

INTEGRIS

The tipping point of success



Ceylon Tea Brokers PLC
Annual Report 2017/18

INTEGRIS

The tipping point of success

CTB remain an indomitable force in Sri Lanka's Tea industry, with our growth, commitment to sustainability and competitiveness going from strength to strength. We hold ourselves up to the highest standards in the overall functioning of our business, with immense importance placed on integrity. As a visionary leader, we diligently steer our purpose-driven, passionate and positive team towards taking steps to achieve more, for themselves, the Company, the country and our environment.

Our exemplary service and employee relations are all to the credit of our guiding principles of honesty, credibility, superior capability and teamwork. With integrity leading the way, we are going for gold and have already gone beyond our tipping point of success. We anticipate a new era of success and profitable growth ahead for CTB that will see us generate greater returns for our stakeholders, our nation and the environment we operate in.



Parallels have been drawn between the purity, quality and variety of teas CTB sources and the company's own in-tact integrity, unrivalled quality and untapped potential.

- Copyline Creative Team -

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VISION

To be a dynamic and leading service organisation.

MISSION

- In our core business of Tea broking, to be the preferred choice of the industry.
- Provide a professional and fully-integrated service, thus adding value to our clients, employees, shareholders and the country.
- Be a socially responsible corporate citizen.

OUR VALUES

Ability | Credibility | Integrity | Team Work



INTRODUCTION TO THE REPORT

Our vision is to be a dynamic and leading service organisation, which we aim to achieve through stakeholder engagement, reducing our environmental impact, developing our people, and creating sustainable value through our business model. Our annual report (hereinafter referred to as the 'report') demonstrates our continued commitment to conducting business in a responsible and sustainable manner. Our focus is on creating sustainable value in our economy, society and environment.

This report consists of both financial and non-financial reporting disclosures regarding our economic, social and environmental performance for the year 2017/18 and future outlook.

Reporting Scope and Boundaries

The contents of this report relate to the operations of Ceylon Tea Brokers PLC ("Company") including its fully owned subsidiary, Logicare (Pvt) Ltd. (collectively referred to as "Group"). The Company does not have any other subsidiaries, associates, joint ventures, overseas operations or other businesses for the purpose of reporting except for Logicare (Pvt) Ltd. The Company's shareholding structure, operations and its geographical presence are disclosed on page 69 and 04 respectively.

Reporting Framework

Integrated reporting

- International Integrated Reporting (IIR) Framework issued by the International Integrated Reporting Council (IIRC) in December 2013
- 'A Preparer's Guide to Integrated Corporate Reporting' in year 2015 and relevant Supplement in year 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Financial reporting

- The Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

Corporate governance reporting

- Laws and Regulations of the Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practices on Corporate Governance issued jointly by CA Sri Lanka & Securities and Exchange Commission of Sri Lanka

Sustainability Reporting

- GRI Sustainability Reporting Standards 2016
- UNGC Principles and UN Sustainable Development Goals

"This report has been prepared in accordance with the GRI Standards: Core option."



Reporting Cycle

The Annual Report 2017/18 of Ceylon Tea Brokers PLC reports for the 12 months period from 1st April 2017 to 31st March 2018. This period is consistent with the Company's usual annual reporting cycle.

Determining Materiality

Materiality analysis is a key process that enables the Company to define key triple bottom line issues that are vital to our business and stakeholders, both internal and external. Our focus on materiality is based on material aspects recognised by both internal and external stakeholders. This process is crucial to drive performance, improve our sustainability framework and use the corporate governance practices at all levels of the Group.

The Company conducts regular external stakeholder engagement in ascertaining aspects material to its significant stakeholders. In addition, materiality is also assessed internally in ascertaining the aspects material to the Company and to fine-tune and streamline its strategy and processes to manage these material issues.

External Assurance

We believe that third party assurance is vital in establishing credibility and transparency of our report. External assurance on the Financial Statements and Sustainability Reporting has been provided by Messrs. KPMG, Chartered Accountants.

Restatements and Significant Changes from the Previous Report and Date of Most Recent Previous Report

The Company's most recent report was for the financial year 2016/17. There have not been any changes in reporting scope and/or boundaries from the previous year apart from the acquisition of the subsidiary which was not operational during the reporting period. The Company has restated numbers and statements of 2016/17 wherever necessary, to conform to the current year's presentations.

The Company has adopted the GRI Standards at "Core" application level.

Feedback and Further Information and Suggestions

The Company has strived to respond to your comments and suggestions received during the previous financial year, and welcome your comments and suggestions on this Report.

Contact Us

Ms. Nawodi Perera
Asst. Finance Manager
Ceylon Tea Brokers PLC
Level 7, 'Millennium House'
46/58, Nawam Mawatha
Colombo 02, Sri Lanka.





WHO WE ARE

The first stand-alone Tea broking Company to be listed on the Colombo Stock Exchange. Today we are one of the well respected entities in the field, having achieved considerable growth in a short period of time. Proudly holding our own and competing against the might of long established broking firms, we continue to grow in strength and stature supported by a solid management team. Commitment, experience and expertise being our guiding principles, our success is driven by a team of talented young people, whose enthusiasm and know-how has marked them out as some of the best in the trade.

Currently we handle produce of over 140 Tea factories in the country which amounts to around 12% of the total volumes sold at the Colombo Tea Auction. Having earned the confidence of our clients, we continue to strengthen our relationships with them, while actively venturing out to gain and secure new ones to further our progress in the future.



Business Activities / Key Service Areas

We are a licensed Produce Broker for Tea registered under Sri Lanka Tea Board bearing License No. PB/102/2018.

Tea Broking / Marketing: Act as an intermediary between Tea Producers (Tea Factories) and Tea Buyers.

Warehousing: Providing warehousing solutions to the producer clients (Tea Factories) for their Teas pending sales.

Manufacturing Advisory Services: provided manufacturing advises and personalised services to producer clients (Tea Factories) in order to improve their product quality.

Financing: Provide financing facilities in the form of loans and advances to producer clients (Tea Factories) to meet their working capital requirements, purchase machinery and to expand their operations.

Market Served

The factories whose Teas are marketed through us cover all elevations namely Uva High, Uva Medium, Western High, Western Medium and Low Growns.

Where We Operate

- Head Office - Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02, Sri Lanka.
- Warehouses - No. 74, De Waas Lane, Grandpass, Colombo 14, Sri Lanka.
- No. 72/4, 72/6, Negombo Road, Kandana, Sri Lanka.
- Sample Room - No. 74, De Waas Lane, Grandpass, Colombo 14, Sri Lanka.

MILESTONES

1963

Foundation laid with a partnership formed by M/s C.J.C De Silva, R.E.P. Abeywardena and J. Peiris.

1999

Incorporated as a private limited company.

2005

Acquired by the Capital Alliance Group.

2006

Renamed Ceylon Tea Brokers (Pvt) Ltd.

2007

Converted to a Public Company.

2010

Listed on the Colombo Stock Exchange as the first standalone Tea Broking Company.

2011

Inaugural 'Golden Cup Awards' recognising the outstanding achievements of our clients.

2012

Achieved a profit after tax of Rs. 56.5 Mn.

2013

Initiated an Employee Share Option Scheme (ESOS).

2015

Corporate office shifted to a strategic location at Nawam Mawatha, Colombo 02.

2016

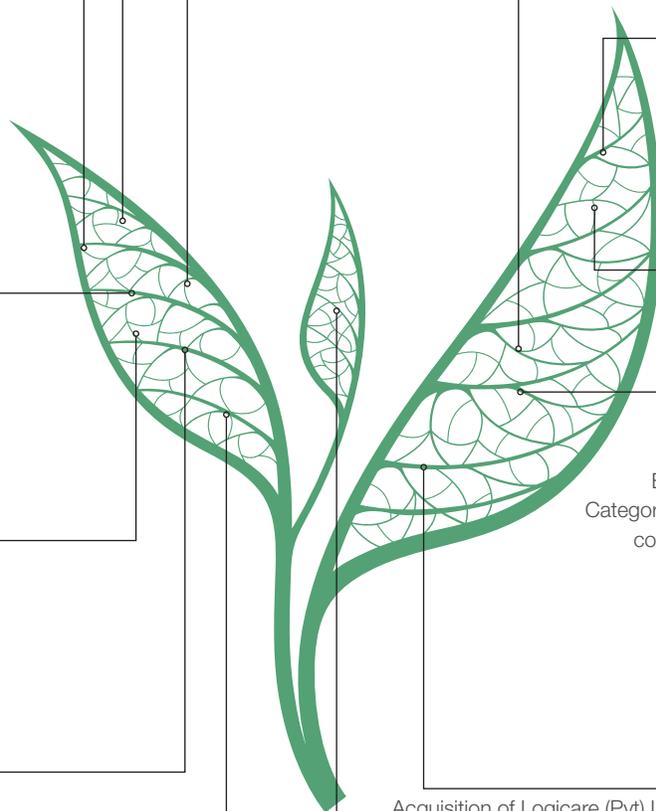
Bronze Award – 'Service Organization Category' at the 52nd Annual Report Awards competition organised by CA Sri Lanka.

2017

Acquisition of Logicare (Pvt) Ltd to enter into the logistics business
 Silver Award - 'Service Organization Category' at the 53rd Annual Report Awards competition organized by CA Sri Lanka.
 Merit Award - 'SME Category' at the CMA Excellence in Integrated Reporting Awards 2017 organized by CMA Sri Lanka.
 Annual Staff Get-Together and Employee Award Ceremony.

2018

First ever Rights Issue.
 Achieved a profit after tax of Rs. 100.04 Mn
 Achieved a market share of 11.70 % on quantity sold.

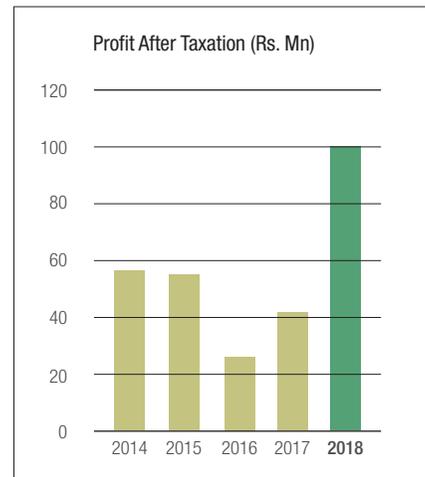
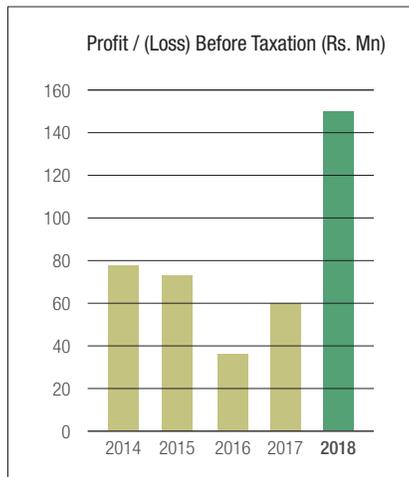
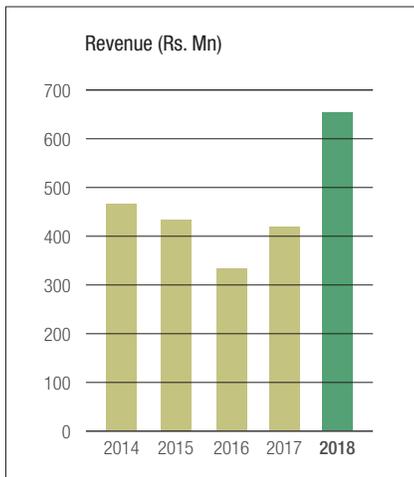


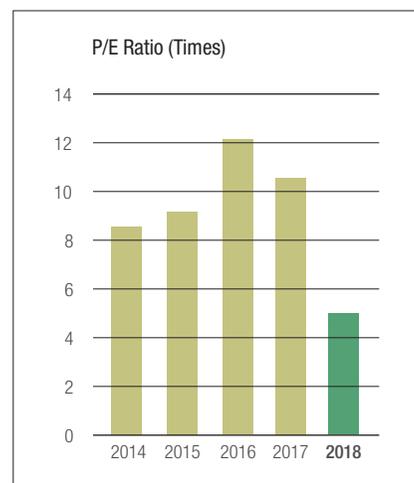
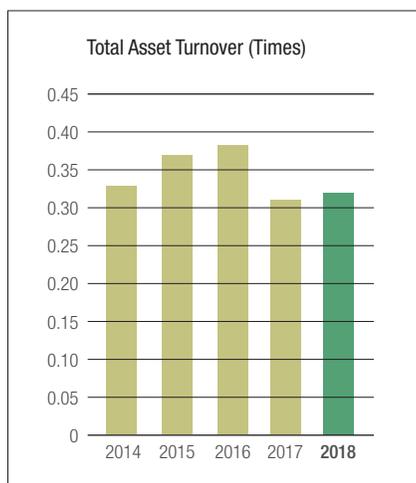
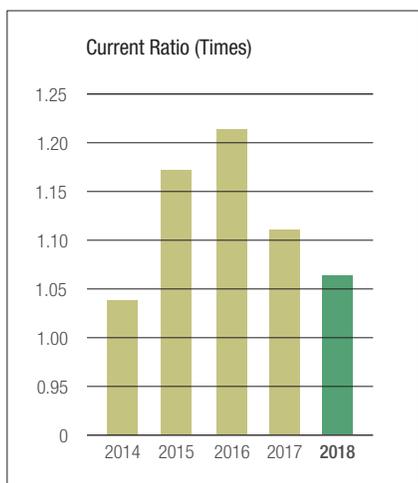
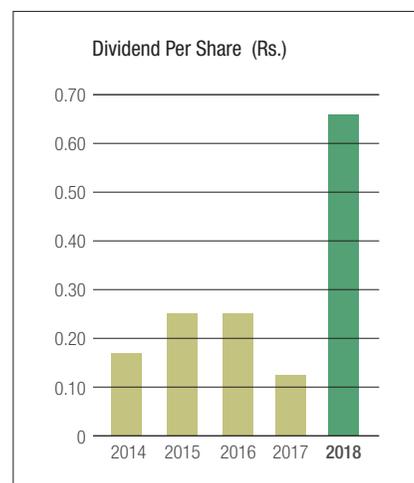
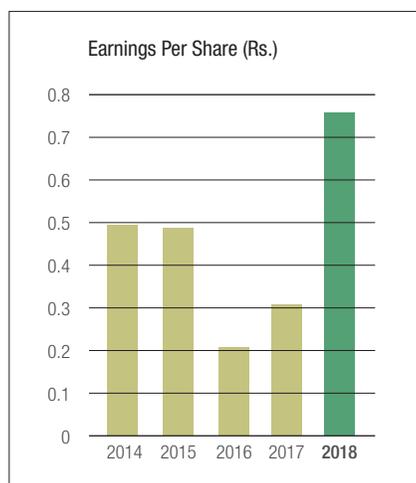
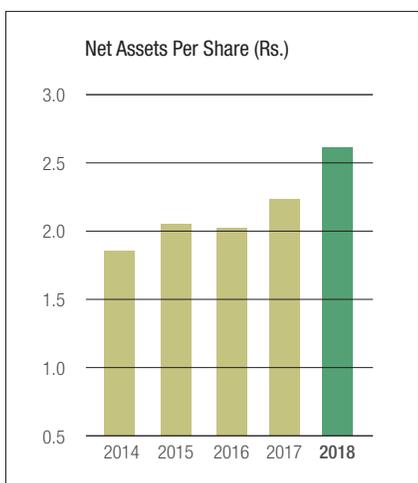
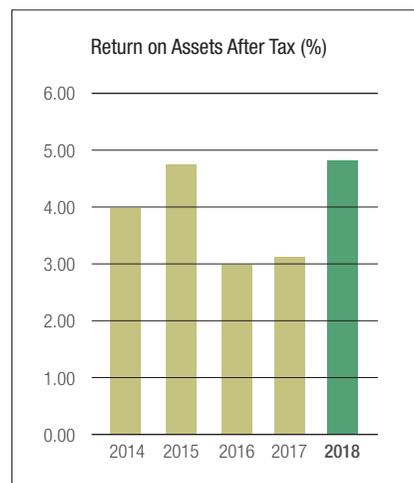
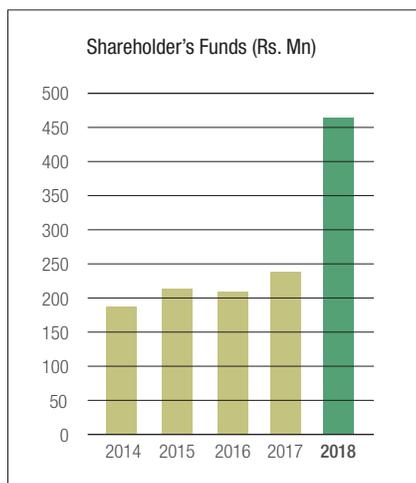
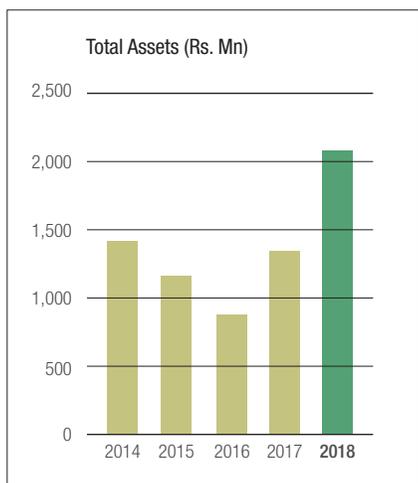


FINANCIAL HIGHLIGHTS



	Group			Company		
Five Year Summary as at 31st March	2018	2018	2017	2016	2015	2014
Performance of the Year						
Revenue (Rs. Mn)	655.91	655.91	419.72	334.02	435.53	466.77
Expenses (Rs. Mn)	(506.23)	(499.47)	(359.92)	(298.32)	(362.67)	(389.54)
Profit / (Loss) Before Taxation (Rs. Mn)	149.68	156.44	59.81	35.70	72.86	77.23
Profit / (Loss) After Taxation (Rs. Mn)	100.03	106.79	41.53	25.94	54.74	56.20
Total Assets (Rs. Mn)	2080.51	2087.15	1,341.50	872.80	1,158.10	1,419.30
Shareholder's Funds (Rs. Mn)	464.49	471.25	237.71	208.70	212.37	186.31
Ratios						
Return on Shareholder's Funds After Tax (%)	21.54	22.66	17.47	12.43	25.77	30.16
Return on Assets After Tax (%)	4.80	5.12	3.10	2.97	4.73	3.96
Net Assets Per Share (Rs.)	2.54	2.58	2.08	1.83	1.86	1.63
Earnings Per Share (Rs.)	0.76	0.81	0.33	0.23	0.48	0.49
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.655	0.655	0.125	0.25	0.25	0.17
Current Ratio (Times)	1.09	1.09	1.13	1.22	1.18	1.07
Total Asset Turnover (Times)	0.32	0.31	0.31	0.38	0.37	0.33
Market Price (Rs.)	3.60	3.60	3.50	2.80	4.40	4.20
P/E Ratio (Times)	4.73	4.44	10.61	12.17	9.17	8.57
Earnings Yield (Rs.)	0.21	0.18	0.09	0.08	0.11	0.12
Price / Book Value Ratio (Times)	1.42	1.39	1.68	1.53	2.37	2.58







NON-FINANCIAL HIGHLIGHTS



Operational Performance Highlights

11.70% ↑

Market share on Quantity Sold

2016/17 - 10.85%

Rs. **639.37** ↑

Average Price Per Kilo

2016/17 - Rs. 537.64

12.07% ↑

Market share on Value of Teas Sold

2016/17 - 11.16%

34 Mn/Kg ↑

Quantity Sold

2016/17 - 30 Mn/Kg

ICRA Lanka assigned

[SL] BBB

rating with a stable outlook

2016/17 - [SL] BBB-



Manufactured Capital

80,000 sq ft ↓

Warehousing Space (Leased Own)

2016/17 - 100,000 sq ft

Rs. **210.10** Mn ↑

PPE & Leasehold Land

2016/17 - Rs. 23.87 Mn



Intellectual Capital



Silver Award - 'Service Organization Category' at the 53rd Annual Report Awards competition organized by CA Sri Lanka.



Merit Award - 'SME Category' at the CMA Excellence in Integrated Reporting Awards 2017 organized by CMA Sri Lanka.



Human Capital

89 ↑

Total Employees

2016/17 - 88

368

No. of Training Hours

Rs. **1.12** Mn ↑

Profit per Employee

2016/17 - Rs. 0.47 Mn

Rs. **154** Mn ↑

Total Compensation

2016/17 - Rs. 115 Mn



83%

Gender Diversity

2016/17 - 84% | 2016/17 - 16%



17% ↑



Social and Relationship Capital

143 ↑

Tea Producers

Customers handled during the year

2016/17 - 121 Tea Producers, 220 Tea Buyers

284 ↑

Tea Buyers

Rs. **2.95** Mn ↑

Community investments

2016/17 - Rs. 0.62 Mn

04

CSR Projects

Assistance to flood victims

Assistance to physically disabled student

Financial assistance to family members of two employees who were critically ill

A comprehensive health campaign for Employees

Allocated Rs. 0.05 per every kilo of Tea we sold for CSR initiatives



Natural Capital

2.18 MJ

Energy Consumption

1.13 Mn ↑

Material used by volume (sheets)

2016/17 - 1.09 Mn

788 m³ ↓

Water Withdrawal by Source

2016/17 - 1,057 m³

ABILI

Rigorous training, comprehensive knowledge and the desire to consistently improve is how we have honed our strong points over the years. We are able and more than capable to take CTB's profitable growth trajectory to greater heights.



“Success Without Integrity Will Ultimately Be A Failure”.

A handwritten signature in white ink, appearing to read 'C. Perera'. The signature is fluid and cursive, written in a professional style.

Chrisantha Perera
Chairman



CHAIRMAN'S MESSAGE

I am pleased to report that the Company had its most successful year in 2017/18 following the improved performance of the Tea Industry. Tea prices at the Colombo auctions appreciated sharply and coupled with a modest increase in total production generated substantially higher revenue.

Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2017, recorded a real GDP growth of 3.1% compared to 4.5% in 2016. The real GDP from agriculture, forestry and fishing related activities contracted by 0.8% in 2017 compared to a contraction of 3.8% in 2016. Unfavourable weather conditions adversely affected economic activities especially in the agricultural sector as in the previous year. Total Tea production in 2017 recorded a growth of 4% compared to the decline of 11.2% in 2016. Service related activities and industry sector grew by 3.2% and 3.9% in 2017 compared to 4.7% and 5.8% in 2016 respectively.

The per capita GDP has been stated as USD 4,065 in 2017 compared to USD 3,857 in 2016.

A robust growth in industrial sector increased the contribution to Gross National Income (GNI) from 26.6% in 2016 to 26.8% in 2017. The service sector however remains as the largest contributor to GNI accounting to 56.8% in 2017 compared with 56.7% in 2016. Contribution from agriculture, forestry and fisheries sector declined to 6.9% in 2017 from 7.1% in 2016 whilst taxes less subsidies on products contributing to 9.6% of GNI.

The unemployment rate declined to 4.2% in 2017 from 4.4% in 2016 with the expansion in activities related to industry and service sectors. Colombo Consumer Price Index (CCPI) experienced twin peaks, initially in the first quarter of 2017 and then in the last quarter. The deceleration in food inflation, partly supported by the Government's

“What is disappointing from a Sri Lankan perspective is that barring the Russian Federation and other CIS countries, we do not have a significant presence in any of the other major Tea importing countries. With the long anticipated global promotional campaign for “Ceylon Tea” likely to commence in the near future, we hope this position could be reversed as well as consolidate our status in the existing markets in which we have a strong presence.”

initiatives to address price escalations, helped inflation to decelerate towards the end of the year. CCPI based annual average inflation was 6.6% by end 2017, compared to 4.0% at end 2016.

Reflecting the improvements in the external sector, the balance of payment recorded an overall surplus of USD 2,068 million in 2017 against a deficit of USD 500 million in 2016. The trade deficit however widened as a result of the increased expenditure on imports which outpaced the considerable increase in earnings from exports. This resulted in the trade deficit to increase to USD 9,619 million in 2017 compared to USD 8,873 million in 2016. The trade deficit as a percentage of GDP increased to 11% in 2017 compared to 10.9% in 2016, whereas the current account deficit amounted to 2.6% of GDP against 2.1% in 2016.

Tea Export Earnings

Following the modest increase in production coupled with the substantial increase in prices, Tea export earnings during the calendar year 2017 amounted to USD 1,530 million representing 13.5% of total export earnings compared with USD 1,269 million amounting to 12.3% of export earnings in 2016.

Sri Lanka Tea Industry

Tea Production (Million kilos)

Elevation	2017	2016	2015	2014	2013
High Grown	64.64	64.42	75.40	78.90	75.80
Mid Grown	45.65	44.51	51.00	49.20	56.10
Low Grown	197.42	183.64	202.38	210.00	208.10
Total	307.72	292.57	328.78	338.10	340.00

The above Table reflects the improvement in our national Tea production, which disappointingly fell below 300 million kilos in 2016 which was the lowest since 2009. All three elevation categories contributed to this increase with Low Growns recording the greatest improvement. It would however be noted from the above Table that we are still way short of the all time record figure of 340 million kilos achieved in 2013. At the time of compiling this review, there has been a welcome increase upto April 2018 and it is hoped that this impetus would be maintained for the rest of the year. An encouraging aspect to this expectation is the recently announced lifting of the ban on Glyphosate, which from the reports we have received, would be made available to the Tea and Rubber sectors. This would have a positive impact on crop intake by permitting the use of this important weedicide with the consequent benefits that would be derived from the other agricultural practices including fertilizer application.

Colombo Auction Averages (Per kilo)

Elevation	2017		2016		2015		2014		2013	
	LKR	USD								
High Grown	606.64	3.98	449.85	3.09	388.38	2.86	420.36	3.22	402.98	3.12
Mid Grown	564.64	3.70	419.59	2.88	362.57	2.67	410.13	3.14	398.65	3.09
Low Grown	637.42	4.18	486.74	3.34	416.32	3.06	488.06	3.74	469.91	3.64
Total	620.14	4.07	468.61	3.22	402.14	2.96	461.86	3.54	444.42	3.44

USD Weighted Average (LKR/USD)

2017	2016	2015	2014	2013
152.4575	145.6016	135.9378	130.5606	129.1099

The above averages reflect all time highs at the Colombo Tea Auctions both in terms of Rupees per kilo as well as the approximate US Dollar equivalent. The same momentum was maintained at the beginning of 2018. At the time of compiling this report however a declining trend has been observed. This drop is even more pronounced when expressed in terms of the US Dollar equivalent following the depreciation of the Sri Lankan Rupee vis-à-vis the US Dollar in 2018 compared with the corresponding period last year.

Tea Exports Earnings (including re-exports with imported Tea)

Year	Qty. Mn/Kg	Value (Rs/Bn)	Average FOB Price per Kg (Rs.)	Value (USD/Bn)	Average FOB Price per Kg (USD)
2017	288.98	233.34	807.44	1.53	5.30
2016	288.77	184.78	639.88	1.27	4.39
2015	306.97	182.05	593.08	1.34	4.36
2014	327.87	212.91	649.37	1.63	4.97
2013	319.66	199.44	623.91	1.54	4.83

The above table could be considered most encouraging with total export earnings of USD 1.53 billion reflecting a fairly sharp increase on the comparatively disappointing realization in 2016 of USD 1.27 billion. It must however be pointed out that Sri Lanka has enjoyed export earnings of USD 1.63 billion in 2014 which underlines the potential that we as a country have for substantially higher export earnings from Tea. It must also be pointed out that the quantum of exports in 2017, which includes re exports with imported Tea was at 288.98 million kilos only marginally higher than the 2016 recorded export of 288.77 million kilos in spite of the higher production in 2017. This is indicative of a higher carry over stock from 2017 into 2018 compared with 2016 into 2017.

Global Perspective

As per the interim information set out in the International Tea Committee's Supplement to the Annual Bulletin of Statistics released in March 2018, the top five Tea importing countries in 2017 remain as follows:

Country	Qty. Mn/Kg
Pakistan	175
Russian Federation (excluding other CIS countries)	160
USA	126
UK	109
Egypt	78



CHAIRMAN'S MESSAGE

It should also be pointed out that other CIS countries have recorded imports of 88 million kilos. What is disappointing from a Sri Lankan perspective is that barring the Russian Federation and other CIS countries, we do not have a significant presence in any of the other major Tea importing countries. With the long anticipated global promotional campaign for "Ceylon Tea" likely to commence in the near future, we hope this position could be reversed as well as consolidate our status in the existing markets in which we have a strong presence.

An encouraging feature has been the increasing Tea exports from Sri Lanka to Mainland China which in 2017 amounted to 9.9 million kilos compared with 7.6 million kilos in 2016. The interesting factor is that whilst China is the largest producer and exporter of Tea, these predominantly comprise of Green Tea and Oolong Tea and not Black Tea as produced by Sri Lanka. Therefore, the increasing Tea imports by China which currently amounts to almost 25 million kilos per annum and Sri Lanka's gradually strengthening presence in this market should be further developed.

