing Committee of the Sri Lanka Tea Board and serves on committees of other marketing initiatives. Mr. Cooke is

a founder Director of Siyaka (Pvt) Limited 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. Dhammike 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 47 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. Yashojith Kuruneru
Executive Director

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

He counts over 32 years experience (from 1988- 2020), 05 years estate management and 27 years in tea broking,

tea tasting and as a Valuer. He specializes in tea manufacturing advices with regular technical advisory visits to tea estates and factories. Currently he serves as a resource person to the National Institute of Plantation Management.

Mr. Senaka G. Amarasuriya
Executive Director

Mr. Senaka Amarasuriya has been associated with the Tea Industry for 41 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 organizations 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. Charmara 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 is a self-made individual whose main strength is his continual ability to bring in Low country business and has brought

in the most business over the years. He is a Manufacturing Advisor and overlooks the Sample Room and assists with the Warehouse management. He has a strong relationship with the low country clients and additionally works with the RPCs' higher elevation factories.

Mr. Dissanayake is a visiting lecturer at the National Institute of Plantation Management and he holds a MSc in Logistics and Supply Chain Management from the Birmingham City University in the United Kingdom.

Mr. Sohan Samaranayake
Executive Director

Mr. Samaranayake counts 23 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. Vernon Caldera
Non-Executive Director

Vernon Caldera counts over 57 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

Board of Directors

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 six years.

Mr. S Tissa Gunatilleke

Non-Executive Director

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

A senior planter with 48 years of experience in plantation management, has held the position of Regional Director of Sri Lanka State Plantations Corporation and served as a Consultant to United Nations Industrial Development Organisation (UNIDO) on Tea Plantation Management.

Mr. Narendra Dambawinne

Non-Executive Director

Mr. Dambawinne counts over 42 years in the Tea Trade of which 12 years was at Somerville & Co Ltd and relinquished duties as Director and joined Mercantile Brokers Limited as Director - Tea in 1992. He served with Mercantile Produce Brokers (Pvt) Ltd for 23 years, of which the last 14 years as its Managing Director.

He has an excellent knowledge of Tea and is 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, 2007/2008, and 2019/2020. 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 and 2019/2020. Chairman, Tea Association and of Sri Lanka for 2007/2008.

Mr. Dambawinne also served as Director, Sri Lanka Tea Board for 2007/2008, 2019/2020 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 as the Managing Director of Lanka Commodity Brokers Limited.

Mr. Anandh Vaithyalingam

Non-Executive Director

Mr. Vaithyalingam counts over 28 years of experience in several leading companies both in Sri Lanka and India. In 2001 he returned to Sri Lanka to take up the 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 G&G Group of Companies.

Mr. Reyhan Morris

Non-Executive Director

Mr. Reyhan Morris serves as the Joint Chief Operating Officer at Asia Capital PLC and Director/Chief Executive Officer of Asia Leisure Holdings (Pvt) Ltd.

Additionally, Mr. Morris also serves as a Board Director on the Boards of Galle Heritage Lanka (Private) Limited, Marine Drive Hotels (Private) Limited, Miriandhoo Maldives Resorts (Private) Limited.

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 Samaranyake	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

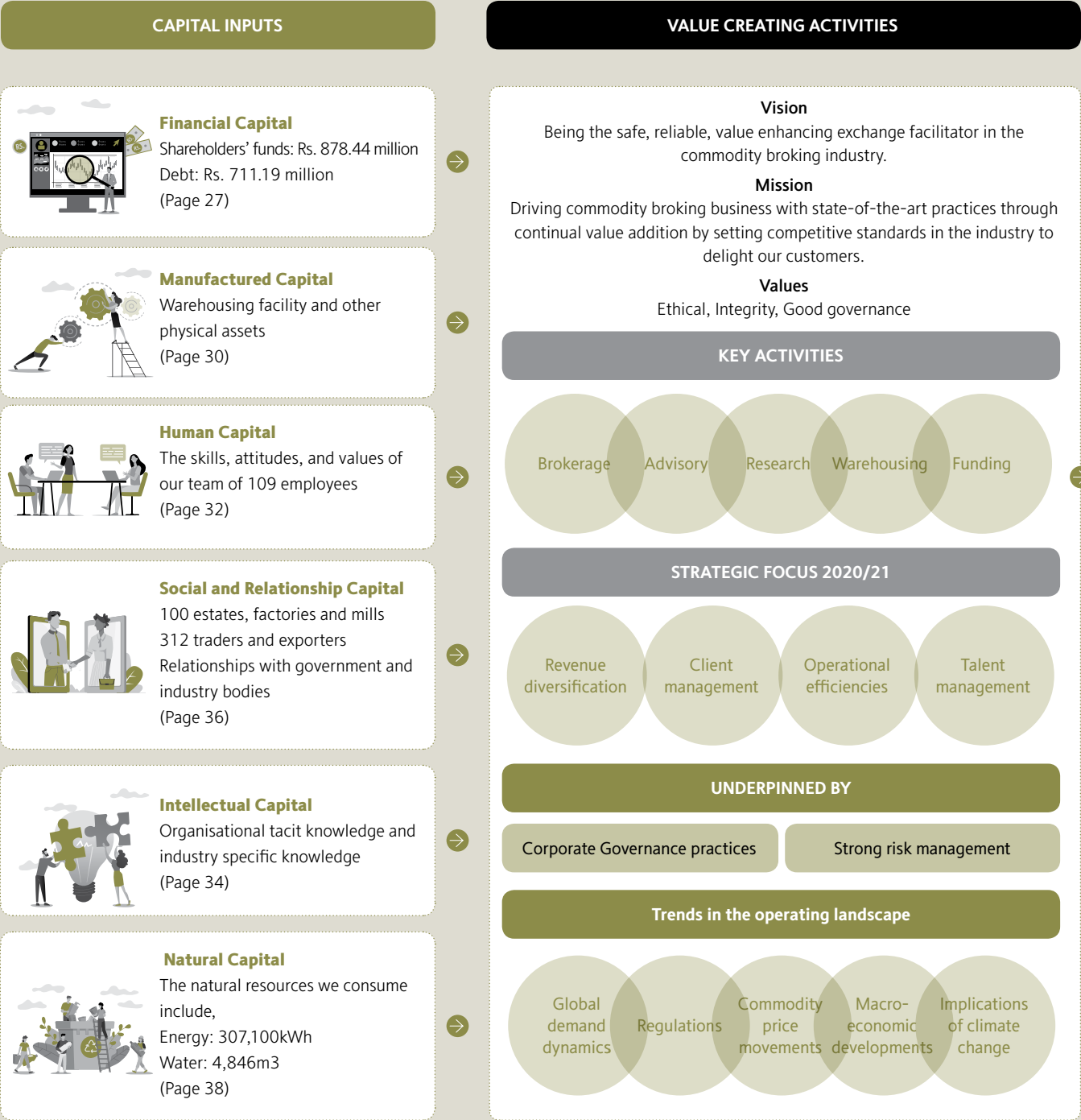
Administration and Human Resources	
Ganga Udeni	Manager-Human Resources
Vajira Nandathilake	Deputy Manager-Administration

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

Business Overview

Value Creation Model



OUTPUTS

Tea handled

38.6 million Kgs

Revenue generated

Rs. 647.16 million

Payments to employees

Rs. 235.42 million

Producer payments

Rs. 25 billion

Community investments

Rs. 0.58 million

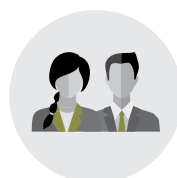
OUTCOMES

**Shareholders:**

The profits we generate create value to dividends and increases in share price (page 27)

**Customers:**

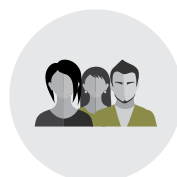
We create value to our customers through a unique and multi-faceted value proposition (page 36)

**Employees:**

A safe and dynamic working environment which ensures a high-level of engagement and opportunities for skill and career development (page 32)

**Supply chain partners:**

Our innovative and pragmatic solutions have enabled the creation of mutual value across our supply chain (refer page 36)

**Communities:**

We engage in needs-based CSR activities (page 36)

Business Overview

Stakeholder Relationships

As a leading tea-broker, the Group has nurtured long-standing and mutually beneficial relationships with a broad range of industry stakeholders. We maintain a high-level of engagement through numerous formal and informal platforms which enables the Group to proactively identify and respond to stakeholder concerns. 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.

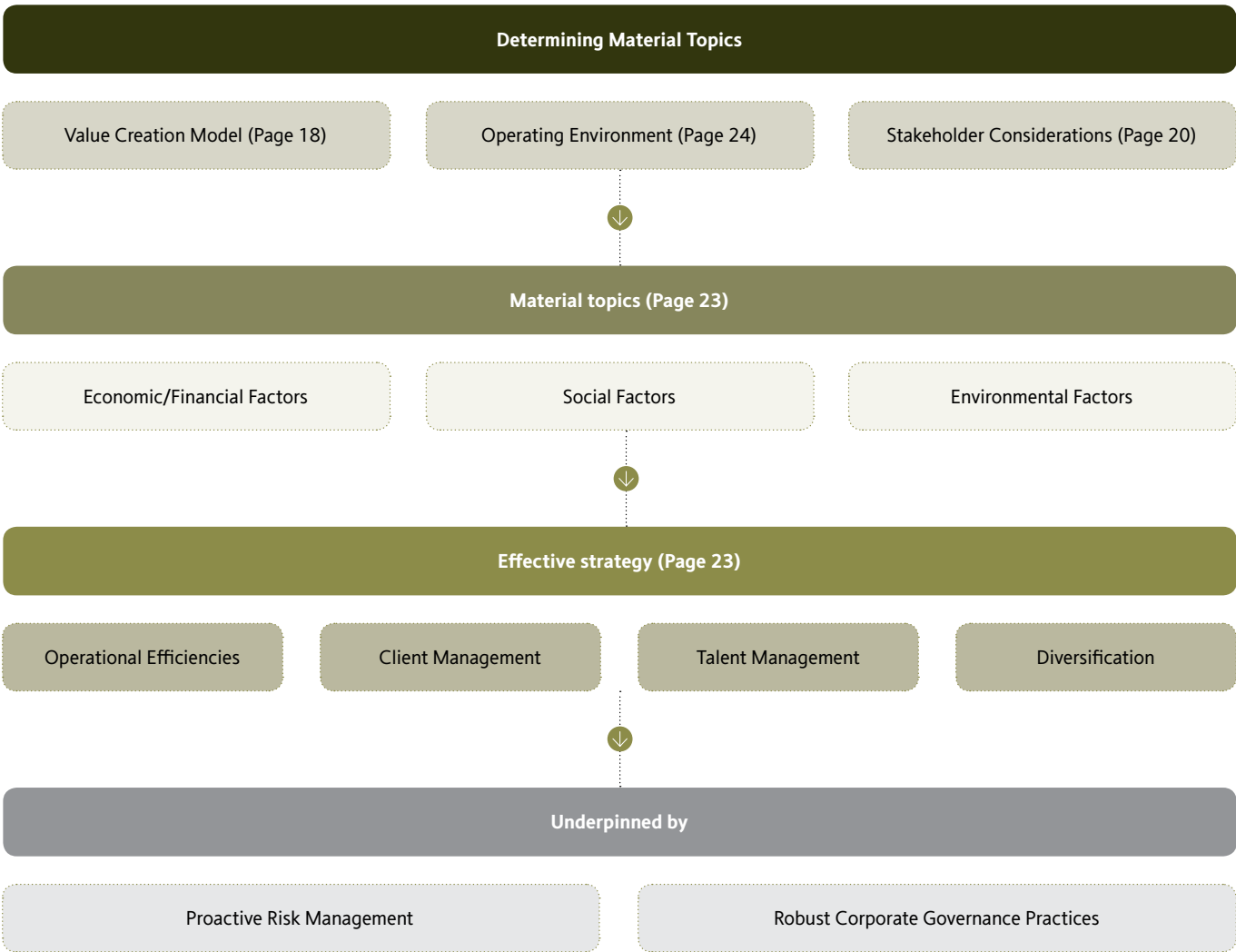
Stakeholder Group	Method and frequency of engagement	Topics and concerns raised in 2020/21	Our response
Shareholders	- Annual General meeting - Quarterly results updates - Annual Report - Periodic press releases - Corporate website	- Adequate financial returns commensurate with the risk undertaken - Implications of the pandemic on financial performance - Future strategy - Governance and risk management practices - Long- term sustainability	Ongoing engagement with shareholders and transparent communications on the implications of COVID-19
Employees	- Annual performance appraisals - Multi-level staff meetings - Work-life balance initiatives - Open door policy	- Safe workplace - Flexible working arrangements - Fair remuneration - Opportunities for skill and career development - Dignity of labour - Work-life balance	Strategic emphasis on ensuring employee health and safety and continued job security
Clients- Commodity producers, warehousing clients, and buyers of estate supplies	- Weekly and quarterly performance reviews - Research reports - Site visits - One-to-one engagement	- Sustainable demand - Fair pricing - Ease of transacting - Warehousing services - System efficiencies	Efforts to support customers during the crisis through ongoing engagement, financial support and sharing market insights
Buyers	- Weekly engagement at tea auctions - Face to face meetings - Research reports and site visits	- High quality produce - Transparent and fair pricing - Ease of transactions - Efficient logistics	Continuously support customer requirements through the digital auction platform
Industry bodies and associations	- Regular meetings - Industry forums - Promotional campaigns	- Engagement to ensure long-term sustainability of industry - Contribution to policy making and planning	Collaboration with industry stakeholders to transition to a digital auction

Stakeholder Group	Method and frequency of engagement	Topics and concerns raised in 2020/21	Our response
Communities	☉ Internship and training opportunities ☉ Seminars for tea smallholders ☉ Site visits ☉ Donations and other forms of support for schools in estate communities	☉ Internship programs ☉ Opportunities for skill development ☉ Employment opportunities ☉ Community engagement initiatives	Focus on uplifting the standard and quality of education through providing internships and contributing towards environmental preservation
Government	☉ Quarterly performance reviews ☉ Representation at industry associations ☉ Participation in economic and industry forums ☉ Contributions to policy making	☉ Compliance to all legal and statutory regulations ☉ Employment opportunities ☉ Community engagement initiatives	Continued compliance to all relevant requirements and proactive role in creating a conducive industry environment

Business Overview

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.



The Group's risk landscape changed considerably during the year, which in turn led to shifts in its material topics. These topics are defined as the issues that are most relevant to the Organisation and its stakeholders and is a key determinant of strategy. The Group's material topics for the year under review and the strategic priorities stemming from these topics are graphically illustrated below.

Material topics

1. Sustainable growth in earnings

Driving sustainable growth in earnings is key to fulfilling shareholder needs.

2. Client debt management

Increase in importance reflecting financial stress experienced by clients.

3. Employee health and safety

Higher exposure to health and safety risks stemming from the outbreak of COVID-19.

4. Technology

Increased adoption of technology given restrictions on mobility and need for distancing.

5. Operational efficiency

Efficient processes are vital in satisfying customer requirements and driving cost optimisation.

6. Government policy

The Government's monetary and fiscal policy actions as well as regulations have a direct impact on the Group's operations.

7. Talent management

In a service industry such as ours, attracting, developing, and retaining the right talent is critical for long-term sustainability.

8. Innovation and diversification

The Group has built a strong reputation for innovative and pragmatic solutions, which is a key source of competitive edge. During the year, diversification was also a strategic imperative given the challenges that prevailed in the tea sector.

9. Supply chain management

The effective management of our supply chain is a prerequisite in procuring high quality teas.

10. Exchange rate fluctuations

As tea buyers are primarily exporters, fluctuations in exchange rates have a direct impact on our operations.

11. 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.

12. Environmental implications

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.

13. Research capabilities

Emerging market trends and sharing such information across our value chain is an important aspect of our competitive edge.

Strategic priorities



Client Management

Prudent management of client advances to optimise risk- return dynamics while supporting the long-term sustainability of our customers.



Diversification

Increased diversification of revenue sources and customers, thereby reducing exposure to the relatively volatile tea sector.



Operational efficiencies

Ongoing emphasis on productivity and process efficiencies through training and automation.



Talent management

Attracting and retaining the industry's top talent through a unique value proposition.

Management Discussion and Analysis

Operating Environment

Global economy

The economic fallout of the COVID-19 pandemic has been unprecedented, with broad-based implications across economies resulting in the global economy contracting by an estimated 3.3% in 2020. Advanced and emerging market economies decelerated by 4.7% and 2.2% respectively during the year. However, despite prevalent uncertainty the road to recovery is now clearer, with stronger-than-expected growth in the second half of the year, supported by extraordinary policy support and economies adapting to new ways of working. Recovery paths remain considerably divergent, with future developments depending largely on the success of vaccine rollouts, emergence of new variants of the virus and effectiveness of policy actions. The International Monetary Fund estimates that the global economy will grow by 6% in 2021, followed by 4.4% in 2022.

Global Economic Growth Projections



Domestic economy

Sri Lanka's economy faced the inevitable impacts of the COVID-19 pandemic, with the

GDP contracting by 3.6% during the year and all economic sub-sectors shrinking in comparison to the previous year. However, a recovery was observed towards the fourth quarter of the year with GDP expanding by 1.3% while growth firmed up to 4.3% in the first quarter of 2021. Key downside risks include the country's weak external position given dwindling foreign currency reserves and impending foreign debt settlements as well as fiscal pressures which are likely to hamper the country's economic recovery. That said, the accommodative monetary policy stance, policy impetus towards local industries and the successful roll-out of the vaccination drive is expected to spur growth, with the IMF projecting Sri Lanka's economy to grow by around 4% in 2021.

	2020 (change y-o-y)
Agriculture Sector	-2.4%
Industrial Sector	-6.9%
Services Sector	-1.5%
Overall	-3.6%

Indicator	Trend	Impacts on ASC
Interest rates	The Government adopted an accommodative monetary policy stance with a view to stimulating the economy, resulting in market interest rates trending down and remaining low for most part of the year. Interest Rate Movements (%) Legend: ● T-bill rate (1-year), ● AWPR	Decline in interest income earned on client financing + Reduction in borrowings costs
Exchange rate	The Sri Lankan Rupee faced significant depreciation pressure in 2020, reflecting the challenges stemming from COVID-19 which led to a drastic drop in foreign currency inflows and capital outflows from the debt and equity markets. As a result, the Sri Lankan Rupee recorded considerable volatility and depreciation, falling by 3% in 2020, followed by a further 3.4% decline in the first quarter of 2021.	+ Favourable pricing -Potential adverse implications on the Sri Lanka's competitiveness in the international tea market over the long-term
Inflation	Inflation remained moderate around 4%-6% in 2020 reflecting subdued demand and impacts on disposable income. However, inflationary pressures intensified in ensuing months, driven by the depreciation of the exchange rate and the increase in money supply.	No direct impact on the Group's operations

The Tea Industry

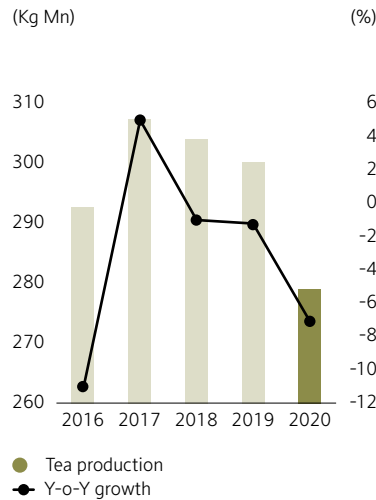
Global dynamics

Global tea production crossed 6 billion Kgs in 2020, with tea producing nations experiencing divergent weather patterns and varying implications of the pandemic. Kenya recorded a bumper crop, against the back of proactive state intervention and aggressive harvesting in recent years, although this was offset by crop losses in other African countries. Production in North India was affected by COVID related disruptions, with an estimated production shortfall of over 150 million Kgs. Meanwhile, global demand dynamics were favourable during the year, reflecting increased consumer prevalence towards healthy beverages with increased in-home-consumption. On the other hand, out-of-home consumption declined considerably during the year, given the sharp slowdown in the HORECA channel during the year.

Sri Lankan context

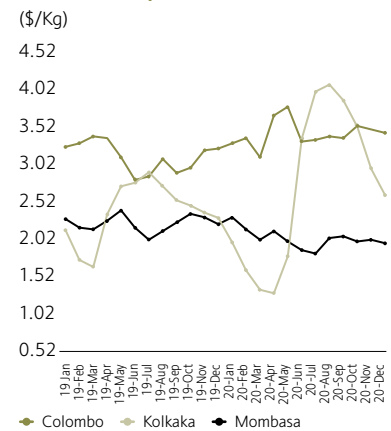
Sri Lanka's tea production declined by 7% to 278.4 million Kgs in 2020, reflecting adverse weather conditions, unavailability of fertilizer and disruptions to labour supply. All three elevations recorded decreases in volumes, with high, medium and low-grown tea production falling by a respective 1.3%, 0.9% and 10.5% in 2020. Demand for Sri Lankan tea however, remained buoyant for most part of the year, with the industry rallying to transition swiftly to a digital auction platform, which in turn allowed Sri Lanka to capitalise on the surge in demand. Resultantly, tea prices increased by an average of 16% to Rs.633.85 per kg during the year, with broad-based price improvements across all elevations.

Sri Lanka Tea Production



7% Reduction in volumes

Colombo/Kolkata/Mombasa 2019/2020 price Trend



The Colombo Tea Auction outperformed regional tea auctions in pricing, recording buoyant prices throughout the year.

Major industry developments

Ban on chemical fertilizer

Despite its good intentions, the ban on chemical fertilizer is anticipated to sharply impact yields, cost of production and production volumes. Resultant socio-economic implications are expected to be significant including direct effects on Sri Lanka's export income, earnings of estate sector employees as well as Sri Lanka's competitiveness in the international market.

Implications of climate change

The implications of climate change have continued to intensify, resulting in erratic weather conditions, rising temperatures and prolonged droughts, which have in turn directly affected the quality and quantity of Sri Lanka's tea crops.

Rising cost of production for manufacturers

Relatively low labour productivity and a challenging external environment have resulted in the consistent increase in the cost of production of tea manufacturers, which over the medium-term is likely to affect Sri Lanka's competitiveness in the global market. The recent wage-hike for estate sector employees is likely to insert further pressure on manufacturers.

Shortage of labour

Labour shortages continue to be a key challenge in the plantation sector with increased labour migration to urban areas and different career aspirations of the youth resulting in an aged population in the plantations sector.

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 - Opportunities in value added teas	- Volatility in global oil prices and its impact on tea consuming nations - Changes in consumer preferences and consumption habits - Geopolitical stress across markets - Implications of climate change - Rising cost of production for manufacturers - Exchange rate volatility - Long drawn implications of COVID-19

Financial Capital



Revenue

The Group's Consolidated Revenue recorded a decline of 9% to Rs. 647.16 million during the year, primarily due to the drop in traded tea volumes, which directly impacted the Group's income on client advances. Revenue from the Group's core business, broking increased by 6% to Rs. 274.54 million and contributed 42% to revenue. Meanwhile, the decline in revenue from warehousing was contained at 8%, reflecting the Group's

strategic efforts to reduce exposure to tea by diversifying its client base, which in turn facilitated increased occupancy levels, particularly during the 2nd half of the year.

Operating Profitability

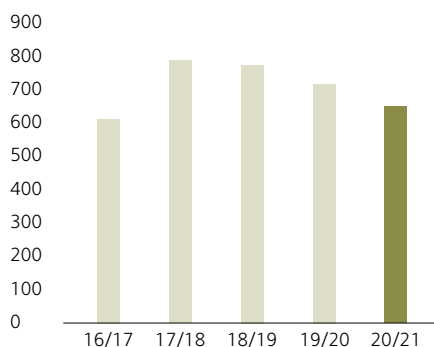
The Group's operating profitability declined to Rs. 45.69 million (2019/20: Rs. 199.08 million) due to the fall in revenue coupled with an increase in sales and distribution expenses. The latter increased to Rs.188.43

million from Rs. 94.98 million the previous year, as the Group adopted a prudent approach towards managing customer advances by writing off approximately Rs. 214.83 million of outstanding debt. The persistently rising cost of production in recent years, coupled with the unavailability of fertilizer and the implications of COVID-19 has inserted significant pressure on tea factories, leading to severe financial stress and factory closures. This has inevitably

Financial Capital

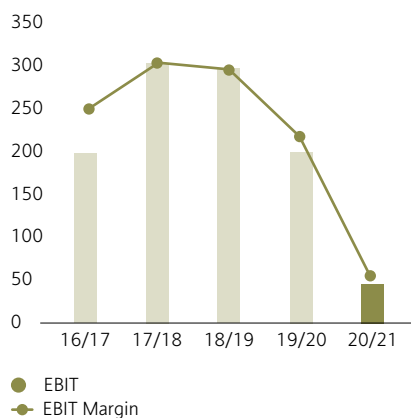
Revenue

(Rs. Mn)



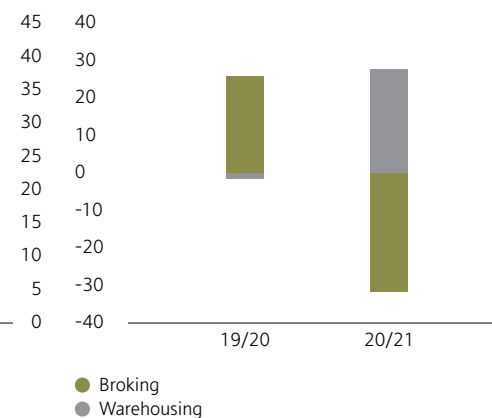
Operating Profit

(Rs. Mn)



Segmental Profits

(%) (Rs. Mn)



impacted the broking industry through defaults on short-term facilities, which are typically provided by brokers to factories in order to bridge working capital requirements.

Meanwhile ongoing focus on enhancing efficiencies and optimising human capital resources enabled the Group to achieve a 3% reduction in its administrative expenses. Other income for the year, amounted to Rs. 4.14 million. Resultantly, the Group's operating profit declined sharply to Rs. 45.69 million from Rs.199.08 million the previous year.

Pre-and-post tax profitability

Consolidated net finance cost for the year declined by 49% to Rs.75.57 million, reflecting a reduction in borrowings and the downward movement in market interest rates. In line with the curtailment of client financing, the Group's exposure to borrowings also reduced by 41% during the

year. Meanwhile revenue from interest on client financing also decline by 39% to Rs. 116.34 million during year due to the fall in interest rates and reduction in advances to clients.

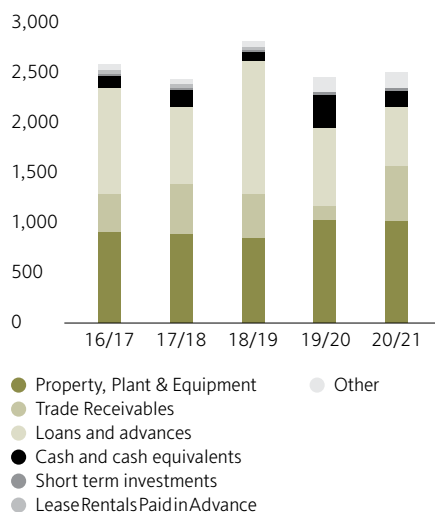
The Group's profitability weakened during the year, reflecting conscious efforts to rationalise financing portfolio through write-offs and the drop in tea volumes which primarily affected the broking operations. Accordingly, at pre-tax level the Group incurred a loss of Rs. 29.87 million compared to a profit of Rs. 50.04 million the previous year. At post-tax level, the Group's losses amounted to Rs. 4.23 million during the year; the broking operation incurred a loss of Rs. 18.77 million during the year (compared to profits of Rs. 46.35 million the previous year) while this was countered by profits of Rs. 46.00 million generated on the Group's warehousing operations, which benefitted from ASC's diversification strategy.

Total Assets

The Group's asset base remained relatively unchanged at Rs. 2.49 billion, with current assets accounting for 56% of total assets. Given the increased risk of defaults on client financing, the Group curtailed exposure to this asset class, with loans and advances to clients declining by 26% to Rs. 581.22 million during the year. On the other hand, trade receivables increased to Rs. 556.89 million as at end-March 2021, recording a near four-fold increase compared to the previous year in 2019/20 in which the auction was suspended for 3 weeks due to the pandemic, and due to the prompt settlement cycle dates. The Group's cash and cash equivalents declined to Rs. 160.92 million from Rs. 322.90 million the previous year, and accounted for 6% of the Group's total assets.

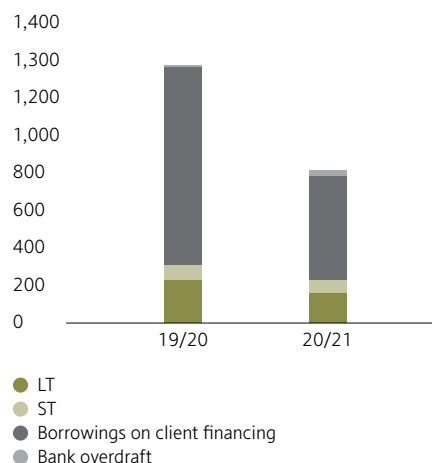
Asset Composition

(Rs. Mn)



Debt Composition

(Rs. Mn)



Liabilities and Capital

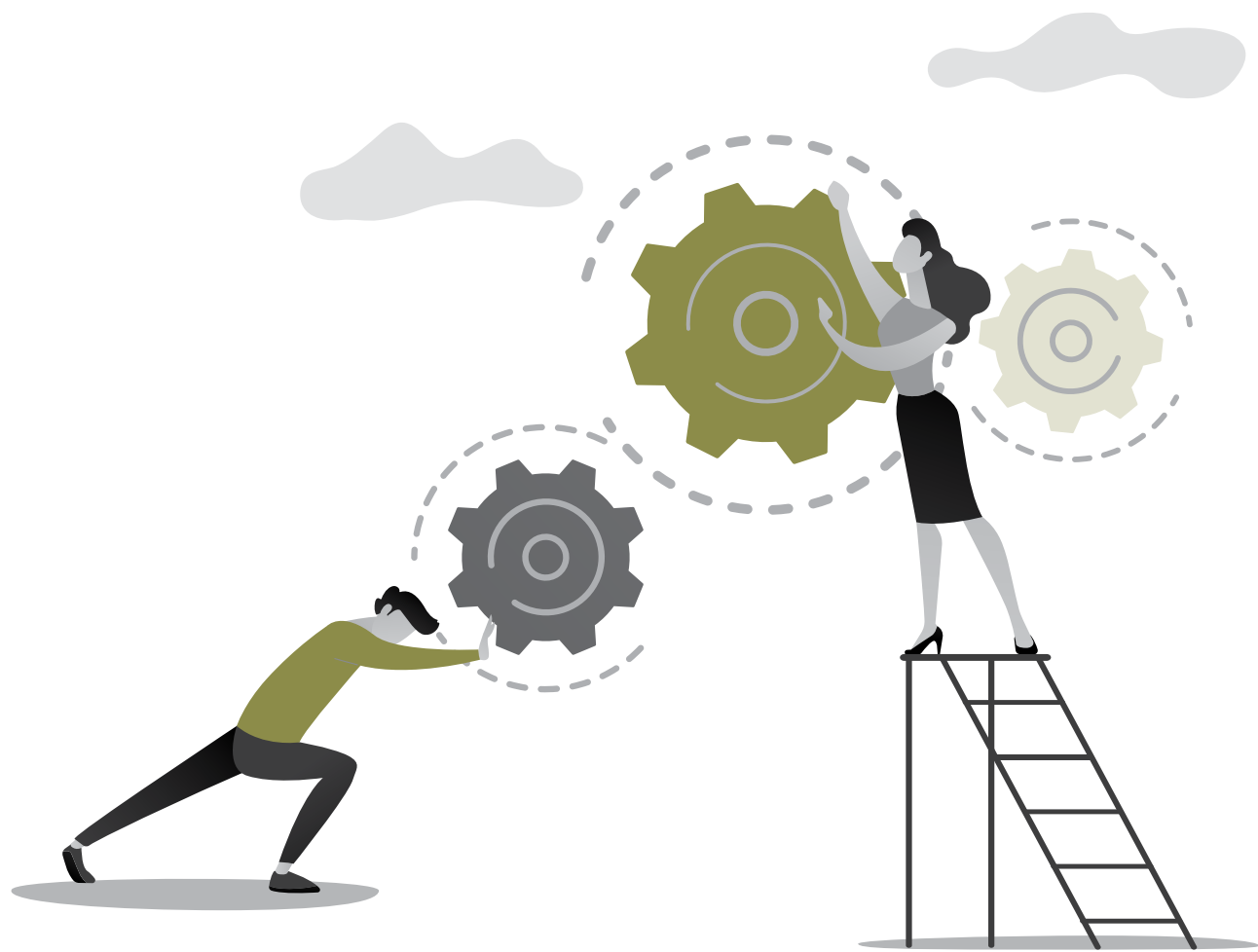
Total liabilities funded 65% of the Group's total assets and increased by 2% during the year. In line with the curtailment of client financing, ASC reduced exposure to borrowings, with total debt decreasing by 41% to Rs. 711.19 million by end-March 2021. Short-term borrowings continue to dominate the Group's debt profile, accounting for nearly 80% of total borrowings during the year. Trade payables also increased substantially during the year to Rs. 552.38 million due to the different prompt payment cycle from previous year.

The Group's capital position remains healthy, with shareholders' funds accounting for 35% of total funding during the year. Total equity increased marginally to Rs. 878.46 million during the year supported by tax adjustments which strengthened other comprehensive income and reserves.

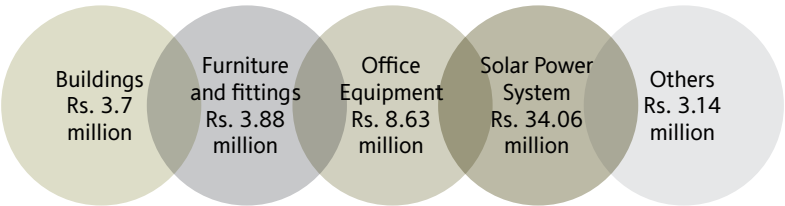
Cashflow

The Group's cash flow position moderated in line with the challenging conditions; net inflow from operating activities amounted to Rs. 107.14 million (compared to an inflow of Rs. 273.06 million the previous year) mainly due to increased investments in working capital, particularly trade payables. Net cash outflow from investing activities increased to Rs. 49.17 million from Rs. 16.13 million the previous year, reflecting capital expenditure of Rs. 53.24 million. Net cash outflow from financing activities amounted to Rs. 122.47 million during the year, mainly due to dividend payments and repayment of borrowings. Overall the Group's cash and cash equivalents decreased by Rs. 64.5 million during the year.

Manufactured Capital



Our Manufactured Capital consists of the Group’s state-of-the-art warehousing facilities as well as other physical infrastructure such as machinery, motor vehicles, furniture and fittings. These assets accounted for 41% of the Group’s total assets as at end-March 2021.



Highlights of 2020/21

- Our state-of-the-art warehousing facility offers a total storage space of 197,500 square feet and incorporates a range of environmentally friendly design elements and practices. It is Sri Lanka's first, and among very few tea centres in the world to obtain the prestigious Leadership in Energy and Environmental Design (LEED) Certification (Silver) from the United States Green Building Council.
- Strategic emphasis placed on diversifying warehousing operations beyond tea sector clients augured well for the Group during the year, allowing ASC to somewhat counter the decline in broking operations through new revenue sources. Accordingly total revenue from warehousing amounted to Rs. 211.87 million and accounted for 35% of the Group's consolidated revenue during the year.
- The Group invested Rs. 34.06 million in enhancing its solar power generation capacity, aimed at driving both the Group's commercial and environmental sustainability aspirations
- We also invested in strengthening our digital infrastructure in order to facilitate effective remote working. Accordingly, Rs. .87 million was invested in upgrading hardware and software capabilities.