Company Performance

At the commencement of my message, I mentioned the best ever performance of our Company during the financial year 2017/18. The specific details relating to the Company which reflect this position and would be of interest to shareholders are set out below:

	2017/18	2016/17	2015/16	2014/15	2013/14
Quantity of Tea Marketed through the Company (Mn/kg)	34.3	29.9	31.3	34.7	33.3
Value of Tea Marketed through the Company (Rs./Mn)	22,402.0	16,114.4	12,518.9	16,073.0	16,131.0
Revenue Generated by the Company (Rs./Mn)	655.9	419.7	334.0	435.5	466.8
Profit After Tax (Rs./Mn)	106.8	41.5	25.9	54.7	56.2
Total Equity (Rs./Mn)	471.3	237.7	208.7	212.4	186.3

During the financial year, the Company was successful in raising additional equity of Rs. 205.2 million through a Rights Issue in February 2018 by offering 68.4 million shares at Rs. 3 per share. The encouraging response by our shareholders must be appreciated, which enabled this Issue to be over-subscribed.

The efforts of our Management Team must be commended for the above performance. The continued improvement in market share which is reflective of the efficient service levels of our young team has enabled us to achieve this position. As mentioned in my previous message, the challenging task ahead is for us to maintain and further improve on these results through professionalism and a quality service expected of a Tea Broker.

The CEO's Review together with Management Discussion & Analysis given elsewhere in this Report would have comprehensive details of our performance as a Company.

Warehousing Project

As indicated in last year's Annual Report, the Company is in the process of constructing a state of the art warehousing complex which consists of 12,000 pallet locations under its fully owned subsidiary Logicare (Pvt) Ltd. Objective of this project is to cater to the Company's total warehousing requirement as well as to provide third party logistics services. The approval of

the Board of Investment of Sri Lanka for this project was obtained during the year under review. This facility is designed to reduce our carbon footprint which is in line with our commitment to environmental sustainability. Commercial operation is expected to commence in early 2019.

Total capital requirement would be Rs.600 million and part of it was raised through the Rights Issue which was concluded recently. The balance would be raised through a long term financial facility from a bank at a competitive rate. We believe that this project would add value to our customers at both ends of the value chain whilst significantly contributing to our revenue portfolio in the future.

Corporate Development and Management Focus

Our quest for continual improvement encompassing both professionalism and service quality gathered momentum with our listing on the Colombo Stock Exchange in 2010. Having a public holding remains a major step in releasing the full potential of the business to meet our aspiration to be a leading Tea Broker in Sri Lanka. The Public Listing was very much against the tide at that time, as stand-alone broking companies were privately held entities. The decision to be public listed brought with it other concurrent commitments of transparency, accountability and good governance practices which helped us to build the image of a reputed and reliable partner to the many factory owners who dominate the Low Grown Tea sector in particular. We also set out to build a dynamic and forward looking young team with a blend of quality and experience. With these strategic initiatives, we were able to win the confidence of Tea factory owners servicing the emerging network of growers. We are now a dominant partner in the Low Grown segment at the Colombo Tea Auctions.

The recently concluded Rights Issue of the Company, which was fully subscribed resonated the confidence we have built in the Stock Market. The Company was also

the proud recipient of the Silver Award in the Service Organisations Category at the 53rd Annual Report Awards of the Institute of Chartered Accountants of Sri Lanka in 2017, having received the Bronze Award in 2016. We have therefore now come of age and earned our position as a reliable and solid business partner. These achievements are reflected in the market share we enjoy and the continued growth in our profitability, which is to the mutual benefit of our clients whom we service, and our valued shareholders.

Having built a sound portfolio in the Low Grown Sector, with the confidence we have acquired we will endeavor to make inroads into the High and Mid Grown categories in order to build a balanced catalogue. We are also improving our technology base to cover all areas of the Tea Industry, which will further strengthen the relationship with our clients by helping them to unlock value in order to obtain better prices as well as improve productivity in order to be cost effective. Funding is also a major sector of our business with revenue from advances to clients matching our broking income.

The state of the art warehouse complex now being set up through a subsidiary, Logicare (Pvt) Ltd. with Stage I scheduled for completion in early 2019 will further boost our position in the market. In addition to providing our clients with a professional warehousing service, we hope to develop this unit as a logistic center during the second stage, thus creating an added source of service and revenue.

Dividend

The Company's policy is to distribute approximately 50% of the profit after tax to shareholders as Dividend and transfer the remaining 50% to reserve. Following this practice, the Company distributed an Interim Dividend of 32.5 Cents per share on the 23rd of March 2018. The total payout as Dividend amounted to Rs. 59.28 million including the Dividend Tax. This Dividend is not only the

highest ever payout per share, but it includes the additional allotment of shares through the Rights Issue and total 182.4 million shares compared with 114 million shares during the previous years.

Acknowledgement

My appreciation to my colleagues on the Board for their participation and valued guidance in the decision making process of the Company. My thanks to the Management and Staff at all levels for their loyalty, dedication and professionalism that enabled our Company to achieve this all time record performance. Our grateful thanks to all our Clients for the privilege of serving them, which as mentioned in our previous Reports, is the foundation of our corporate objectives. To our Bankers, Colombo Brokers' Association, Colombo Tea Traders' Association, Sri Lanka Tea Factory Owners' Association, Planters' Association of Ceylon, Tea Exporters' Association, The Sri Lanka Tea Board, Ministry of Plantation Industries and all organizations that we interact with for their continued support. Finally, but by no means the least, we gratefully acknowledge the support of our shareholders for their confidence in the Company, which encourages us for the future.

Concluding Thought

Following the tradition of previous years, let me leave you with our corporate theme for 2018 which we shared with our management at the beginning of the year.

"Success Without Integrity Will Ultimately Be A Failure".



Chrisantha Perera
Chairman

22nd May 2018



*“Greatness is not a function of circumstance.
Greatness is largely a matter of conscious choice.”*

A white handwritten signature of Waruna De Silva, written in a cursive style, positioned to the right of the quote.

Waruna De Silva
Director / Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REVIEW

To Our Shareholders, Customers, Partners and Employees

The journey continues- In August 2005 Ceylon Tea Brokers had 59 clients and less than 13 employees. Today at the close of fiscal 2018 we are a leading Tea broker and a solution provider with over 143 Clients and 89 employees. We have been blessed with good fortune, enthusiastic employees and wonderful clients. As we grow we often look back at the path that led us here and as always we are excited about what lies ahead. At this time our dedicated team along with our clients are working to bring a fresh cup of Tea to hundreds of thousands of Tea lovers every single day.

We believe strongly than ever that at the foundation of our continuing success lies the company's two corner stones our service and people. We have created a niche in the market place in which we compete through our fanatical commitment to quality, our goal to build value into everything we do. We realize that providing exceptional service to our customers also entails by providing exceptional benefits for our shareholders.

Delivering increased revenue, operating income and earnings;

- I. Revenue grew by 56.27% to Rs. 655.92 million during the year from Rs. 419.7 million previous year.
- II. Profits from Operation was Rs. 341.6 million a 115.75% increase over the previous year.
- III. Operating margin of 52% recorded a notable 15% percentage points higher than prior year's operating margin.
- IV. Through dividends the company returned to the shareholders Rs 59.28 million.

The strength of our results across our reporting segments reflects our accelerating service standards as well as increased client usage and engagement across our business.

Looking Forward : An Opportunity to Expand and IN for the Long Term

The company believes long term investing is a competitive advantage in the era of short

termism. In a time where business tend to overrate a short term prospect and underrate a long term potential the acquisition of Logicare (Pvt) Ltd, which would undoubtedly bring in long-term prosperity. The proposed modern warehousing project would help provide warehousing services to producer clients for storage of teas. With the world economy integration, third party logistics (3PL) will be expected to work on a larger scale. Global distribution will open markets with increasingly complex supply chains. Therefore, Logicare hopes to venture into third party logistics (3PL) in the long-term, a strategic investment in order to harness a most competitive portfolio. The project will also be technology focused, because third party logistic companies will rely heavily on technology to collaborate, connect and engage with customers in the future.

The Future Starts Now...

It is no secret that the traditional Tea industry could be slow when it comes to change. Nevertheless, the advent of new technologies, productivity issues etc. would dramatically contribute towards the modernization of the whole industry. Some changes are apparent today and further readjustment of the whole sector is anticipated in the future. As the customer definition of service has shifted, businesses are finding new ways to interact with and serve customers more seamlessly. Whilst globalization is affecting the lives of the consumers, to stay relevant, adapt and evolve, we as a company search for disruptive ideas ahead of time in order to enhance customer experiences which includes devoting resources to future problems to avoid being the victims of disruption in the industry. Therefore, we believe traditional industry classifications will be re-written and where industry boundaries begin and where they end will be unknown. Reshaping of foundation of many industries have already begun and we as a company would stretch our horizons in order to be ready to the shifts that may occur in our industry footprint. The company hopes to host our accounting systems Navision and the Tea system into cloud servers by the end of the year in preparation for the future.

We would be also looking at investing in big data technologies where data science would help serve customers better in the future. We believe, when used right, technology becomes an accelerator of momentum but not a creator of it.

Our Responsibility on Earth

Our goal to empower people on the planet points out to our corporate social responsibilities efforts. We strive to use our efforts to improve the lives of our employees, customers and our society by enabling access to benefits and opportunities that we offer periodically. The past year we increased our focus on a range of strategic initiatives.

- Ceylon Tea Brokers donated more than Rs. 1.2 million worth of goods for the flood victims in the Southern Province in June 2017.
- The company conducted a charity auction for a physically disabled student in assisting the continuation of her studies.
- Ceylon Tea Brokers CSR fund financially assisted family members of two employees who were critically ill.

Therefore, as a part of our broader responsibility we would engage and advance our sustainability efforts as we understand the important challenges that face our country.

The Transformation of the Modern Employee

The work place has already started transforming changing employee expectations, widening skills gap, more diversified teams and increasingly complex and competitive environment. The pace of change is rapid. The competition for the right talent has never been more competitive. The definition of talent no longer means what it meant a few years back. Job roles, skills, job titles of tomorrow are unknown to us today.

As Benjamin Franklin said "investment in knowledge pays the best interest". To prepare for the future our organization has taken several steps in order to improve effectiveness of the workforce, to develop



CHIEF EXECUTIVE OFFICER'S REVIEW

talent, and manage human capital. Employee engagement continues to be a challenge for business. Several proactive initiatives were undertaken by the HR department in order to improve this aspect among the employees. Team building and team leaders have become integral part of business. The concept "leader as hero" no longer scales. Leadership is a team effort, who could work together, complement each other and function as a team. We believe in cultivating leaders who can coach and develop people and not just give direction, therefore the company has invested in executive coaching for the senior management in order to fulfill these needs.

The Company conducted several training programs to all employees in order to uplift work skills which would contribute to the overall performance of the company. The people analytics revolution is gaining speed. People analytics reflects the use of people related data to improve all types of management and HR decisions, whilst the company invested heavily in HR systems replacement projects. It also understands the needs to building people analytic teams and developing analytic solutions. Organizations cannot protect jobs which are made redundant by technology. But we have a responsibility to protect people, not jobs to nurture ability, adaptability and reskilling.

Diversity and Inclusion

In the organization of today, which operates as a network of teams, thrives on empowerment, open dialogues and inclusive work styles. Organizations now see diversity and inclusion as a comprehensive strategy woven into every aspect of the talent life cycle to enhance employee engagement, improve brand and drive performance in today's political, economic and global business environment, diversity has become increasingly important.

Therefore, we believe in religious, gender, generational and other types of diversity as a business reality. We are in the process of building a work place for everyone. CTB should be a place where people from different backgrounds and experiences come to do their best work- a place where every CTBian feels they belong. We know we are not there yet, and while progress will take time, we will continue to support efforts that fuel our commitment to progress, while our actions today will determine who we are in the future.

As a commitment towards inclusion the company hopes to carryout awareness programs on "Unconscious Bias" at work place. By working to counter "Unconscious Bias" we can help create a world where people are empowered to make a positive difference - where they can see differences as not as a hindrance to innovation, but as an accelerant.

Our Team

We have ambitious business targets for the future to make them happen we know it's going to take creativity, passion and leadership from everyone in the CTB team. The board chaired by Mr. Chrisantha Perera, the Senior Management team and our group HR division headed by Ms. Rochelle Mortier together with all our employees have immensely contributing to our standing as a company today. He reminded us what it meant to be rebellious in a positive way and to stay aggressive but play fair as he told us recently "continue to do great things" that's a mission we will take to heart.

"We believe strongly than ever that at the foundation of our continuing success lies the company's two corner stones, our service and people. We have created a niche in the market place in which we compete through our fanatical commitment to quality. Our goal to build value into everything we do. We realize that providing exceptional service to our customers also entails by providing exceptional benefits for our shareholders."

Focus for 2018/19 Rising to the challenge

We believe our offerings and capabilities can be leveraged across our clients and market. We are in a position to sustain our competitive advantage and capitalize on our growth opportunities. When we outlined our focus in our previous annual report, we discussed about lowering costs, increasing efficiency, with a business model focused and investing strategically to harness the most competitive portfolio. As depicted in our results, 2017/18 tested our operational readiness and achieved a higher than forecasted market share and profits. Whilst we understand the actions that need to be taken in 2018/19 to drive results we cannot discount the power of the unexpected. The macro backdrop can get volatile at times. However, it would not dent our conviction in what we believe to be of a sustainable level of operating success for 2018/19.

Our Culture, Our principles

Our team members have been and will continue to be key to our success. Year after year they have made the efforts to grow the company to the current national footprint. Their focus on customer service and reliability continues to be a key to our success. CTB culture book was launched this year. It reflects true feelings, thoughts and opinions of the employees. It also reflects what CTB culture means to them. Our culture has been based on principles. We also focus on creating a challenging and empowering environment for our team members, where they can grow and prosper in a way that would be for the betterment of the organization and for themselves. These principles have been our strength and continues to serve us well.

Conclusion

Just before stepping into the track Eliud Kipchoge who ran 26.2 miles faster than any human in history said "I don't have a chance to make history but I have a choice".

As a company we choose to push the limits of human potential and we understand that our vision is what precisely drives us. Therefore, we will fearlessly run into the future with confidence.

Ceylon Tea Brokers has never had so much opportunity before us. Powered by our extraordinary team, innovative mindset and leadership, have never been more confident of the future. Building off a strong fiscal 2017/18, I am incredibly excited about what's in store for fiscal 2018/19 and beyond.



Waruna De Silva
Director / Chief Executive Officer

22nd May 2018

CREDIBILI



Our proven track record of excellence speaks for itself. We are as honest as we are dedicated in our business endeavours and this has earned us credibility - a value we place immense importance on staying true to.



OPERATING ENVIRONMENT

This review covers the global economic and business environment and the performance of the Sri Lankan economy. Further, this section also elaborates on how all these factors impacted the Sri Lankan Tea industry. The performance of the Company in 2017/18 and its future potential needs to be evaluated in the context of this review.

Global Economy

Global economic growth in 2017 grew at a rate of 3.8%, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Two thirds of the world economies, comprising emerging markets and developing economies as well as advanced economies registered higher growth rates in 2017.

A Synchronized growth was recorded in the US, UK, EU and Japan for the first time since the global financial crisis. The US economy grew at a rate of 2.3% mainly due to the increase in external demand and the macroeconomic impact of the tax reforms. China which is the second largest economy in the world also grew at a healthier rate of 6.9% in 2017 as a result of the increased domestic demand, policy easing, supply side reforms and the recovery in the global trade. Russia, one of the leading importers of

Sri Lankan Tea recorded a modest economic growth of 1.8% during 2017 compared to -0.02% in the previous year due to recovery in trade, rising oil prices and macroeconomic stability.

Oil prices increased by 20% from August 2017 to January 2018 recording \$60 per barrel as of early January 2018 which increased further thereafter due to improving global growth outlook, adverse weather conditions in the United States, the extension of the OPEC+ agreement to limit oil production, and geopolitical tensions in the Middle East.

Despite widening interest rate differentials, the US dollar weakened modestly in real effective terms, by about 1.5% between August 2017 and end March 2018, and is about 4.5% weaker than its 2017 average. The Euro has appreciated by around 1% and stands about 4% stronger than its 2017 average. Among other currencies, the Japanese yen has remained broadly stable, while the British pound appreciated 5.5% after the Bank of England raised interest rates in November and as expectations of a Brexit deal rose.

(Source: International Monetary Fund-IMF/April 2018)

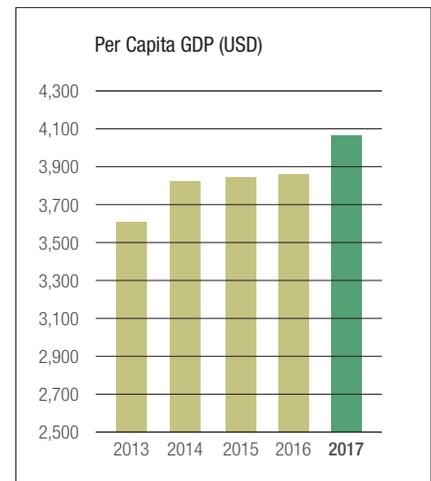
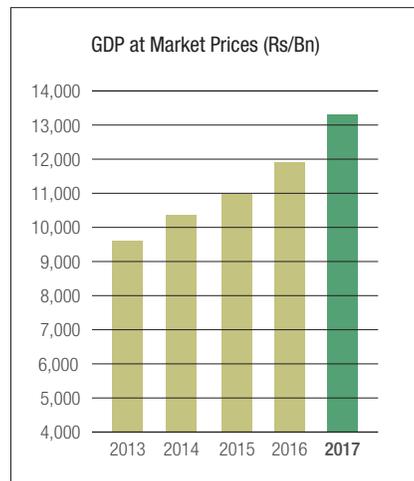
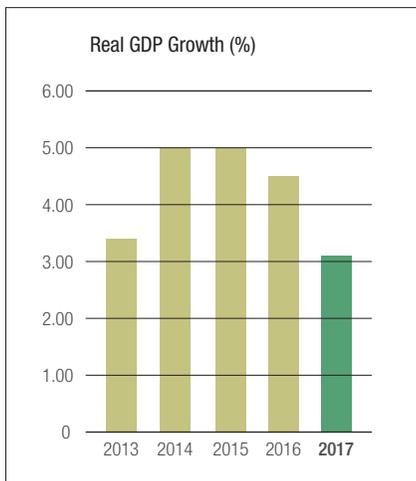
Sri Lankan Economy

The Sri Lankan economy grew at a moderate pace of 3.1% in 2017 compared to 4.5% in the previous year amidst the challenges arising from both domestic and external fronts. GDP at market price recorded at Rs. 13,289 billion in 2017 compared to 11,907 billion in 2016. GDP per capita income marginally increased to USD 4,065 from USD 3,857 recorded in the previous year.

Macroeconomic Performances (2013 - 2017)

Indicator	Unit	2017	2016	2015	2014	2013
Real GDP Growth	%	3.1	4.5	5.0	5.0	3.4
GDP at Market Prices	Rs. Bn	13,289.0	11,907.0	10,951.0	10,361.0	9,592.0
Per Capita GDP	USD	4,065.0	3,857.0	3,842.0	3,821.0	3,609.0
Annual Average Inflation	%	6.6	4.0	2.2	3.3	6.9

(Source: Central Bank of Sri Lanka)





OPERATING ENVIRONMENT

GDP Growth – Sector wise

Agriculture related activities accounting for 6.9% of real GDP recorded a contraction of 0.8% due to adverse weather conditions. Amongst the sub activities of agriculture, growing of oleaginous fruits, vegetables and rice reported negative growth rates. However, the growth of forestry and logging, fruits and Tea helped to reduce the contraction in agriculture activities to some extent.

Industry related activities, accounting for 26.8% of real GDP, grew by 3.9% in 2017. The growth in industrial activities was strengthened by the manufacturing activities, construction activities, and mining and quarrying. However, the growth of construction activities that supported overall economic growth throughout the post conflict period, with the exception of 2015, reduced significantly during 2017.

Services activities, which accounted for 56.8% of real GDP, grew by 3.2% in 2017 driven by the expansion in financial service activities, wholesale and retail trade, and other personal service activities. However, public administration and defence activities recorded a negative growth, hampering the services sector growth, while the slowdown in transportation activities also contributed towards the moderation in overall economic growth during the year.

GDP Growth – Sector wise

Sector	Value (Rs./ Mn)		As a share of GDP %		Rate of Change %	
	2017	2016	2017	2016	2017	2016
Agriculture	639,273	644,262	6.9	7.1	(0.8)	(3.8)
Industry	2,492,286	2,399,285	26.8	26.6	3.9	5.8
Services	5,289,227	5,124,016	56.8	56.7	3.2	4.7
Taxes Less Subsidies on Products	894,702	866,727	9.6	9.6	3.2	6.3
GDP	9,315,488	9,034,290	100.0	100.0	3.1	4.5

(Source: Central Bank of Sri Lanka)

Inflation

Annual average inflation increased from 4.0% in 2016 to 6.6% in 2017. This was mainly due to the changes in food prices as well as the impact of tax adjustments.

Unemployment

The overall unemployment rate declined to 4.2% in 2017, from 4.4% in 2016, with a notable decline in the female unemployment rate. The total labour force and the employed population grew by 3.1% and 3.3% during 2017 respectively compared to 2016. Labour Force Participation Rate (LFPR) marginally increased to 54.1% in 2017 compared to 53.8% in 2016.

Employment in the Agriculture sector due to the negative growth in agricultural activities due to continued disruptions caused by adverse weather conditions that prevailed during the period. More importantly, the share of employed population in the Agriculture sector reached an all-time low in the third quarter of 2017.

Exports

Earnings from exports increased by 10.2 % to USD 11,360.4 million in 2017, from USD 10,309.7 million in 2016 recording the historically highest value for earnings. Earnings from industrial exports mainly contributed to the increase in export earnings in 2017, followed by agricultural exports. The strong growth in export earnings was underpinned by the restoration of the EU-GSP+ facility, recovery in external demand, expansion in investment in export related industries, and increased commodity prices in the international markets. USA continued to be the largest export destination followed by UK, India, Germany and Italy.

Earnings from agricultural exports grew significantly by 19.0% to USD 2,767.2 million in 2017 maintaining its growth momentum throughout the year. Favourable prices in the international market, particularly for Tea, mainly contributed to this growth. Earnings from Tea exports which is accounted for 13.5% of total exports significantly increased by 20.5% to US dollar 1,529.8 million in 2017 compared to US dollar 1,269.0 million in 2016.

Composition of Exports

Category	2017		2016		Change in Value USD Mn.	Y-o-Y Change %	Contribution to Change %
	Value	Share	Value	Share			
	USD Mn.	%	USD Mn.	%			
Agricultural Exports	2,767.2	24.4	2,326.1	22.6	441.1	19.0	42.0
Industrial Exports	8,541.9	75.2	7,940.1	77.0	601.8	7.6	57.3
Mineral Exports	34.5	0.3	29.0	0.3	5.5	19.0	0.5
Unclassified Exports	16.9	0.1	14.5	0.1	2.3	16.0	0.2
Total Exports	11,360.4	100.0	10,309.7	100.0	1,050.7	10.2	100.0

(Source: Central Bank of Sri Lanka)

Imports

Expenditure on imports increased by 9.4% to USD 20,979.8 million in 2017, recording the historically highest value for imports, mainly due to higher fuel imports. Expenditure on fuel imports increased by 38.2% to USD 3,427.9 million during the year 2017 mainly due to the higher demand from the domestic power generation sector in view of dry weather conditions which prevailed in the country.

Import expenditure on fertiliser, chemical products and mineral products recorded a decline during the year, easing the pressure on import expenditure to some extent. Expenditure on fertiliser imports declined significantly by 24.9% to USD 102.8 million, in 2017, mainly due to the decline in imported volumes of fertiliser, particularly urea and other nitrogenous fertilisers.

Exchange Rates

The Sri Lankan rupee remained relatively stable, in 2017 due to market-based exchange rate policy implemented by the Central Bank during the year whilst limiting Central Bank intervention in the foreign exchange market only to buildup international reserves.

As a result of significant depreciation pressure on the rupee which prevailed in the first two months of 2017 due to continued outflows derived from import expenditure, debt service payments and unwinding of foreign investments, necessitated the Central Bank to supply foreign currency liquidity to the domestic foreign exchange market to defend the external value of the Sri Lankan rupee. However, this situation turned around from March 2017 onwards with higher foreign investments and increased conversion of export proceeds. The pressure on Sri Lanka Rupee further eased gradually from May 2017 onwards with the issuance of the International Sovereign Bonds, receipt of the foreign currency term financing facility, and disbursement of the third and the fourth tranches of the IMF EFF program.

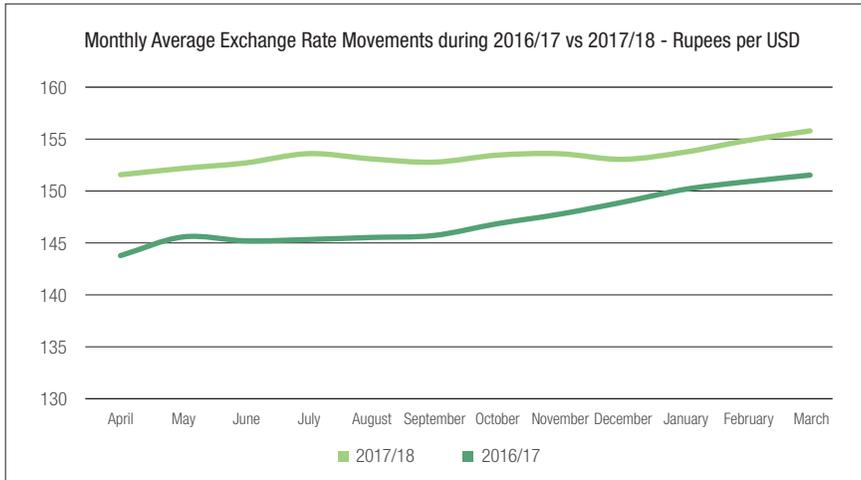
As a result of the above developments the Rupee recorded an overall depreciation of 2.0% against the US dollar during the year, from Rs. 149.80 at end-2016 to Rs. 152.85 at end-2017. In addition, the annual average exchange rate depreciated by 4.50% to Rs. 152.46 against the US dollar in 2017.

However, the Sri Lankan Rupee was further depreciated in the first quarter of 2018 recording a monthly average exchange rate of Rs. 155.73 against the US dollar in the month of March 2018.



OPERATING ENVIRONMENT

Monthly Average Exchange Rate Movements - Rupees per USD



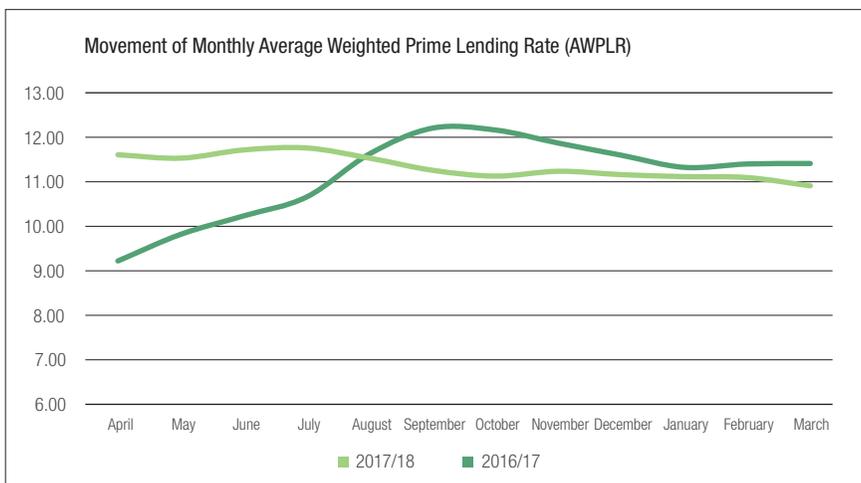
(Source: Central Bank of Sri Lanka)

Interest Rates

Due to the tight monetary conditions deposit and lending interest rates of commercial banks continued to increase during 2017 raising the cost of funds in the economy. However, some moderation in deposit rates was observed towards the end of the year, while lending rates stabilised at elevated levels.

The Average Weighted Deposit Rate (AWDR) increased by 90 basis points to 9.07% by end 2017 from 8.17% at end 2016. The weekly Average Weighted Prime Lending Rate (AWPLR) has shown only a marginal increase due to improved market liquidity and recorded 11.55% by end 2017 from 11.52% at end 2016 whilst the monthly AWPLR decreased by 40 basis points to 11.33% by end 2017 from 11.73% recorded at end 2016.