Value Transformation

Inputs

PPE of

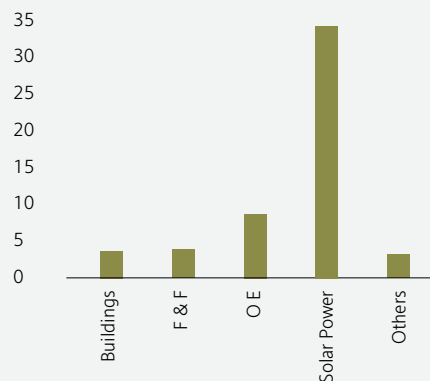
Rs. 1.02 billion

Value addition

Capital expenditure of

53.40 million

(Rs. Mn)



Value delivered

78.32%

capacity utilisation at the warehouse

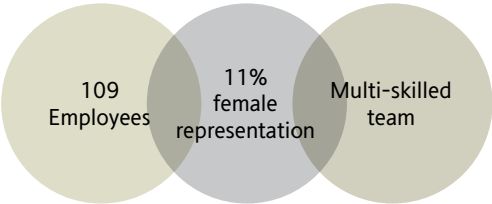
1.57

PPE/Turnover ratio

Human Capital



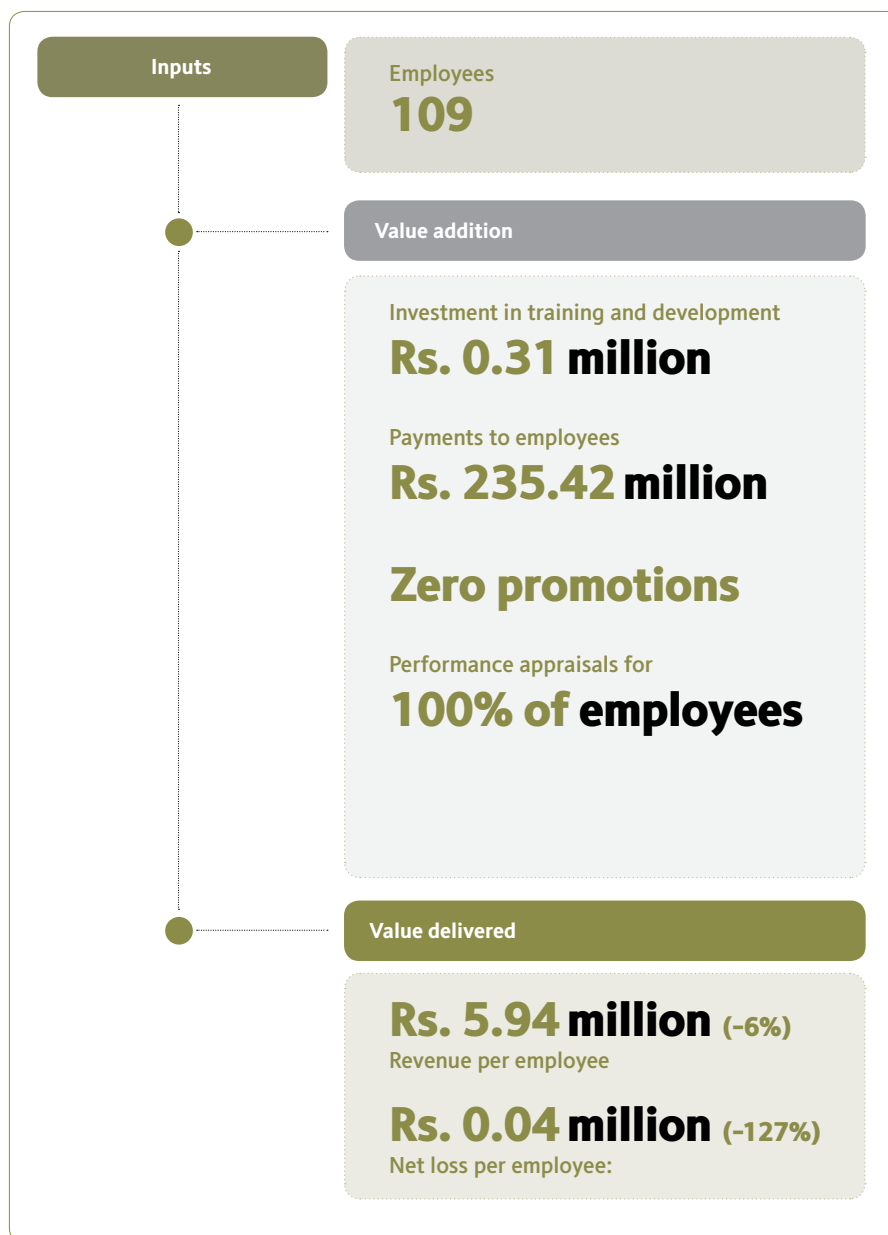
In a year of numerous challenges, ASC’s 109-strong team rallied together to drive the Group’s strategic aspirations, ensuring continued value creation.



Highlights of 2020/21

- ⊙ The Group's human capital aspects governed by a comprehensive policy framework which ensures equitable treatment of all employees and compliance to all relevant laws and regulations.
- ⊙ During the year, the Group's key priority was to ensure the safety and wellbeing of its employees. Accordingly, we implemented a range of stringent safety guidelines including frequent handwashing, temperature monitoring and distribution of masks and sanitizers.
- ⊙ Despite the extremely challenging operating conditions that prevailed, the Group ensured that there were no layoffs or retrenchments. Special compensation was paid to employees who had to incur additional expenses to travel to work. While the senior leadership team took a voluntary salary cut, the Group ensured that all other employees were remunerated in full.
- ⊙ We also facilitated work-from-home facilities for 17 employees, offering the required technological infrastructure to ensure seamless operations.
- ⊙ We invested Rs. 0.31 million in training and development, focusing primarily on strengthening digital skills and adaptability. Ongoing efforts are in place to nurture a culture of learning and knowledge sharing, thereby building tacit knowledge within the Group.
- ⊙ Employee retention for the year was 96.46%, attesting to the unique value proposition we offer to our employees.

Value Transformation



Intellectual Capital



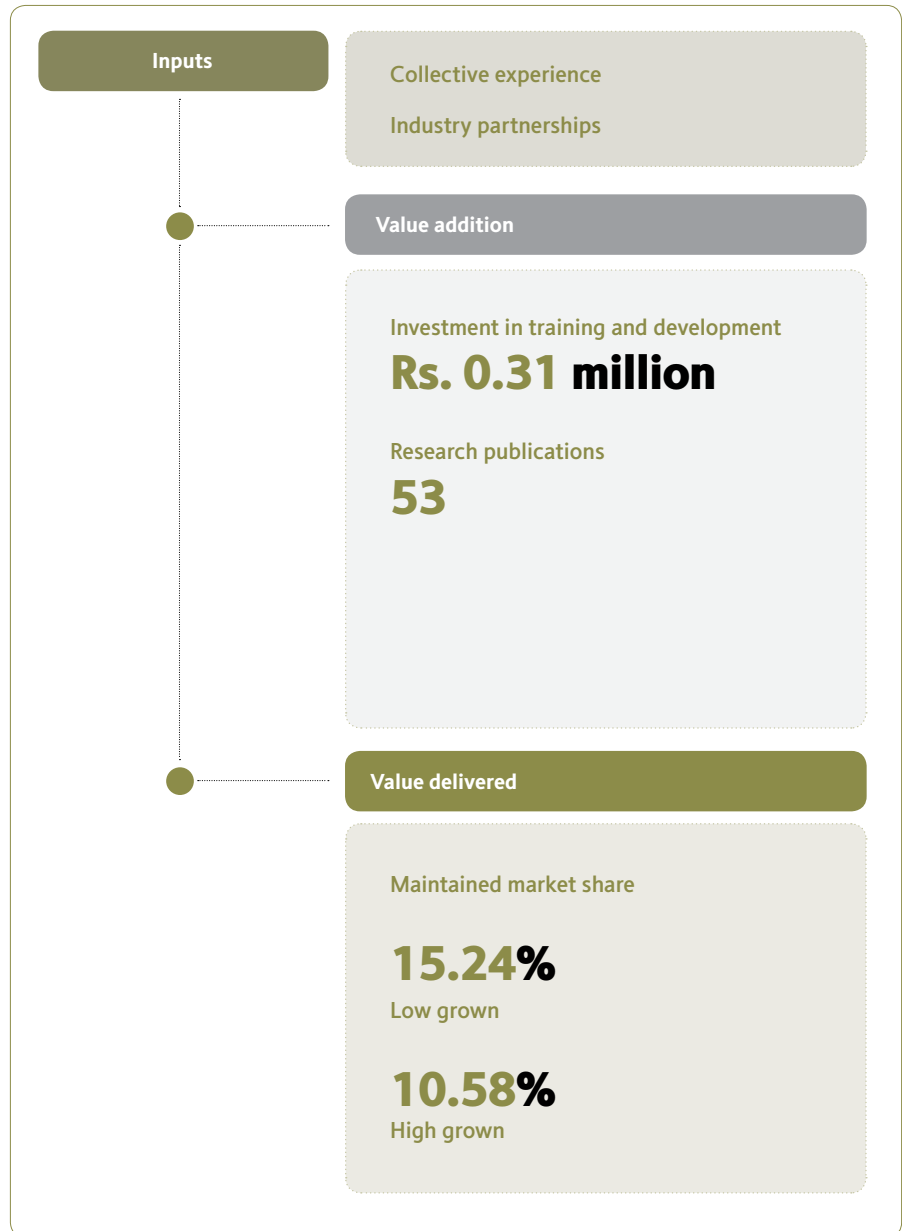
The Group's intellectual capital, represented by the extensive industry experience of the Board and management team is key to its competitive edge and market position. The leadership team also continues to play a vital role in driving Sri Lanka's tea industry forward through collaborating with industry stakeholders.



Highlights of 2020/21

- ⊙ The Group's leadership team played a vital role in ensuring the continuity of Sri Lanka's tea logistics process by driving the transition to a digital platform in the immediate aftermath of the COVID-19 outbreak. 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 plays a key role in propagating market insights and best practice across the tea supply chain, which has enabled tea factories to produce the varieties and qualities of tea that are in high demand in the global market. During the year, the Group published 53 research reports.
- ⊙ The Group's leadership team is also contributing towards further upgrade of the digital auction platform, with the aim of linking value-chain partners across the system to ensure a seamless and integrated process.
- ⊙ The Group is also collaborating with industry stakeholders to reduce environmental impacts across the entire tea value chain, with particular emphasis on reducing the carbon footprint and use of chemical fertilizer.

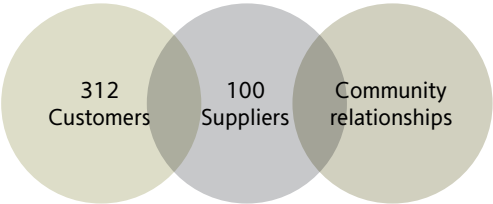
Value Transformation



Social & Relationship Capital



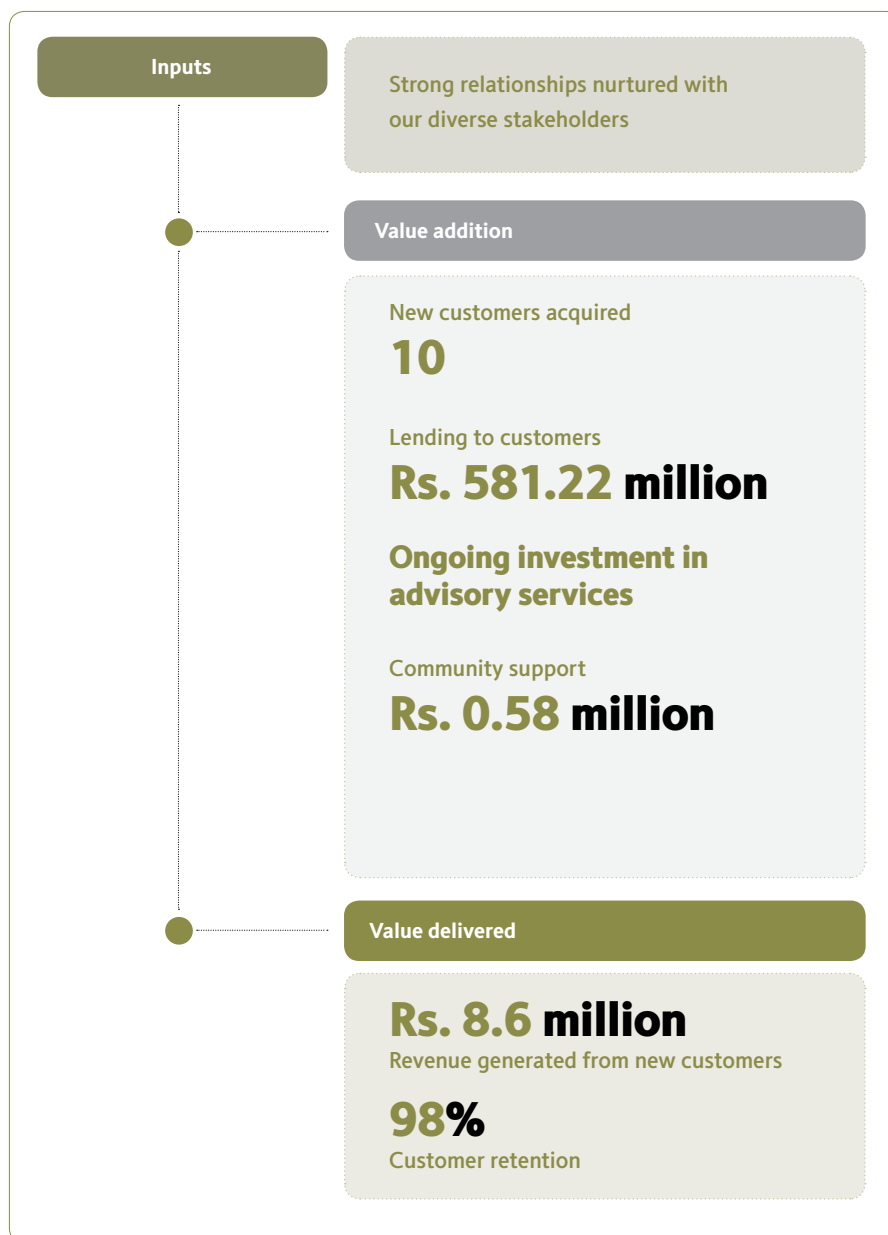
The Group’s partnerships with customers, tea factories, small holders, tea exporters as well as other industry stakeholders and communities have afforded it a strong social license to operate, ensuring its resilience and relevance in challenging times.



Highlights of 2020/21

- ⊙ The Group's customer base includes regional plantation companies and private tea factories that process teas purchased from small holders. Our value proposition to customers includes services such as warehousing facilities, financial support and advisory, among others.
- ⊙ The persistently challenging operating landscape coupled with the implications of COVID-19 inserted severe pressure on private tea factories, with over 20 facing default during the year. Against this backdrop, ASC along with industry counterparts have sought to trim client advances in a bid to optimise risk-return dynamics. Accordingly, the Group's total advances to clients declined to Rs.581.22 million compared to Rs. 782.26 million in the previous year.
- ⊙ During the year, the Group proactively sought to diversify and expand its customer base beyond the tea sector, acquiring new customers in the export and large FMCG sectors, which in turn drove increased occupancy levels in the warehouse. In broking, the Group sought to broad-base its customer base by acquiring smallholder clusters/group of factories, which also enabled better geographical diversification.
- ⊙ Our inputs consisting primarily of stationary and IT equipment are sourced entirely from local suppliers.
- ⊙ 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.

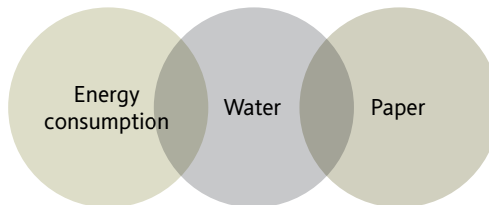
Value Transformation



Natural Capital



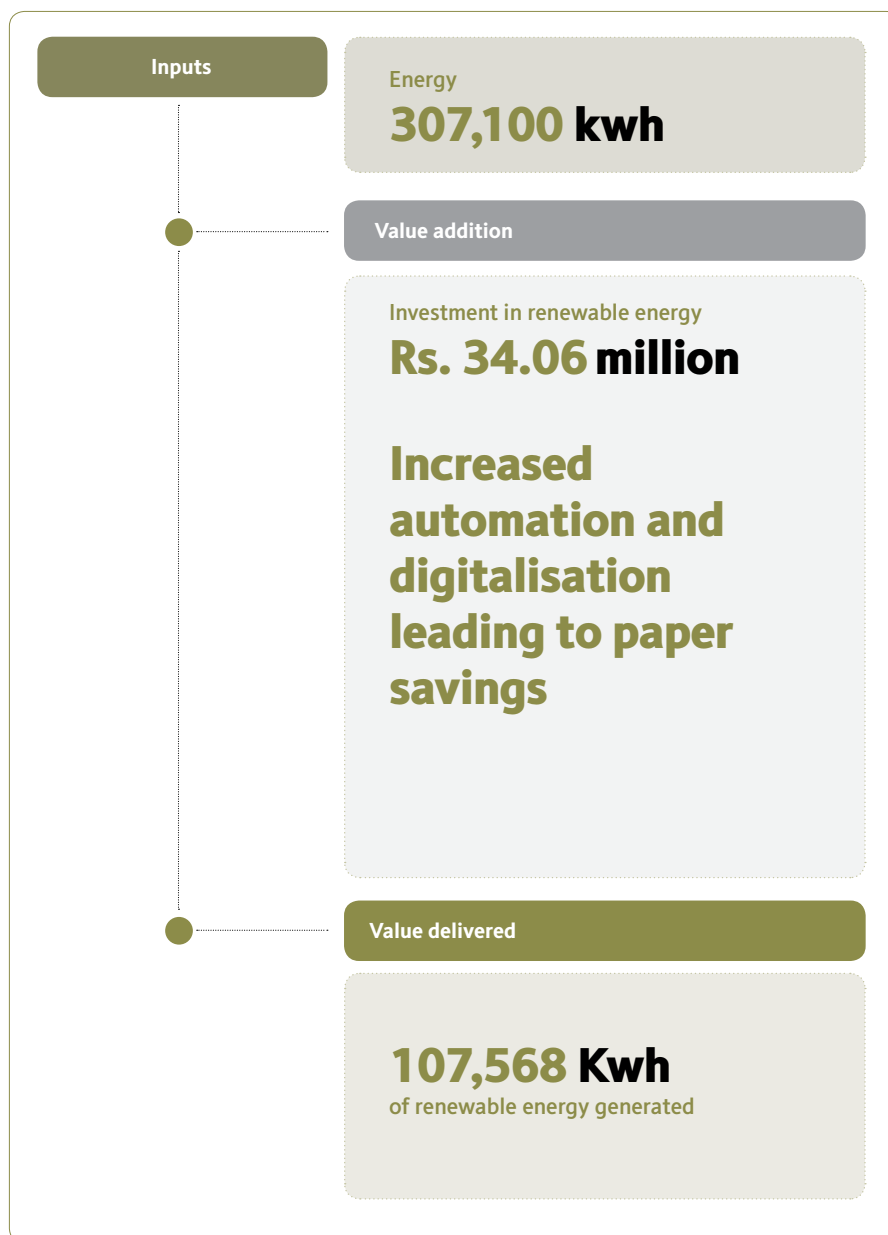
As a service-oriented business, the Group's environmental impacts are limited; however, as implications of climate change intensify, and environment-related challenges threaten the sustainability of the plantation sector, we are committed to consistently reducing our impacts on the environment and implementing green solutions across the entire value chain.