Movement of Monthly Average Weighted Prime Lending Rate (AWPLR)



(Source: Central Bank of Sri Lanka)

Global Tea Industry

World Production of Tea

Country	2017 (Mn/Kg)	2016 (Mn/Kg)	Variance	
			(Mn/Kg)	%
China (Mainland)	2,550.00	2,404.95	145.05	6.03
India	1,278.83	1,267.36	11.47	0.91
Kenya	439.86	473.01	(33.15)	(7.01)
Sri Lanka	307.08	292.57	14.51	4.96
Turkey	255.40	253.31	2.09	0.83
Other	855.22	870.32	(15.10)	(1.73)
Total	5,686.39	5,561.52	124.87	2.25

Global Tea production in 2017 amounted to 5,689.39 million kilos in compared to 5,561.52 million kilos in 2016, showing a marginal increase of 124.87 million kilos (+2.25%). China continued to be the world largest Tea producer followed by India, Kenya, Sri Lanka and Turkey. Tea production in all major producing countries during the year shows a marginal growth compared to last year except for Kenya, where the production was hindered due to severe drought conditions.

(Source: International Tea Committee)

World Exports of Tea

Country	2017 (Mn/Kg)	2016 (Mn/Kg)	Variance	
			(Mn/Kg)	%
Kenya	415.72	480.33	(64.61)	(13.45)
China (Mainland)	355.26	328.69	26.57	8.08
Sri Lanka	288.98	288.77	0.21	0.07
India	240.68	218.39	22.29	10.21
Vietnam	134.00	142.00	(8.00)	(5.63)
Other	343.75	339.67	4.08	1.20
Total	1,778.39	1,797.85	(19.46)	(1.08)

Kenya maintained its position as the world's largest Tea exporter followed by China, Sri Lanka, India and Vietnam. Kenyan Tea exports dropped significantly by 13.45% in 2017 against 2016 mainly due to the drop in production as a result of adverse weather conditions prevailed during the year. Tea exports in China, India and Sri Lanka have shown a positive growth whilst Vietnam recorded a negative growth.

(Source: International Tea Committee)



OPERATING ENVIRONMENT

Tea Imports for Consumption

Country	2017	2016	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Pakistan	175.01	173.75	1.26	0.73
Russian Federation	160.00	160.00	-	-
U S A	126.33	131.11	(4.78)	(3.65)
United Kingdom	108.99	107.23	1.76	1.64
Egypt	78.00	88.46	(10.46)	(11.82)
Other	1,044.77	1,070.55	(25.78)	(2.41)
Total	1,693.10	1,731.10	(38.00)	(2.20)

World's Tea imports for consumption amounted to 1,693.10 million kilos in 2017 compared to 1,731.10 million kilos in 2016, showing a slight decrease of 38.0 million kilos (-2.20%). Pakistan continued as the No. 1 Tea importing country in the world followed by Russian Federation, USA, UK and Egypt.

(Source: International Tea Committee)

Sri Lankan Tea Industry

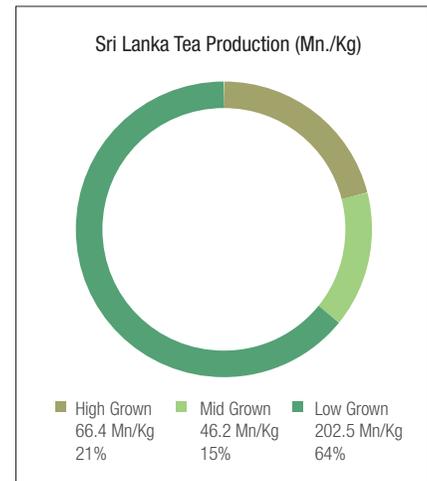
Tea Production

Elevation	2017/18	2016/17	Variance	Variance
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
High Grown	66.4	62.8	3.6	5.7
Mid Grown	46.2	43.8	2.4	5.5
Low Grown	202.5	182.1	20.5	11.2
Total	315.2	288.7	26.5	9.2

Source: Sri Lanka Tea Board Statistical Division

Sri Lanka Tea production for the year under review recorded a positive growth reversing the declining trend of the recent years. Tea production for the year ending 31st March 2018 amounted to 315.2 million kilos recording a significant increase of 26.5 million kilos (+9.2%) compared to the previous year. High Grown, Mid Grown and Low Grown production increased by 3.6 million kilos (+5.7%), 2.4 million kilos (+5.5%) and 20.5 million kilos (+11.2%) respectively.

The reversal in the trend for Tea production after the continuous decline in recent years was recorded amidst crop losses resulting from dry weather conditions that prevailed in major Tea growing areas since 2015, restrictions on the application of selected weedicides such as glyphosate and labour constraints leading to high cost of production. Favourable weather conditions which were ideal for the rapid growth of Tea leaves prevailed in most of the plantations districts in the latter part of the year assisted the gain in Tea production.



Colombo Auction Averages

Elevation	2017/18		2016/17		Variance		Variance %	
	(LKR)	(USD)	(LKR)	(USD)	(LKR)	(USD)	(LKR)	(USD)
High	609.08	3.97	506.55	3.43	102.53	0.54	20.24	15.70
Medium	566.55	3.69	469.27	3.18	97.28	0.51	20.73	16.17
Low	645.00	4.20	542.10	3.67	102.90	0.53	18.98	14.48
Total	625.86	4.08	523.59	3.55	102.27	0.53	19.53	15.01

Source: Colombo Brokers Association / CBSL

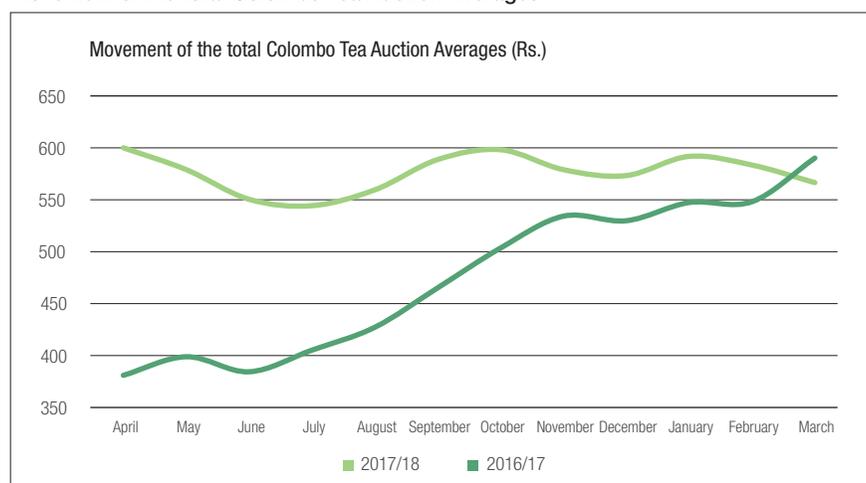
The average prices at the Colombo Tea Auction (CTA) witnessed a continuation of the upward momentum recorded since the latter part of 2016, with increased demand from some of the major importers. The prices at the Colombo Tea Auction for teas in all three elevations for the year ended 31st March 2018 recorded positive growth compared to the corresponding prices recorded in the previous year. The total Colombo Tea Auction Average significantly gained by Rs. 102.27 (+19.53%) to Rs. 625.86 in 2017/18 compared to Rs. 523.59 in 2016/17.

Elevation wise analysis shows that High Grown, Medium Grown and Low Grown averages increased by Rs. 102.53 (+20.24%), Rs. 97.28 (+20.73%) and Rs. 102.90 (+18.98%) respectively compared to the previous year.

In terms of USD equivalent based on the respective weighted average exchange rates the total Colombo Tea Auction Average has increased to USD 4.08 in 2017/18 from USD 3.55 in the previous year.

Improved demand in some of the key export destinations coupled with the depreciation of the domestic currency has assisted the growth in Tea prices during the year 2016/17.

Movement of the total Colombo Tea Auction Averages



Source: Colombo Brokers Association

Tea Exports

Year	Qty. Mn/Kg	Value (Rs/Bn)	Average FOB Price per Kg (Rs.)	Value (USD/Bn)	Average FOB Price per Kg (USD)
2017/18	289.46	237.74	821.32	1.55	5.35
2016/17	282.73	192.37	680.42	1.30	4.61

Source: SL Customs - Statistical Division

Total quantity of Tea exported for the financial year ending 31st March 2018 including Re-Exports with imported Tea amounted to 289.46 million kilos showing a marginal increase of 6.73 million kilos (+2.38%) compared to the same period last year.

With the increase in the FOB price per Kg from LKR 680.42 to LKR 821.32 total export value for the period recorded a significant gain of Rs. 45.37 billion (+23.58%) as against the same period last year. Equivalent USD export earnings for the year ending 31st March 2018 amounted to approximately USD 1.55 Billion as against USD 1.30 Billion in the same period last year showing a considerable increase of approximately USD 0.25 Billion (+18.97%).

The steady rise in global oil prices during the year under review had a favourable impact on the income levels of major Tea importing countries, resulting in a higher demand for Sri Lankan Tea. Further, the high prices in the international market driven by the decline in global supply in recent years, particularly from Kenya and the depreciation of the domestic currency too assisted the growth in Tea export revenue.



OUR STRATEGY

Our strategy focused on three key elements which are a competent team, operational excellence and service excellence. We continue to drive our strategies through Processes, People and Technology in order to achieve our vision, mission and objectives.

Competent Team

We believe that a competent team with required skills, experience and commitment is essential for us to achieve our strategic objectives. Therefore, we continue to invest in acquiring and improving human resources in order to serve our clients better.

We, as a Group, strive to have the right people, in the right place. We have developed a comprehensive Human Resource Policy, which has contributed to managing, retaining and attracting talent to the Group. We provide training and development opportunities to our employees in order to enhance their interpersonal and technical skills.

Further, we focused extensively on team building because we believed that Tea Broking is a team effort. None of our internal systems would have made any sense if we could not service our clients and for this, we needed a highly motivated team. We did this by significantly strengthening our team by recruiting quite a few young and dynamic members to the Company. Our comparatively young team has displayed capabilities beyond their years, and has brought the Company to a level that is quite satisfactory and in achieving customer satisfaction levels that are extraordinary.

Operational Excellence

As an important part of our strategy we continue to improve our processes in order to optimise our cost through operational excellence. We managed to maintain our operational cost irrespective of the growth in business by improving our processes and operational efficiencies.

We have integrated most of our systems and have been able to cut down on the amount of paperwork involved as well as the delays experienced before, by eliminating the errors that would naturally creep in when using a non-integrated system. At the same time, we streamlined our processes and brought them in line with best practices in the market, thereby reducing operational cost as well as increasing efficiency and accuracy in order to give our clients a superior service.

Service Excellence

Since Tea broking is purely a service, providing a superior service to our clients is vital to our growth. Thus, "service excellence" is the most imperative strategic focus to our long-term sustainability. With this in mind, we will constantly endeavour to upgrade our services by investing in correct human and technological resources in order to provide a professional service to our clients.

Arising from our strategy we have developed a set of strategic objectives which reflects in our budgets and business plans for the future. These objectives are monitored and altered regularly to align with the changes in macro and micro environments.

Sustainable Development

Being a socially responsible corporate citizen is part of our mission and we believe that our Group cannot sustain in isolation and our long-term sustainability depends on the positive impact of our business activities to our economy, our society and our environment. Therefore, ultimate objective of our corporate strategy is to create value to all our stakeholders and we will continue to monitor impact of our actions to the economy, society and environment.

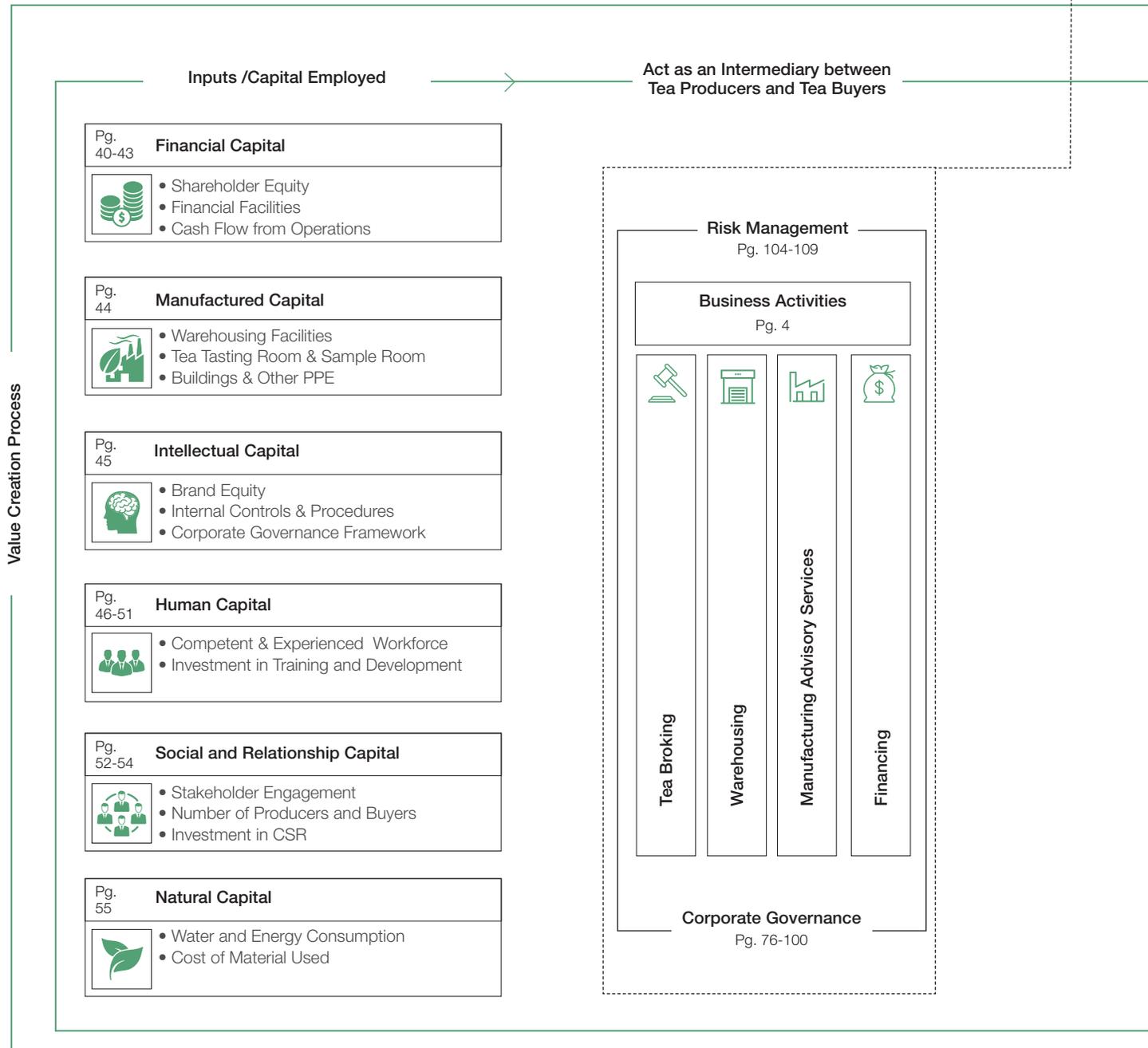
Our strategic direction to sustainable development is graphically depicted on page 29.

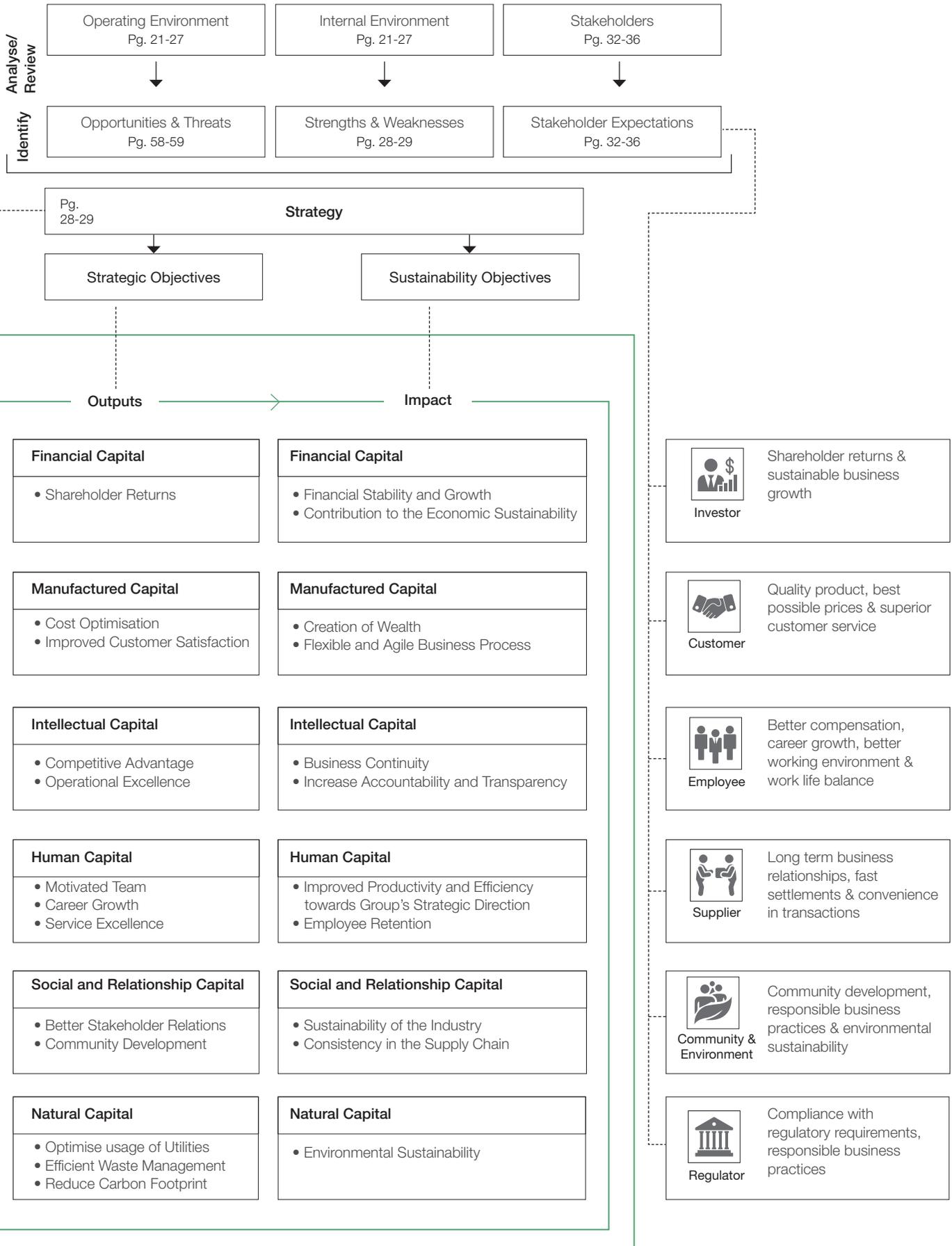




OUR BUSINESS MODEL

Our business model explains how we create value using our capital and transform them through our business activities and their output and impact to our stakeholders, society and environment. We regularly review our external environment and identify the risks and opportunities relevant to our Group and revise the components of the business model and our strategies accordingly. As a socially responsible corporate citizen we continuously improve our processes and technology to reduce the adverse social and environmental effects that may arise from our business model.







STAKEHOLDER RELATIONSHIPS AND MATERIALITY

Stakeholder Relationships

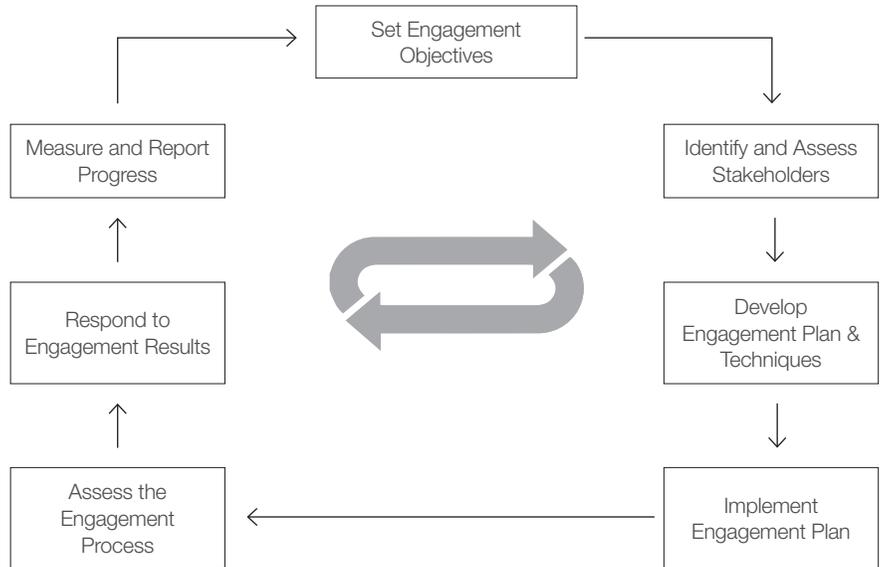
Our Stakeholders

The Group assesses the importance and the impact of each Stakeholder to the Group and relevant management actions are implemented accordingly. The Group has identified six Stakeholder groups who can be significantly affected by its business activities, output or outcomes or whose actions significantly affect the ability of the Group to create value over time. The said Stakeholders are graphically depicted.

Stakeholder Engagement Process

The Group believes that stakeholder engagement is a strategic activity and it is vital to sustainable development and promoting good governance. Thus, connecting with our many and varied Stakeholders is an essential aspect of our operations.

Stakeholder engagement is the process used by the organisation to ensure effective engagement of relevant Stakeholders for the purpose of achieving Group Objectives. Under the stakeholder management framework of the Group, Stakeholders are identified, analysed, engaged and effectiveness of engagement is measured on a regular basis through feedbacks. The Group's Stakeholder engagement process is as follows:



Power	High	Keep satisfied 	Actively engage and manage closely
	Low	Minimal effort 	Keep informed
		Low	High
Interest			

Stakeholder Engagement

Stakeholder	Ways of Engagement	Frequency of Engagement	Stakeholder Expectations	Stakeholder Management
Shareholders/ Investors 	<ul style="list-style-type: none"> ▪ Annual General Meeting ▪ Annual report ▪ Interim Financial Statements ▪ Corporate website ▪ Announcements in CSE 	<ul style="list-style-type: none"> ● ● ● ● ● 	<ul style="list-style-type: none"> ▪ Shareholder returns and growth ▪ Risk management ▪ Business continuity ▪ Strengthening the Corporate Governance practices 	<ul style="list-style-type: none"> ▪ Profit maximization whilst safeguarding shareholder interests. ▪ Transparent and reliable disclosures ▪ Communicating future business plans
Tea Producers 	<ul style="list-style-type: none"> ▪ One to one meetings ▪ Monthly and quarterly performance reviews ▪ Weekly Market reports and other market information on global and Sri Lankan Tea industry ▪ Regular factory visits by Manufacturing advisors and marketing executives ▪ Conduct seminars for factory owners and their staff on “importance of maintaining quality of Tea” 	<ul style="list-style-type: none"> ● ● ● ● ● 	<ul style="list-style-type: none"> ▪ Best prices for their produce ▪ Financial support to meet their working capital requirements ▪ Technical advisory support to improve the quality of the produce ▪ Efficient communication and convenience in transactions ▪ Efficient service in warehousing activities 	<ul style="list-style-type: none"> ▪ Maintaining consistent demand and fair prices at the auctions ▪ Flexible financial solutions ▪ Manufacturing advisory services to improve the quality of the produce to meet buyers’ requirements ▪ Efficient communication systems ▪ Real time updates on auction prices ▪ Efficient unloading process at warehouses
Tea Buyers 	<ul style="list-style-type: none"> ▪ Weekly engagement at auction ▪ One to one meetings with buyers ▪ Weekly market reports and other market information on Global and Sri Lankan Tea industry 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> ▪ Quality product at a reasonable price ▪ Efficient communication and convenience in transactions ▪ Efficient service in warehousing activities 	<ul style="list-style-type: none"> ▪ Fair pricing ▪ Effective communication of Auction prices ▪ Providing efficient pre and post auction services ▪ Efficient service in loading process at warehouses
Employees 	<ul style="list-style-type: none"> ▪ Regular staff meetings ▪ Formal and informal discussion ▪ Internal communication channels ▪ Training programs ▪ Recreational activities 	<ul style="list-style-type: none"> ● ● ● ● ● 	<ul style="list-style-type: none"> ▪ Industry competitive remuneration packages ▪ Career Growth ▪ Better working environment ▪ Work-life balance ▪ Equal opportunity ▪ Health and safety ▪ Job Security 	<ul style="list-style-type: none"> ▪ Fair remuneration and promotions based on the annual performance evaluations ▪ Training & development opportunities ▪ Equal treatment ▪ Increase the efficiency in effective communication channels

Annually ● Quarterly ● Monthly ● Weekly ● As an when required ●



STAKEHOLDER RELATIONSHIPS AND MATERIALITY

Stakeholder	Ways of Engagement	Frequency of Engagement	Stakeholder Expectations	Stakeholder Management
Suppliers and service providers 	<ul style="list-style-type: none"> Written Communications Regular meetings 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> Favorable terms and conditions Speed settlement Long term business relationship Convenience in transactions Business growth 	<ul style="list-style-type: none"> Maintaining mutually rewarding partnerships Providing future business opportunities On time settlements
Industry Bodies/ Associations 	<ul style="list-style-type: none"> The Company actively engaged with the industry bodies and associations such as Sri Lanka Tea Board, the Colombo Brokers Association, the Colombo Tea Traders Association, the Tea Exporters Association, the Sri Lanka Private Tea Factory Owners Association and participated at meetings, events & AGM's organized by such associations 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> Sustainability of the Industry Development of the relevant community groups 	<ul style="list-style-type: none"> Adhering to rules and regulations of the relevant industry bodies and associations Effective communications
Community and Environment 	<ul style="list-style-type: none"> Providing training opportunities and internships to graduates and under graduates CA Sri Lanka certified training partner for students in business and corporate levels Actively participate in seminars organized by our producer clients to Tea small holders and educate them CSR initiatives 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> Community development Responsible business practices Employment opportunities Environment Sustainability 	<ul style="list-style-type: none"> Facilitate internships and training opportunities for students pursuing degrees in Agriculture and Accountancy Carry out CSR Programs
Government and Regulators 	<ul style="list-style-type: none"> Directives and circulars Meetings and consultations Press releases Periodic returns Attend meetings Written communication 	<ul style="list-style-type: none"> ● ● ● ● 	<ul style="list-style-type: none"> Compliance with requirements under governing bodies Responsible business practices Support in surveillances carried out 	<ul style="list-style-type: none"> Regular monitoring on compliance requirements & internal controls Independent Assurance Liaise with relevant representatives of the regulators Responsible business practice through maintaining transparency and accountability

Annually ● Quarterly ● Monthly ● Weekly ● As an when required ●

Materiality

Materiality of issues can be considered as the issues which substantially affect the Group’s value creation process and sustainability over the short, medium and long term. Meeting the needs and aspirations and addressing the material issues of our Stakeholders is the foundation of the Group’s strategy. Our focus on materiality is based on material aspects recognised by both internal and external Stakeholders.

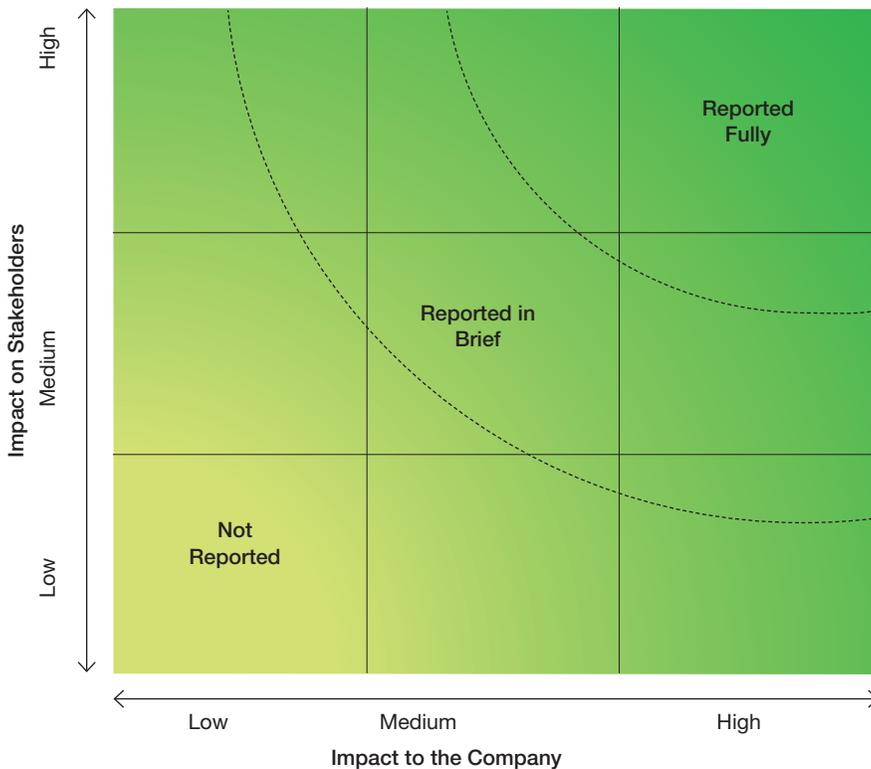
Materiality Determination Process

Materiality analysis is a key process that enables the Group to define key triple bottom line issues that are vital to our business and Stakeholders, both internal and external. This process is crucial to drive performance, improve our sustainability framework and use the corporate governance practices at all levels of the Group. The Group conducts regular external Stakeholder engagement in ascertaining aspects material to its significant Stakeholders. In addition, materiality is also assessed internally in ascertaining the aspects material to the Group and to fine-tune and streamline its strategy and processes to manage these material issues.