Highlights of 2020/21

- ASC's warehouse continues to be the only green certified logistics centre in Sri Lanka. Designed to drive energy efficiency and optimise energy usage through the use of natural light and air flows, the warehouse is also installed with 10Kw of solar power generation capacity. During the year, we further increased solar power capacity by 250Kw, with an investment of Rs. 34.06 million.
- We are also committed towards reducing the consumption of paper through increased focus on automation and technology.
- Sri Lanka has been ranked among one of the most vulnerable countries to climate change in the world, with direct implications on the country's agriculture and plantations sectors. Against this backdrop, we understand the vital importance of engaging in sustainable agriculture methods and we continue to support our customers and other industry stakeholders through propagating good agricultural practices across our supply chain through advisory services.

Value Transformation

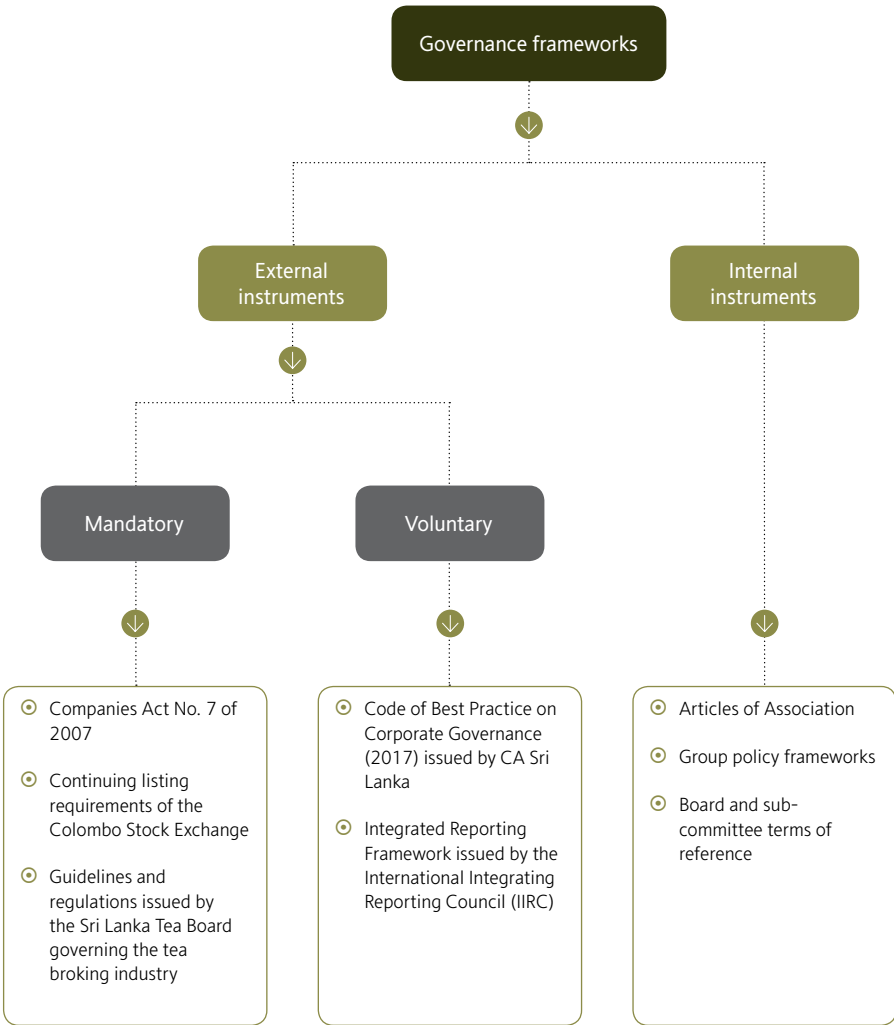


Corporate Governance

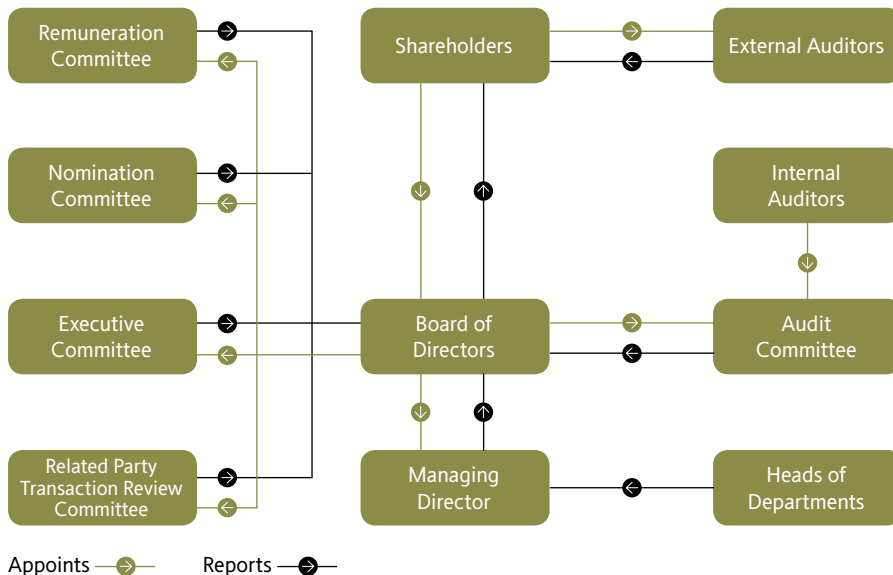
The Group’s sound governance practices set the tone for integrity and ethical leadership across the organisation and is the vital pivot that balances that often-competing interests of its many stakeholders. Our governance framework has been carefully formulated to comply with all statutory requirements while embracing industry best practices.

Approach to Corporate Governance

The Group adopts a robust and structured approach to corporate governance, centering on the principles of integrity and transparency. Clearly defined structures, policies and processes and effective leadership provided a solid foundation to navigate the numerous complexities presented by the operating landscape during the year. Asia Siyaka’s governance framework is based on the following internal and external steering instruments:



Governance Structure



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 twelve (12) directors consisting of 6 (six) non-executive directors and 6 (six) executive directors. Of the non-executive directors, three (3) 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 ensure an appropriate balance of authority.

Changes to the Board in 2020/21

Appointment of Independent Non Executive Director - Mr. R. Morris

The key responsibilities of the Board of Directors include,

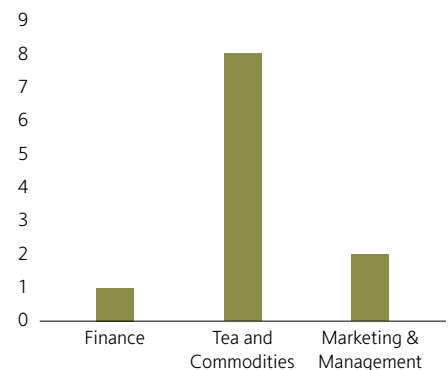
- The Board is responsible for formulating the overall strategies of the Company, reviewing/ monitoring the risk management mechanisms, and ensuring the adequacy and effectiveness of internal systems and controls.
- Identification of risks and ensuring that the risk management framework in place is adequate 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 Effectiveness

The Board of Directors combine 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 below;

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.

Corporate Governance

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 Mr. M. R. Morris (appointed w.e.f. 07.04.2021)
Nominations Committee	To implement procedures to select / appoint new Directors, CEO, Key Management Personnel	Mr. T Someswaran - Chairman Mr. S T Gunatilleke Mr. A Vaithyalingam
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-Chairman Mr S.T. Gunatilleke Mr. A Vaithyalingam Mr. M. R. Morris (appointed w.e.f. 07.04.2021)
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-Chairman Mr. T Someswaran Mr. H R V Caldera

Board Activities

To ensure regular reporting and oversight, Board Meetings are scheduled once every quarter and whenever necessary. Scheduled dates for the year are approved by the Board in advance and Directors are given adequate notice 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. Following the outbreak of the pandemic, Board and Sub-Committee meetings were shifted to digital platforms, which allowed Board activities to continue uninterrupted. The Board met three 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 Director	3/3
2	Mr. A R Cooke	Managing Director	3/3
3	Mr. D J Wedande	Executive Director	3/3
4	Mr. S G Amarasuriya	Executive Director	3/3
5	Mr. Y Kuruneru	Executive Director	3/3
6	Mr. S T Gunatilleke	Non-Executive Director	3/3
7	Mr. H R V Caldera	Non-Executive Director	3/3
8	Mr. J N Dambawinne	Non-Executive Director	3/3

	Name of Director	Office Held	Attendance at Board Meetings
9	Mr. R. C. Dissanayake	Executive Director	3/3
10	Mr. S. S. Samaranayake	Executive Director	3/3
11	Mr. A Vaithyalingam	Independent Director	3/3
12	Mr. M R Morris*	Independent Director	N/A

*Appointed w.e.f 01.03.2021

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 70 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 GRI Standards on sustainability reporting, prescribed by the Global Reporting Initiative and 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 63 to 66 of this Report contains the declarations prescribed by the Code
- ⦿ The Statement of Directors' Responsibility is given on page 67 of this Report.
- ⦿ The Independent Auditor's Report on page 72 to 75 of this Report.

The Board 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 four times. The meetings are attended by the Managing Director/Chief Executive Officer, Chief Financial Officer 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

Corporate Governance

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.

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 6 Non – Executive Directors, 3 are independent.
(b)	Each NED to submit a signed and dated declaration of his/her independence or non-independence in the prescribed format.	Compliant	Please refer page 63 of the Corporate Governance Report.
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 63 of the Corporate Governance Report.

Reference	Principle / Rule	Compliance Status	Applicable Section in the Annual Report
(b)	The basis of the Board to determine a Director is Independent, if criteria specified for independence is not met.	Not Applicable	The Board was of the view that the directorship of Mr. M R Morris in Lanka Commodity Brokers Limited does not compromise his independence and objectivity in discharging his functions as a Director and therefore based on declarations submitted by the said Director, has determined that he shall nevertheless be “independent” as per the Listing Rules.
(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 14 to 16
(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	All Independent Directors, except for Mr. M R Morris meet with the criteria. The Board has determined that Mr. M R Morris shall nevertheless be determined an Independent Director.
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 70
(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 70
(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 70 and Financial Report Note no. 32 on page 119
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 69 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

Corporate Governance

Reference	Principle / Rule	Compliance Status	Applicable Section in the Annual Report
	III –Chairman of the Audit Committee or one member should be a member of a Professional Body	Compliant	Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka
	IV - CEO and CFO shall attend the Committee Meetings	Compliant	CEO & Senior Vice President - Finance attended Audit Committee meetings by invitation
(b)	Audit Committee Functions,		
	Functions shall include: I – Overseeing the preparation, presentation and disclosures in the Financial Statements are in accordance with the Sri Lanka Accounting Standards.	Compliant	Please refer the Audit Committee Report on page 69
	II – Overseeing the compliance of the reporting requirements, information requirements of the Company's Act and other relevant financial reporting related regulations and requirements.	Compliant	
	III - Overseeing the process to ensure that the internal control and risk management are adequate to meet the requirements of Sri Lanka Auditing Standards.	Compliant	
	IV – Assessment of the independence and the performance of the External Auditors.	Compliant	
	V – Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and approve the remuneration and terms of the engagement of the External Auditors.	Compliant	
(c)	Disclosures in the Annual Report relating to Audit Committee.		
	I - Names of Directors comprising the Audit Committee.	Compliant	Please refer to the Audit Committee Report on page 69
	II - The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis of such determination.	Compliant	
	III - The Annual Report shall contain a report of the Audit Committee setting of the manner of compliance with their functions.	Compliant	

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

Reference	Principle	Adoption Status	Section in Annual Report
A. DIRECTORS			
A.1 THE BOARD			
A.1	Effective Board	Adopted	Corporate Governance
A.1.1	Regular Meetings at least once in every quarter	Adopted	Corporate Governance
A.1.2	⊙ Ensure the formulation and implementation of sound business strategy ⊙ Appointing the chair and the senior independent director if relevant ⊙ 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 ⊙ Approving budgets and major capital expenditure ⊙ Determining the matters expressly reserved to the board and those delegated to the management including limits of authority and financial delegation ⊙ 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 ⊙ Recognizing sustainable business development in Corporate Strategy, decisions and activities and consider the need for adopting “integrated reporting” ⊙ Ensure that the company’s values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations ⊙ Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks ⊙ Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company ⊙ 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

Corporate Governance

Reference	Principle	Adoption Status	Section in Annual Report
A.1.3	Act in accordance with laws relevant to the organization and procedure for Directors to obtain independent professional advice	Adopted	Corporate Governance
A.1.4	Access to advise and services of Company Secretary	Adopted	Corporate Governance
A.1.5	Independent judgment	Adopted	Corporate Governance
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Adopted	Corporate Governance
A.1.7	Resolution to be presented to the Board	Adopted	Corporate Governance
A.1.8	Appropriate Training	Adopted	Corporate Governance
A.2 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)			
A.2	Separating the activities of the Board from the executive responsibilities of the Company	Adopted	Corporate Governance
A.3 CHAIRMAN'S ROLE			
A.3	Chairman's role in preserving good corporate governance. Conduct Board meetings in a proper manner.	Adopted	Corporate Governance
A.4 FINANCIAL ACUMEN			
A.4	Availability of financial acumen and knowledge to offer guidance on matters of finance	Adopted	Corporate Governance
A.5 BOARD BALANCE			
A.5.1 and A.5.2	Non-Executive Directors of sufficient caliber and number	Adopted	Corporate Governance
A.5.3	Independence of Non-Executive Directors	Adopted	Corporate Governance
A.5.4	Annual declarations of independence from Directors	Adopted	Corporate Governance
A.5.5	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

Reference	Principle	Adoption Status	Section in Annual Report
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
A.8 RE-ELECTION			
A.8.1 and A.8.2	☉ All Non-Executive Directors should be appointed for specified terms subject to re-election ☉ All Directors including the Chairman to be subject to 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

Corporate Governance

Reference	Principle	Adoption Status	Section in Annual Report
B.2.2	Design of the remuneration packages of Executive Directors to promote long term success	Adopted	Corporate Governance
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.2.6	Executive Share Options scheme	N/A	N/A
B.2.7	Executive Directors' remuneration	Adopted	Corporate Governance
B.2.8	Compensation commitments	N/A	N/A
B.2.9	Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances.	N/A	N/A
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 ⦿ How the above policy & methodology is implemented ⦿ Contact person for shareholder matters ⦿ Process to make all Directors aware of major issues and concerns of shareholders ⦿ Person to contact in relation to shareholder matters ⦿ 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

Reference	Principle	Adoption Status	Section in Annual Report
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
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 please refer the Management Discussion and Analysis on pages 24 and 25
D.1.6	Include a Management Discussion & Analysis	Adopted	Please refer the Management Discussion and Analysis on pages 24 and 25
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

Corporate Governance

Reference	Principle	Adoption Status	Section in Annual Report
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
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 Related Party Transactions Review Committee (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.5.6	Corporate Governance Report	Adopted	Corporate Governance
E. SHAREHOLDERS			
E.1 INSTITUTIONAL INVESTORS			
E.1.1	Encourage voting at AGM Regular structured dialogues with institutional investors	Adopted	Corporate Governance

Reference	Principle	Adoption Status	Section in Annual Report
E.2 EVALUATION OF GOVERNANCE DISCLOSURES			
E.2	Encourage institutional investors to give due weight to relevant governance arrangements	Adopted	Corporate Governance
F. OTHER INVESTORS			
F.1 INVESTING/DIVESTING DECISION			
F.1	Individual shareholders are encouraged to do their own analysis or seek independent advice	Adopted	Corporate Governance
F.2 SHAREHOLDER VOTING			
F.2	Encourage shareholders to participate and vote at the General meetings	Adopted	Corporate Governance
G. INTERNET OF THINGS AND CYBERSECURITY			
G.1 – G.1.5	Internet of Things and Cyber Security	Adopted	Enterprise Risk Management
H. ENVIRONMENT, SOCIETY AND GOVERNANCE			
H.1-H.1.5	Environment, society and Governance	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	Not Compliant	Report of 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 Related Party Transaction 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 than can impact the organisation in the short, medium and long term influencing operations, tactics and strategy. The year under review presented unprecedented shifts in the Group’s risk landscape, with pandemic-related disruptions giving rise to considerable operational risks.

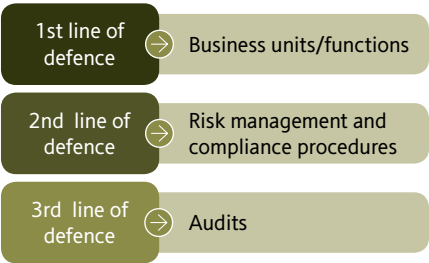
The Board is fully cognisant of the vital importance of effective risk management to safeguard shareholder assets and to facilitate long term wealth creation for all stakeholders. Therefore, the company has developed a proactive and structured risk management system that assists in risk identification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

Managing the risks

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

The company has developed an effective Risk Management Framework (RMF) based on the Three Lines of Defence model. 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 allows oversight of and accountability for risk at all levels and across all risk types. As the highest decision making body of the company, the Board of Directors are the final authority for determining the nature and extent of the significant risks the Company is willing to take and ensuring that these risks are managed effectively. The Board is supported by the Audit Committee in discharging its risk management related functions and the Audit Committee reviews the effectiveness of the Company’s risk management and internal control systems on an annual basis.

Regular risk reporting to the Board ensures that risks are monitored on an ongoing basis. For clarity and transparency within the risk management process, the company has adopted a formal board

approved, documented risk management process, which stipulates the procedures for identification, analysis, evaluation, treatment, management and communication of the material risks.

The organisation’s risk management structure is depicted below;



Risk appetite

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

Approach to risk management

The process of risk management encompasses the steps of continually monitoring the systematic and unsystematic risk landscape, identifying risks and prioritising risks based on a weighted scoring

system, developing risk responses and executing the risk management strategy. Due to the utilization of the 3-Lines of Defence model, risk responses and monitoring receives close attention from specific risk owner groups, which strengthens the overall risk management framework.



1. **Risk Identification** - The process of risk identification is primarily through regular and continuous consultations between the Chief Executive Officer (CEO) and key management personnel from different functional units to ensure comprehensive coverage of the risk landscape. Identified risk elements are reviewed by the Senior Management Team and the Audit Committee against the Group's strategic and tactical targets and stakeholder expectations.
2. **Assessment and Analysis** - Existing and emerging identified risks are mapped and rated based on the likelihood and potential level of impact as depicted below. During the year, the Group further strengthened its risk assessment and analysis mechanisms by assigning weighted scores to each risk element.

Likelihood	Impact				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Moderate	High	High	Extreme	Extreme 1
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate 18	Moderate 3, 8, 19, 20, 21, 23, 24	High 7	Extreme
Unlikely	Low 4, 5, 14, 15, 22	Moderate	Moderate	Moderate 6, 19	High 2
Rare	Low	Low 9, 10, 11, 12, 13, 16, 17	Moderate	Moderate	High

3. **Response planning and execution** - Based on the derived risk scores, strategies are formulated to curtail and mitigate the risk exposures. Responsibility for managing each identified risk lies with the respective risk owners. The Group will ensure there is sufficient flexibility to respond to risks and adequate resources to mitigate risks. It is recognised that risks can be most effectively managed if a risk culture is nurtured within the Group. The internal controls for risk management will be scrutinised by internal and external audit functions but these can only 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.

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

Enterprise Risk Management

Risk universe

The Group's key risk exposures can be categorised as Market Risks, Political and Economic Risks, Operational Risk, HR Risks, IT Risks, Health and Safety Risk 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. We have increased the political and economic risks due to the sudden changes in government policy and increase in geopolitical tensions. 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 scorings for the year under review.

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18
Market Risks							
1.	Decline in commodity prices – Cyclical price changes globally and locally	Direct Impact on Revenue, Vulnerable to credit exposure of Clients	- Consistently monitoring market trends and industry - Achieving differentiation through quality focus	Extreme	Extreme	Extreme	Extreme
2.	Competition and potential loss of clients - Increasing competitive pressures	Loss of Market share, Impact on profitability, Negative impact on cash flows	- Long Term Investment in business diversification - Develop long-term relationships with clients 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 Client Factories	Impact on profitability, Increase in Provisions, Negative impact on cash flows	- Proactive monitoring of client advance patterns - Monitoring of green leaf intakes to the factories, and catalogued quantities - Monitoring factory compliance with SLTB regulations	Moderate	Moderate	-	-
4.	Trends in Tea/Rubber/ Other Commodity Industries - Emerging Global Trends that have an impact on the business	Impact on profitability	- Continual market research and sharing knowledge with producer clients - Diversified Income streams apart from broking industry	Low	Low	Low	Low

S/N	Type of Risk and Impact	Implications	Risk Mitigation		Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18	
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 minimized - Adherence to CBA regulations on avoidance of rate based competition on lending. - Building Reserves in the company	Low	Low	Moderate	Moderate	
6.	Government Policy Change Risk - Sudden changes to fiscal and monetary policies by the government.	Impact on profitability, Effects on budgets and targets.	- Obtaining advices from professional bodies/Consultancy firms. - Discussions with relevant authorities for exemptions/ rulings with the support of CBA	High	Moderate	Moderate	Moderate	
7.	Geopolitical Risk - Domestic and global political and economic conditions including the surge of migrants have a direct impact on the market for Tea, Rubber & Other commodities	Loss of markets impacting profitability and 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. - National promotion of Ceylon Tea in new markets - Leadership to national initiatives	High	Moderate	High	High	
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 due to increased competition for bought leaf hindering tea production	Impact on profitability and Going Concern Issues	- Close monitoring through credit committee and automated processes for evaluation - Act within a legal framework to ensure assurance of recoverability of client advance portfolio - Maintaining close relationships with clients with continual inspection and monitoring. - Communication channel through CBA to improve unity among all brokers to prevent defaulting by borrowers	Moderate	Moderate	Moderate	Moderate	

Enterprise Risk Management

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18
9.	Liquidity, Leverage Risk	Litigation claims by fund providers	⦿ Maintaining an optimal Debt/Equity ratio as per company policy ⦿ Effective Cash management with regular review ⦿ Building Company Reserves ⦿ Ability to raise funds due to availability of collateral	Low	Low	Low	Low
10.	Fraud risk - Potential financial and reputational losses arising from frauds within the Organisation.	Impact on profitability	⦿ Continual review and strengthening of Internal Controls ⦿ Compilation of procedure manuals with all the internal controls over quantitative and qualitative measurements. Introducing delegation authorities, segregation of duties and access levels etc	Low	Low	Low	Low
11.	Compliance related risks - Regulatory and reputational risks arising from non-compliance with regulatory requirements	Impact 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 data breaches / Sabotage / Burglary and theft	Loss of Sensitive Information, Loss of Security documents, Impact on Profitability	⦿ Storing sensitive data on secured locations (Safes/Lockers) ⦿ Limiting access to authorised personnel ⦿ Additional backups as soft copies on cloud/other backup solutions ⦿ Security personnel on duty 24/7 ⦿ CCTV surveillance	Low	Low	Low	Low

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18
13.	Public Liability	Loss of reputation	- Health and Safety policies - Suitable and comprehensive Insurance covers	Low	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 respond to dynamics in the environment - Competitive remuneration schemes - Structured and comprehensive HR policies and frameworks	Low	Low	Low	Low
15.	Unawareness of HR Policies & Procedures - Lack of knowledge in HR Policies and procedures, User Level authorisation for time and attendance system	Disciplinary issues	- Conduct of programmes to educate employees about their duties & responsibilities. - Member of The Employers' Federation of Ceylon. - HR Training programs	Low	Low	Low	Low
16.	Lack of succession planning framework	Going Concern Issues	Have a proper succession plan in place.	Low	Low	Low	Low
IT Risks							
17.	Data integrity and IT related risks - Data Access / Modification by unauthorized persons /Loss of data/ Data entry errors and sampling errors	Loss of reputation, Loss of 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 systems audits by engaging professionals in the industry. - Departmental cross checking - Automation of all possible manual work - The e platform for the auction has enabled data to be mirrored and stored in different location.	Low	Low	Low	Low

Enterprise Risk Management

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18
18.	Computer Hardware / Software / Communication / Connectivity failures	Loss of reputation, Loss of Client's trust, compliance issues, Timely reporting issues	- DR plan in place - Keeping up to date with modern technology - Constant bug fixes	Moderate	Moderate	Moderate	Moderate
Health & Safety Risk							
19.	COVID-19 Global Pandemic - Infection of Company employees, estates workers/factory employees and Industry level risk will slow down the trade	Protection of Employees and the business continuity. A pressure on the business, which will erode margins and profits.	- Weekly Tea Auctions on the online platform - Follow guidelines issued by the Health Ministry, 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 & external stakeholders on the safety measures - Business Continuity Plan. - Introduction of work from home reducing public transport. - Financial compensation of protective measures taken - Increase in Digital Communication reducing physical engagement. - Continuing close dialogues with tea factories - Warehouse Hygiene protocols including minimal exposure to clients visiting the Warehouse and HO - Impact on value chain due to slow down in trade	Moderate	Moderate	-	-

S/N	Type of Risk and Impact	Implications	Risk Mitigation		Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18	
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.	Impact on profitability	⦿ Diversification of Business Portfolio (Other Commodities & 3PL Warehousing) ⦿ 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 ⦿ Represented in diversified economic regions	Moderate	Moderate	Moderate	Moderate	
21.	Natural and man-made disasters - Disasters due to human error / negligence and natural disasters like floods, landslides etc. affecting both the Company and Clients.	Impact on profitability, Loss of Goods	⦿ Business Continuity Plan ⦿ 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 ⦿ CCTV surveillance	Moderate	Moderate	Moderate	Moderate	
22.	Miscommunication of buyer /seller orders	Loss of Reputation, Loss of Clients, Impact on Profitability	⦿ Use of new technology for auction ⦿ Having a proper checking mechanism in departments. ⦿ Crosschecking with catalogues of marketing officers ⦿ Continual improvement of systems	Low	Low	Low	Low	
23.	Loss of viable opportunity	Loss of potential profit	⦿ Constant lookout for new opportunities ⦿ Track trades. ⦿ Membership in Ceylon Chamber of Commerce ⦿ Attending of International events ⦿ Canvassing for referrals.	Moderate	Moderate	Moderate	Moderate	

Enterprise Risk Management

S/N	Type of Risk and Impact	Implications	Risk Mitigation	Net Risk Assessment			
				2020/21	2019/20	2018/19	2017/18
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 - Commenced offshore activities. - Diversified Client distribution.	Moderate	Moderate	Moderate	Moderate

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 2021.

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 12 and 13, which form an integral part of this Report.

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

Financial Statements

The complete Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board are given on pages 76 to 122.

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 93. Figures pertaining to the previous periods have been re-stated where necessary to conform to the current year's presentation.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 14 to 16.

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
Mr. M R Morris*	Director

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

Mr. S T Gunatilleke 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. M R Morris who was appointed to the Board on 01st March 2021 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.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors have recommended the re-appointment of Mr. H R V Caldera who is 76 years of age and Mr. T Someswaran who is 78 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

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 twelve members of whom six are Non -Executive Directors. Six members of the Board serve as Executive Directors.

Based on the declarations submitted by the Directors, the Board has determined that three Non-Executive Directors – Mr. T Someswaran, Mr. A Vaithyalingam and Mr. M R Morris 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 2021 as recorded in the interests register are given in this report under Directors' shareholding.

Related Parties' Transactions with the Company

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

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

The Related Party Transactions Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2021 in compliance with the relevant listing rules.

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 2021, 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 119.

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 67.

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. 912,467/- is payable by the Company to the Auditors for the year under review comprising Rs. 530,513/- as audit fees and Rs. 381,954/- for non-audit services.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 02nd August 2021 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 112.

Stated Capital

The Stated Capital of the Company as at 31st March 2021 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 2021 and 31st March 2020 are as follows.

	Shareholding as at 31/03/2021	Shareholding as at 31/03/2020
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. M R Morris**	-	-

*Mr. S T Gunatilleke is the Chairman of Lanka Commodity Brokers Limited, which holds 145,148,464 shares constituting 55.826% of the issued shares of the Company.

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

Shareholders

There were 2,017 shareholders registered as at 31st March 2021. The details of distribution are given on page 124 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 123 and 124 under Share 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 31 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 94 to 97.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2021 are given in Notes 06 to the Financial Statements on page 99.

Donations

The Company made donations amounting to Rs. 674,930/- in total, during the year under review. Asia Siyaka Warehousing (Pvt) Ltd made donations amounting to Rs. 5,000/- during the year.

Dividends

The Company paid a First and Final Dividend of Five Cents (Cents 05) per share for the year ended 31 March 2020 on 03 September 2020.

The Company paid a First Interim dividend of Five Cents (Cents 05) per share and a Second Interim dividend of Eight Cents

Annual Report of the Board of Directors on the Affairs of the Company

(Cents 08) per share for the year ended 31st March 2021 on 15th December 2020 and 15th April 2021, respectively.

Risk Management

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

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 54 to 62.

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 117, 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 118 there were 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 40 to 53 explains the measures adopted by the Company during the year.

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

Audit Committee

Mr. T Someswaran	Chairman
Mr. S T Gunatilleke	Member
Mr. A Vaithyalingam	Member
Mr. M R Morris	Member (appointed w.e.f. 07.04.2021)

Remuneration Committee

Mr. T Someswaran	Chairman
Mr. S T Gunatilleke	Member
Mr. A Vaithyalingam	Member
Mr. M R Morris	Member (appointed w.e.f. 07.04.2021)

Nominations Committee

Mr. T Someswaran	Chairman
Mr. S T Gunatilleke	Member
Mr. A Vaithyalingam	Member

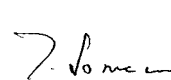
Related Party Transaction Review Committee

Mr. A Vaithyalingam	Chairman
Mr. H R V Caldera	Member
Mr. T Someswaran	Member

Annual General Meeting

The Notice of the Annual General Meeting appears on page 127.

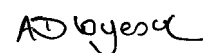
This Annual Report is signed for and on behalf of the Board of Directors by



Mr. T Someswaran
Chairman



Mr. A R Cooke
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

30 August 2021

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.

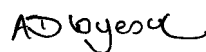
The Directors are responsible for keeping sufficient accounting records, which disclose with reasonable accuracy the financial position of the Company and its subsidiaries, which will enable them to have the Financial Statements prepared and presented as aforesaid.

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

30 August 2021

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
Mr. H R V Caldera - Member
Mr. T Someswaran - Member

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 three 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	3/3
Mr. T Someswaran	3/3
Mr. H R V Caldera	3/3

CHARTER OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

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

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

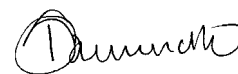
REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all related party transactions of the Company for the financial year 2020/2021 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 118 and 119 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 64 and 66 of this Annual Report.



Mr. A Vaithyalingam

Chairman - Related Party Transactions Review Committee

30 August 2021

Report of the Audit Committee

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

To 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 2021. 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.
- ⊙ Based on the declaration provided by Messrs. Ernst & Young, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditors) or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the Reporting Date.

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	4/4
Mr. S T Gunatillke	4/4
Mr. A Vaithyalingam	4/4
Mr. M R Morris*	0/4

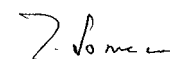
*Appointed w.e.f. 07.04.2021

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 - Audit Committee

30 August 2021

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 four Non-Executive Directors namely

Mr. T Someswaran	- Chairman
Mr. S T Gunatilleke	- Member
Mr. A Vaithyalingam	- Member
Mr. M R Morris*	- Member

*Appointed w.e.f. 07.04.2021

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 behavior to optimize Group performance. The remuneration packages which are linked to individual performances are aligned with the Group's short-term and long-term strategy. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit and overall performance of the Group and market practices. The Committee continues to provide analysis and advice to ensure

key management personnel remuneration is competitive in the market place. The Committee has the authority to seek external independent professional advice on matters within its purview.

Meetings

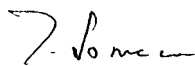
The Committee could not meet during the year, however, all matters to be reviewed by the Committee were done by means of Circular Resolutions of the Committee.

Name of Director	Total Meetings attended
Mr. T Someswaran	No meetings were held during the year.
Mr. S T Gunatilleke	
Mr. A Vaithyalingam	
Mr. M R Morris*	

*Appointed w.e.f. 07.04.2021

The Directors emoluments are disclosed on Note 32 to the financial statements.

On behalf of the Remuneration Committee;



Mr. T Someswaran

Chairman - Remuneration Committee

30 August 2021

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Financial Information

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Financial Calendar

Financial Calendar	2020/21	2019/20
1st Quarter	13th August 2020	07th August 2019
2nd Quarter	13th November 2020	25th October 2019
3rd Quarter	09th February 2021	13th February 2020
4th Quarter	28th May 2021	13th August 2020

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

2019 / 20 - Annual Report Published on 06th Oct 2020 and 08th Annual General Meeting held on 28th October 2020

Independent Auditors' Report



Ernst & Young
Chartered Accountants
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Sri Lanka

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Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

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 2021, 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 2021, 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: H M A Jayasinghe FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA W R H De Silva ACA ACMA Ms. Y A De Silva FCA Ms. K R M Fernando FCA ACMA
N Y R L Fernando ACA W K B S P Fernando FCA FCMA Ms. L K H L Fonseka FCA D N Gamage ACA ACMA A P A Gunasekera FCA FCMA A Herath FCA
D K Hulangamuwa FCA FCMA LLB (Lond) Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA
N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA Ms. P S Paranavitane ACMA LLB (Colombo) T P M Ruberu FCMA FCCA C A Yalagala ACMA

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 advance balance as at 31 March 2021, amounting to Rs. 581,224,807/=, represents 36% of the Group's total assets. The Group's impairment assessment process is described in Note 2.3.11 (e) to these financial statements. Provision for impairment of loans and advances was considered as a key audit matter due to: ⦿ Determination of the provision for Impairment of Loans and Advances involves management's judgement and estimates which included the assessment of the possible impact of the COVID 19 outbreak on such Impairment Provision as disclosed in Note 11.2 to the financial statements; and ⦿ Materiality of the balance.	Our audit procedures included the following: ⦿ We gained an understanding of the Group's business model and tested the design and implementation of key controls over lending and loan recoveries. This included testing management's controls over credit assessment in accordance with the Group's standard operating procedure for granting credit to tea clients. ⦿ We assessed estimated recoveries of loans and advances by comparing with the actual recoveries against previously forecasted amounts. ⦿ We checked the completeness and accuracy of the underlying information and calculations. ⦿ We also assessed the adequacy of disclosures in Notes 2.3.11 (e), 11.1 and 11.2 in the financial statements.

Other information included in the Group's 2021 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.

Independent Auditors' Report



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.