Materiality determination process of the Group is graphically depicted below;

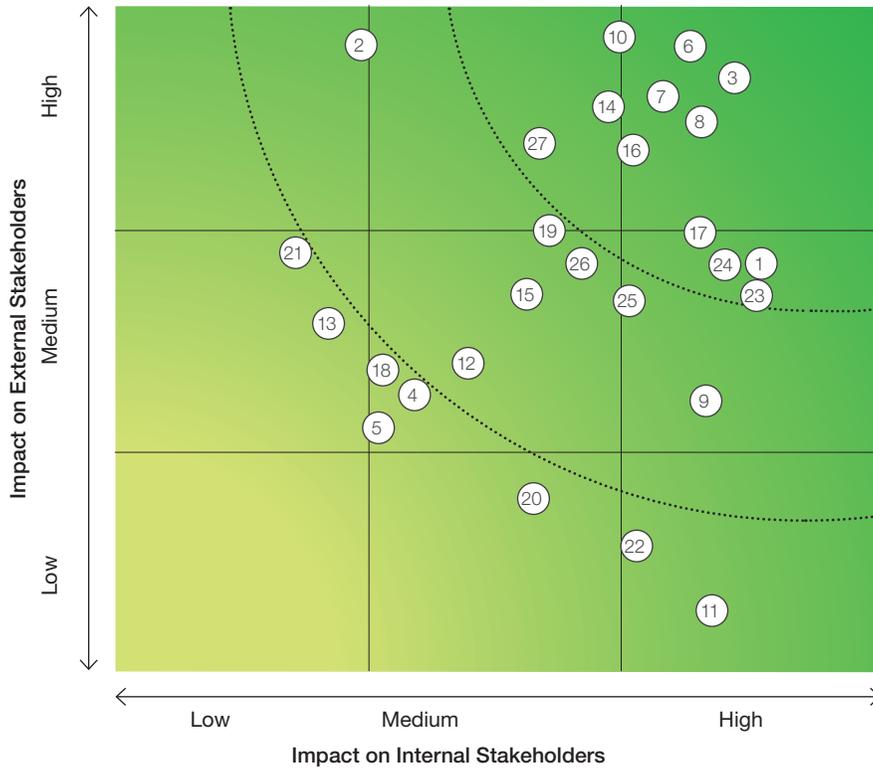


Once we prioritise the material issues, relevant disclosures are made based on the impact of the each material issue to each Stakeholder and to the Group as illustrated below;





STAKEHOLDER RELATIONSHIPS AND MATERIALITY



Key issues that were rated as the most material in respect of the key stakeholders are graphically depicted below;

No.	Material Issue	Relevant GRI Standard
01.	Anti corruption	GRI 2016 - 205
02.	Child labour	GRI 2016 - 408
03.	Climate change	GRI 2016 - 201
04.	Community development	GRI 2016 - 413
05.	Competition	GRI 2016 - 206
06.	Corporate governance	GRI 2016 - 102
07.	Customer satisfaction	GRI 2016 - 416 & 418
08.	Direct economic value generated	GRI 2016 - 201
09.	Disaster recovery plans	GRI 2016 - 201
10.	Economic performance	GRI 2016 - 201
11.	Employee training and development	GRI 2016 - 404
12.	Energy consumptions	GRI 2016 - 302
13.	Environment protection	GRI 2016 - 307

No.	Material Issue	Relevant GRI Standard
14.	Ethical conduct	GRI 2016 - 102
15.	Force labour	GRI 2016 - 409
16.	Global economy	GRI 2016 - 201
17.	Health and safety	GRI 2016 - 403
18.	Human rights	GRI 2016 - 412
19.	Innovation in process and services	Not covered in GRI
20.	Labour relations	GRI 2016 - 402
21.	Non discrimination	GRI 2016 - 406
22.	Operational cost	GRI 2016 - 201
23.	Regulatory compliance	GRI 2016 - 419
24.	Reputation	Not covered in GRI
25.	Risk management	GRI 2016 - 201
26.	Talent acquisition and retention	GRI 2016 - 401
27.	Waste management	GRI 2016 - 305 & 306

Disclosures in this report pertaining to the above key issues are given in GRI index from Page 63 to 65.

CHIEF OPERATING OFFICER'S STATEMENT ON SUSTAINABILITY



“Being a socially responsible corporate citizen is part of our mission and therefore, we ensure that our business activities will positively impact on economic, social and environmental sustainability.”

Saminda Deshapriya
Director / Chief Operating Officer

Our Approach to Sustainability

We put our effort to operate in a way that creates long-term value by balancing the needs of the organization with the needs of future generations. Our Group's sustainability approach provides the foundation for incorporating the three pillars of sustainability; environmental, economic and social considerations into our decision-making processes.

Being a socially responsible corporate citizen is part of our mission and therefore, we ensure that our business activities will positively impact on economic, social and environmental sustainability.

We started to apply the GRI Sustainability Reporting Standards since last year. Further, we started UN Sustainability Development Goals (SDGs) for the first time in this report and we believe our new sustainability report format lends itself to a greater transparency.

SUSTAINABLE DEVELOPMENT GOALS



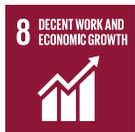
Our Contribution towards the Sustainable Development Goals



How we achieved it

- Provided financial facilities of Rs. 1,528.97 million in the form of loans and advances as at 31st March 2018 to our producer clients to expand their operations which in turn helped the industry and the economy as a whole to reduce poverty and end hunger for all.
- Allocated Rs. 0.05 for community development under the CSR fund.
- Total economic value distributed for the year is Rs. 540.41 million.
- Adhered to an equal and transparent recruitment and selection procedure.
- Ensured that any of its operations or suppliers are not involved with any incidents of child labour, forced labour or compulsory labour.

Page 43,53,52,47,48



How we achieved it

- Carried out a comprehensive health campaign for Employees.
- Provided financial assistance to family members of two employees who were critically ill.

Page 53,54



CHIEF OPERATING OFFICER'S STATEMENT ON SUSTAINABILITY

	<p>How we achieved it</p> <ul style="list-style-type: none"> The Group introduced its new Code of Business Conduct and Ethics for Directors, Key Management Personnel's and employees in January 2018. <p>Page 76</p>
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		<p>How we achieved it</p> <ul style="list-style-type: none"> Provided various and diverse training opportunities to employees in order to enhance their professional and technical skills. Annual subscription fees reimbursed to the employees who are members of the professional bodies. CA Sri Lanka certified training partner for students in business and corporate levels. Provided financial assistance to a physically disabled student to continue her studies. Emphasized at all times to act as an equal opportunity employer. Adhered to an equal and transparent recruitment and selection procedure. <p>Page 49,53,47,48</p>

		<p>How we achieved it</p> <ul style="list-style-type: none"> Provided financial facilities of Rs. 1,528.97 million in the form of loans and advances as at 31st March 2018 to our producer clients to purchase machineries. CTB PLC has invested in technology to reduce paper usage during its journey to a paperless office. Routine correspondence to our clients have been converted to electronic forms such as emails and SMS's Waste papers are provided to a paper recycling company on a monthly basis. New warehousing project is designed to reduce the carbon footprint. In the process of installing LED lights with motion sensors in the Head Office premises to reduce electricity usage. Natural lighting is used in warehousing locations during the day time. Tea tasting room was designed to enable the usage of day light for evaluation of Tea samples. Most of the payments to its customers electronically, which were previously made by cheque with collaboration of leading banks in the country. This process enabled CTB PLC to make majority of its payments to clients digitally resulting in cost savings on paper whilst reducing the delay in realization of such payments to Customers' accounts. Encouraged our producer clients to obtain certifications which consider the environmental aspects such as the Rain Forest Alliance certificate which are globally recognized. <p>Page 53,55,59</p>

		<p>How we achieved it</p> <ul style="list-style-type: none"> At present the Group does not have a dedicated process aligned with the above three goals.

Following diagram elaborates our strategy to sustainability and our sustainability goals which are in line with our business strategy given on pages 28 to 29.



CSR Projects

As a part of our strategy on sustainability we have allocated five cents per Kilo of Tea we sold to a special fund with effect from 1st April 2016 in order to carry out CSR and community development projects. Details of the CSR projects are given on page 53 in this report under Capital Management Report.

Corporate Governance

Everything we do to drive growth and profitability must be done with the highest standards of ethics, honesty and integrity. Therefore, our aim is to achieve high standards of corporate governance and ensure compliance with regulations and best practices to ensure the sustainability of the business. The Group is directed and controlled by our comprehensive corporate governance framework to the best interest of all our stakeholders. Corporate Governance framework is regularly reviewed to align with regulatory changes and to reflect best practice. More details on our corporate governance framework is given on page 76 to 100 in this report.

Saminda Deshapriya
 Director / Chief Operating Officer

22nd May 2018



CAPITAL MANAGEMENT REPORT



Financial Capital

Overview

The Group concluded its most successful year of operation in its 55 years of history in terms of overall financial performance. The Group surpassed all-time best figures for revenue, profits, total assets, total shareholder funds and the dividend payout during this land mark year.

Highlights of the Group Income Statement

	2017/18 Rs.	2016/17 Rs.	Variance Rs.	Growth Y-O-Y %
Revenue	655,918,798	419,723,180	236,195,618	56.27
Operating Expenses	(59,058,614)	(59,834,370)	775,756	-1.30
Gross Profit	596,860,184	359,888,810	236,971,374	65.85
Marketing Expenses	(28,927,937)	(24,470,960)	(4,456,977)	18.21
Administration Expenses	(226,257,784)	(177,049,310)	(49,208,474)	27.79
Profit from Operations	341,674,463	158,368,540	183,305,923	115.75
Net Finance Expenses	(191,987,127)	(98,562,945)	(93,424,182)	94.79
Profit Before Taxation	149,687,336	59,805,595	89,881,741	150.29
Income Tax	(49,649,629)	(18,274,702)	(31,374,927)	171.69
Profit for the Year	100,037,707	41,530,893	58,506,814	140.88

Revenue

Revenue of the Group for the year 2017/18 increased by 56.27% to Rs. 655.92 million from Rs. 419.72 million in the previous year also surpassing the previous best of Rs. 466.77 million recorded in 2013/14.

Revenue Composition

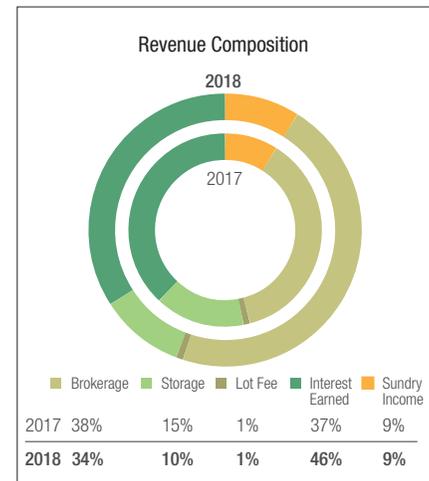
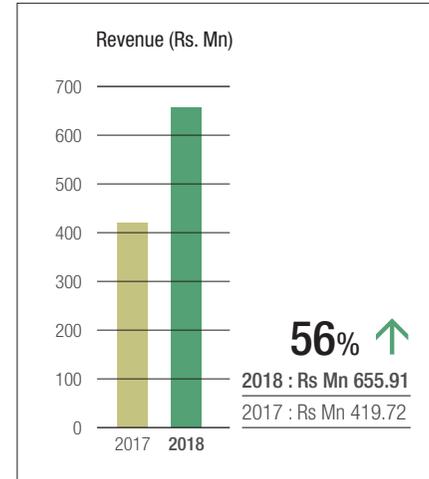
Source of Income	Rs. Million	As a % of Gross Revenue
Brokerage	224,327,093	34.20%
Storage	65,601,564	10.00%
Lot Fee	5,500,899	0.84%
Interest Earned	300,599,090	45.83%
Sundry Income	59,890,152	9.13%
Gross Revenue	655,918,798	100.00%

Brokerage income

Brokerage revenue grew by 34.20% to Rs. 224.33 million in the year under review compared to Rs. 161.14 million last year. This significant increase was mainly due to the increase in prices at the Colombo Tea Auction and the increase in the quantity of Tea sold during the year.

Storage income

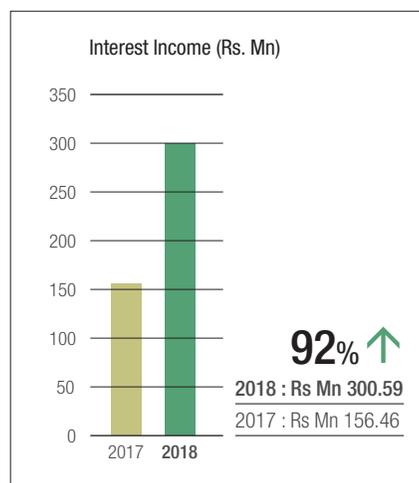
With the increase in the volume of Tea handled, income from storage increased by 10.00% to Rs. 65.60 million in the year 2017/18 compared to Rs. 61.06 million in the previous year.



Interest earned

Interest earned from loans and advances is the largest contributor to revenue portfolio amounting to Rs. 300.60 million during the year under review compared to Rs. 156.47 million in the 2016/17 showing a considerable growth of 92.11%. Due to the accelerated growth in the Tea prices during the year, value of the loans and advances portfolio too has increased significantly, as against the corresponding period last year, which resulted in a notable growth in the interest earned.

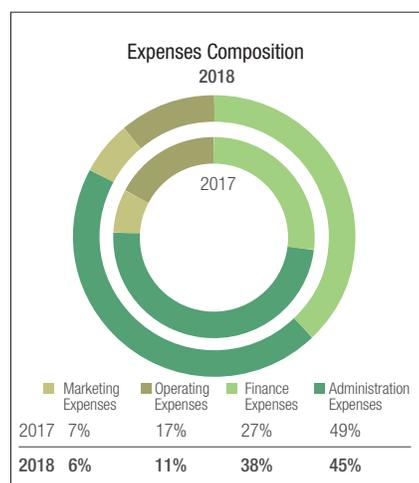
Further, the slight increase in the market interest rates on lending especially during the first half of the year under review also has contributed to the growth in interest income from lending.



Expenses

Operating expenses

Despite the increase in the volume of Tea handled by the Company, operating expenses remained at the same level as against the previous year due to the better management of expenses. Operating expenses for the year ending 31st March 2018 amounted to Rs. 59.06 million compared to Rs. 59.83 million in the previous year.



Marketing expenses

Marketing expenses increased by 18.21% to Rs. 28.93 million during the year under review from Rs. 24.47 million in the previous year due to the increase in bad debt provision as a part of the strict credit policy of the Company.

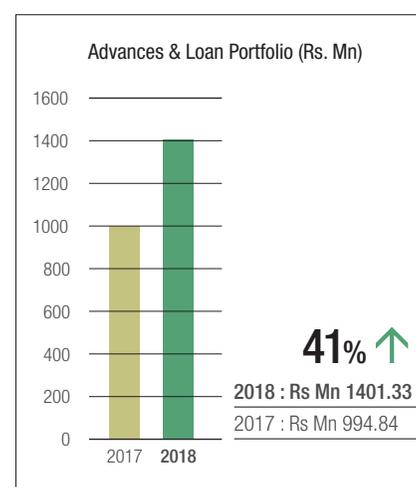
Administrative expenses

Administrative expenses increased by 27.79% to Rs. 226.26 million during the year from Rs. 177.05 million in the previous year. Main contributor to the significant increase in administrative expenses is the profit bonus paid under the performance driven profit share scheme introduced by the Company few years back. Further, the insurance premiums for fire and all risks policies on Teas held at warehouses were also increased due to the increase in market value for Tea which resulted in a significant increase in administrative expenses. Increase in professional fees as a result of the rights issue, increase in depreciation due to the addition of fixed assets, increase in professional charges and the expenses incurred for the fully owned subsidiary, Logicare (Pvt) Ltd., too contributed to the increase in administrative expenses.

Finance expenses

Finance expenses considerably increased by 92.98% from Rs. 101.99 million in 2016/17 to Rs. 196.82 million in 2017/18. The main contributor to this increase was interest paid on borrowings obtained to facilitate the growth in total loans and advance portfolio of the Company, which was increased by 94.00% from Rs. 95.29 million in the previous year to Rs. 184.86 million during the year under review. This increase on interest paid on borrowings is consistent with the interest income earned from the lending operations during the year.

More importantly, the VAT (Value Added Tax) and NBT (Nation Building Tax) on financial services paid during the year grew from Rs. 5.42 million in year 2016/17 to Rs. 11.18 million in 2017/18 as a result of the increase in net finance income from lending. Additionally, the full year's impact from increase in VAT on financial services from 11% to 15%, with effective from 1st November 2016, also reinforced the above.



Rs. 656 Mn. ↑
Revenue
2016/17 - Rs. 420 Mn.

Rs. 342 Mn. ↑
Profit from Operations
2016/17 - Rs. 158 Mn.

Rs. 100 Mn. ↑
PAT
2016/17 - Rs. 42 Mn.



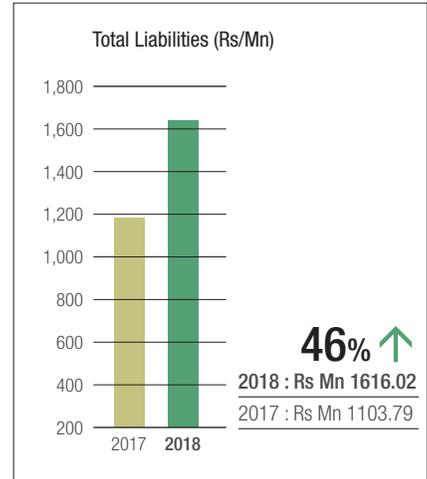
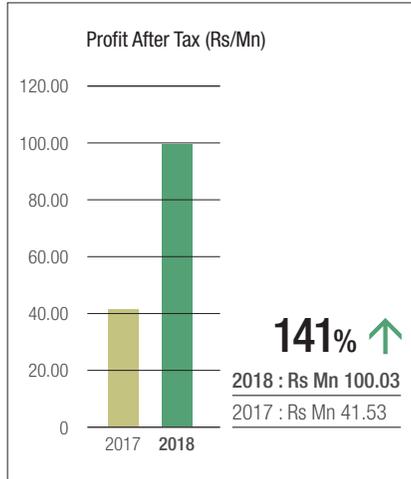
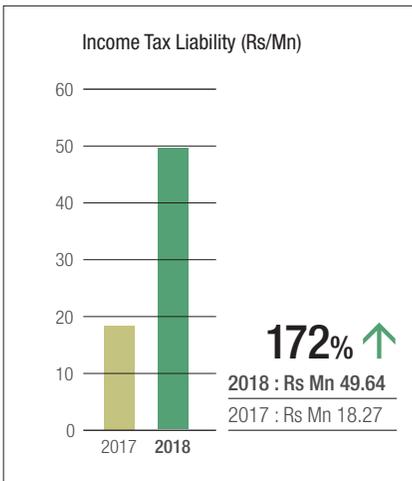
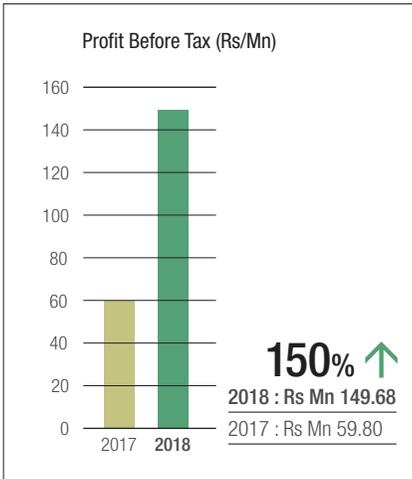
CAPITAL MANAGEMENT REPORT



Financial Capital

Profitability

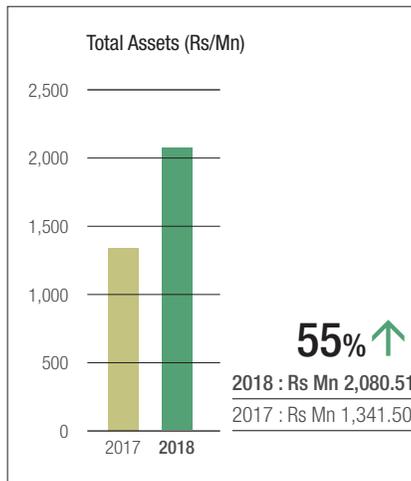
Reflecting the substantial growth in the revenue streams, the Group recorded a profit before tax of Rs. 149.69 million, which is a 150.29% increase from last years' Rs. 59.81 million. The Income tax for the year increased by a higher percentage of 171.69% due to the increase in revenue as well as the increase in dis-allowable expenses such as VAT and NBT on financial services. The Group recorded an all-time high profit after tax of Rs. 100.04 million showing an increase of Rs. 58.51 million (+140.88%) compared to the previous Year.



Financial Position

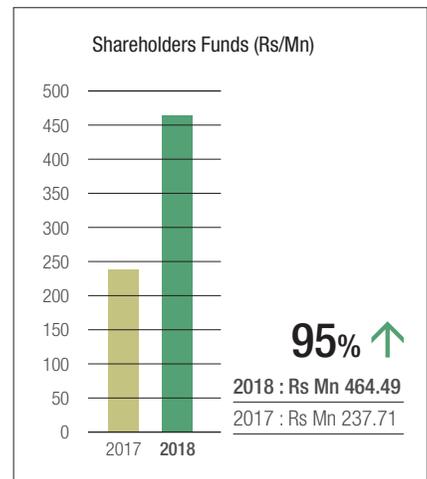
Assets

Total assets of the Group recorded an all-time high of Rs. 2,080.51 million as at 31st March 2018 compared to Rs. 1,341.50 million in the corresponding period last year due to the investment made for the warehousing project by acquiring Logicare (Pvt) Ltd and the substantial growth in lending portfolio.



Shareholder funds

Total shareholder funds in the Group as at 31st March 2018 amounted to Rs. 464.49 million showing a noteworthy increase of Rs. 226.78 million compared to the previous year mainly due to the issue of rights and the increase in profitability. The Group issued 68.4 million shares at a rate of Rs. 3.00 per share under the recently concluded rights issue which infused the total shareholder funds of the Group by Rs. 205.20 million.



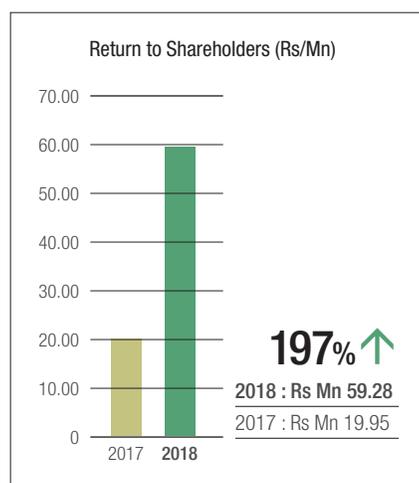
Liabilities

Total liabilities of the Group increased by 46.41% to Rs. 1,616.02 million in 2017/18 from Rs. 1,103.79 million in 2016/17. The major contributor to the above is the increase in interest bearing borrowings which accounted for an increase of 62.87% as against the previous year.



Return to shareholders

The Group's dividend policy seeks to find the correct balance between short term shareholder returns and supporting business expansion in the long term. Accordingly, the Group distributed a sum of Rs. 59.28 million from the profit of year 2017/18 as dividends which amounted to Rs. 0.325 per share.



Credit Rating

During the year under review, ICRA Lanka assigned an issuer rating of [SL] BBB with a stable outlook compared to the previous year's rating of [SL] BBB- emphasizing on the Company's ability to borrow.

ICRA Lanka assigned
[SL] BBB
 rating with
 a stable outlook

Economic Value-Added Statement (EVA)

The economic dimension of sustainability concerns our Group's impact on the economic conditions of our stakeholders, and on economic systems at local, national and global levels. This section illustrates distribution flow of capital among different stakeholders, and the main economic impacts of the organization throughout the society.

Group value addition and distribution

	2017/18 Rs.	2016/17 Rs.
Value Created		
Revenue	655,918,798	419,723,180
Total Value Created	655,918,798	419,723,180
Value Distributed		
Operating Costs	54,774,031	122,838,956
Employee Wages and Benefits	153,599,613	114,878,011
Payments to Government	53,043,184	13,702,891
Payments to Providers of Capital	276,054,286	116,241,602
Community Investments	2,948,626	620,000
Total Value Distributed	540,419,740	368,281,460
Total Value Retained	115,499,058	51,441,720
Total Value Created	655,918,798	419,723,180
Value Retained Expansion & Growth		
Profit Retained	100,037,707	41,530,893
Depreciation & Amortisation	15,461,351	9,910,827
Total Value Retained Expansion & Growth	115,499,058	51,441,720

Rs. **276.05**Mn
Value Created for the Shareholders

Rs. **53.04**Mn
Value Created for the Government

Rs. **153.60**Mn
Value Created for the Employees

Rs. **2.95**Mn
Value Created for the Community

Financial Assistance Received from Government

Income tax for warehousing income was charged at concessionary rate of 10% and the taxes on other income categories including brokerage income were charged at general tax rate of 28%.

Indirect Economic Impacts

The Company has provided financial facilities of Rs. 1,528.97 million in the form of loans and advances as at 31st March 2018 to our producer clients to meet their working capital requirements, purchase machinery and to expand their operations which in turn helped the industry and the economy as a whole.



CAPITAL MANAGEMENT REPORT



Manufactured Capital

Manufactured capital refers to the infrastructure developed by the Group for value creation which includes the corporate office, warehousing facilities, Tea tasting room and the information technology. Better use of the manufactured capital has helped the Group to deliver a superior service to our clients whilst minimizing our operational costs. The Group focused in developing infrastructure in order to support current business activities and also to meet future challenges given the significance of this capital in the value creation process.



Rs. **210.10** Mn 
PPE & Leasehold Land
2016/17 - Rs. 23.87 Mn

Warehousing Facilities

During the year under review the Group possessed over 80,000 sqft of leased own warehousing space in two different locations.

The Group is in the process of constructing a state of the art warehousing complex which consists of 12,000 pallet locations under its fully owned subsidiary "Logicare (Pvt) Ltd." with modern warehousing equipment and machinery. Objective of this project is to cater the company's total warehousing requirement as well as to provide third party logistics services. The said warehousing facility is designed to reduce our carbon footprint which is in line with our commitment to environmental sustainability. Commercial operation of the project would be expected to commence in early 2019.



Tea Tasting Room

CTB PLC has invested in a Tea tasting room in its head office with a state of the art lighting system to enhance the efficiency of the Tea tasting function which is one of the key areas in our business process.

Tea Sample Room

CTB PLC has a 7,500 sqft Tea sample room with all equipments to carry out the sampling operation efficiently.



Information Technology

The Group continuously invests in information technology infrastructure to streamline our processes to reduce operational cost as well as increase our efficiency and accuracy in order to give our clients superior service. The Group has invested in integrating processes by introducing new technology in order to reduce the manual intervention in all business process.





Intellectual Capital

Our intellectual capital comprises our knowledge-based intangibles and the organisational capital which includes the corporate governance framework, internal controls and procedures, brand equity and the knowledge of our employees. Our intellectual capital distinguishes our service offering and provides us a significant competitive edge in the long run.

Corporate Governance Framework

We believe that good Corporate Governance practices are fundamental to the Group's competitiveness, growth and sustainability. Therefore, The Board of Directors has implemented a set of corporate values which are ability, credibility, integrity and team work to lead the Group with high ethical values and accountability in our commitment to good governance practices.

The Board has the overall responsibility for compliance to ensure transparency and accountability to all Stakeholders. Therefore, the Board has introduced a corporate governance framework to execute its policies and monitor effectiveness. This framework includes both internal and external governance structures of the Group.

Our Brand



Our Brand is built over the years with the attributes of trust, stability and strength which we will continue to re-emphasise and reinforce. Over the past few years we have identified the requirement to integrate new strengths and communicate these new attributes which cater to evolving industry dynamics. Our brand symbolises what it means to all our Stakeholders.

Market share growth, rankings in different elevations and awards and recognition reflects the growth in our intellectual capital enhancing our brand value over decade after renaming the Company as Ceylon Tea Brokers.

Internal Controls and Procedures

The Group has a sound internal control and procedures as a part of our risk management initiatives. The Management Committee and the Credit Committee which are under the supervision and direction of the Board of Directors implement policies and procedures at operational level in order to strengthen the internal controls. Internal Auditors review the effectiveness of risk management practices and the internal controls of the Group whilst the External Auditors review the internal controls over the financial reporting process.

Knowledge and Expertise

Knowledge and expertise of Board of Directors and our employees is one of the key strengths in our intellectual capital which gives us a competitive advantage in the long-run. We continuously invest in training and development of our employees as one of the key strategic priorities in our corporate strategy. More details in this regard are included in the human capital section of this report.



Awards and Recognition Received During the Year

CTB PLC won the 'Silver Award' in the Service Organization Category at the 53rd Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka (CASL) on 5th December 2017.



CTB PLC won the 'Merit Award' in the Small & Medium Enterprises Category at CMA Excellence in Integrated Reporting Awards 2017 organised by the Institute of Certified Management Accountants of Sri Lanka on 17th July 2017.





CAPITAL MANAGEMENT REPORT



Human Capital

Creating a competent team is one of the core elements of our business strategy. We as a Group strive to have the right people, in the right place. Tea Broking is purely a service oriented industry and therefore, the need of creating a competent team with required competencies, capabilities, experience and their motivation to innovate is essential for us to achieve our long-term strategic objectives.

The Human Resource (HR) function was streamlined by integrating HR policies and practices across the Group and this has increasingly transformed, facilitated and groomed the entity towards inculcating a performance driven culture. The senior management together with the Human Resources team has put their time and effort to develop a successful and loyal workforce.

Our Team

Our strong team consists of a diverse mix of individuals who are the main contributors to our value creation process. Our team represents both genders and all major ethnic groups and generations since our objective is to be an equal opportunity employer where all employees can work together in a conducive working environment. We have promoted 9 employees during the year to foster their career growth. Employees are typically engaged on permanent basis and we also get the service of contractual and outsourced employees for specific functions.



Our goal is to empower our people to excel as experts in a variety of roles.

Group HR Team

Employment Type	No. of Employees	Full-time/ Part-time
Permanent	80	Full-time
Direct Employment Contract	09	Full-time
Total No. of Employees	89	Full-time





New Employee Hires and Employee Turnover

Rate of recruitments and resignations during the year

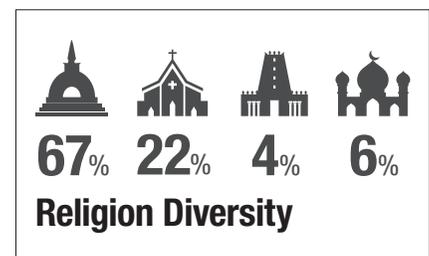
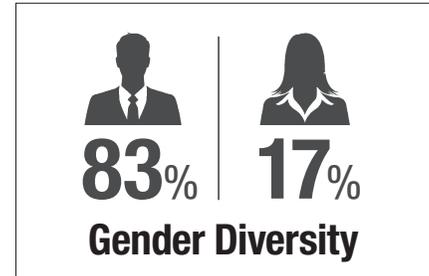
Rate of	Under 30		30 to 50		Over 50		Total
	Male	Female	Male	Female	Male	Female	
Recruitments	3	2	1	-	1	-	7
Resignations	2	1	2	-	1	-	6

Employee turnover

	Below 30		30-50		Above 50	
	Male	Female	Male	Female	Male	Female
Number of employees resigned	2	1	2	0	1	0
%	10	13	5	0	8	0

Equal Opportunity

The Group has emphasized at all times to act as an equal opportunity employer. The aspects of discrimination based on gender, religion, age, cast and origin has been totally eradicated when dealing with our human capital.



Gender diversity

Category	Male		Female		Total
	Nos.	%	Nos.	%	
Managerial	14	16	2	2	16
Executive	15	17	10	11	25
Other	38	43	1	1	39
Contract	7	8	2	2	9
Total	74	83	15	17	89



CAPITAL MANAGEMENT REPORT



Human Capital



Age distribution

Category	Below 30 Years		30-50 Years		Above 50 Years	
	Nos.	%	Nos.	%	Nos.	%
Managerial	3	3	11	12	2	2
Executive	15	17	10	11	0	0
Other	8	9	25	28	6	7
Contract	2	2	2	2	5	6
Total	28	31	48	54	13	15



Religion diversity

Religion	Buddhist	Catholic	Hindu	Muslim	Total
Manager	10	6	0	0	16
Executive	19	8	1	2	30
Other	31	6	3	3	43



Value Creation for Employees

We have delivered value to our employees in numerous ways to create a conducive working environment which inspires and motivates them to perform up to their maximum potential. Total compensation paid to the employees during the year under review including salary and other financial benefits amounted to Rs. 153.60 million compared to Rs. 114.88 million previous year.



Stock of Capital	Capital Management Action	Value Creation
Competencies, capabilities and experience of employees	Talent acquisition	Workforce with knowledge and skills to maintain a profitable and sustainable business
	Training and development	
	Remuneration and benefits	Employee satisfaction and motivation to perform well
	Career growth	
Health and Safety of Employees	Safety procedures	Safe working environment
	Health campaigns	Healthier workforce
Diversity	An equal opportunity employer	Social sustainability

368
No. of Training Hours

Talent Acquisition and Management

The Group adheres to an equal and transparent recruitment and selection procedure. Our Human resources team purely relies on competencies, skills and experience when fulfilling hiring requirements. The Group's talent acquisition channels are well focused on recruiting people with correct interpersonal skills and technical competencies.

The Group has been successful in justifying to our staff that "We make careers successful". Our human capital analysis ratios indicate that the company has tenured staff with successful career progression which justifies this statement.

The Group strongly believes that we should build and sustain a workforce which can cater to volatile and changing external environments. The Group was successful in hiring and acquiring employees with good track records during the year under review.



Our HR function focuses its vision towards crafting strategies to meet such standards. The Group will gear and adapt new internal processes in order to be competitive in the industry when acquiring external talent in the future.

Employee Engagement and Recreational Activities

The Group believes in driving an engaged work force and therefore the Group has organised several recreational activities for the employees and their families in order to encourage fellowship and team work. Work-life balance practices are deliberately driven within the organisation to minimize work-life conflicts and enable employees to be more effective in their roles at work.



Training and Development

Training and development aspects has been mainly driven on skill assessments and most importantly to up skill our staff. During the year under review, the Group has provided various and diverse training opportunities to employees in order to enhance their professional and technical skills.

On the job training is one of the key methods followed for training and development of our employees. Further, we have cross trained our staff in order to empower them to operate in multiple divisions of the Group. Such development procedures have given the Group ample opportunities for flexibility and have enabled the Group to leverage on skill utilisation and maximisation. In return, our employees have been given several opportunities for mobility across the Group and prominence has been given to their career development prospects.

Number of training hours

Designations	Male		Female		Total	
	Nos.	Rate	Nos.	Rate	Nos.	Rate
Manager	80	5.7	13	6.5	93	5.8
Executive	112	7.5	70	7.0	182	7.3
Others	88	2.3	5	5.0	93	2.4
Contract	2	0.3	11	5.5	13	1.4
Total Hours	280	4.2	88	6.8	368	4.6

The Group has also facilitated and enabled employees to obtain professional qualifications which ensure their career growth by reimbursing annual subscriptions for professional qualifications and facilitating funding channels for educational needs.

The Group is a CA Sri Lanka certified training partner for students in business and corporate levels.

The HR department also conducts quarterly induction programs and focus group discussions with staff as a part of knowledge sharing and relationship building mechanisms.

In addition to the above employees are encouraged to continue their higher education which helps them in their career growth. Annual subscription fees are reimbursed to the employees who are members of the professional bodies such as The Institute of Chartered Accountants of Sri Lanka (CASL) the Chartered Institute of Management Accountants, UK (CIMA), The Chartered Institute of Logistics and Transport, UK (CILT) and Certified Public Accountants, Australia (CPA).





CAPITAL MANAGEMENT REPORT



Human Capital

Compensation and Benefits

The Group's compensation and benefit scheme has been designed to attract, retain and motivate employees to meet Group's strategic objectives. Our pay structures and pay scales are focused towards meeting industry standards. An attractive incentive payout plan is also in place as a part of the compensation which encourages the individual performance as well as the Group's overall performance. Further, our annual performance review and increment cycle has been actively utilised to address and reward our top talent and sustain performance in the organisation.

Employee Share Options Scheme (ESOS) is also in place to encourage the key management to achieve CTB PLC's strategic objectives.

The Group has positioned a comprehensive medical insurance scheme for staff which includes Surgical and Hospitalization, Critical Illness and Personal Accident covers. Surgical and Hospitalization insurance scheme covers the indoor medical expenses of employees as well as their spouses and children. Further, staff have been granted various welfare and lifestyle benefits which has assisted them to fulfil their personal requirements.

Rs. 154 Mn
Total Compensation

Employee Well-being

The lack of extensive and adequately funded public health services pushes a large numbers of our employees to incur heavy out of pocket expenditure on services purchased from the private sector. Recognizing the importance of this issue we have initiated a comprehensive two day health camp to our employees during the year as employee well-being is one of the important aspects of our business continuity.



Long-standing Service Awards

The Group felicitated the employees with more than 10 years of service for their valuable contribution on 23rd December 2017 at the annual get-together held at Grand Monarch Hotel, Thalawathugoda and 20 employees were awarded at this event.



Occupational Health and Safety

The Group has taken necessary precautions to avoid any accidents or health related issues to our employees in their working environment. There were no incidents pertaining to injuries or occupational diseases reported during the year under review. There is no significant risk of disease to our employees related to their occupation. The Group does not have any trade union agreements on health and safety topics as there are no trade unions associated to the Group. The Group does not have any joint management-worker health and safety committees.

Labour Law

Our human resource practices are fully complied with the Shop and Office Employees Act No. 15 of 1954 and other statutory requirements which are applicable to the Group.

Defined Benefit Plan Obligations

The Group has adhered to the legal requirements pertaining to the gratuity liabilities of the Group and obtains an actuarial valuation of the gratuity liabilities from an independent consultant annually. Details of the gratuity liabilities of the Group are given on page 138.

Collective Bargaining Agreements

As a result of our core values of and equal treatment to all our employees, the Group has managed to eliminate the need for trade unions and collective bargaining agreements. The Group has not faced any type of industrial disputes during the year under review.

Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

Wages paid to the entry level employees of the Group is very much higher than the local minimum wage standards and on par with the industry standards irrespective of the gender.

Proportion of Senior Management Hired from the Local Community

All employees including the senior management of the Group are hired from the local community and the Group does not have any foreign employees as at reporting date.

Communication and Training about Anti-corruption Policies and Procedure

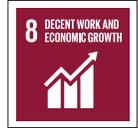
The Group's HR policy, code of conduct and the appointment letters covers the relevant information pertaining to anti corruption policies.

Parental Leave

Parental leave are granted only to the female employees of the Group and two female employees who were entitled to obtain maternity leave were granted accordingly during the year under review and they returned to work.

Minimum Notice Periods Regarding Operational Changes

Minimum of two week's notice is provided to employees and their representatives prior to implementations of significant operational changes that could substantially affect them.



CAPITAL MANAGEMENT REPORT



Social and Relationship Capital

143
Tea Producers

284
Tea Buyers

Customers handled during the year

Our relationships with customers, business partners, industry stakeholder associations and the community has a huge impact on our business and improving those relationships is one of the key objectives in our strategy to sustainability.

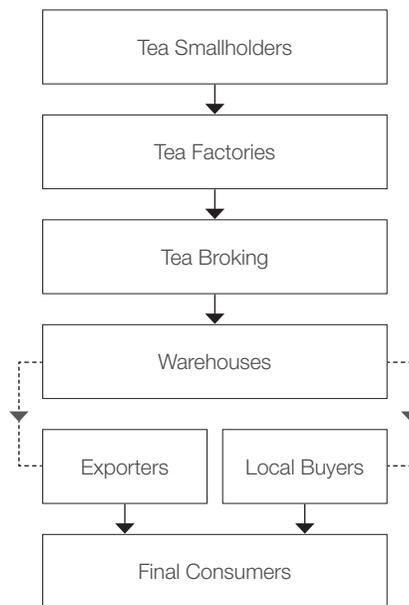
Customers

We are continuously working to enhance our customer service proposition in order to earn the confidence of our customers and we continue to strengthen our relationships with them. The Company's customer portfolio includes both Tea producers as well as the Tea buyers. Our marketing team put their effort in identifying buyer's requirements and relate these to our producer client's capabilities. We cultivate our relationships with Tea buyers to strengthen our ability to achieve the best possible prices for the produce of our producer clients.

We improve our customer experience by taking corrective actions on receiving customer complaints on a timely manner by referring those complaints to the relevant department heads to take corrective actions. We will continue to improve our relationships with our customers whilst actively venturing out to gain and secure new ones.

Supply chain

The Company act as an intermediary between Tea producers and Tea buyers. Therefore, the Tea producers, Tea buyers and the other service providers are the key Stakeholders in its supply chain which creates value. There were no significant changes to the Company and its supply chain during the year under review.



Customer health and safety

There were no incidents of non-compliance concerning the health and safety impacts of products and services reported during the year under review.

Customer privacy

There were no substantiated complaints against the Company concerning breaches of customer privacy and losses of customer data.

Business partners

Business partners of the Company include the suppliers and service providers of our business and they play a significant role in our business continuity. The Company depends on diverse group of business partners who provides materials and services which are required for day to day business operations. The Company has strengthened the relationships with all business partners by entering in to service level agreements, making payments on time and regular interaction with them.

Procurement procedure

The Company follows a procurement procedure in order to obtain high quality products and services at a cost that represents the best possible value, whilst maintaining high ethical standards and taking social and environmental responsibilities seriously.

Right to freedom of association and collective bargaining

The Company does not have any operations or suppliers in which the right to freedom of association and collective bargaining may be at risk.

Operations and suppliers at significant risk for incidents of child labour

The Company does not have any operations or suppliers at significant risk for incidents of child labour.

Operations and suppliers at significant risk for incidents of forced or compulsory labour

The Company does not have any operations or suppliers at risk for incidents of forced or compulsory labour.



Industry Stakeholder Associations

The Company and its employees hold membership and/or are associated with the following industry Stakeholder associations and institutions which work towards the development of industry standards and sustainability. The Company representatives actively engaged in events and forums organised by the said associations and institutions during the year under review.

- Colombo Brokers’ Association
- Colombo Tea Traders’ Association
- Sri Lanka Private Tea Factory Owners’ Association
- Tea Exporters’ Association
- Ceylon Chamber of Commerce
- Sri Lanka Tea Board
- Ministry of Plantations Industries

Community

Being a socially responsible corporate citizen is a part of our mission and we believe that our Company cannot sustain in isolation and our long-term sustainability depends on our relationship with the community as well. Therefore, we continue to contribute to our society in a positive manner.

Training and development opportunities

The Company provided training opportunities and internships to graduates and under graduates during the year under review. The Company is a CA Sri Lanka certified training partner for students in business and corporate levels.

Financial assistance received from government

Income tax for warehousing income was charged at concessionary rate of 10% and the taxes on other income categories including brokerage income were charged at general tax rate of 28%.

Infrastructure investments and services supported

The Company has provided financial facilities of Rs. 1,528.97 million in the form of loans and advances as at 31st March 2018 to our producer clients to meet their working capital requirements, purchase machinery and to expand their operations which in return help the industry and the economy as a whole.



CSR Projects

As mentioned in the last year’s report the management of the Company has allocated five cents per kilo of Tea we sold to a special fund with effect from 1st April 2016. The following CSR projects were carried out during the period.

1. Assistance to flood victims

This project was carried out in collaboration with our employees by providing assistance to people affected by floods in Southern Province on 1st June 2017 by distributing dry rations and other relief items.

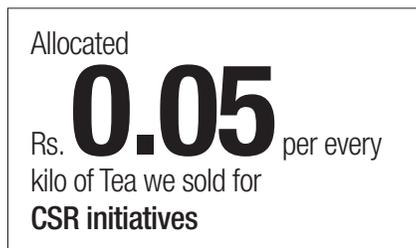


2. Assistance to physically disabled student

A charity auction was conducted on 23rd December 2017 to raise funds to provide assistance to Miss. Kaushalya Hirushani, a physically disabled student in Dudley Senanayake Maha Vidyalaya Meerigama in order to continue her studies.

3. Financial assistance to family members of two employees who were critically ill

During the year under review, financial assistance was provided to family members of two employees who were critically ill.





CAPITAL MANAGEMENT REPORT



Social and Relationship Capital

4. A comprehensive health campaign

A comprehensive two-day health campaign was conducted during the year for all the employees of CTB PLC.



Proportion of Spending on Local Suppliers

The Company purchase all materials from the local suppliers and there were no foreign suppliers as at reporting date.

Legal Actions for Anti-competitive Behaviour, Anti-trust, and Monopoly Practices

There were no legal actions against the Company for anti-competitive behaviour, anti-trust, and monopoly practices during the year under review.

Incidents of Discrimination and Corrective Actions Taken

No incidents of discrimination were reported during the year under review.

Operations that have been Subject to Human Rights Reviews or Impact Assessments

The Company does not have any operations in its business activities which are subject to human rights reviews or impact assessments.

Political contributions

The Company has not made any political contributions during the year under review.

Socio economic compliance

There were no issues pertaining to non-compliance with laws and regulations in the social and economic area of the Company.

Security practices

All our security personnels are provided by third party organisations and we have educated them about the Company's human rights policies and procedures.



Natural Capital



Since we are a service organisation, negative impacts from our business activities to the environment is comparatively low. However, we emphasise at all times on the optimising the usage of energy, water and other natural resources.

The Group has taken the following initiatives to minimise the negative impacts on environment.

Paperless Office

Most of business processes of CTB PLC are automated which resulted in lowering our carbon footprint in business activities. CTB PLC has invested in technology to reduce paper usage during its journey to a paperless office. Majority of our routine correspondence to our clients have been converted to electronic forms such as emails and SMS's which has reduced paper usage. Further, incoming faxes are diverted to individual user computers as emails to reduce paper usage.

The Group is using the BoardPAC software which is an effective way for Board of Directors to access the Board and Committee Papers and supplementary information directly on to their iPad device. This application enabled the Members of the Board and other Subcommittees to view and update documents in real time on a tablet which has significantly reduced the printing of meeting documents.

The above initiatives have assisted us to reduce our carbon footprint by reducing the usage of papers, envelopes and other printing materials.

Electronic Payment to Customers

CTB PLC make most of the payments to its customers electronically, which were previously made by cheque with collaboration of leading banks in the country. This process enabled CTB PLC to make majority of its payments to clients digitally resulting in cost savings on paper whilst reducing the delay in realisation of such payments to Customers' accounts.

Other Initiatives

- Natural lighting is used in warehousing locations during the day time
- Tea tasting room was designed to enable the usage of day light for evaluation of Tea samples
- Encouraged our producer clients to obtain certifications which consider the environmental aspects such as the Rain Forest Alliance certificate which are globally recognised
- Waste papers are provided to a paper recycling company on a monthly basis
- In the process of installing LED lights with motion sensors in the Head Office premises to reduce electricity usage.

Financial Implications and Other Risks Due to Climate Change

Since Tea is an agricultural commodity there is a significant impact on our profitability as the Tea production volumes get affected by weather and climatic changes. We, as a Company do not have a direct control over implications which may arise due to climate change. However, we continuously monitor

weather patterns of all agro climatic districts and change our business plans accordingly.

Materials used by weight or volume

Material	Usage (No. of sheets)
Papers	937,710
Files	853
Envelopes	188,000
Total	1,126,563

Energy Consumption within the Organization

Energy Type	Usage (J)
Diesel consumption	841,239
Petrol consumption	662,943
Electricity Consumption	675,570
Total	2,179,751

Water Withdrawal by Source

Water Source	m ³
Bottled water consumed	13
Water withdrawn from water board	775
Total	788

Significant Impacts of Activities, Products, and Services on Biodiversity

Since we are a service organisation, there is no significant impact from our business activities, products and services on biodiversity.

Non-compliance with environmental laws and regulations

No incidents were reported pertaining to non-compliance with environmental laws and regulations during the year under review.

788 m³ ↓

Water Withdrawal by Source

2016/17 - 1,057 m³

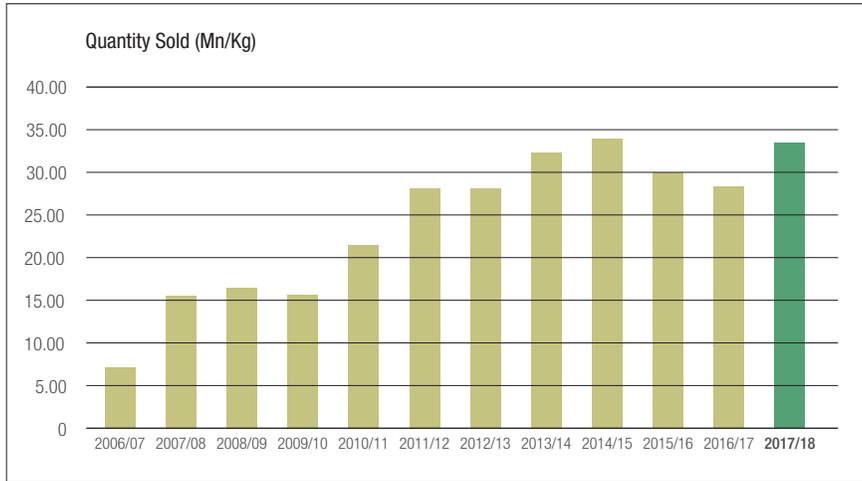


OPERATIONAL PERFORMANCE REVIEW

CTB PLC concluded its most successful year so far from its inception in 1963 surpassing several landmarks during the year 2017/18 supported by the sharp increase in the prices at the Colombo Tea Auction and the improved national production compared to the previous year.

Broking

CTB PLC sold 34.33 million kilos during the financial year 2017/18 as against 29.87 million kilos sold in the previous year showing a significant increase of 14.93%. Average price per Kilo recorded at Rs. 639.37 during the year as against the Rs. 537.64 in 2016/17.



Source: Colombo Brokers' Association

Market share on quantity sold recorded at 11.70% during the year under review as against the 10.85% achieved in the previous year by acquiring new clients. Market share on value of Teas sold increased to 12.07% during the year from 11.16% in the previous year. Market share in the High & Mid Grown segment slightly increased to 4.44% from 4.21% in the previous year whilst the market share in the Low Grown segment appreciated from 14.44% to 15.53% during the year. Overall Rank of CTB PLC in terms of market share improved to 5th position during the year from the 6th position in the previous year. However, the rank in the High & Mid Grown and the Low Grown segment remained unchanged at 3rd and 7th positions respectively.



34 Mn/Kg ↑
Quantity Sold
 2016/17 - 30 Mn/Kg

11.70% ↑
Market share on Quantity Sold
 2016/17 - 10.85%

12.07% ↑
Market share on Value of Teas Sold
 2016/17 - 11.16%



Source: Colombo Brokers Association

Warehousing

One of the core areas of our business is to provide warehousing services to our clients for storage of teas pending sale. During the year under review CTB PLC possessed around 80,000 sq ft of warehousing space in two different locations. Due to the increase in quantity handled by CTB PLC profit from the warehousing operations increased by 176.78% compared to the previous year.

Proposed Warehousing Project

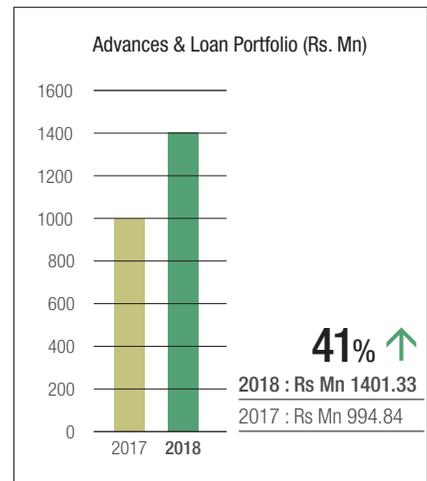
During the year under review the Group initiated project of constructing a state of the art warehousing complex which consists of 12,000 pallet locations under its fully owned subsidiary “Logicare (Pvt) Ltd.” Objective of this project is to cater the company’s total warehousing requirement as well as to provide third party logistics services. The is an approved project of the Board of Investment of Sri Lanka and the necessary approval were obtained during the year under review. Commercial operation of the project would be expected to commence in early 2019.

Manufacturing Advisory Services

Improving the quality of the Tea that produced is vital in order to obtain better prices at the auction. Therefore, our manufacturing advisors who are stationed permanently in the various Tea producing areas of the country provided manufacturing advises and personalised services to our clients in order to improve their product quality.

Financing

The CTB PLC provides financial support to the producers by way of loans and advances as a value added service. A significant increase was evident in the loans and advances portfolio of the company during the year 2017/18 as a result of the increase in market share and the sharp increase in the value of stocks during the year, due to increased Tea prices.





FUTURE OUTLOOK

Global Economy

Global growth is projected to strengthen from 3.8% in 2017 to 3.9% in 2018 and 2019, driven by a projected pickup in growth in emerging market and developing economies and resilient growth in advanced economies. This positive global economic outlook is supported by strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow conditions in commodity exporters to gradually improve.

Beyond 2019, global growth is projected to gradually decline to 3.7% by the end of the forecast horizon. The slowdown is entirely because of advanced economies, where growth is projected to moderate in line with their modest potential growth; growth across emerging market and developing economies is expected to stabilize close to the current level.

In China, growth is projected to soften slightly from 6.9% in 2017 to 6.6% in 2018 and 6.4% in 2019. Growth in India is projected to increase from 6.7% in 2017 to 7.4% in 2018 and 7.8% in 2019.

Growth in emerging and developing Europe, now estimated at close to 6% in 2017, is projected to moderate to 4.3% in 2018 and 3.7% in 2019, supported by a favorable external environment with easy financial conditions and stronger export demand from the euro area and, for Turkey, an accommodative policy stance.

Improved oil export revenue, stronger business confidence, and looser monetary policy helped Russia's economy return to growth in 2017. Real GDP is projected to increase 1.7% this year, before moderating slightly to 1.5% through the rest of the projection horizon, weighed down by structural headwinds and the effect of sanctions on investment.

Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is also expected to pick up in 2018 and 2019 but remains subdued at about 3.5%. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects.

The IMF's commodity price index is expected to rise about 11.9% in 2018 relative to its 2017 average and then to fall about 3.7% in 2019. Oil prices are expected to average 62.3 dollars a barrel in 2018. As supply recovers, oil prices are expected to decline to 58.2 dollars a barrel in 2019, and further to about 53.6 dollar a barrel in 2023.

(Source: IMF-World Economic Outlook, April 2018)

Sri Lankan Economy

Despite the sluggish economic growth in 2017, Sri Lanka's economic growth is projected to rebound in 2018 from a low base and continue to be around 4.5% in the medium term, driven by private consumption and investment. In the long term, the economic growth is expected to gradually improve to around 6.0% by 2022. The growth strategy of Sri Lanka is based on developing the country to transform itself into a hub in the region with a knowledge based, highly competitive social market economy.

Inflation will stabilize at mid- single digit level as the impact of natural disasters wears off, although the upward trend in oil prices may exert some upward pressure. The external sector is projected to improve over the medium term with appropriate policy measures and positive developments on the external front, including the gradual recovery of export markets. The external sector will continue to benefit from the GSP+ preferential access to the European Union and tourism receipts, despite the deceleration of remittances. External buffers are expected to improve, with emphasis on purchasing foreign exchange, maintaining a more market-determined exchange rate, and increased FDI. The overall fiscal deficit is projected to fall in the medium term, supported by the ongoing implementation of revenue measures.

(Source: Central Bank of Sri Lanka & The World Bank)

Tea Industry

Tea production figures for 2018 published so far indicates that the production would be able to go beyond the last year level in 2018/19. Lifting of the previous ban on glyphosate would also have a positive impact on Tea production. However, the increase production may lower the prices realized at the Colombo Tea Auction.





Relatively stable oil prices and the geopolitical & economic stability of the key export destinations will help to improve the prices and export volumes for 'Ceylon Tea'. Further, the improved demand from China which showcased in recent years would also have a positive impact on Tea export revenues.

However, the future sustainability of the Tea industry would depend on the collective effort of everyone who involved in the industry to improve the quality and how the entire world is responding to the climate change.

Logistics Industry

Since the Sri Lankan government focuses on leveraging its strategic location to position the country as "the Hub of the Indian Ocean", logistics industry would have a huge potential in the medium to long term. As highlighted in the Vision 2025 policy document, the Government intends on expanding port infrastructure and services and strengthening transshipment trade significantly improve the business environment for companies operating within the logistics sector in Sri Lanka. However, the technology advancement and innovative methods to reduce cost and lead-time are the key success factors to achieve the success in this sector.

The Group

Tea broking segment

Tea Broking segment of the Group has achieved a considerable growth with the improved market share and the healthier market conditions during the year under review. Therefore, with the continuous improvement in the market share and the optimistic market outlook for Tea would create a huge potential to enhance the profitability of the broking segment in the medium term. Further, the continuous investments in human and technological resources in order to enhance our operational efficiency and service levels would create a sustainable competitive advantage in the long run.