30 August 2021
Colombo

Statement of Financial Position

		Group		Company	
As at 31 March 2021	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	1,015,880,370	1,035,846,024	3,619,043	4,731,210
Rights of Use Asset	7	45,767,598	55,995,948	23,166,023	35,089,990
Intangible Assets	4	151,726	440,368	151,726	440,368
Lease Rentals Paid in Advance	5	-	-	-	-
Investments	6	-	-	190,306,046	190,306,046
Investment Property	8	755,727	755,727	755,727	755,727
Deferred Tax Asset	25	39,464,733	39,355,377	37,094,110	37,122,106
		1,102,020,154	1,132,393,444	255,092,675	268,445,447
Current Assets					
Inventory	9	4,487,328	4,040,401	4,405,017	4,019,870
Trade Receivables	10	556,887,225	131,134,938	534,380,600	109,146,058
Loans and Advances	11	581,224,807	782,264,026	581,224,807	782,264,026
Other Receivables, Prepayments and Advances	12	26,799,937	42,590,343	15,510,057	5,650,058
Lease Rentals Paid in Advance	5	-	-	-	-
Income Tax Receivable		36,198,907	4,720,903	29,593,063	408,366
Short Term Investments		31,437,377	28,901,562	31,437,377	28,901,562
Cash and Cash Equivalents	13	160,921,844	322,904,752	157,194,273	321,502,944
		1,397,957,425	1,316,556,925	1,353,745,194	1,251,892,884
Total Assets		2,499,977,579	2,448,950,369	1,608,837,869	1,520,338,331
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	14	100,000,000	100,000,000	100,000,000	100,000,000
Revaluation Reserves		471,271,029	421,386,900	-	-
Revenue Reserves		307,164,394	344,716,776	146,568,743	198,744,913
Total Equity		878,435,423	866,103,676	246,568,743	298,744,913
Non Current Liabilities					
Retirement Benefit Obligation	15	75,289,764	80,856,606	66,139,681	72,938,913
Lease Liabilities	7	13,685,550	22,872,595	15,341,942	27,533,370
Deferred Tax Liability	25	122,398,326	197,854,499	439,332	590,489
Long Term Interest Bearing Borrowings	16	139,285,720	203,571,441	-	-
		350,659,359	505,155,141	81,920,955	101,062,772

As at 31 March 2021	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Liabilities					
Interest Bearing Borrowings	16	64,285,710	67,857,132	-	-
Trade Payables	17	552,383,465	41,895,208	635,197,794	162,456,885
Interest Bearing Borrowings on Client Financing	18	481,000,000	920,811,597	481,000,000	920,811,597
Sundry Creditors including Accrued Expenses		137,403,339	37,839,484	125,335,765	25,557,315
Lease Liabilities	7	9,187,037	4,993,853	12,191,366	7,478,648
Bank Overdrafts	13	26,623,246	4,294,278	26,623,246	4,226,201
		1,270,882,797	1,077,691,552	1,280,348,171	1,120,530,646
Total Liabilities		1,621,542,156	1,582,846,693	1,362,269,126	1,221,593,418
Total Equity and Liabilities		2,499,977,579	2,448,950,369	1,608,837,869	1,520,338,331

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 122 form an integral part of these financial statements.

30 August 2021
Colombo

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Year ended 31 March 2021		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	19	647,159,920	713,243,470	419,099,316	472,252,948
Cost of Sales		(2,937,714)	(3,400,294)	(2,937,714)	(3,400,294)
Net Revenue		644,222,206	709,843,176	416,161,602	468,852,654
Other Income and Gains	20	4,143,782	10,079,862	33,817,348	54,195,089
Distribution Expenses		(188,434,443)	(94,978,691)	(175,324,085)	(84,791,510)
Administrative Expenses		(414,239,457)	(425,866,802)	(235,453,773)	(247,852,036)
Operating Profit		45,692,088	199,077,545	39,201,092	190,404,197
Finance Cost	21	(82,172,348)	(159,019,406)	(68,232,474)	(142,290,205)
Finance Income	22	6,606,122	9,978,369	6,594,461	9,968,235
Net Finance Cost		(75,566,226)	(149,041,037)	(61,638,013)	(132,321,970)
Profit / (Loss) Before Tax	23	(29,874,138)	50,036,508	(22,436,921)	58,082,227
Income Tax Expense	24	25,641,369	(33,181,798)	3,663,167	(11,730,751)
Profit / (Loss) for the year		(4,232,769)	16,854,710	(18,773,754)	46,351,476
Other Comprehensive Income for the year, net of tax					
Items that will not be Reclassified Subsequently to Statement of Profit or Loss					
Actuarial Gain / (Loss) for the year	15	17,737,353	(2,710,341)	17,628,400	(2,028,138)
Tax Effect on Actuarial Loss	25	(4,256,966)	758,894	(4,230,816)	567,879
		13,480,387	(1,951,447)	13,397,584	(1,460,259)
Revaluation Surplus		-	218,268,155	-	-
Income Tax Effect	25	49,884,129	(61,115,083)	-	-
		49,884,129	157,153,072	-	-
Other Comprehensive Loss for the year, net of tax		63,364,516	155,201,625	13,397,584	(1,460,259)
Total Comprehensive Income for the year, net of tax		59,131,747	172,056,335	(5,376,170)	44,891,217
Basic/Diluted Earnings Per Share	26	(0.02)	0.06	(0.07)	0.18
Dividend Per Share	27	0.18	0.15	0.18	0.15

The accounting policies and notes on pages 82 through 122 form an integral part of these financial statements.

Statement of Changes in Equity

Group	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Revenue Reserves Rs.	Total Rs.
Balance as at 1 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)
Balance as at 01 April 2020		100,000,000	421,386,900	344,716,776	866,103,676
Net Loss for the Year		-	-	(4,232,769)	(4,232,769)
Other Comprehensive Income		-	49,884,129	13,480,387	63,364,516
Total Comprehensive Income		-	49,884,129	9,247,618	59,131,747
Dividend Paid		-	-	(46,800,000)	(46,800,000)
As at 31 March 2021	14	100,000,000	471,271,029	307,164,394	878,435,423

Company		Stated Capital Rs.	Revenue Reserves Rs.	Total Rs.
Balance as at 1 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)
Balance as at 01 April 2020		100,000,000	198,744,913	298,744,913
Net Profit for the Year		-	(18,773,754)	(18,773,754)
Other Comprehensive Income		-	13,397,584	13,397,584
Total Comprehensive Income		-	(5,376,170)	(5,376,170)
Dividend Paid		-	(46,800,000)	(46,800,000)
As at 31 March 2021	14	100,000,000	146,568,743	246,568,743

The accounting policies and notes on pages 82 through 122 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March 2021

Group

Company

	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows From Operating Activities					
Profit/(Loss) before Income Tax Expense		(29,874,138)	50,036,508	(22,436,921)	58,082,227
Adjustment for					
Depreciation and Amortization	3.3, 3.11 & 4	73,491,958	63,612,532	2,171,974	3,322,377
Finance Cost	21	82,172,348	159,019,406	68,232,474	142,290,205
Finance Income	22	(6,606,122)	(9,978,369)	(6,594,461)	(9,968,235)
Gratuity Charge	15.1	12,953,545	13,036,752	11,249,889	11,444,110
(Gain) / Loss on sale of Property, Plant and Equipment	20	-	(8,055,583)	-	-
Provision for Impairment of Loans and Advances		(54,879,718)	(5,611,243)	(54,879,727)	(5,611,243)
Provision for Impairment of Trade Receivables		713,278	1,089,053	173,682	914,774
Bad Debts Written Off		215,792,677	65,100,606	215,412,778	65,064,472
Impairment of Subsidiary Investment	6.2	-	-	-	46,225
Dividend Income Received		-	-	(31,529,997)	(51,520,015)
Amortization of Right of Use Assets	7	9,536,580	9,709,522	11,232,197	11,405,139
Operating Profit before Working Capital Changes		303,300,408	337,959,184	193,031,888	225,470,035
Increase in Inventories		(446,927)	(791,318)	(385,147)	(791,317)
Decrease / (Increase) in Trade and Other Receivables		(410,675,159)	285,945,778	(435,268,223)	311,559,540
(Increase) / Decrease in Loans and Advances		40,126,260	477,887,330	40,506,159	477,923,465
Increase / (Decrease) in Trade and Other Payables		610,052,111	(555,198,829)	572,519,360	(633,819,504)
Increase / (Decrease) in Interest Bearing Borrowings on Client Financing		(320,000,000)	(64,000,000)	(320,000,000)	(64,000,000)
		222,356,693	481,802,145	50,404,037	316,342,217
Income Tax Paid		(35,775,009)	(44,886,575)	(29,875,560)	(23,454,077)
Defined Benefit Plan Costs paid	15.1	(783,034)	(4,831,614)	(420,721)	(3,790,010)
Finance Cost Paid	21	(78,663,330)	(159,019,406)	(63,923,432)	(142,290,205)
Net cash Flows Generated from / (Used in) Operating Activities		107,135,320	273,064,550	(43,815,676)	146,807,925

Year ended 31 March 2021

Group

Company

	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows From Investing Activities					
Acquisition of Property, Plant and Equipment and Intangible Assets	3.1, 3.11 & 4	(53,237,662)	(31,356,097)	(679,500)	(580,749)
Sales Proceeds from Fixed Asset Disposals		-	8,055,583	(91,665)	-
Investment in Short Term Investments		(2,535,815)	(2,805,344)	(2,535,815)	(2,805,344)
Dividend Income Received		-	-	31,529,997	51,520,015
Finance Income Received	22	6,606,122	9,978,369	6,594,461	9,968,235
Net Cash Flows (Used in) / Generated From Investing Activities		(49,167,355)	(16,127,489)	34,817,478	58,102,157
Cash Flows From Financing Activities					
Repayments under Lease Liabilities		(7,811,100)	(9,404,022)	(11,095,920)	(11,483,111)
Dividend Paid		(46,800,000)	(39,000,000)	(46,800,000)	(39,000,000)
Loans Repaid		(67,857,143)	(60,714,285)	-	-
Net Cash Flows Used in Financing Activities		(122,468,243)	(109,118,307)	(57,895,920)	(50,483,111)
Net Decrease in Cash and Cash Equivalents		(64,500,279)	147,818,754	(66,894,118)	154,426,972
Cash and Cash Equivalents at the Beginning of the Year	13	198,798,877	50,980,123	197,465,146	43,038,173
Cash and Cash Equivalents at the End of the Year	13	134,298,598	198,798,877	130,571,027	197,465,146

The accounting policies and notes on pages 82 through 122 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 2021, 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 2021 were authorized for issue in

accordance with a resolution of the Board of Directors on 30 August 2021.

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 2021. 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%

2.2 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

Notes to the Financial Statements

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 relating to 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 Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, incorporating announcements implemented by the Inland Revenue Circular Nos. PN/IT/2020-03 (Revised) and PN/IT/2021-01 was Gazetted on 18 March 2021.

As the Bill has been Gazetted and also printed by order of Parliament as of the reporting date, the Company's management, having applied significant judgement, have concluded the provisions of the Inland Revenue (Amendment) Bill to be substantially enacted, and have relied upon the income tax rates specified therein (24%) to calculate the income tax liability and deferred tax provision for the 2020/21 financial year of the Company.

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.

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

Notes to the Financial Statements

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
Solar Power System	10
Office Equipment	4 - 6.67
Computer Equipment	5
Motor Vehicle	4-5

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 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

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 Rentals 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 note 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

Notes to the Financial Statements

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.

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

Notes to the Financial Statements

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 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. However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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 2021, 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,

Notes to the Financial Statements

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 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.

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 or 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 2021. Accordingly, these accounting

standards have not been applied in the preparation of financial statements for the year ended 31 March 2021.

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.

- ⊙ New Accounting Standard – **SLFRS 17** “*Insurance Contract*” (effective for annual reporting periods beginning on or after 01 January 2023)
 - ⊙ Amendments to **Sri Lanka Accounting Standard – SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)** (effective for the annual reporting periods beginning on or after 01 January 2021.)
 - ⊙ Amendments to **Sri Lanka Accounting Standard – SLFRS 3** “*Business Combinations*” (effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022)
 - ⊙ Amendments to **Sri Lanka Accounting Standard – SLFRS 16** “*Leases*” (applies to annual reporting periods beginning on or after 01 June 2020.)
 - ⊙ Amendments to **Sri Lanka Accounting Standard – LKAS 16** “*Property, Plant and Equipment*” (effective for annual reporting periods beginning on or after 1 January 2022)
 - ⊙ Amendments to **Sri Lanka Accounting Standard – LKAS 37** “*Provisions, Contingent Liabilities and Contingent Assets*” (effective for annual reporting periods beginning on or after 1 January 2022)
- ⊙ Amendments to **Sri Lanka Accounting Standard – LKAS 1** “*Presentation of Financial Statements*” (effective for annual reporting periods beginning on or after 1 January 2022)

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT	Balance As at 01.04.2020 Rs.	Additions Rs.	Revaluation Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2021 Rs.
Group					
3.1 Gross Carrying Amounts					
At Cost /Valuation					
Buildings	780,900,000	3,700,666	-	-	784,600,666
Furniture and Fittings	43,380,902	3,876,359	-	-	47,257,261
Office Equipment	173,667,651	8,626,916	-	-	182,294,567
Storage System	121,700,000	-	-	-	121,700,000
Solar Power System	-	34,055,629	-	-	34,055,629
Computer and Accessories	15,554,939	773,000	-	-	16,327,939
Motor Vehicle	38,502,994	-	-	-	38,502,994
	1,173,706,486	51,032,570	-	-	1,224,739,056
Assets on Lease Hold Land					
Land Development Cost	43,337,812	2,369,677	-	-	45,707,489
	43,337,812	2,369,677	-	-	45,707,489
Total Value of Depreciable Assets	1,217,044,298	53,402,247	-	-	1,270,446,545
3.2 In the Course of Construction					
Capital Work In Progress	256,250	9,350,452	-	(9,606,702)	-
	256,250	9,350,452	-	(9,606,702)	-
3.3 Depreciation					
	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Revaluation Rs.	Disposals Rs.	Balance As at 31.03.2021 Rs.
At Cost /Valuation					
Buildings	-	28,833,645	-	-	28,833,645
Furniture and Fittings	29,070,858	4,679,485	-	-	33,750,343
Office Equipment	117,339,297	17,607,195	-	-	134,946,492
Storage System	-	8,113,333	-	-	8,113,333
Solar Power System	-	1,702,781	-	-	1,702,781
Computer and Accessories	12,576,528	1,492,665	-	-	14,069,193
Motor Vehicle	13,390,975	9,420,511	-	-	22,811,486
	172,377,658	71,849,615	-	-	244,227,273
Assets on Lease Hold Land					
Land Development Cost	9,076,866	1,262,036	-	-	10,338,902
	9,076,866	1,262,036	-	-	10,338,902
	181,454,524	73,111,651	-	-	254,566,175

3.4 Net Book Values

	2021 Rs.	2020 Rs.
At Cost /Valuation		
Buildings	755,767,021	780,900,000
Furniture and Fittings	13,506,918	14,310,044
Office Equipment	47,348,075	56,328,354
Storage System	113,586,667	121,700,000
Solar Power System	32,352,848	-
Computer and Accessories	2,258,746	2,978,411
Motor Vehicle	15,691,508	25,112,019
	980,511,783	1,001,328,828
Assets on Lease Hold Land		
Land Development Cost	35,368,587	34,260,946
	35,368,587	34,260,946
In the Course of Construction		
Capital Work In Progress	-	256,250
	-	256,250
Total Carrying Amount of Property, Plant and Equipment	1,015,880,370	1,035,846,024

3.5 During the financial period, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 53,145,997/- (2020 - Rs. 31,099,847/-) cash payment amounting to Rs. 53,145,997/- (2020 - Rs. 31,099,847/-).

3.6 Property, Plant and Equipment includes fully depreciated assets still in use having a gross carrying amount of Rs. 95,133,604 /- (2020 - Rs. 90,504,676 /-).

3.7 Non-Financial Assets Fair Value Hierarchy

As at 31 March

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

Notes to the Financial Statements

Mr. A.R. Ajith Fernando inspected the above assets on 01 April 2021 and confirmed that the fair value of these assets are not materially different to market value reported on 31 March 2020.

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

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 2021	Net Carrying Amount 2020
Buildings on Leasehold Land	474,842,676	121,753,383	353,089,293	368,917,382
Storage System	91,032,758	31,203,196	59,829,562	65,268,613
	565,875,434	152,956,579	412,918,855	434,185,994

3.11 Gross Carrying Amounts

Company	Balance As at 01.04.2020 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2021 Rs.
At Cost				
Furniture and Fittings	16,031,116	-	-	16,031,116
Office Equipment	10,853,850	-	-	10,853,850
Computer and Accessories	11,061,997	679,500	-	11,741,497
Motor Vehicle	2,219,138	-	-	2,219,138
Total Value of Depreciable Assets	40,166,101	679,500	-	40,845,601

3.12 Depreciation

	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposals	Balance As at 31.03.2021 Rs.
At Cost				
Furniture and Fittings	14,605,875	501,458	-	15,107,333
Office Equipment	9,704,386	245,944	-	9,950,330
Computer and Accessories	9,700,846	673,754	-	10,374,600
Motor Vehicle	1,423,784	370,511	-	1,794,295
Total Depreciation	35,434,891	1,791,667	-	37,226,558

3.13 Net Book Values

	2021 Rs.	2020 Rs.
At Cost		
Furniture and Fittings	923,783	1,425,241
Office Equipment	903,520	1,149,464
Computer and Accessories	1,366,897	1,361,151
Motor Vehicle	424,843	795,354
Total Carrying Amount of Property, Plant and Equipment	3,619,043	4,731,210

3.14 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 679,500/- (2020 - Rs.580,749/-) cash payment amounting to Rs. 679,500/- (2020 - Rs. 580,749/-) were made during the period for purchase of Property, Plant and Equipment.

3.15 Property, Plant and Equipment include fully depreciated assets having a gross carrying amount of Rs.31,323,314/- (2020 - Rs. 29,671,233/-)

Notes to the Financial Statements

4. INTANGIBLE ASSETS

	Group/ Company Computer Software	
	2021 Rs.	2020 Rs.
Cost		
Balance as at the Beginning of the year	12,809,502	12,809,502
Additions/Transfer	91,665	-
Balance as at the End of the year	12,901,167	12,809,502
Amortization		
Balance as at the Beginning of the year	12,369,134	11,998,282
Charge for the year	380,307	370,852
Balance as at the End of the year	12,749,441	12,369,134
Carrying Value	151,726	440,368

4.1 During the financial year, the Company / Group acquired intangible assets to the aggregate value of Rs.91,665/- (2020 - Nil).