Logistics segment

New warehousing project of the Group is expected to start its commercial operations in early 2019. With improved demand for logistics services in the country, we are confident that this project would enhance the revenue of the Group whilst diversifying its revenue portfolio which would reduce the business risk of focusing on one business segment. Centralizing the warehousing activities of the Group would reduce the overheads significantly whilst reducing the costs and operating time at both ends of the value chain. Further, this warehousing facility is designed to minimise our carbon footprint as a part of our sustainability initiatives.

As done in the past we will continue to focus on triple bottom line concept which includes profit, people and planet in our strategic direction to the sustainable development in order to ensure that our business activities will positively impact on the economic, social and environmental sustainability.





INDEPENDENT ASSURANCE REPORT



KPMG
(Chartered Accountants)
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P. O. Box 186,
Colombo 00300, Sri Lanka.

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+94 - 11 244 6058
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INDEPENDENT ASSURANCE REPORT TO CEYLON TEA BROKERS PLC

We have been engaged by the directors of Ceylon Tea Brokers PLC (“the Company”) to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2018. The Sustainability Indicators are included in the Ceylon Tea Brokers PLC’s Integrated Annual Report for the year ended 31 March 2018 (the “Report”).

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	06-07

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	08-09
Information provided on the following	
Financial Capital	40-43
Manufactured Capital	44
Intellectual Capital	45
Human Capital	46-51
Social and Relationship Capital	52-54
Natural Capital	55

Our Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2018 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2018, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management’s Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
H.S. Goonewardene ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law,
Ms. C.T.K.N. Perera ACA



Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Reasonable Assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited Assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- Interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.

- Enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups.
- Enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators.
- Enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information.
- Comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report.
- Reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.
- Reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.



INDEPENDENT ASSURANCE REPORT



Purpose of Our Report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

CHARTERED ACCOUNTANTS
Colombo

22nd May 2018

GRI 2016 - CONTENT INDEX

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016	1	Organizational profile		
	102-1	Name of the organization	IBC	
	102-2	Activities, brands, products, and services	4,101	
	102-3	Location of headquarters	4	
	102-4	Location of operations	4	
	102-5	Ownership and legal form	IBC	
	102-6	Markets served	4	
	102-7	Scale of the organization	6-9	
	102-8	Information on employees and other workers	46-51	
	102-9	Supply chain	52	
	102-10	Significant changes to the organization and its supply chain	52	
	102-11	Precautionary Principle or approach	78	
	102-12	External initiatives	52	
	102-13	Membership of associations	52	
	2	Strategy		
	102-14	Statement from senior decision-maker	37-39	
	3	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	1,101	
	4	Governance		
	102-18	Governance structure	77	
	5	Stakeholder engagement		
	102-40	List of stakeholder groups	33,34	
	102-41	Collective bargaining agreements	51	
	102-42	Identifying and selecting stakeholders	32	
	102-43	Approach to stakeholder engagement	32-34	
	102-44	Key topics and concerns raised	33-36	
	6	Reporting practice		
	102-45	Entities included in the consolidated financial statements	2	
	102-46	Defining report content and topic Boundaries	2	
	102-47	List of material topics	36	
	102-48	Restatements of information	3	
	102-49	Changes in reporting	3	
	102-50	Reporting period	2	
	102-51	Date of most recent report	3	
	102-52	Reporting cycle	3	
	102-53	Contact point for questions regarding the report	3	
	102-54	Claims of reporting in accordance with the GRI Standards	3	
	102-55	GRI content index	63-65	
	102-56	External assurance	60-62	



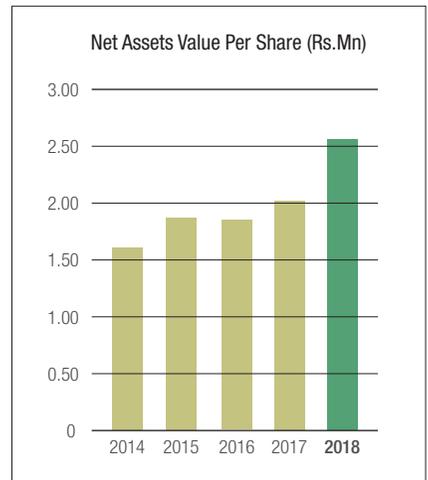
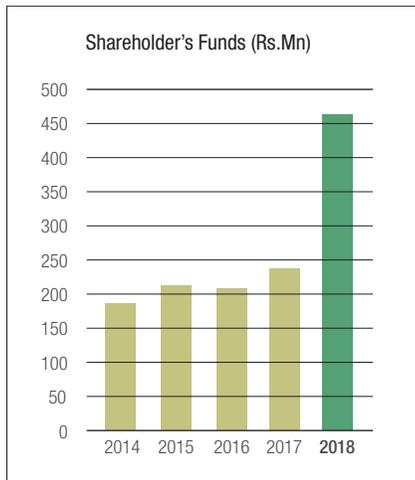
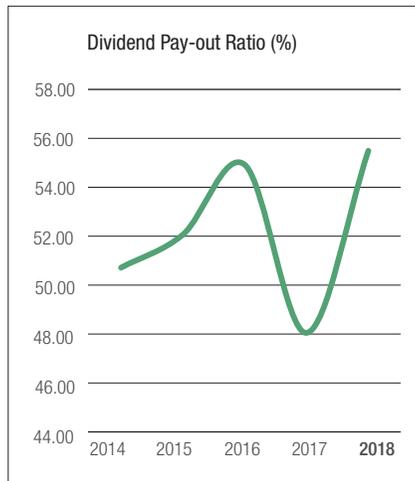
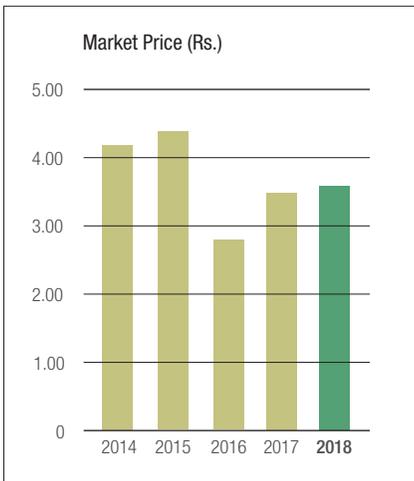
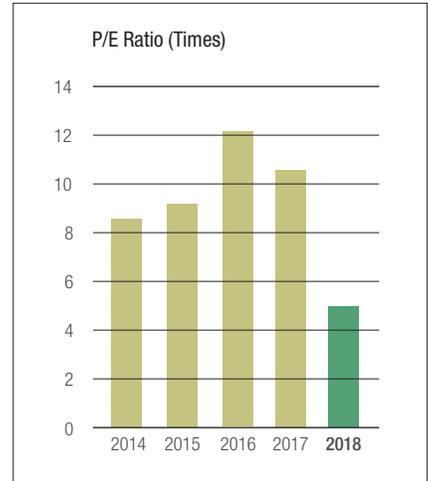
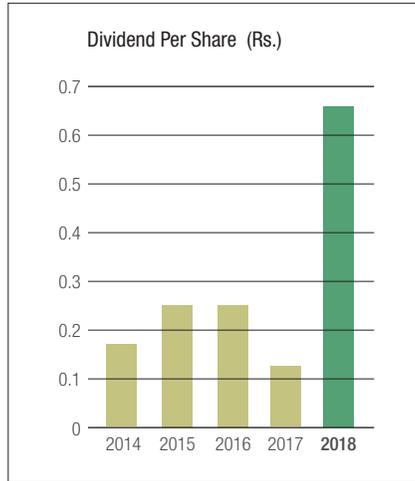
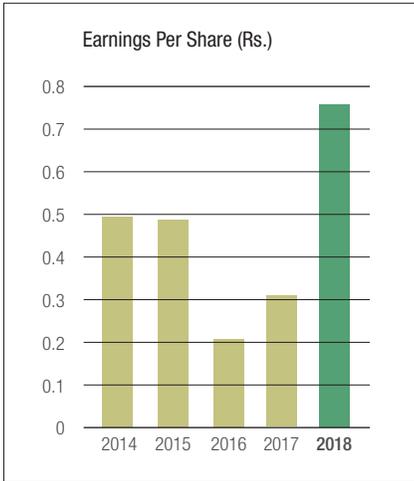
GRI 2016 - CONTENT INDEX

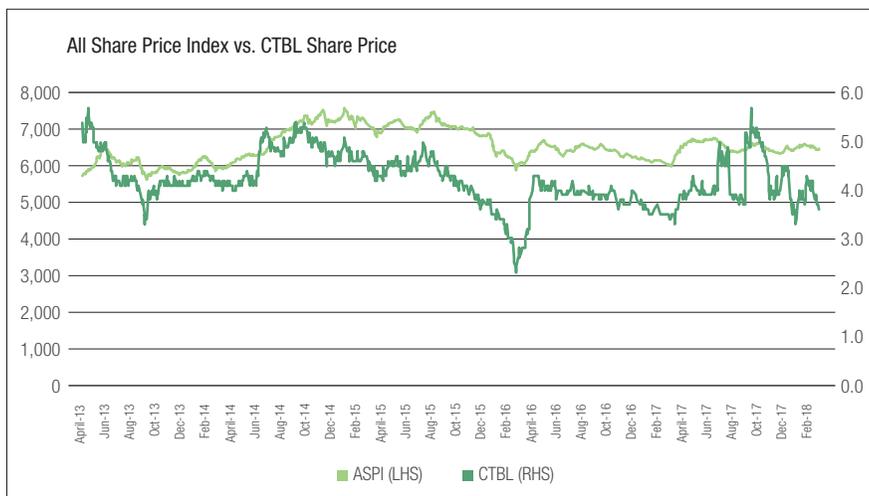
GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	35,36	
	103-2	The management approach and its components	35,36	
	103-3	Evaluation of the management approach	35,36	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	43	
	201-2	Financial implications and other risks and opportunities due to climate change	55	
	201-3	Defined benefit plan obligations and other retirement plans	51,138	
	201-4	Financial assistance received from government	53	
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	51	
	202-2	Proportion of senior management hired from the local community	51	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	43,53	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	54	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	51,76	
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	54	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	55	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	55	
GRI 303: Water 2016	303-1	Water withdrawal by source	55	
GRI 304: Bio-diversity 2016	304-2	Significant impacts of activities, products, and services on bio-diversity	55	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	55	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	52	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	47	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50	
	401-3	Parental leave	51	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	51	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	50	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	50	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	50	

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
	403-4	Health and safety topics covered in formal agreements with trade unions	50	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	49	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	47,48,79	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	54	
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	52	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	52	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	54	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	54	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	54	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	52	
GRI 415: Public Policy	415-1	Political contributions	54	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	52	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	52	
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	54	



INVESTOR RELATION





Rs. 0.76 ↑
EPS
 2016/17 - Rs. 0.33

Rs. 0.325 ↑
DPS
 2016/17 - Rs. 0.175

Rs. 0.21 ↑
Earnings Yield
 2016/17 - Rs. 0.09

1.42 ↓
Price/BV
 2016/17 - 1.68

Market Price per share

The Market price of an ordinary voting share of the Company marginally increased by 2.86% from previous years' last traded price from Rs. 3.50 at the end of financial year 2017 to Rs. 3.60 by the end of the year under review.

Share price trend over the last five years with highest price, lowest price and last traded price are given on page 66.

Share Price trend over the last five years

Share Price Rs.	2018	2017	2016	2015	2014
Highest Price	6.00	4.40	5.10	5.60	5.80
Lowest Price	3.20	2.90	2.20	3.90	3.20
Last traded Price	3.60	3.50	2.80	4.40	4.20

Other useful Information

Description	2018	2017	2016	2015	2014
Shareholder Funds (Rs. Mn)	464.49	237.71	208.70	212.37	186.31
Net Asset Value Per Share (Rs.)	2.54	2.08	1.83	1.86	1.63
Earnings Per Share (Rs.)	0.76	0.33	0.23	0.48	0.49

Market Information

Market capitalization for the Company reached all time high with the new shares from Rights issue, which increased from Rs. 399.00 million at the end of year 2017 to Rs. 656.64 million by the end of year 2018. The market capitalization movement is graphically depicted on page 66.



INVESTOR RELATION

Dividends

During the year under review, the Company paid two dividends to its shareholders. A dividend of Rs. 0.175 per share was paid out of the profits from the year ended 31st March 2017 and Rs. 0.325 per share out of the profits for the period ended 31st March 2018. Details of the dividends paid by Company for each financial year is given below.

Dividend per share (Paid for the year)	2018	2017	2016	2015	2014
Rs.	0.325	0.175	0.125	0.250	0.250

The Company maintained its policy on distributing dividends of transferring 50% out of profits after tax as dividends. Considering the increased profitability and number of shareholders, the Company directors increased the amount distributed as dividends to around 55.5% and transferred the balance to reserves.

Directors' Shareholding as at 31st March 2018

Individual Ordinary voting shareholdings of persons who are Directors of the Company at 31st March 2018 are given below with last years' comparatives. Directors' shareholdings in ordinary voting shares have not changed subsequently to the date of the Statement of Financial Position up to May 28, 2018, which is one month prior to the date of Notice of the Annual General Meeting.

Name of the Director	2018	2017
Mr. C P R Perera	3,500,000	1,928,800
Mr. W A T Fernando	48,837,837	2,000,210
Mr. B R L Fernando	22,640	7,900
Ms. N T M S Cooray	10,908,751	Nil
Ms. H M S Perera	1,390,492	100
Mr. D G W De Silva	Nil	Nil
Mr. D H Madawala	3,425	1,000
Mr. K H S Deshapriya	416,000	260,000

Shareholding as at 31st March 2018

As at 31st March 2018, the Company had 2,053 shareholders of ordinary shares. Their shareholdings are analysed and categorized based on the number of shares held as at 31st March 2018 which is set out below.

From	To	No of Holders	No of Shares	%
1	1,000	1,144	438,111	0.24
1,001	10,000	664	2,529,646	1.39
10,001	100,000	194	5,722,156	3.13
100,001	1,000,000	42	11,274,939	6.18
Over 1,000,000		9	162,435,148	89.05
Total		2,053	182,400,000	100.00

Categories of Shareholders

Majority of the shares are held by local individuals and institutions, and only a 0.09% out of the total shares issued are held by foreign individuals.

Category	No of Holders	No of Shares	%
Local Individuals	1,981	79,950,609	43.84
Local Institutions	63	102,279,606	56.07
Foreign Individuals	9	169,785	0.09
Foreign Institutions	0	0	0
Total	2,053	182,400,000	100.00

20 Major Shareholders and Public Holding

	As at 31st March 2018		As at 31st March 2017	
	No. of Shares	%	No. of Shares	%
Ashthi Holdings (Private) Limited	55,434,267	30.39	-	0.00
Mr. W A T Fernando	48,837,837	26.78	2,000,210	1.76
Jetwing Travels (Pvt) Ltd	34,080,571	18.69	-	0.00
Miss. N T M S Cooray	10,908,751	5.98	-	0.00
Associated Electrical Corporation Ltd	4,528,265	2.48	2,830,166	2.48
Mr. C P R Perera	3,500,000	1.92	1,928,800	1.69
Colombo Trust Finance PLC/ Mr. K E H De Alwis	2,698,410	1.48	6,120,144	5.37
Mrs. H M S Perera	1,390,492	0.76	100	0.00
Seylan Bank PLC/ Mr. Mohamed Mushtaq Fuad	1,056,555	0.58	-	0.00
J B Cocoshell (Pvt) Ltd	827,088	0.45	-	0.00
Pan Asia Bank Corporation/ Mr. A W L R Silva & Mrs. P M Abaysekere	700,000	0.38	1,000,000	0.88
Mr. M M Fuad	588,574	0.32	-	0.00
Mr. T D R H Perera	531,600	0.29	-	0.00
People's Leasing & Finance PLC/ Hi Line Towers (Pvt) Ltd	420,000	0.23	-	0.00
Mr. K H S Deshapriya	416,000	0.23	260,000	0.23
Mr. K A D R N Gunawardena	412,599	0.23	2	0.00
People's Leasing & Finance PLC/ Hi Line Trading (Pvt) Ltd	410,668	0.23	69,938	0.06
Seylan Bank PLC/ Mr. Mohamed Subair Fouzal Haqqe	380,000	0.21	-	0.00
Mr. E M R Egodawatte	359,538	0.20	218,323	0.19
Sindbad (Private) Limited	355,536	0.20	222,210	0.20
	167,836,751	92.02	14,649,893	12.85
Others	14,563,249	7.98	99,350,107	87.15
Total	182,400,000	100.00	114,000,000	100.00

Public Holding percentage as at 31st March 2018 being 15.24% comprising of 2,043 shareholders.

INTEGRIS

As a socially responsible corporate citizen, our values always determine the course of action we are to take, in any eventuality. This has helped us achieve a greater level of quality, teamwork and competitiveness, over the years.



BOARD OF DIRECTORS



Chrisantha Perera
Chairman / Independent Non-Executive Director



Ajith Fernando
Managing Director



Waruna De Silva
Director / Chief Executive Officer



Saminda Deshapriya
Director / Chief Operating Officer



Shiromal Cooray
Non-Executive Director



Sharmali Perera
Non-Executive Director



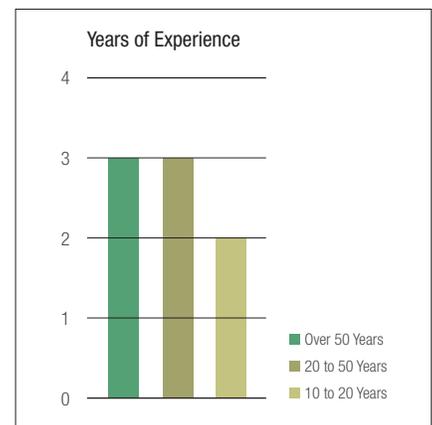
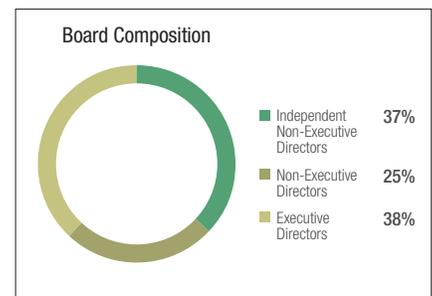
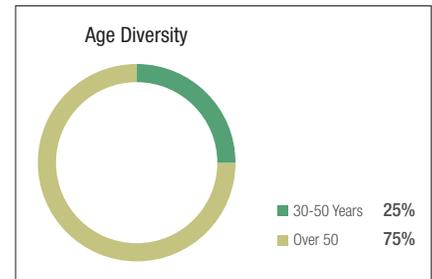
B.R.L. Fernando
Director / Independent Non-Executive Director



Dhayan H. Madawala
Director / Independent Non-Executive Director

The Board

The CTB Board consists of professionals from various industries such as Tea Broking, Plantations, Finance, Banking, Accounting, and Management. Board of Directors of CTB possess the necessary skills, experience and knowledge to direct, lead and control the Company.





Stewardship

BOARD OF DIRECTORS

Chrisantha Perera

*Chairman / Independent
Non-Executive Director*

Date of Appointment:

30th October 2009

Qualifications & Experience:

Associated with the Tea Industry for over 50 years. Retired as Chairman/CEO of Forbes & Walker Ltd in 2005 after serving this Company for 44 years. A former Chairman of the Sri Lanka Tea Board.

Other Current Appointments:

Presently serves on the Boards of two Plantation Companies and their respective holding Companies as well as other public listed and private companies. He is presently an Appointed Member of the Monetary Board of the Central Bank of Sri Lanka. A Director of Logicare (Pvt) Ltd.

Previous Appointments:

A former Chairman of the Sri Lanka Insurance Corporation Ltd., Public Enterprises Reform Commission and Bank of Ceylon. Served on the Boards of some of the leading public listed and private companies.

Shareholding:

3,500,000 shares

Membership of Board**Subcommittees:**

Chairman of the Risk Management Committee
Chairman of the Remuneration Committee
Chairman of the Nomination Committee
A Member of the Audit Committee

Ajith Fernando

Managing Director

Date of Appointment:

1st February 2005

Qualifications & Experience:

Mr. Fernando is a Fellow of the Chartered Institute of Management Accountants, UK and holds an MA in Financial Economics from the University of Colombo. He has over 25 years' experience in the money and capital markets

Other Current Appointments:

Founder of the Capital Alliance Group and currently functions as group MD/CEO. A Director of Senkadagla Finance PLC and Logicare (Pvt) Ltd.

Previous Appointments:

Has worked with some of the leading financial institutions in Sri Lanka.

Shareholding:

48,837,837 Shares

Membership of Board**Subcommittees:**

A Member of the Risk Management Committee
A Member of the Nomination Committee

Waruna De Silva

Director / Chief Executive Officer

Date of Appointment:

23rd March 2009

Qualifications & Experience:

Holds a Masters in Business Administration from the Cardiff Metropolitan University, UK. He has over nineteen years of experience in Tea broking. Joined Ceylon Tea Brokers in 2008 and was appointed as the Chief Operating Officer of the company on the 1st April 2016.

Other Current Appointments:

A Director of Logicare (Pvt) Ltd.

Previous Appointments:

Manager Tea at Forbes & Walker Limited.

Shareholding:

None

Membership of Board**Subcommittees:**

A Member of the Risk Management Committee

Saminda Deshapriya

Director / Chief Operating Officer

Date of Appointment:

1st April 2016

Qualifications & Experience:

A Member of Association of Business Executives (MABE), UK and holds a Masters of Business Administration (MBA) and a Graduate Diploma in Management (GDip) from the Australian Institute of Business (AIB), Adelaide, Australia. Currently reading for Master of Science in Logistics and Supply Chain Management from Birmingham City University, UK. A Member of Chartered Institute of Logistics and Transport, Sri Lanka. Joined Ceylon Tea Brokers in 2006 and has over twelve years of experience in all operations of the Company in different capacities.

Other Current Appointments:

A Director of Logicare (Pvt) Ltd.

Previous Appointments:

None

Shareholding:

416,000 Shares

Membership of Board**Subcommittees:**

A Member of the Risk Management Committee
A Member of the Related Party Transactions Review Committee

Shiromal Cooray*Non-Executive Director***Date of Appointment:**

9th October 2006

Qualifications & Experience:

A senior finance professional with wide experience in the private sector. Holds a Master's of Business Administration from the University of Colombo, Fellow Member of the Chartered Institute of Management Accountants – UK. A Member of Sri Lanka Institute of Directors since July 2006.

Other Current Appointments:

Managing Director of Jetwing Travels (Pvt) Limited – an inbound / outbound travel management company in Sri Lanka and is also a Director of Jetwing Hotels (Pvt) Ltd, a hotel management company that owns and manages 18 hotels and 12 villas in Sri Lanka. She is an Independent Non-Executive Director of Commercial Bank of Ceylon PLC.

Previous Appointments:

Former Chairperson of the Sri Lanka Institute of Directors. Director – Finance and Administration on the Board of J Walter Thompson, Non-Executive Director on the Boards of Capital Alliance Finance PLC, Trade Finance and Investments PLC and serves on the Boards of many other private and public companies.

Shareholding:

10,908,751 Shares

Membership of Board**Subcommittees:**

A Member of the Remuneration Committee

Sharmali Perera*Non-Executive Director***Date of Appointment:**

9th October 2006

Qualifications & Experience:

An Associate Member of the Chartered Institute of Management Accountants, UK. Has been with Capital Alliance since its inception in year 2000 and has over 20 years' experience in the financial services industry.

Other Current Appointments:

Chief Risk and Compliance Officer of the Capital Alliance group and is a Director of Capital Alliance Securities (Pvt) Limited, Capital Alliance Investments Limited, Finnovation (Pvt) Limited and Tempest P E Partners (Pvt) Limited.

Previous Appointments:

Has worked with some of the leading financial institutions in Sri Lanka.

Shareholding:

1,390,492 Shares

Membership of Board**Subcommittees:**

Chairperson of the Audit Committee
A Member of the Related Party Transactions Review Committee

B.R.L. Fernando*Director / Independent Non-Executive Director***Date of Appointment:**

5th May 2010

Qualifications & Experience:

A Fellow member of the Institute of Chartered Accountants of Sri Lanka.

Other Current Appointments:

Non-Executive Chairman of the Commercial Development Company PLC, Akzo Nobel Paints Lanka (Pvt) Ltd., First Guardian Equities (Pvt) Ltd, Tropical Abundance (Pvt) Ltd, and Tropibar (Pvt) Ltd. Functions as a Non-Executive Director of St Nicholas Education Services Ltd., and as the Chairman of the Board of Trustees of the Japan - Sri Lanka Technical and Cultural Association.

Previous Appointments:

Former Chairman of CIC Holdings PLC, Chemanex PLC and CIC Group of Companies and Deputy Chairman of the Commercial Bank of Ceylon PLC.

Shareholding:

22,640 Shares

Membership of Board**Subcommittees:**

Chairman of the Related Party Transactions Review Committee
A Member of the Audit Committee
A Member of the Risk Management Committee
A Member of the Remuneration Committee
A Member of the Nomination Committee

Dhayan H. Madawala*Director / Independent Non-Executive Director***Date of Appointment:**

1st December 2015

Qualifications & Experience:

Associated with the Tea Industry for over 45 years. A Fellow of the National Institute of Plantation Management (FIPM).

Other Current Appointments:

Presently, serves as a Consultant for Hapugastenne Plantations PLC and Udupussellawa Plantations PLC and a Visiting Agent for Ministry of Plantation Industries.

Previous Appointments:

Former Director/CEO of Hapugastenne Plantations PLC and Udupussellawa Plantations PLC. A Director of James Finlay Plantation Holdings Ltd., Finlays Tea Estates (Lanka) Ltd., Newburgh Green Teas (Pvt) Ltd., and Finwood Lanka (Pvt) Ltd.

Shareholding:

3,425 Shares

Membership of Board**Subcommittees:**

A Member of the Related Party Transactions Review Committee.



Stewardship

CORPORATE MANAGEMENT



Waruna De Silva
Director / CEO



Saminda Deshapriya
Director /COO



Rochelle Mortier
Head of Group HR



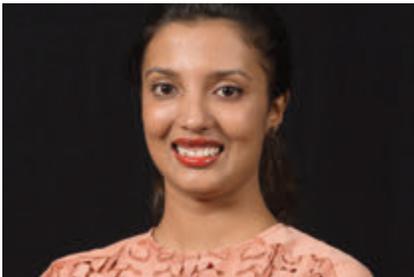
Thilina Nonis
Head of Marketing / General Manager



Dinesh Fernando
General Manager



Deepthi Senevirathna
Manager Finance



Nawodi Perera
Asst. Manager Finance



Kasun Senevirathna
Asst. Accountant



Tharake Nilaweera
Manager – Tea



Muditha Haththotuwa
Asst. Manager - Tea



Harshana Perera
Executive – Tea



Nipuna Fernando
Executive – Tea



Thenuka Karunasena
Junior Executive – Tea



Marlon Louis
Junior Executive – Tea



Mohomed Farzan
Junior Executive – Tea



Bumindra Dissanayake
Junior Executive – Tea



A C K Pathirana
Manager – Manufacturing Services



Sahan Gunathillake
Manufacturing Consultant



Teshan Prashakthi
Junior Manufacturing Consultant



S J Thasan
Senior Manager - Warehousing



Madawa Jayaratne
Manager - Sample Room



Nishan Abegunawardena
Manager – Cataloguing



Mahesh De Zoysa
Manager – IT



CORPORATE GOVERNANCE



Chairman's Statement on Corporate Governance

The Board believes that good Corporate Governance practices are fundamental to the Company's competitiveness, growth and sustainability. Therefore, The Boards of Directors have implemented a set of corporate values which are ability, credibility, integrity and team work to lead the Company with high ethical values and accountability in our commitment to good governance practices.

The report below demonstrates how the Company has complied with the Corporate Governance regulations and the best practices given in the Continuing Listing Requirements issued by the Colombo Stock Exchange, Companies Act No 07 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

As required in the above Code, I hereby confirm that, I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any member of the Key Management of the Ceylon Tea Brokers PLC.

C P R Perera
Chairman

22nd May 2018

Corporate Governance is the mechanism, by which a Company is directed and controlled to the best interest of all stakeholders of the Company. Strong business ethics, sound risk management framework, effective and efficient internal controls are considered as key ingredients of good corporate governance system.

Corporate Governance Framework

The Board has the overall responsibility for compliance to ensure transparency and accountability to all stakeholders. Therefore, the Board has introduced a corporate governance framework to execute its policies and monitor effectiveness.

This framework includes the both internal and external governance structures of the Company.

Internal Governance Structure

Internal governance includes the adherence to internal policies and procedures, internal controls, risk management systems within a structure that includes the Board, Board Sub Committees, and the Management Committee. Internal governance structure also has an Internal Audit function which ensures independent assurance on internal controls.

External Governance Structure

External Governance Structure includes all aspects of compliance to regulations and best practices required by the external stakeholders.