5. LEASE RENTALS PAID IN ADVANCE

	Group	
	2021 Rs.	2020 Rs.
Lease Rentals paid in Advance	-	-
Accumulated Amortization	-	-
Lease Rentals paid in Advance net of Amortization	-	-
5.1 Summary		
At the Beginning of the year	-	28,435,000
Transfers to Right of Use Assets	-	(28,435,000)
At the End of the year	-	-

5.2 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	
	2021 Rs.	2020 Rs.
Investment in Subsidiaries (6.1)	190,306,046	190,306,046
	190,306,046	190,306,046
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	56,046
	190,306,046	190,306,046
	Holding %	
	2021	2020
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. Nil (2020 - Rs. 46,225/-) 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. APPLICATION OF SLFRS 16 - LEASES

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.

Notes to the Financial Statements

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

Right of Use Assets	Group			
	Lease Hold Land Rs.	Buildings Rs.	Motor Vehicles Rs.	Total Rs.
Right of Use Assets - Lease hold properties				
Cost				
Recognized as at 1/4/2020	28,435,000	33,370,352	3,900,119	65,705,471
Reassessment		(691,770)		(691,770)
Balance as at 31/3/2021	28,435,000	32,678,582	3,900,119	65,013,701
Accumulated amortisation and impairment				
Balance as at 1/4/2020	(940,000)	(7,851,848)	(917,675)	(9,709,522)
Amortisation	(940,000)	(7,678,905)	(917,675)	(9,536,580)
Balance as at 31/3/2021	(1,880,000)	(15,530,753)	(1,835,350)	(19,246,102)
Carrying Value	26,555,000	17,147,829	2,064,769	45,767,598

Right of Use Assets	Company			
	Lease Hold Land Rs.	Buildings Rs.	Motor Vehicles Rs.	Total Rs.
Right of Use Assets - Lease hold properties				
Cost				
Recognized as at 1/4/2020	-	42,595,011	3,900,119	46,495,130
Reassessment	-	(691,770)	-	(691,770)
Balance as at 31/3/2021	-	41,903,241	3,900,119	45,803,360

Right of Use Assets	Company			
	Lease Hold Land Rs.	Buildings Rs.	Motor Vehicles Rs.	Total Rs.
Accumulated amortisation and impairment				
Balance as at 1/4/2020	-	(10,487,465)	(917,675)	(11,405,140)
Amortisation	-	(10,314,522)	(917,675)	(11,232,197)
Balance as at 31/3/2021	-	(20,801,987)	(1,835,350)	(22,637,337)
Net carrying amounts				
Balance as at 31 March 2020	-	32,107,546	2,982,444	35,089,990
Balance as at 31 March 2021	-	21,101,254	2,064,769	23,166,023

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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1 April 2020	27,866,501	37,270,470	35,012,018	46,495,129
Reassessment	(691,832)	-	(691,832)	-
Interest Expense Recognised in Profit or Loss	3,509,018	4,038,899	4,309,042	5,130,714
Realization of Liability	(7,811,100)	(13,442,921)	(11,095,920)	(16,613,825)
Balance as at 31 March 2021	22,872,586	27,866,448	27,533,308	35,012,018
Lease Liability/Lease Creditor				
Amount repayable within 1 year	9,187,037	4,993,853	12,191,366	7,478,648
Amount repayable after 1 year	13,685,550	22,872,595	15,341,942	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. 7,811,100/- and Rs. 11,095,920/- respectively in 2020/21. Weighted Average Incremental Borrowing rate used in determining the Right of Use Assets as at 1/4/2019 is 14%.

Notes to the Financial Statements

7.3 The amounts recognized in Profit or Loss

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amortization Expense of Right of Use Assets	9,536,580	9,709,522	11,232,197	11,405,140
Interest Expense Recognised in Profit or Loss	3,509,018	4,038,899	4,309,042	5,130,714

8. INVESTMENT PROPERTY

	Acre. of Land		Group / Company	
	2021 Acre.	2020 Acre.	2021 Rs.	2020 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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Packing Material	2,133,798	1,824,514	2,133,798	1,824,514
Stationery	153,287	116,126	153,287	116,126
Other Consumables	2,200,243	2,099,761	2,117,932	2,079,230
	4,487,328	4,040,401	4,405,017	4,019,870

10. TRADE RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables - Others	568,112,988	137,013,483	546,404,909	121,026,385
Less: Provision for Impairment of Trade Receivables - Others (10.2)	(12,781,520)	(12,068,242)	(12,054,009)	(11,880,327)
	555,331,468	124,945,241	534,350,900	109,146,058
Trade Receivables - Related Parties (10.1)	1,555,758	6,189,697	29,700	-
	556,887,225	131,134,938	534,380,600	109,146,058

10.1 Trade Receivables - Related Parties

		Group		Company	
	Relationship	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Lanka Commodity Brokers Ltd	Ultimate Parent	1,555,758	6,189,697	-	-
Siyaka Produce Brokers (Pvt) Ltd	Subsidiary	-	-	29,700	-
		1,555,758	6,189,697	29,700	-

10.2 Provision for Impairment of Trade Receivables

As at 31 March 2020, Trade Receivables of an initial value of Rs. 12,054,009/- (2020 - Rs. 11,880,327/-) were impaired in the Company and Rs. 12,781,520/- (2020 - Rs. 12,068,242/-) 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 2021 Rs.	Company 2021 Rs.
Balance at the Beginning of the year	(12,068,242)	(11,880,327)
Amount Charged During the year	(713,278)	(173,682)
Balance at the End of the year	(12,781,520)	(12,054,009)

Notes to the Financial Statements

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:

Group	2021			2020		
	Total Rs.	Neither past due nor Impaired Rs.	Past due 8-120 days Rs.	Total Rs.	Neither past due nor Impaired Rs.	Past due 8-120 days Rs.
Trade Receivables - Others	555,331,468	517,143,546	38,187,922	124,945,241	5,718,558	119,226,683
Trade Receivables - Related Parties	1,555,758	646,926	908,832	6,189,697	3,353,643	2,836,054
	556,887,225	517,790,472	39,096,753	131,134,938	9,072,202	122,062,736

Company	2021			2020		
	Total Rs.	Neither past due nor Impaired Rs.	Past due 8-120 days Rs.	Total Rs.	Neither past due nor Impaired Rs.	Past due 8-120 days Rs.
Trade Receivables - Others	534,350,900	510,913,115	23,437,785	109,146,058	5,718,558	103,427,500
Trade Receivables - Related Parties (10.1)	29,700	29,700	-	-	-	-
	534,380,600	510,942,815	23,437,785	109,146,058	5,718,558	103,427,500

11. LOANS AND ADVANCES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Short Term Loans to Clients	151,722,386	212,604,693	151,722,386	212,604,693
Advances to Tea Clients	514,772,989	676,338,238	514,772,989	676,338,238
Less : Provision for Impairment of Loans and Advances (11.1)	(97,666,741)	(152,546,459)	(97,666,741)	(152,546,459)
Loans and Advances to Rubber and Spices Clients	12,396,173	45,867,554	12,396,173	45,867,554
	581,224,807	782,264,026	581,224,807	782,264,026

11.1 Provision for Impairment of Loans and Advances

	Group/Company	
	2021 Rs.	2020 Rs.
Balance at the Beginning of the year	(152,546,459)	(158,157,703)
Impairment Provision of the year - Net	(27,570,495)	(51,762,361)
Provision Reversals - Related to Written Off	82,450,213	57,373,605
Balance at the End of the year	(97,666,741)	(152,546,459)

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:

	2021			2020		
Group	Total Rs.	Neither past due nor Impaired Rs.	Past due 28 to 90 days Rs.	Total Rs.	Neither past due nor Impaired Rs.	Past due 28 to 90 days Rs.
Loans and Advances	581,224,807	336,027,579	245,199,228	782,264,026	391,009,170	391,254,856
	581,224,807	336,027,579	245,199,228	782,264,026	391,009,170	391,254,856
Company						
Loans and Advances	581,224,807	336,027,579	245,199,228	782,264,026	391,009,170	391,254,856
	581,224,807	336,027,579	245,199,228	782,264,026	391,009,170	391,254,856

12. OTHER RECEIVABLES, PREPAYMENTS AND ADVANCES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Refundable Deposits	1,435,891	1,430,891	1,243,891	1,243,891
Prepayments	6,054,231	4,188,226	2,159,921	1,752,511
Medical Recoverable	162,409	54,283	162,409	54,283
Capital Advances	4,656,187	30,810,818	-	-
Other Receivable	14,491,219	6,106,125	11,943,836	2,599,373
	26,799,937	42,590,343	15,510,057	5,650,058

Notes to the Financial Statements

13. CASH AND CASH EQUIVALENTS

	Group		Company	
Components of Cash and Cash Equivalents	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Favorable Cash and Cash Equivalent balance				
Cash and Bank balances	53,721,844	322,904,752	49,994,273	321,502,944
Short Term Deposits*	107,200,000	-	107,200,000	-
	160,921,844	322,904,752	157,194,273	321,502,944
Unfavorable Cash and Cash Equivalent balance				
	(26,623,246)	(4,294,278)	(26,623,246)	(4,226,201)
Unfavorable interest bearing borrowings on client financing (Over draft)				
	-	(119,811,597)	-	(119,811,597)
Total Cash and Cash Equivalent balance for the purpose of Statement of Cash Flows	134,298,598	198,798,877	130,571,027	197,465,146

*Investments matured within three months or less, are considered as cash and cash equivalents.

14. STATED CAPITAL

	2021		2020	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	260,000,000	100,000,000	260,000,000	100,000,000

15. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
15.1 Retirement Benefits Obligation-Gratuity				
At the Beginning of the Year	80,856,606	69,941,127	72,938,913	63,256,675
Transfers	-	-	-	-
Charge for the Year	12,953,545	13,036,752	11,249,889	11,444,110
Actuarial Loss for the year	(17,737,353)	2,710,341	(17,628,400)	2,028,138
Benefits Paid	(783,034)	(4,831,614)	(420,721)	(3,790,010)
At the End of the Year	75,289,764	80,856,606	66,139,681	72,938,913

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Service Cost	4,867,885	4,643,817	3,955,998	3,853,309
Interest Cost	8,085,660	8,392,935	7,293,891	7,590,801
	12,953,545	13,036,752	11,249,889	11,444,110

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 2021 and 31 March 2020. Appropriate and compatible assumptions were used in determining the cost of Retirement Benefits Obligation.

15.4 The Principal Assumptions used are as follows:

	Group		Company	
	2021	2020	2021	2020
Discount Rate per annum	8.4%	10%	8.4%	10%
Salary Increment Rate per annum	5% - 6%	5% - 8%	5% - 6%	5% - 8%
Staff Turnover Rate per annum	10% - 14%	9% - 16%	14%	16%
Expected Remaining Service Life years	5.19-5.79	4.82-6.47	5.19	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.

Notes to the Financial Statements

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.

2021

Group			Company			
Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turn Over Rate	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%	*	*	2,122,115	(2,122,115)	1,709,435	(1,709,435)
-1%	*	*	(2,290,718)	2,290,718	(1,839,796)	1,839,796
**	1%	*	(2,528,961)	2,528,961	(2,029,021)	2,029,021
**	-1%	*	2,379,726	(2,379,726)	1,915,742	(1,915,742)
**	*	1%	(188,352)	188,352	(141,239)	141,239
**	*	-1%	201,839	(201,839)	150,607	(150,607)

* Salary Increment Rate 5% - 6% for the Company and Group

** Discount Rate 8.4% for Company and Group

*** Staff Turnover Rate 14% for the Company and 10% - 14% for the Group

2020

Group			Company			
Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turn Over Rate	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

16. INTEREST BEARING BORROWINGS - Group

Bank	Amount	Interest Rate	Maturity	2021 Rs.	2020 Rs.
Commercial Bank	Rs. 450 Mn	AWPLR + 1.5%p.a	March 2024	203,571,430	271,428,573
				203,571,430	271,428,573

	Amount repayable within 1 year Rs.	Amount repayable after 1 year Rs.	Total Rs.
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As at 31 March 2021

Bank Loans- Commercial Bank	64,285,710	139,285,720	203,571,430
	64,285,710	139,285,720	203,571,430

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

Bank loans	As at 01.04.2020 Rs.	Loans Obtained Rs.	Repayment Rs.	As at 31.03.2021 Rs.
Commercial Bank	271,428,572	-	(67,857,143)	203,571,429
	271,428,572	-	(67,857,143)	203,571,429

17. TRADE PAYABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Payables - Others	552,383,465	41,895,208	552,383,478	41,895,221
Trade Payables - Related Parties (17.1)	-	-	82,814,316	120,561,664
	552,383,465	41,895,208	635,197,794	162,456,885

Notes to the Financial Statements

17.1 Amount payable to Related Parties

Relationship	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Asia Siyaka Warehousing (Pvt) Ltd	-	-	82,814,316	120,561,664
	-	-	82,814,316	120,561,664

The amount due to Asia Siyaka Warehousing (Pvt) Ltd is subject to an annual average interest rate of 9.51% (2020: 12.81%)

18. INTEREST BEARING BORROWINGS ON CLIENT FINANCING

	Group / Company	
	2021 Rs.	2020 Rs.
Short Term Loans	481,000,000	801,000,000
Overdrafts (Note 13)	-	119,811,597
	481,000,000	920,811,597

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.

19. REVENUE FROM CONTRACTS WITH THE CUSTOMERS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue from Contracts with Customers				
Brokerage Income	274,543,472	258,859,121	274,543,472	258,859,121
Packing Material Operations	3,477,973	3,836,790	3,477,973	3,836,790
Warehousing Income	211,874,064	229,866,494	344,436	1,734,333
Others	40,924,360	30,748,155	24,393,384	17,889,794
Total revenue from Contracts with Customers	530,819,869	523,310,560	302,759,265	282,320,038
Interest on Loans and Client Advances	116,340,051	189,932,910	116,340,051	189,932,910
Total Revenue	647,159,920	713,243,470	419,099,316	472,252,948

20. OTHER INCOME AND GAINS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Dividend Income	-	-	31,529,997	51,520,015
Profit / (Loss) on Sale of Property Plant and Equipment	-	8,055,583	-	-
Security Insurance	1,665,054	1,899,617	1,665,054	1,899,617
Commission Income	-	-	606,065	751,081
Creditors Write Back	16,232	12,470	16,232	12,470
Solar Power Income	2,366,496	-	-	-
Others	96,000	112,192	-	11,906
	4,143,782	10,079,862	33,817,348	54,195,089

21. FINANCE COST

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Bank Charges	1,970,771	4,120,397	1,923,840	4,080,186
Interest on Overdraft	1,223,812	25,465,664	1,213,489	25,420,583
Interest on Borrowings	75,468,747	125,394,446	52,447,593	86,775,589
Interest on Inter-company Advances	-	-	8,338,510	20,883,133
Interest Expense on Amortization of Lease Creditor	3,509,018	4,038,899	4,309,042	5,130,714
	82,172,348	159,019,406	68,232,474	142,290,205

22. FINANCE INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest on Savings Accounts	3,081,428	3,708,361	3,081,428	3,708,361
Interest on REPO Investment	2,417,925	3,010,869	2,417,925	3,010,869
Interest Income on Penalties	1,085,801	3,236,551	1,085,801	3,236,551
Other Interest	20,968	22,588	9,307	12,454
	6,606,122	9,978,369	6,594,461	9,968,235

Notes to the Financial Statements

23. PROFIT BEFORE TAX

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Stated after Charging				
Employee Benefits including the following	141,627,013	141,859,676	99,553,429	97,346,663
Defined Contribution Plan Costs	16,783,496	16,802,442	11,509,554	11,204,121
Retirement Benefit Obligation - Gratuity	12,953,545	13,036,752	11,249,889	11,444,110
Depreciation and Amortization	83,028,538	55,044,805	13,404,171	14,727,515
Provision for Impairment of Loans & Advances	(54,090,339)	(3,433,129)	(54,090,339)	(3,781,685)
Provision for Impairment of Trade Receivables	(615,706)	(1,089,052)	(615,706)	(914,774)
Bad Debt Written Off	215,792,677	65,064,472	215,412,778	65,064,472
External Audit Fees	816,389	656,579	530,513	453,585
Internal Audit Fees	437,471	378,471	287,471	287,471

24. INCOME TAX EXPENSE

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Income Tax				
Current Income Tax Charge	3,987,606	34,727,937	-	18,448,691
Over/(Under) Provision of Tax Expense in respect of Prior years	309,391	2,720,036	690,810	2,080,582
	4,296,997	37,447,973	690,810	20,529,273
Deferred Income Tax				
(Reversal) / Charge of Deferred Tax in respect of Current Year	(7,295,729)	(4,266,161)	(9,572,779)	(8,798,538)
(Reversal) / Charge on the Effect of Changes in Tax Rate	(22,642,637)	-	5,218,802	-
Net Reversal of Deferred Tax (Note 25.1 and Note 25.2)	(29,938,366)	(4,266,161)	(4,353,977)	(8,798,538)
	(25,641,369)	33,181,812	(3,663,167)	11,730,735

*With the amendments to the Inland Revenue Act No. 24 of 2017 the tax rate of the company has changed to 24%. Accordingly the deferred tax and income tax has been recognised considering this amended rate.

24.1 Reconciliation between Accounting Profit and Taxable Income

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting Profit (Profit before Taxation)	(29,874,138)	50,036,508	(22,436,921)	58,082,227
Dividend Income from Group Companies	31,529,997	51,520,015	-	-
Dividend Tax	-	8,386,979	-	-
Other Consolidation Adjustments	56,961,103	22,119,429	-	-
Profit After Adjustments	58,616,962	132,062,931	(22,436,921)	58,082,227
Non-Deductible Items	178,163,472	221,835,997	102,805,517	150,648,973
Deductible Items	(266,638,878)	(256,138,440)	(175,520,118)	(150,370,950)
Statutory Income from Business	(29,858,444)	97,760,488	(95,151,522)	58,360,250
Taxable Interest Income	46,473,470	30,861,502	38,123,298	9,968,235
Total Statutory Income	16,615,026	128,621,990	(57,028,224)	68,328,485
Total Taxable Income	16,615,026	128,621,990	(57,028,224)	68,328,485
Statutory Tax Rates				
-Income Tax on Profits (Up to 01/01/2020)	-	28%	-	28%
-Income Tax on Profits (From 01/01/2020)	24%	24%	24%	24%
Income Tax on Profit at 28%	-	27,010,618	-	14,348,982
Income Tax on Profit at 24%	3,987,606	7,717,319	-	4,099,709
Current Income Tax Charge	3,987,606	34,727,937	-	18,448,691
24.2 Effective Tax Rate	-13%	69%	0%	32%

Notes to the Financial Statements

25. DEFERRED TAX

25.1 Deferred Tax - Group

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability						
Accelerated depreciation for Tax Purposes	111,167,372	136,717,569	(25,550,197)	4,269,260	-	-
Revaluation of PPE	11,230,954	61,115,083	-	-	(49,884,129)	61,115,083
Unclaimed ROUA	-	21,847	(21,847)	21,847	-	-
	122,398,326	197,854,499	(25,572,044)	4,291,107	(49,884,129)	61,115,083
Deferred Tax Assets						
Defined Benefit Plans	(18,069,543)	(22,639,850)	313,341	(2,297,438)	4,256,966	(758,894)
Unused Tax Losses	(13,789,123)	-	(13,789,123)	-	-	-
Bad and Doubtful Debts	(6,557,918)	(16,715,527)	10,157,609	(6,259,829)	-	-
Unclaimed ROUA	(1,048,149)	-	(1,048,149)	-	-	-
	(39,464,733)	(39,355,377)	(4,366,322)	(8,557,267)	4,256,966	(758,894)
Deferred Income Tax Charge			(29,938,366)	(4,266,161)	(45,627,163)	60,356,189
Net Deferred Tax Liability	82,933,593	158,499,122				

25.2 Deferred Tax - Company

	Statement of Financial Position		Profit or Loss		Other Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax Liability						
Accelerated depreciation for Tax Purposes	439,332	568,642	(129,310)	(433,725)	-	-
Unclaimed ROUA	-	21,847	(21,847)	21,847	-	-
	439,332	590,489	(151,157)	(411,878)	-	-
Deferred Tax Assets						
Defined Benefit Plans	(15,873,523)	(20,422,896)	318,557	(2,143,148)	4,230,816	(567,879)
Provision for Bad and Doubtful Debts	(6,383,315)	(16,699,210)	10,315,895	(6,243,512)	-	-
Tax Loss	(13,789,123)	-	(13,789,123)	-	-	-
Unclaimed ROUA	(1,048,149)	-	(1,048,149)	-	-	-
	(37,094,110)	(37,122,106)	(4,202,820)	(8,386,660)	4,230,816	(567,879)
Deferred Income Tax Charge			(4,353,977)	(8,798,538)	4,230,816	(567,879)
Net Deferred Tax Liability	(36,654,778)	(36,531,617)				

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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amount Used as the Numerator:				
Net Profit for the year	(4,232,769)	16,854,710	(18,773,754)	46,351,476
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	(0.02)	0.06	(0.07)	0.18

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

27. DIVIDEND PER SHARE

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Total Gross Dividends	46,800,000	39,000,000	46,800,000	39,000,000
Number of Shares	260,000,000	260,000,000	260,000,000	260,000,000
Dividend Per Share	0.18	0.15	0.18	0.15
27.1 Dividend Pay Out Ratio	-1106%	231%	-249%	84%

28. SEGMENTAL INFORMATION AND REVENUE

Primary Reporting Format - Business Segments

As at 31 March 2021, the qualifying segments under business segment reporting are as follows;

- ⦿ Commodity Brokering
- ⦿ Warehousing

Notes to the Financial Statements

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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue								
Revenue from Contracts with Customers	318,945,805	293,444,066	211,874,064	229,866,494	-	-	530,819,869	523,310,560
Interest on Loans and Client Advances	116,340,051	189,932,910	-	-	-	-	116,340,051	189,932,910
Total Revenue	435,285,856	483,376,976	211,874,064	229,866,494	-	-	647,159,920	713,243,470
Results								
Finance Costs	(68,232,474)	(142,290,705)	(23,078,408)	(38,703,649)	9,138,534	21,974,948	(82,172,348)	(159,019,415)
Finance Income	6,594,461	9,968,235	8,350,171	20,893,267	(8,338,510)	(20,883,133)	6,606,122	9,978,369
Depreciation & Amortization	(2,171,974)	(3,322,376)	(71,319,984)	(51,520,634)	-	-	(73,491,958)	(54,843,010)
Amortization of Right of Use Assets	(11,232,197)	(11,405,139)	(940,000)	(940,000)	2,635,617	2,635,617	(9,536,580)	(9,709,522)
Gratuity Expense	(11,249,889)	(11,444,110)	(1,703,656)	(1,592,642)	-	-	(12,953,545)	(13,036,752)
Profit before Income Tax	(22,520,621)	58,036,063	24,025,659	42,917,766	(31,379,176)	(50,917,321)	(29,874,138)	50,036,499
Assets and Liabilities								
Segment Assets	1,608,991,116	1,520,491,578	1,168,089,947	1,245,915,542	(277,103,486)	(317,456,751)	2,499,977,579	2,448,950,369
Segment Liabilities	1,362,450,028	1,221,690,620	348,830,207	488,863,321	(87,504,794)	(127,707,182)	1,621,542,156	1,582,846,759

Elimination of inter-segment transactions includes dividend income received from Asia Siyaka Warehousing (Private) Limited of Rs.31,529,997/- (2020- Rs.51,520,015/-), vehicle hire charges of Rs. 7,394,940/- (2020 - Rs.6,816,097/-) and warehousing income of Rs. 3,284,820/- (2020 - Rs. 3,170,963/-).

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. 1,400Mn (2020 - 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	Short term loans	Rs.200Mn	Variable	Mortgage over book debts of Rs. 200 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs. 200 Mn.
Commercial Bank	Short term loans	Rs.200Mn	Variable	Mortgage over book debts for Rs. 200 Mn and Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.200Mn.
Hatton National Bank	Overdraft	Rs.25Mn	Variable	Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs. 25 Mn. The company has instructed to discontinue this facility.
	Short term loans	Rs.475Mn	Variable	Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs. 475 Mn.
Sampath Bank	Overdraft	Rs.200Mn	Variable	Mortgage over book debts of Rs. 200 Mn Corporate Guarantee from Asia Siyaka Warehousing (Pvt) Ltd for Rs.200Mn. The company has instructed to discontinue this facility.
Bank of Ceylon	Overdraft	Rs.20Mn	Variable	Against the fixed deposit in Bank of Ceylon of Rs. 31.4 Mn. The company has instructed to discontinue this facility.
Seylan Bank	Short term loans	Rs.300Mn	Variable	Corporate Guarantee for Rs. 300 Mn from Asia Siyaka Warehousing (Pvt) Ltd.

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

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

Notes to the Financial Statements

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	Total Rs.
Nature of Transaction		
As at 01 April 2020	6,189,697	6,189,697
Sale of Goods and Rendering of Services	46,649,093	46,649,093
Payments Made	(51,283,033)	(51,283,033)
As at 31 March 2021	1,555,758	1,555,758

Nature of Relationship	Company	
	Asia Siyaka Warehousing (Pvt) Ltd Rs. Subsidiary	Total Rs.
Nature of Transaction		
As at 01 April 2020	(120,561,664)	(120,561,665)
Sale of Goods and Rendering of Services	(25,513,326)	(25,513,326)
Interest Cost	(8,338,510)	(8,338,510)
Funds Received	21,290,498	21,290,498
Expenses Incurred	20,560,391	20,560,391
Payments Made	13,983,297	13,983,297
Dividend Received	15,764,999	15,764,999
As at 31 March 2021	(82,814,315)	(82,814,315)

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 9.51% per annum except for balances from parent. The guarantees received from Asia Siyaka Warehousing (Private) Ltd is amounting to Rs. 1,400Mn (2020 - Rs. 1,450Mn). For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2020 - 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 its Subsidiaries. Such KMPs include the Board of Directors, Chief Executive Officer and Other Senior Management Executives of the Group who meet the criteria described above.

	Group	
	2021 Rs.	2020 Rs.
Salaries and Other Short Term Benefits	93,143,714	99,454,295
Post Employment Benefits	6,555,359	6,555,359
	99,699,073	106,009,654

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, Mr. R.C Dissanayaka and Mr. A. 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, Mr. J.N. Dambawinne and Mr. M.R. Morris 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. 4,607,655/- 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.

Notes to the Financial Statements

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

Market risk

Interest rate risk

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

Interest rate sensitivity

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

	Group		Company	
	Change in Basis Points	Change in Profit before Tax Rs.	Change in Basis Points	Change in Profit before Tax Rs.
2021	100 (1%)	6,845,714	100 (1%)	4,810,000
2020	100 (1%)	12,659,595	100 (1%)	9,208,116

Equity Price risk

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

Credit risk

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

Trade receivables

Customer credit risk is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management. Individual credit limits are defined in accordance with the prior experience with the customers. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on 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	2021				
	On demand Rs.	Less than 3 months Rs.	Payable Within 1 Year Rs.	Payable after 1 Year Rs.	Total Rs.
Bank loans- Commercial Bank	-	-	64,285,710	139,285,720	203,571,430
Interest-Bearing Loans and Borrowings on Client Financing - STL	-	481,000,000	-	-	481,000,000
Lease Liabilities	-	-	9,187,037	13,685,550	22,872,586
Trade Payables	-	552,383,465	-	-	552,383,465
Bank Overdrafts	26,623,246	-	-	-	26,623,246
	26,623,246	1,033,383,465	73,472,747	152,971,270	1,286,450,727

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	-	-	67,857,132	203,571,441	271,428,573
Interest-Bearing Loans and Borrowings on Client Financing - SLT	-	801,000,000	-	-	801,000,000
Interest-Bearing Loans and Borrowings on Client Financing - Overdraft	119,811,597	-	-	-	119,811,597
Lease Liabilities	-	-	4,993,853	22,872,595	27,866,448
Trade Payables	-	41,895,208	-	-	41,895,208
Bank Overdrafts	4,294,278	-	-	-	4,294,278
	124,105,875	842,895,208	72,850,985	226,444,036	1,266,296,104

Company	2021				
	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	-	481,000,000	-	-	481,000,000
Trade Payables	-	635,197,794	-	-	635,197,794
Lease Liabilities	-	-	12,191,366	15,341,942	27,533,308
Bank Overdrafts	26,623,246	-	-	-	26,623,246
	26,623,246	1,116,197,794	12,191,366	15,341,942	1,170,354,348

Notes to the Financial Statements

	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	-	-	7,478,648	27,533,370	35,012,018
Bank Overdrafts	4,226,201	-	-	-	4,226,201
	124,037,798	963,456,885	7,478,648	27,533,370	1,122,506,701

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. 139 Mn. (2020 - Rs. 204 Mn)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

Shareholder Information

DIRECTORS' & CEO'S SHAREHOLDING AS AT 31ST MARCH 2021

	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	-
Mr. M R Morris	Nil	-

SHARE PRICES FOR THE YEAR

	As at 31/03/2021	As at 31/03/2020
Market price per share		
Highest during the year	Rs. 4.50 (13-10-2020)	Rs. 3.00 (21-11-2019)
Lowest during the year	Rs. 1.60 (12-05-2020)	Rs. 1.60 (15-05-2019)
As at end of the year	Rs. 2.50	Rs. 1.80

PUBLIC HOLDING

- Public Holding percentage as at 31st March 2021 - 35.656%
Number of shareholders representing the above percentage - 2011
- The float adjusted market capitalization as at 31st March 2021 - Rs. 231,766,802.50
- 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.

Shareholder Information

SHARE DISTRIBUTION

Shareholding as at 31st March 2021

From	To	No. of Holders	No. of Shares	%
1	1,000	766	220,402	0.08
1,001	10,000	636	2,839,939	1.09
10,001	100,000	474	18,220,445	7.01
100,001	1,000,000	127	34,713,939	13.35
Over	1,000,000	14	204,005,275	78.47
		2,017	260,000,000	100.00

CATEGORIES OF SHAREHOLDERS

Local Individuals	1,937	91,363,855	35.14
Local Institutions	71	167,937,835	64.59
Foreign Individuals	9	698,310	0.27
Foreign Institutions	-	-	-
	2,017	260,000,000	100.00

MAJOR TWENTY SHAREHOLDERS OF THE COMPANY

No.	Name	31st March 2021 No. of Shares	%	31st March 2020 No. of Shares	%
1	LANKA COMMODITY BROKERS LIMITED	145,148,464	55.826	149,148,464	57.365
2	CHADSTONE PVT LTD	12,634,932	4.860	11,000,000	4.231
3	MR. K.V. HEWAVITARNE	12,630,136	4.858	7,000,000	2.692
4	MR. A.R. COOKE	9,747,143	3.749	9,747,143	3.749
5	MR. D.J. WEDANDE	8,353,067	3.213	8,353,067	3.213
6	MR. Y. KURUNERU	2,499,063	0.961	2,499,063	0.961
7	MR. W.M.K.S.N.D. FERNANDO	2,125,656	0.818	2,125,656	0.818
8	DR. A.R. MOHAMED	2,031,303	0.781	-	-
9	MERCHANT BANK OF SRI LANKA & FINANCE PLC/S GOBINATH	2,000,000	0.769	1,700,001	0.654
10	MR. A.D. EDUSSURIYA	2,000,000	0.769	2,050,000	0.788
11	MR. M.H.M. NAZEER	1,500,000	0.577	1,500,000	0.577
12	MR. R.C. DISSANAYAKE	1,279,808	0.492	1,279,808	0.492
13	MR. H.K.S. HALLOLUWA	1,041,569	0.401	61,167	0.024
14	MR. B.S.M. ABEYSEKARA	1,014,134	0.390	-	-
15	MR. B.L.S. PEIRIS & MRS L.B. PEIRIS	1,000,000	0.385	1,000,000	0.385
16	MR. N.S.R. SIVARUBAN & MRS S. ABYERAMI	895,394	0.344	195,494	0.075
17	MASKELIYA TEA EXPORTS PVT LTD	845,433	0.325	-	-
18	MR. K.M.S.M. RAZEEK	750,000	0.288	750,000	0.288
19	MR. M.H.A.S.R. PERERA	700,000	0.269	200,000	0.077
20	MR. L.S.C. DE SILVA	683,900	0.263	-	-
		208,880,002	80.338	198,609,863	76.388
	Others	51,119,998	19.662	61,390,137	23.612
	Total	260,000,000	100.000	260,000,000	100.000

Value Added Statement

	Group				Company			
	2020/2021 Rs.	%	2019/2020 Rs.	%	2020/2021 Rs.	%	2019/2020 Rs.	%
Revenue	647,159,920		713,243,470		419,099,316		472,252,948	
Other Income	4,143,782		10,079,862		33,817,348		54,195,089	
	651,303,702		723,323,332		452,916,664		526,448,037	
Cost of materials and services obtained	(286,276,384)		(234,525,126)		(234,352,362)		(176,355,749)	
Value Addition	365,027,318		488,798,206		218,564,302		350,092,288	
Value Allocated to:								
To Employees								
Salaries, wages and other benefits	235,416,772	64	235,690,168	48	166,571,177	76	162,947,213	47
To Providers of funds								
Interest to money lenders	75,468,747	21	125,394,446	26	60,786,103	28	107,658,723	31
To Government								
VAT/NTB on Financial Service	(40,722)		3,234,583		(40,722)		3,234,583	
VAT / NBT / Stamp Duty	285,600		6,045,578		280,500		2,441,909	
Rates & Taxes	742,535		1,468,138		-		1,000,000	
Income Tax	4,296,997		37,447,973		690,810		20,529,273	
Deferred Taxation	(29,938,366)		(4,266,161)		(4,353,977)		(8,798,538)	
	(24,653,956)	(7)	43,930,111	9	(3,423,389)	(2)	18,407,227	5
To Providers of capital								
Dividend paid to share holders	46,800,000	13	39,000,000	8	46,800,000	21	39,000,000	11
To expansion and growth								
Profit retained	(51,032,769)		(22,145,224)		(65,573,754)		7,351,611	
Depreciation and Amortization	83,028,524		66,928,705		13,404,165		14,727,514	
	31,995,755	9	44,783,481	9	(52,169,589)	(24)	22,079,125	6
	365,027,318	100	488,798,206	100	218,564,302	100	350,092,288	100

	Group			
	2020/2021	%	2019/2020	%
To Employees	235,416,772	64	235,690,168	48
To Providers of funds	75,468,747	21	125,394,446	26
To Government	(24,653,956)	(7)	43,930,111	9
To Providers of capital	46,800,000	13	39,000,000	8
To expansion and growth	31,995,755	9	44,783,481	9
	365,027,318	100	488,798,206	100

Note : Previous Year figures were reclassified where relevant for better presentation and to be comparable with those of the current year.

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

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 09th Annual General Meeting of Asia Siyaka Commodities PLC will be held on 30th September 2021 at 10.00 a.m. via electronic means centered at the Boardroom of the Company at 1st Floor, “Deutsche House”, No. 320 T B Jayah Mawatha, Colombo 10 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 2021 and the Report of the Auditors thereon.
2. To re-elect Mr. S T Gunatilleke who retires in terms of Article 87(i) of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. M R Morris 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 76 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 76 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.”

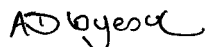
5. To pass the ordinary resolution set out below to appoint Mr. T Someswaran who is 78 years of age, as a Director of the Company;

“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 78 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 2022 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

30 August 2021

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.

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

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. H R 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 Vaithyalingam	or failing him
Mr. M R Morris	

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 30th September 2021 at 10.00am and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Mr. S T Gunatilleke as Director in terms of Article 87 (i) of the Articles of Association of the Company.		
2. To re-elect Mr. M R Morris as 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 re-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 re-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 2022 and up to the date of the next Annual General Meeting.		

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

.....
 Signature

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall -
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notorially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to asiy.pwcs@gmail.com 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

PV3562PB/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. H R V Caldera - Non-Executive Director
Mr. J N Dambawinne - Non-Executive Director
Mr. R C Dissanayake - Executive Director
Mr. S S Samaranayake - Executive Director
Mr. A Vaithyalingam - Non-Executive Director
Mr. M R Morris - Non-Executive Director (*Appointed w.e.f. 01.03.2021*)

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



1st Floor, "DEUTSCHE HOUSE"
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