The Corporate Governance practices adopted by the Company are complied with the mandatory regulatory requirements given in the Continuing Listing Requirements issued by the Colombo Stock Exchange and the Companies Act No 07 of 2007. Further, the Company has voluntarily adopted the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Level of compliance to the above regulations and best practices are given on the pages 88 to 100.

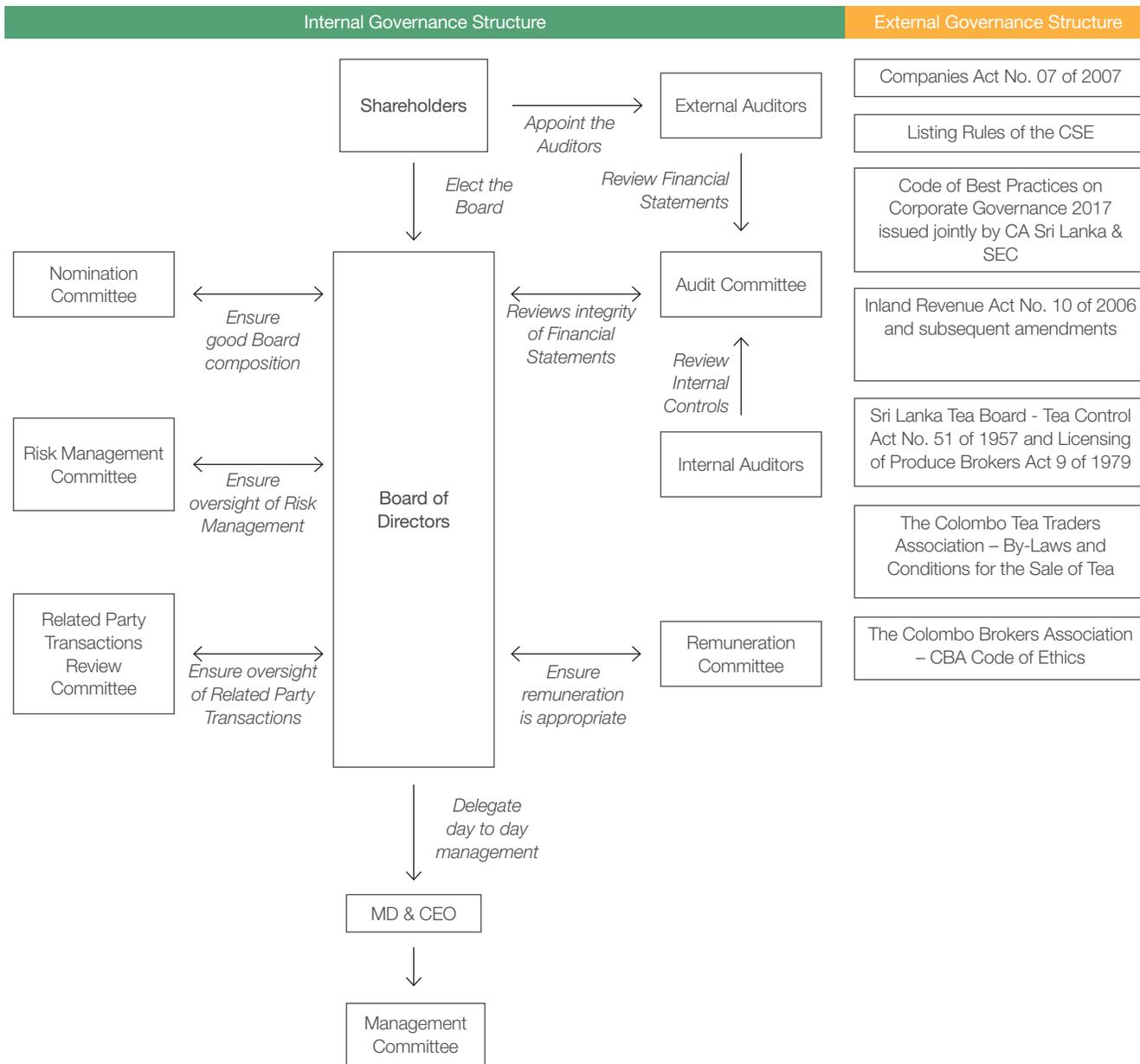
Further, the business activities of the Company are complied with the regulatory requirements given by the other external Stakeholders such as Department of Inland Revenue, Sri Lanka Tea Board, the Colombo Tea Traders' Association, and the Colombo Brokers' Association.

Code of Business Conduct and Ethics

The Group introduced its new Code of Business Conduct and Ethics for Directors, Key Management Personnel's and employees in January 2018 which covers the following aspects in order to promote the good governance and an ethical business environment.

Code of Business Conduct and Ethics

- Accurate Accounting and Record Keeping
- Anti-Bribery and Corruption
- Anti-Money Laundering
- Charitable Contributions (CSR)
- Compliance with Laws, Rules and Regulations including Insider Trading Laws
- Confidentiality
- Conflict of Interest
- Corporate Opportunities
- Entertainment and Gifts
- Fair Dealing
- Grievance Handling and Disciplinary Procedures
- Illegal, Immoral and Unethical Behaviours
- Intellectual Property Rights
- Non-Discriminative and Safe Work Environment
- Non-Solicitation (Wilful Solicitation)
- Protection and proper use of Company Assets
- Trade Marks and Service Marks
- Use of Technological Assets and Information Security
- Whistle Blowing





CORPORATE GOVERNANCE

Sustainability as a Precautionary Approach

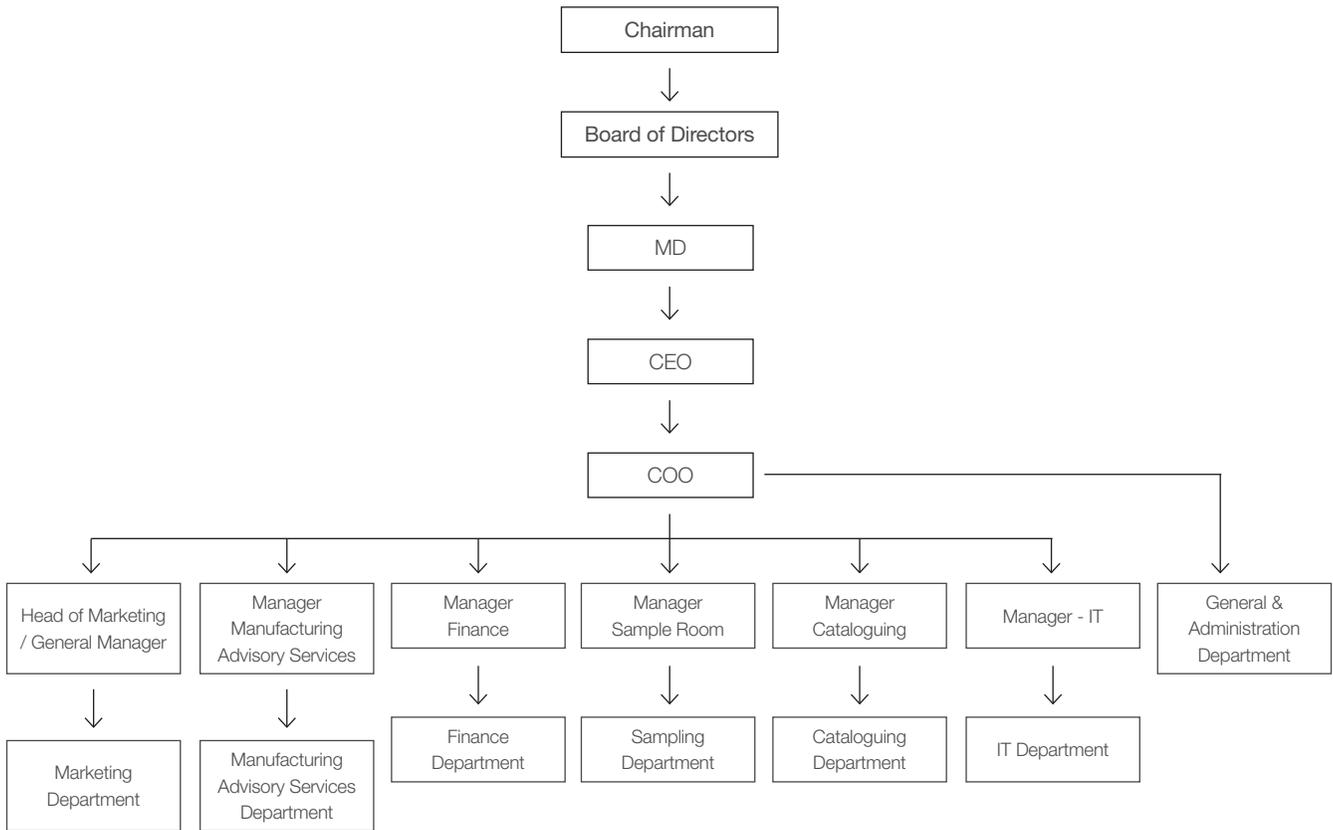
We believe sustainability management is an important precautionary approach to economic, social and environmental risk management. The Company applies the precautionary principles mainly from two angles:

- Compliance Review with the applicable laws and regulatory requirements and operational Policies and Procedures.
- Obligation to take anticipatory action to prevent harm of any kind.

Decisions taken by the Company with regard to the application of the precautionary principle should be “open, informed, and democratic” and “must include affected parties”.

Organizational Structure

The Group has established a cohesive organizational governance structure made up with well-defined roles and responsibilities, greater accountability and clear reporting lines. This well-defined structure assists the Group in executing strategy and driving performance with responsibility and accountability for conducting operations and managing risk.



The Board

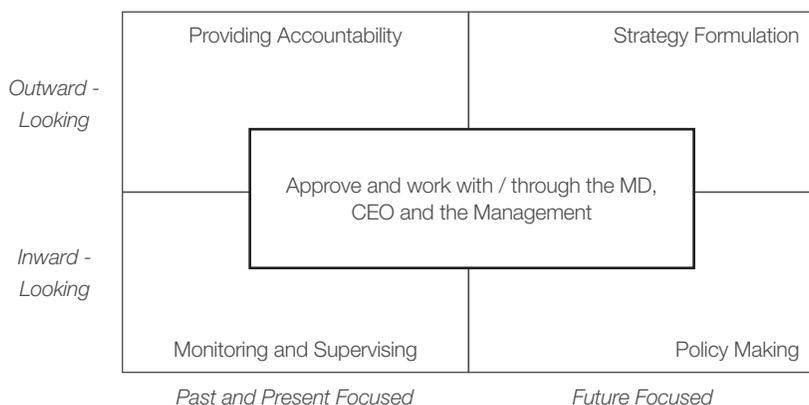
The Board is responsible to the Company's shareholders to ensure at all times that the activities of the Company are conducted with the highest ethical standards and in the best interest of all Stakeholders. The Board consists of professionals from various industries such as Tea broking, plantations, finance, banking, accounting and management. Board of Directors possess the necessary skills, experience and knowledge to direct, lead and control the Company.

Diversity of the Board of Directors

Age Group	Male	Female	Total
Under 30 Years	0	0	0
30 to 50 Years	2	0	2
Over 50 Years	4	2	6
Total	6	2	8

Key responsibilities of the Board include formulation and implementation of strategies, policy making, reviewing and approving business plans and budgets, reviewing and comparing actual results against the budgets, ensuring effective internal controls and risk management, ensuring effective compliance with laws, regulations and ethical standards.

The relationship between the Board and the Management is crucial for the effective Corporate Governance. The following diagram explains that the Management is the heart of the four governance functions of the Board.



Composition of the Board and Independence

The Board of Ceylon Tea Brokers PLC comprises eight members at the end of the financial year under review, five of whom including the Chairman are Non-Executive Directors.

The Board has determined that three Non-Executive Directors – Messrs C P R Perera, B R L Fernando and D H Madawala are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the said Directors have submitted signed declarations in this regard. Detail resume of each Director is given in the Board of Directors section of this Annual Report from pages 71 to 73.



CORPORATE GOVERNANCE

Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Board Meetings

The results of the Company are regularly considered and monitored against the budget at Board Meetings at which a standard agenda is discussed together with any other matters that require the attention of the Board. The Board has met five times during the year and attendance for each Board Meeting is given below.

Attendance at Meetings for 2017/2018

Name of the Director	Position	Attended	Eligibility to Attend
Mr. C P R Perera	Chairman / Independent Non Executive Director	5	5
Mr. W A T Fernando	Managing Director / Executive Director	5	5
Mr. D G W De Silva	Chief Executive Officer / Executive Director	5	5
Mr. K H S Deshapriya	Chief Operating Officer / Executive Director	5	5
Mr. B R L Fernando	Independent Non Executive Director	5	5
Ms. N T M S Cooray	Non Executive Director	5	5
Ms. H M S Perera	Non Executive Director	5	5
Mr. D H Madawala	Independent Non Executive Director	5	5

Board Sub Committees

Board has appointed the following Sub Committees in order to fulfil its oversight role more effectively.

- Audit Committee
- Related Party Transactions Review Committee
- Risk Management Committee
- Remuneration Committee
- Nomination Committee

Report of the Audit Committee



Composition

The Audit Committee appointed by and responsible to the Board of Directors comprises of the following Non-Executive Directors;

- Ms. H M S Perera (Non-Executive Director) – Chairperson
- Mr. C P R Perera (Independent Non-Executive Director)
- Mr. B R L Fernando (Independent Non-Executive Director)

Regular Attendees by Invitation

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

- Mr. D G W De Silva – Executive Director / Chief Executive Officer
- Mr. K H S Deshapriya – Executive Director / Chief Operating Officer
- Ms. D P Senevirathna – Manager - Finance
- Ms. K B N P Perera – Asst. Manager - Finance
- Mr. P K S Senevirathna – Asst. Accountant

Representatives from external auditors, Messrs KPMG and representatives from internal auditors, Messrs PricewaterhouseCoopers also attended one meeting each during the year by invitation of the Committee.

Terms of Reference

The Audit Committee has terms of reference, dealing with its authority and duties, which is established for the purpose of assisting the Board in fulfilling its oversight responsibilities on the following;

- Ensuring the integrity of the Financial Statements of the Company
- Evaluate the Internal Controls and Risk Management Systems
- Compliance with legal and regulatory requirements
- Review the scope and results of the External Audit and its effectiveness, and independence
- Review the Internal Audit function

Meetings

The Committee met four times during the year under review and the activities and views of the Committee have been communicated to the Board of Directors where necessary.

Name of the Director	Attended	Eligibility to Attend
Ms. H M S Perera - Chairperson	4	4
Mr. C P R Perera	3	4
Mr. B R L Fernando	4	4

Financial Reporting

The Committee monitors compliance to the regulatory requirements on financial reporting given in the Sri Lanka Accounting Standards (SLFRS & LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka, Companies Act No 7 of 2007 and Listing Rules of the Colombo Stock Exchange.

The Audit Committee along with the Management reviewed the Quarterly Financial Statements and Annual Consolidated Financial Statements for the year ended 31st March 2018 focusing on the quality and accuracy of the Financial Statements including compliance with the relevant regulatory requirements.

The Committee also reviews the effectiveness of the financial reporting systems in place to ensure the reliability of the information provided to Shareholders and other Stakeholders.

Internal Audit

To fulfil its responsibility to evaluate the internal Controls and Risk Management Systems, the Committee has obtained the services of PricewaterhouseCoopers and conducted an internal audit during the year. The scope of the Internal Audit was reviewed and discussed by the Committee with the Internal Auditors and the Management before the commencement of the Audit. The Internal Audit Report issued by the Internal Auditors was evaluated with the Management and implementation on key recommendations given by the Internal Auditors was also reviewed during the year.



Stewardship

CORPORATE GOVERNANCE

Report of the Audit Committee

External Audit

The scope of the External Audit was assessed and discussed by the Committee with the External Auditors and the Management before the commencement of the Audit. The Management Letter issued by the External Auditors was discussed with the Management and remedial actions were recommended wherever necessary.

The Audit committee having evaluated the performance of the External Auditors, has recommended to the Board of Directors that Messrs. KPMG, Chartered Accountants of No: 32A Sir Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the external Auditors for the year ending 31st March 2019 subject to the approval of the Shareholders at the Annual General Meeting.

The fees payable to the Auditors were also reviewed by the Committee and submitted to the Board of Directors for approval.

Independence of the External Audit

The Audit Committee has reviewed the other services provided by the External Auditors to the Company, to ensure that their independence as Auditors has not been compromised.

The Audit Committee is satisfied that the Company's accounting policies and internal Controls provide a reasonable assurance that the affairs of the Company are managed in accordance with the company policies and that Company Assets are properly accounted for and adequately safeguarded.

H M S Perera
Chairperson – Audit Committee

22nd May 2018

Report of the Related Party Transactions Review Committee



The Board appointed a Related Party Transactions Review Committee on 2nd November 2015 to review the related party transactions to ensure that the interests of Shareholders as a whole are taken into consideration by the Company when entering into Related Party Transactions. The scope of the Committee covers the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) as well as the Section 9 of the Listing Rules issued by the Colombo Stock Exchange (CSE) on Related Party Transactions.

Composition

Related Party Transactions Review Committee comprise of five Directors, out of which three are Non-Executive Directors as given below;

Mr. B R L Fernando (Independent Non-Executive Director) - Chairman
 Ms. H M S Perera (Non-Executive Director)
 Mr. D H Madawala (Independent Non-Executive Director)
 Mr. K H S Deshapriya (Executive Director/ Chief Operating Officer)

Regular Attendees by Invitation

The following members of the corporate management team were also regularly attended for the meetings by invitation of the Committee.
 Ms. D P Senevirathna – Manager - Finance
 Ms. K B N P Perera – Asst. Manager - Finance
 Mr. P K S Senevirathna – Asst. Accountant

Terms of Reference

- Assist the Board in reviewing all Related Party Transactions carried out by the Company.
- Review the Related Party Transactions of the Company to ensure that these transactions are in accordance with the Code of Best Practices on Related Party Transactions issued by the SEC, the Section 9 of the Listing Rules issued by the CSE on Related Party Transactions and the Code of Best Practice on Corporate Governance 2017 issued by the CASL.
- Update the Board of Directors through verbal briefings and tabling the minutes of Committee's meetings in quarterly Board Meetings.

Meetings

Four meetings were conducted during the year and the attendance for the said meetings is given below. Minutes of meetings were circulated to the Board of Directors for their information and review.

Name of the Director	Attended	Eligibility to Attend
Mr. B R L Fernando - Chairman	4	4
Ms. H M S Perera	3	4
Mr. D H Madawala	4	4
Mr. K H S Deshapriya	4	4

Procedures followed by the Committee

- The senior management is requested to update the Committee on all related party transactions during its quarterly meetings.
- The senior management is also requested to inform the committee regarding the proposed non-recurrent transactions prior to the completion of such transactions.
- In terms of recurrent related party transactions, the Committee reviews and assesses ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the related party transaction remains appropriate.

Activities during the Year

During the year under review, the Committee reviewed all the Related Party Transactions and the nature of such transactions at its meetings and communicated the observations and recommendations of the Committee to the Board of Directors.

Details of the related party transactions entered into by the Company during the year is disclosed in Note 24 to the Consolidated Financial Statements from page 140 to 143.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to the Related Party Transactions appears on the Report of the Board of Directors on page 10 of this Annual Report.

B R L Fernando
Chairman – Related Party Transactions Review Committee

22nd May 2018



CORPORATE GOVERNANCE

Report of the Risk Management Committee



Composition

Risk Management Committee Comprise of six Directors, out of which two are Non-Executive Directors as given below;

- Mr. C P R Perera (Independent Non-Executive Director) – Chairman
- Mr. B R L Fernando (Independent Non- Executive Director)
- Mr. W A T Fernando (Managing Director/ Executive Director)
- Mr. D G W De Silva (Executive Director/ Chief Executive Officer)
- Mr. K H S Deshapriya (Executive Director/ Chief Operating Officer)

Regular Attendees by Invitation

The following members of the corporate management team were also regularly attended for the meetings by invitation of the Committee.

- Ms. D P Senevirathna - Manager - Finance
- Ms. K B N P Perera - Asst. Manager - Finance
- Mr. P K S Senevirathna - Asst. Accountant

In addition to the above, the legal consultant of the Company also attended meetings by invitation of the Committee as and when required.

Terms of Reference

The Risk Management Committee has terms of reference, dealing with its authority and duties, which is established for the purpose of assisting the Board in fulfilling its oversight responsibilities relating to risk management and internal controls which includes;

- Reviewing the adequacy of the risk management framework and the internal controls to mitigate the potential risks and their impact to the Company and its operations.
- Assessing all types of potential risks of the Company including the credit risk and reporting to the Board of Directors through verbal briefings and tabling the minutes of the Committee meetings at quarterly Board Meetings.

Meetings

The Committee met four times during the year under review and the attendance for the said meetings are given below;

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	4	4
Mr. B R L Fernando	4	4
Mr. W A T Fernando	4	4
Mr. D G W De Silva	4	4
Mr. K H S Deshapriya	4	4

Activities during the year

During the year under review, a new Enterprise Risk Management Framework (ERM) was introduced covering all the potential risks and the risk appetite levels were set against all risk categories accordingly.

Further, the Committee assisted the Board of Directors in reviewing the effectiveness of the risk management framework of the Company and recommended changes wherever necessary.

Complete review on the Risk Management Framework is given from page 104 to 109 of this Annual Report.

C P R Perera
Chairman – Risk Management Committee

22nd May 2018

Report of the Remuneration Committee



Composition

The Remuneration Committee appointed by and responsible to the Board of Directors comprises of the following Non-Executive Directors;

Mr. C P R Perera (Independent Non-Executive Director) – Chairman

Ms. N T M S Cooray (Non-Executive Director)

Mr. B R L Fernando (Independent Non-Executive Director)

Regular Attendees by Invitation

The Managing Director of the Company attended meetings by invitation.

Terms of Reference

The Remuneration Committee operates within agreed terms of reference and is committed to ensure that the remuneration packages align with performance of the employees. The Remuneration Committee reviews the performance of the Executive Directors against the set objectives and recommends the remuneration payable to them. The Board makes the final determination after considering such recommendations. No Director is involved in determining his own remuneration.

Remuneration Policy

Remuneration Policy is formulated to attract and retain highly qualified, experienced Executive Directors and Key Management Personnel and motivate them to achieve set objectives. The remuneration packages are linked to the individual performances and the Company's overall performance.

A profit share scheme based on the performance of the Company is in place as a part of remuneration of Key Management Team including Executive Directors in order to align their interests with those of the Company and main Stakeholders and to give these Directors appropriate incentives to perform at the highest levels. Employee Share Option Scheme (ESOS) is also in place to Key Management Personnel as per the Listing Rules of the Colombo Stock Exchange.

Salaries and the other benefits are reviewed annually considering the individual performances, Company's performance and the levels of remuneration in the industry.

The aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review appears on Page 144 under Directors' remuneration.

Meetings

The Committee met twice during the year under review and the attendance for the said meetings is given below.

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	2	2
Ms. N T M S Cooray	2	2
Mr. B R L Fernando	2	2

Activities during the Year

During the year under review the Committee determined the profit share payable for the corporate management including Executive Directors.



C P R Perera
Chairman – Remuneration Committee

22nd May 2018



CORPORATE GOVERNANCE

Report of the Nomination Committee



Composition

The Nomination Committee appointed by and responsible to the Board of Directors comprises of the following Directors;

- Mr. C P R Perera (Independent Non-Executive Director) – Chairman
- Mr. W A T Fernando (Managing Director/ Executive Director)
- Mr. B R L Fernando (Independent Non-Executive Director)

Terms of Reference

The Nomination Committee make recommendations to the board on all new Board appointments and re-appointments. The Committee regularly assesses the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes. The findings of such assessments are considered when appointing new Directors to the Board or when incumbent Directors come up for re-election.

Upon the appointment of a new Director to the Board a brief resume of the Director which includes his expertise and other directorships communicated to the Shareholders through the Colombo Stock Exchange.

Re-election / Re-appointment of Directors at the Ninth Annual General Meeting

Details of the Directors who are subject to re-election / re-appointment at the ninth Annual General Meeting are given under the Notice of the Annual General Meeting on page 145.

Meetings

The Committee met twice during the year under review and the attendance for the said meetings is given below.

Name of the Director	Attended	Eligibility to Attend
Mr. C P R Perera - Chairman	2	2
Mr. W A T Fernando	2	2
Mr. B R L Fernando	2	2

Activities during the year

During the year under review, the Committee discussed on the process of succession planning relating to Executive Directors and the Corporate Management and necessary recommendations were made to the Board of Directors to put action plans to manage succession.

C P R Perera
Chairman – Nomination Committee

22nd May 2018

Directors' Statement on Internal Control



Responsibility

The Board is responsible for the adequacy and effectiveness of Ceylon Tea Brokers PLC's system of internal controls. However, such a system is designed to manage the Company's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives of the Company. Accordingly, the system of Internal Controls can only provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Internal Control Process

The Risk Management Committee and the Audit Committee review the effectiveness of the risk management framework and internal controls, effectiveness of the audit, review of compliance and internal audit processes. The Management Committee and the Credit Committee which are under the supervision and direction of the Board of Directors implement policies and procedures at operational level in order to strengthen the internal controls. Internal Auditors review the effectiveness of risk management practices and the internal controls of the Company whilst the External Auditors review the internal controls over the financial reporting process.

Detailed review on risk management and internal controls is given from page 104 to 109 under Risk Management.

Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with Sri Lanka Accounting Standards and other regulatory requirements.

By order of the Board



H M S Perera
Chairman – Audit Committee



C P R Perera
Chairman



W A T Fernando
Managing Director

22nd May 2018



CORPORATE GOVERNANCE

Summary of Compliance

Voluntary Compliance with the Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka is as follows:

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A	Directors		
A.1	The Board		
A.1.1	Board Meetings	Yes	The Board has met five times during the year and attendance for the Board Meetings is given in the Page No. 80 of this report.
A.1.2	Role of the Board	Yes	Key responsibilities of the Board include; <ul style="list-style-type: none"> ▪ Formulation and implementation of strategies ▪ Reviewing and approving business plans and budgets ▪ Reviewing and comparing actual results against the budgets ▪ Ensuring effective internal controls and risk management ▪ Ensuring effective compliance with laws, regulations and ethical standards.
A.1.3	Act in Accordance with the Laws of the Country	Yes	The Board has ensured that the Directors are adhered to all applicable laws, rules and regulations.
A.1.4	Access to the Company Secretary	Yes	All Directors have access to the advice and services of the Company Secretary M/s. PW Corporate Secretarial (Pvt.) Ltd., who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with.
	Appropriate Insurance Cover	Yes	The Group has obtained a Directors and Officers Liability Insurance Cover.
A.1.5	Independent Judgement	Yes	The Board members are required to refrain from matters of self interest and to bring independent judgement to the decision making process.
A.1.6	Adequate Time and Effort	Yes	Directors dedicate adequate time and effort to matters pertaining to the Board and the Group to ensure that their duties and responsibilities are satisfactorily discharged. Directors dedicate sufficient time before a meeting to review Board papers and request additional information and clarification and follow up on issues consequent to the meeting.
A.1.7	Resolution to be presented to the Board	Yes	One third of Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Group to do so.
A.1.8	Appropriate Training	Yes	Majority of the Directors have experience in the Tea Industry and every Director is given appropriate training when they are first appointed to the Board.
A.2	Chairman and Chief Executive Officer (CEO)	Yes	The roles of the Chairman and the Managing Director are separate with a clear distinction of responsibilities, which ensures balance of power and authority.
A.3	Chairman's Role	Yes	Main responsibility of the Chairman is to lead and manage the Board and its Committees, so that they can function effectively. The Chairman ensures that the Board is in complete control of the Group's affairs and alerts to its obligations to all Shareholders and other Stakeholders.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.4	Financial Acumen	Yes	All Directors have sufficient financial acumen and knowledge on matters of finance. Majority of the Non Executive Directors have previous experience in Banking and Finance related Companies. Mr. B R L Fernando (Independent Non Executive Director) is a Fellow Member of the CA Sri Lanka. Mr. W A T Fernando (Managing Director), Ms. N T M S Cooray (Non-Executive Director) and Ms. H M S Perera (Non Executive Director) are members of Chartered Institute of Management Accountants, UK (CIMA).
A.5	Board Balance		
A.5.1	Non Executive Directors	Yes	Five out of eight Directors were Non-Executive Directors at the conclusion of last AGM. The names of Non-Executive Directors are given on page 80 and a brief resume of each Director is available on pages 71 to 73.
A.5.2	Independent Non Executive Directors	Yes	Three out of five Non Executive Directors were independent at the conclusion of last AGM. The names of Independent Non-Executive Directors are given on page 79.
A.5.3	Independence of Non Executive Directors	Yes	All Independent Non Executive Directors have met the criteria set out in the Listing Rules of CSE and this code to be recognising as independent. A special disclosure in this regard is available on page 79.
A.5.4	Annual Declaration of Non Executive Directors	Yes	The Non-Executive Directors have submitted the required declaration, which was used for determining the independence of the Independent Directors.
A.5.5	Determination of independence of the Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non- Executive Director based on a declaration made by the Non- Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules. The special declaration on the determination of independence of Independent Non-Executive Directors, is presented on page 102.
A.5.6	Alternate Directors	Not Applicable	No alternative Directors were appointed during the year.
A.5.7 & A.5.8	Senior Independent Director	Not Applicable	Roles of the Chairman and the Managing Director are clearly separated.
A.5.9	Chairman conducting Meetings with Non Executive Directors	Yes	The Chairman conducts meetings with the Non-Executive Directors, without the presence of Executive Directors as necessary.
A.5.10	Recording of concerns in the Board Minutes	Yes	Concerns raised by the Directors which could not be unanimously resolved during the year, such individual concerns (if any) were recorded in the minutes.
A.6	Supply of Information		
A.6.1	Management's obligation to provide appropriate and timely information to the Board	Yes	Directors are provided with monthly reports on financial and operational performance of the Group, minutes of the Board Sub Committees and other Management Committees and any other information as necessary. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings.



CORPORATE GOVERNANCE

Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.6.2	Providing relevant information prior to the Board Meetings	Yes	The minutes, agenda and papers required for Board Meeting are provided to Directors with adequate time to study them to facilitate its effective conduct.
A.7	Appointments to the Board		
A.7.1	A Nomination Committee	Yes	The Board has appointed a Nomination Committee to make recommendations to the Board on all new Board appointments. Composition of the Nomination Committee is given on page 86.
A.7.2	Assessment of the Board Composition	Yes	The Nomination Committee and the Board continuously assess the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Group. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.
A.7.3	Disclosure on New Directors to Shareholder	Yes	Upon the appointment of a new Director to the Board, the Group discloses the following details to shareholders through CSE. <ul style="list-style-type: none"> ▪ a brief resume of the Director ▪ the nature of his expertise in relevant functional areas ▪ the names of companies in which the Director holds Directorships ▪ 'independence' of such directors
A.8	Re-election		
A.8.1	Appointment of Non-Executive Directors	Yes	Non-Executive Directors are appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment are not automatic.
A.8.2	Re-Election	Yes	All Directors including the Chairman of the Board are subject to election by Shareholders at the first opportunity after their appointment, and to re-election thereafter are done in accordance with the Articles of Association of the Company. Refer page 86 under Annual Report of the Board of Directors.
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings. However, the Board in the process of implementing a mechanism to periodically evaluate its own performance in order to ensure that responsibilities set out in A.1.2 are discharged in a satisfactory manner.
A.9.3	Review the performance of the Directors at the time of re-election	Yes	The Board reviews the performance of each director in terms of participation, contribution and engagement at the time of re-election.
A.9.4	Disclosure of performance evaluation criteria	Yes	This section itself would serve the purpose of disclosure.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.10	Disclosure of information in respect of Directors	Yes	The following information in relation to Directors are disclosed in this report. Name, qualifications, nature of expertise, other Directorships of Listed Companies and other companies and brief profile on page 71 to 73. Material Business Relationships on page 140 to 143. Nature of the Directorship on page 80. Number of Board Meetings attended on page 80. Memberships of Board Sub Committees and attendance pages 81 to 86.
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11.1	Setting Annual Targets	Yes	Financial and Non Financial Targets are set at the beginning of the financial year as budgets and KPI's which are in line with the Group's short term and long term business objectives.
A.11.2	Performance Evaluation	Yes	Performance of the CEO and the management team are evaluated by the Board quarterly and at the end of each financial year. Actual performances against targets are compared and with the reasons and justifications in the event that the targets are not achieved.
B	Director's Remuneration		
B.1	Remuneration Procedure		
B.1.1	Remuneration Committee	Yes	The Board has appointed a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Group's framework of remunerating Executive Directors.
B.1.2	Composition of the Remuneration Committee	Yes	The Remuneration Committee comprises three Non-Executive Directors out of which including Chairman are Independent.
B.1.3	Chairman and the members of Remuneration Committee	Yes	Composition of the Remuneration Committee is given on page 85.
B.1.4	Determination of remuneration of Non-Executive Directors	Yes	The Board collectively determines the remuneration of the Non-Executive Directors including the members of the Remuneration Committee, within the limits set in the Articles of Association.
B.1.5	Consultation of the Chairman and access to professional advice	Yes	The Remuneration Committee consults the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and has access to professional advice from within and outside the Group, in discharging their responsibilities.
B.2	The level and make up of Remuneration		
B.2.1	Remuneration Packages of Executive Directors	Yes	The Remuneration Committee provides the packages needed to attract, retain and motivate Executive Directors of the quality required with reasonable limits.



CORPORATE GOVERNANCE

Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
B.2.2	Design of the remuneration packages of Executive Directors to promote long term success	Yes	Remuneration packages of Executive Directors are designed to promote long term success of the business.
B.2.3	Comparison of remuneration with other Companies	Yes	The Remuneration Committee cautiously compare the levels of remuneration of the Group with other companies in the industry.
B.2.4	Comparison of remuneration with other Companies in the Group	Yes	The Remuneration Committee is sensitive to remuneration and employment conditions in other companies of the Group.
B.2.5	Performance related elements of remuneration of Executive Directors	Yes	A profit share scheme based on the performance of the Group is in place as a part of remuneration of Executive Directors to align their interests with those of the Group and main Stakeholders and to give these Directors appropriate incentives to perform at the highest levels.
B.2.6	Executive Share Options	Yes	Employee share options have offered as per the Listing Rules of the Colombo Stock Exchange. Details given on page 144 of the Financial Statements.
B.2.7	Executive Directors' remuneration	Yes	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.
B.2.8 & B.2.9	Early termination of Executive Directors	Not Applicable	Special early termination clauses are not included in the contract of employment of Executive Directors that would entitle them for extra compensation. However, any such compensation would be determined by the Board of Directors. No Executives Directors were terminated during the year.
B.2.10	Levels of remuneration for Non-Executive Directors	Yes	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices. No share options were granted to Non-Executive Directors.
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Yes	Composition of the Remuneration Committee and the Group's Remuneration Policy is given in the page 85 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 144 under Director's Remuneration.
C	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings		
C.1.1	Notice of the AGM and Related Documents	Yes	The Notice of Meeting and related documents are dispatched to the Shareholders 15 working days prior to the AGM, as per Section 135 of the Companies Act No.07 of 2007.
C.1.2	Separate resolution for all separate issues at the Annual General Meeting	Yes	Group proposes a separate resolution at the AGM on each substantially separate issue and in particular propose a resolution at the AGM relating to the adoption of the report and accounts.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
C.1.3	Use of Proxy Votes	Yes	An effective mechanism is in to count all proxy votes and indicate proxies lodged on each resolution and the balance for and against the resolution and withheld, is conveyed to the Chairman.
C.1.4	Availability of Chairman of the Board Sub Committees to respond to queries at the AGM	Yes	The Chairmen of the Audit, Remuneration and Nomination Committees are usually present at the Annual General Meeting to facilitate Shareholders' inquiries.
C.1.5	Procedures of voting at the Annual General Meeting	Yes	The Notice of Meeting outlines the procedure relating to voting at the Annual General Meeting.
C.2	Communication with shareholders		
C.2.1	Communication Channels	Yes	Group uses the Annual General Meeting, Annual Report, Quarterly Financial Statements, Corporate disclosures to the CSE and the Corporate Website as Channels to communicate with Shareholders.
C.2.2	Policy and Methodology for Communication	Yes	The Group's policy of communicate with shareholders includes the sharing of all financial and non-financial information as per the statutory requirements and as well as the sharing of all prices sensitive information. The methodology of communication with Shareholders is multi-faceted to ensure accurate and timely information.
C.2.3	Implementation of Policy	Yes	The implementation of the policy and the methodology is done through the adoption of the above mentioned channels of communication.
C.2.4	Disclose the contact person for shareholder communications	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.5	Directors awareness on major issues and concerns of Shareholders	Yes	The Chairman ensures that all Directors are aware of major issues and concerns of shareholders. Such issues are discussed at Board Meetings.
C.2.6	Contact person in relation to shareholders' matters	Yes	The contact person in relation to all matters pertaining to the Shareholders is the Company Secretary.
C.2.7	Response to shareholders	Yes	The Chairman and the Directors answer all the queries raised by the Shareholders at the AGM. Appropriate responses formulated and actions taken to address Shareholder concerns by the Board are communicated to the shareholders by the Company Secretary.
C.3	Major and Material Transactions		
C.3.1	Disclosure on 'major and material transactions'	Yes	There was no transaction during the year that fell within the definition of a major transaction defined by the Companies Act No. 07 of 2007 or SEC Law and CSE Regulations which materially affect the net asset base of the Group.
C.3.2	Compliance with the disclosure requirements and the shareholder approval by special resolution	Yes	The Group is complied with the disclosure requirements and the shareholder approval by special resolution as required by the rules and regulations of the Securities and Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE).



CORPORATE GOVERNANCE

Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D	Accountability and Audit		
D.1	Financial and Business Reporting (Annual Report)		
D.1.1	Presenting the annual report including financial statements	Yes	The Group has strictly complied with all the statutory requirements pertaining to preparing and publishing of Interim Financial Statements, Annual Financial Statements and Annual Reports.
D.1.2	The Board's responsibility in presenting balanced and understandable information	Yes	The Board is responsible in presenting a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators, as well as to information required for statutory requirements. The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 112 of this Annual Report.
D.1.3	Declaration from the Chief Executive Officer and Chief Financial Officer	Yes	Relevant declarations from the Chief Executive Officer and the Finance Manager were obtained prior to the Board approves the Financial Statements for financial period.
D.1.4	Directors' Report in the Annual Report	Yes	The Annual Report of the Board of Directors on the affairs of the Group is given on pages 101 to 103 of this Annual Report which contains the relevant declarations required by this Code.
D.1.5	Statement of Directors' and Auditor's responsibility for the Financial Statements /Directors Statement on Internal Control	Yes	The 'Statement of Directors' Responsibilities' for preparation and presentation of Financial Statements is given on page 112 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 113 to 115 of the Annual Report. Statement on Internal Controls is given on page 87 of the Annual Report.
D.1.6	Management Discussion and Analysis	Yes	Refer Management Discussion and Analysis on pages 21 to 69.
D.1.7	Summon an Extraordinary General Meeting to notify serious loss of capital	Not Applicable	This situation did not arise during the financial year under review.
D.1.8	Disclosure of Related Party transactions	Yes	The Board has adequately and accurately disclosed the related party transactions in this Annual Report as required in this Code. Refer Report of the Related Party Transactions Review Committee on page 83 and Related Parties and Related Party Transactions Disclosures on pages 140 to 143.
D.2	Internal Control		
D.2.1	Directors to review on Risk management and Internal Controls	Yes	The Audit Committee, the Risk Management Committee and the Board as a whole review the risks facing the Group and the effectiveness of the system of internal controls on quarterly basis.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.2.2	Disclosures in the Annual Report on Risk Management and Internal Controls	Yes	The following disclosures as required by the Code are included in this Report; <ul style="list-style-type: none"> ▪ Management Discussion and Analysis – on pages 21 to 69 ▪ Report of the Audit Committee – on pages 81 to 82 ▪ Report of the Risk Management Committee – on page 84 ▪ Directors’ Statement on Internal Controls – on page 87 ▪ Enterprise Risk Management Framework – on pages 104 to 109 ▪ Annual Report of the Board of Directors – on pages 101 to 103 ▪ Statement on Directors’ Responsibilities for Preparation of Financial Statements – on page 112
D.2.3	Internal Audit	Yes	The Group has obtained the service of Messrs. PricewaterhouseCoopers as the Independent Internal Auditor of the Group to serve this purpose.
D.2.4	Review of effectiveness of the risk management and internal controls	Yes	The Internal Auditors review the internal control system including internal control over financial reporting. The Audit Committee and the Risk Management Committee reviews the process and effectiveness of the risk management and internal controls, and report to the Board. Refer the Directors’ Statement on Internal Control on page 87 for details.
D.2.5	Responsibilities of Directors in maintain a sound system of internal control	Yes	The Directors’ responsibility for maintaining a sound system of internal control is given in the Directors’ Statement on Internal Control on page 87.
D.3	Audit Committee (BAC)		
D.3.1	Composition of the Audit Committee	Yes	The Audit Committee comprises three Non-Executive Directors and two of them are Independent. Details are given on page 81.
D.3.2	Duties of the Audit Committee and Terms of Reference of the Audit Committee	Yes	Audit Committee is responsible for reviewing the scope and results of the audit and its effectiveness, and the independence and objectivity of the Auditors. The Terms of Reference of the Audit Committee is given in the Report of the Audit Committee on page 81.
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 81 to 82 for the relevant disclosures on composition of the Audit Committee and the independence of the auditors.



CORPORATE GOVERNANCE

Summary of Compliance

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
D.4	Related Party Transactions Review Committee (RPTRC)		
D.4.1	A related party and related party transactions	Yes	The Group has considered Related parties and related party transactions as defined in the LKAS 24.
D.4.2	Related Party Transactions Review Committee (RPTRC)	Yes	The Group formed a Board Related Party Transactions Review Committee in November 2015. The Committee comprises four Directors, of whom two are Independent Non-Executive Directors and one is a Non-Executive Directors whereas the remaining Director is an Executive Director. The Chairman of the Committee is an Independent Non-Executive Directors. Arrangements will be made to comply with the requirement under Section D.4.2 of the Code in due course. Composition of the RPTRC is given on page 83.
D.4.3	Terms of Reference of the Related Party Transactions Review Committee (RPTRC)	Yes	Refer Report of the Related Party Transactions Review Committee (RPTRC) on page 83 for the Terms of Reference of the RPTRC.
D.5	Code of Business Conduct and Ethics		
D.5.1	Disclosure of Code of Business Conduct & Ethics	Yes	Group has a Code of the Business Conduct and Ethics for Directors and Key Management and relevant declaration is given in the 'Annual Report of the Board of Directors in the Affairs of the Company on the pages 101 to 103.'
D.5.2	Process to ensure that material and price sensitive information is promptly identified and reported.	Yes	The Group has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.
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	Yes	All the employees involved in financial reporting are required to declare details of their dealings in shares of the CTB PLC to the Company Secretary immediately. In addition, the Directors and KMP's too are required to disclose their dealings in shares of CTB PLC to the Company Secretary, enabling her to inform such transactions to the CSE.
D.5.4	Affirmation Statement by Chairman	Yes	Refer the 'Chairman's Statement on Corporate Governance' on page 76.
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 71 to 103 would serve the purpose of relevant disclosure.

Section II – Shareholders			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
E	Institutional Investors		
E.1	Shareholder Voting		
E.1.1	Communication with Shareholders	Yes	The Annual General Meeting provides the forum for shareholders to express their views. The Chairman ensures that any views expressed by investors to him personally or at General Meetings are discussed with the Board. The Directors consider the importance to understand the views of shareholders and, in particular, any issues which concern them.
E.2	Evaluation of Governance Disclosures	Yes	This section of the Annual Report contains the Group's governance arrangements and institutional investors are encouraged to give due weight to all relevant factors drawn to their attention.
F	Other Investors		
F.1	Investing/Divesting Decisions	Yes	Interim Financial Statements, Annual Consolidated Financial Statements and Annual Reports are published on the CSE website and these reports provide information that enables shareholders to carry out adequate analysis or seek independent advice in investing or divesting decisions.
F.2	Shareholder Voting	Yes	The shareholders are encouraged to participate at General Meetings and exercise their voting rights. Instructions with regard to appointing a proxy and the manner in which a Proxy Form should be completed are available in the Proxy Form circulated with the Annual Report
G	Internet of Things and Cyber Security	Yes	The Group implemented a comprehensive IT policy which covers the security of IT assets and the information assets. The Board's Audit Committee and the Risk Management Committee continuously discussed the importance of the cyber risk management. Two external IT audits and an external vulnerability assessment were carried out during the year under review and necessary precautions were taken against the identified threats.
H	Environment, Society and Governance (ESG)		ESG principles are reported in a holistic manner throughout this Report according to the following guidelines; 1. Integrated Reporting Framework (IRC) 2. The Global Reporting Initiatives (GRI:2016) Information required by this Code is given in the following sections of the Annual Report: <ul style="list-style-type: none"> ▪ Management Discussion & Analysis – on page 21 to 69 ▪ Corporate Governance – on page 71 to 103 ▪ Enterprise Risk Management – on page 104 to 109



CORPORATE GOVERNANCE

Summary of Compliance

Level of compliance to the Continuing Listing Requirements Section 7.10 on Corporate Governance Rules issued by the Colombo Stock Exchange (CSE)

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
7.10 Compliance			
a./b./c.	Compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1 Non-Executive Directors (NED)			
a./b./c.	At least two members or one third of the Board, whichever is higher should be Non-Executive Directors	Yes	Five out of eight Directors were Non-Executive Directors at the conclusion of last AGM.
7.10.2 Independent Directors			
a.	two or one third of Non-Executive Directors, whichever is higher shall be "independent"	Yes	Three out of five Non-Executive Directors were independent at the conclusion of last AGM.
b.	Each Non-Executive Director to submit a signed and dated declaration of his/ her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the three Independent Non-Executive Directors have submitted signed declaration of their independence.
7.10.3 Disclosures Relating to Directors			
a./b.	Board shall annually determine the independence or otherwise of Non-Executive Directors	Yes	The Board has made an annual determination as to the independence or non-independence of each Non- Executive Director based on a declaration made by the Non- Executive Directors and as per criteria set out by the Colombo Stock Exchange Listing Rules.
c.	A brief resume of each Director should be included in the Annual Report including the directors' experience	Yes	Refer Board of Directors section of the Annual Report from pages 71 to 73.
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Detailed resumes of the new Directors appointed during the financial year were submitted to the CSE.
7.10.4 Criteria for Defining Independence			
a. to h.	Requirements for meeting the criteria to be an Independent Director	Yes	All three Independent Non-Executives Directors have met the criteria on defining independence as per the Listing Rules.
7.10.5 Remuneration Committee			
a. 1	Remuneration Committee shall comprise of Non-Executive Directors, a majority of whom will be independent	Yes	The Remuneration Committee comprises three Non-Executive Directors.
a. 2	One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors	Yes	An Independent Non-Executive Director is the Chairman of the Committee.
b.	Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors	Yes	The Remuneration Committee recommends the remuneration of the CEO and the Executive Directors. The Board makes the final determination after considering such recommendations.
c. 1	Names of Remuneration Committee members	Yes	Composition of the Remuneration Committee is given on page 85.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on the page 85.
c. 3	Aggregate remuneration paid to Executive Directors and Non-Executive Directors	Yes	Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 144 under Director's Remuneration.
7.10.6 Audit Committee			
a. 1	Audit Committee shall comprise of Non-Executive Directors, a majority of whom should be independent	Yes	The Audit Committee comprises three Non-Executive Directors out of which two are Independent. Refer page 81.
a. 2	A Non-Executive Director shall be the Chairman of the committee	Yes	Chairman of the Audit Committee is a Non-Executive Director.
a. 3	CEO and CFO should attend Audit Committee meetings	Yes	CEO and the Manager Finance participates the Audit Committee meetings by invitation.
a. 4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes	Two members of the Audit Committee including the Chairman are members of a professional accounting body.
b	Functions of the Audit Committee	Yes	The Audit Committee carries out all the functions prescribed in this section. Role of the Audit Committee is given on page 81.
b. 1	Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/ LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Group.
b. 2	Overseeing the compliance with financial reporting requirements, information requirements as per laws and regulations	Yes	The Audit Committee has the overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies.
b. 3	Ensuring the internal and risk management controls, are adequate, to meet the requirements of the SLFRS/LKAS	Yes	The Audit Committee assesses the effectiveness of the internal controls and risk management with the support of the Risk Management Committee.
b. 4	Assessment of the independence and performance of the Entity's External Auditors	Yes	The Audit Committee assesses the external auditor's performance and independence.
b. 5	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, reappointment, removal of External Auditors and also the approval of the remuneration and terms of Engagement
c. 1	Names of the Audit Committee members shall be disclosed	Yes	Refer Report of the Audit Committee on page 81.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 82.
c. 3	Report on the manner in which Audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 81 to 82.



CORPORATE GOVERNANCE

Summary of Compliance

Level of Compliance to the Continuing Listing Requirements Section 9 on Related Party Transactions issued by the Colombo Stock Exchange (CSE)

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
9.2 Related Party Transactions Review Committee			
9.2.2	Composition	Yes	Related Party Transactions Review Committee comprise of four Directors, out of which three are Non-Executive Directors. Chairman of the Committee is an Independent Non-Executive Director. Refer page 83.
9.3 Disclosures			
9.3.2 Disclosures in the Annual Report			
a	Non-recurrent Related Party Transactions	Yes	Details of the Non-recurrent Related Party Transactions are given on pages 142 to 143.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on pages 140 to 141.
c	Report of the Related Party Transactions Review Committee	Yes	Refer page 83.
d	A declaration by the Board of Directors	Yes	Refer page 103 under the Annual Report of the Board of Directors.

Level of Compliance under the Section 168 of the Companies Act No 07 of 2007

Section No.	Requirement	Compliance status	Reference
168 (1) (a)	The nature of the business of the Company together with any change thereof during the accounting period	Yes	Annual Report of the Board of Directors on page 101.
168 (1) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 116 to 144.
168 (1) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 113 to 115.
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 120 to 144.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Yes	Annual Report of the Board of Directors from pages 101 to 103.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 144.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 102.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Refer Board of Directors section from pages 71 to 73.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Yes	Refer Notes to the Consolidated Financial Statements on page 129.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 82.
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Refer Statement on Directors' Responsibilities for Preparation of Financial Statements on page 112 and Annual Report of the Board of Directors on pages 101 to 113.

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

The Board of Directors of Ceylon Tea Brokers PLC has pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2018.

General

The Company was incorporated in terms of the Companies Act, No.17 of 1982 under the name of "De Silva Abeywardena and Peiris (Private) Limited" on 15th June 1999, changed its name to Ceylon Tea Brokers (Private) Limited on 5th April 2006 and was converted to a public company on 21st June 2007. The Company was re-registered as per the Companies Act, No.7 of 2007 on 20th January 2010 and PB 1280 is the new number assigned to the Company, obtained a listing on the Diri Savi Board of the Colombo Stock Exchange on 16th March 2010 and changed its name to Ceylon Tea Brokers PLC on 3rd May 2010. The registration number of the Company is PB 1280 PQ.

Principal Activities

The Company's principal activities during the year were Tea broking and providing warehousing facilities for storage of Tea. In addition to the aforesaid core activities, the Company provided financing facilities to its producer clients for their working capital requirements. This Report together with the Financial Statements, reflect the state of affairs of the Company. The Company continues to own the leasehold rights of a land in Muthurajawela and the construction of the state of the art warehousing project is in progress.

There were no significant changes in the nature of business of the Company during the year that may have a significant impact on the state of the Company's affairs.

Rights Issue

The Company had a Rights Issue of Shares in February 2018 in the proportion of Three (03) new Ordinary Share for every Five (05) Ordinary Shares held as at the relevant date at an issue price of Rs. 3/- per share. Resulting from the said Rights

Issue, the Stated Capital increased by Rs. 205,200,000/- and the number of shares by 68,400,000 Ordinary Shares.

The objective of raising Rs. 205,200,000/- was to immediately settle part of the temporary funds borrowed by the Company, of Rs. 232,000,000/- to facilitate the investment of Rs. 233,000,000/- to purchase shares of Logicare (Pvt) Ltd., in May 2017.

The Rights Issue and the funds were utilised for the original purpose.

Vision, Mission and Values

The Company's vision, mission and values are available on page 01.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for the Directors and employees including the Members of the Key Management. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the corporate objectives of the Company.

Review of Business Performance

Review of business performance and future outlook of the Company is available in the Chairman's message, Chief Executive Officer's review, and Management Discussion and Analysis.

Disclosures

The Annual Report of the Company complies with the disclosure requirements of the Sri Lanka Accounting Standards (SLFRs/LKASs), Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka.

Financial Statements and Accounting Policies

The Consolidated Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS) and Sri Lanka Financial Reporting Standards (SLFRSs), issued by The Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. Consolidated Financial Statements for the year ended 31st March 2018 duly signed by the Manager Finance and two Directors, are given from pages 116 to 118. The policies adopted thereof are given from pages 120 to 144. Figures pertaining to the previous periods have been re-stated where necessary to conform to the presentation for the year under review.

Auditors

Messrs KPMG, Chartered Accountants served as the Auditors of the Company. The Auditors do not have any interest in the Company other than providing Audit and Non Audit services.

A sum of Rs. 570,000.00 is payable by the Company to the Auditors as Audit Fees for the year under review.

The Auditors have also provided Non-Audit services during the year and the fee payable there for amounts to Rs. 60,000.00.

The Report of the Auditors on the Financial Statements of the Company is given on page 113 to 115 under Consolidated Financial Statements.



Stewardship

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

The Board of Directors

As at 31st March 2018, the Board of Directors of the Company consisted of eight members.

Mr. C P R Perera	-	Chairman / Independent Non-Executive Director
Mr. W A T Fernando	-	Managing Director
Mr. D G W De Silva	-	Chief Executive Officer
Mr. K H S Deshapriya	-	Chief Operating Officer
Mr. B R L Fernando	-	Independent Non-Executive Director
Ms. N T M S Cooray	-	Non-Executive Director
Ms. H M S Perera	-	Non-Executive Director
Mr. D H Madawala	-	Independent Non-Executive Director

A detailed resume of each Director of the Company is available from pages 71 to 73.

Mr. B R L Fernando who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. B R L Fernando who is 76 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

Mr. C P R Perera who is over 70 years of age, offers himself for re-appointment as a Director in pursuance of Section 211 of the Companies Act with the recommendation of the Directors. A resolution proposing the re-appointment of Mr. C P R Perera who is 74 years of age, to the Board of the Company, declaring that the age limit of 70 years shall not apply to the said Director, will be placed before the shareholders at the forthcoming Annual General Meeting.

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

Independence of Non-Executive Directors

The Board has determined that three Non-Executive Directors – Messrs C P R Perera, B R L Fernando and D H Madawala are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the said Directors have submitted signed declarations in this regard.

Board Meetings and Sub Committee Meetings

The number of Board meetings and Sub Committee meetings held during the year and the attendance of Directors at these meetings are given on Corporate Governance Section from pages 80 to 86.

Directors' Remuneration

The aggregate remuneration paid to the Directors' during the year under review was Rs. 34,915,164.00.

Directors Shareholdings

The relevant interest of Directors in the shares of the Company as at 31st March 2018 as recorded in Interest Register are given on page 68 of the Annual Report under Shareholdings of Directors.

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.

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.

Stated Capital

The Stated Capital of the Company is Rs. 333,200,000/- representing 182,400,000 Ordinary Shares.

Shareholder 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, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given from pages 66 to 69 under Shareholder Information.

Donations

The Directors have approved Rs. 2,948,626/- as CSR expenses (2016/17 Rs. 620,000).

Dividends

The Directors have approved an interim dividend of cents thirty two and a half (Rs. 0.325) per share for the year under review subject to obtaining a Certificate of Solvency from the Auditors and the said dividend was paid on 23rd March 2018.

Property, Plant and Equipment

Details of property, plant and equipment and changes during the year are given in Note 11 of the Consolidated Financial Statements.

Land Holdings

The Company does not own any freehold land or buildings.

Internal Control and Risk Management

The Board is responsible for the adequacy and effectiveness of the Company's system of internal controls and risk management framework. Detail review in this regard is given on pages 104 to 109 under the Corporate Governance.

Corporate Governance

Company has complied with the Corporate Governance regulations and the best practices given in the Continuing Listing Requirements issued by the Colombo Stock Exchange, Companies Act No 07 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Level of Compliance to these mandatory regulatory requirements and best practices are given from pages 88 to 100 under the Corporate Governance section.

Material Foreseeable Risk Factors

Information pertaining to material foreseeable risk factors is given under the Risk Management section on pages 104 to 109.

Events Occurring after the Reporting Date

No circumstances have arisen and no material events have occurred during the period between the reporting date and the date of signing of Financial Statements by Directors that require disclosure or adjustment to the financial statements other than those disclosed in Note 26 to the Consolidated Financial Statements on page 144 of this Annual Report.

Declaration

The Directors declare that:

- I. the Company has not engaged in any activity, which contravenes laws and regulations of the country to the best of their knowledge.
- II. all material interests in contracts involving the Company
- III. the Company has made all endeavours to ensure equitable treatment of all shareholders.
- IV. the business has a going concern and that the Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company as a going concern.
- V. they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence.
- VI. the Company has complied with Section 9 of the Listing Rules on Related Party Transactions issued by the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2018.

Annual General Meeting

The Ninth Annual General Meeting will be held on 29th June 2018 at 10.30 a.m. at the Ground Floor Auditorium of the Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02.

The Notice of the Annual General Meeting appears on page 145.

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



C P R Perera
Chairman



W A T Fernando
Managing Director



Neelika Subasinghe
P W Corporate Secretarial (Pvt) Ltd
Secretaries

22nd May 2018
Colombo

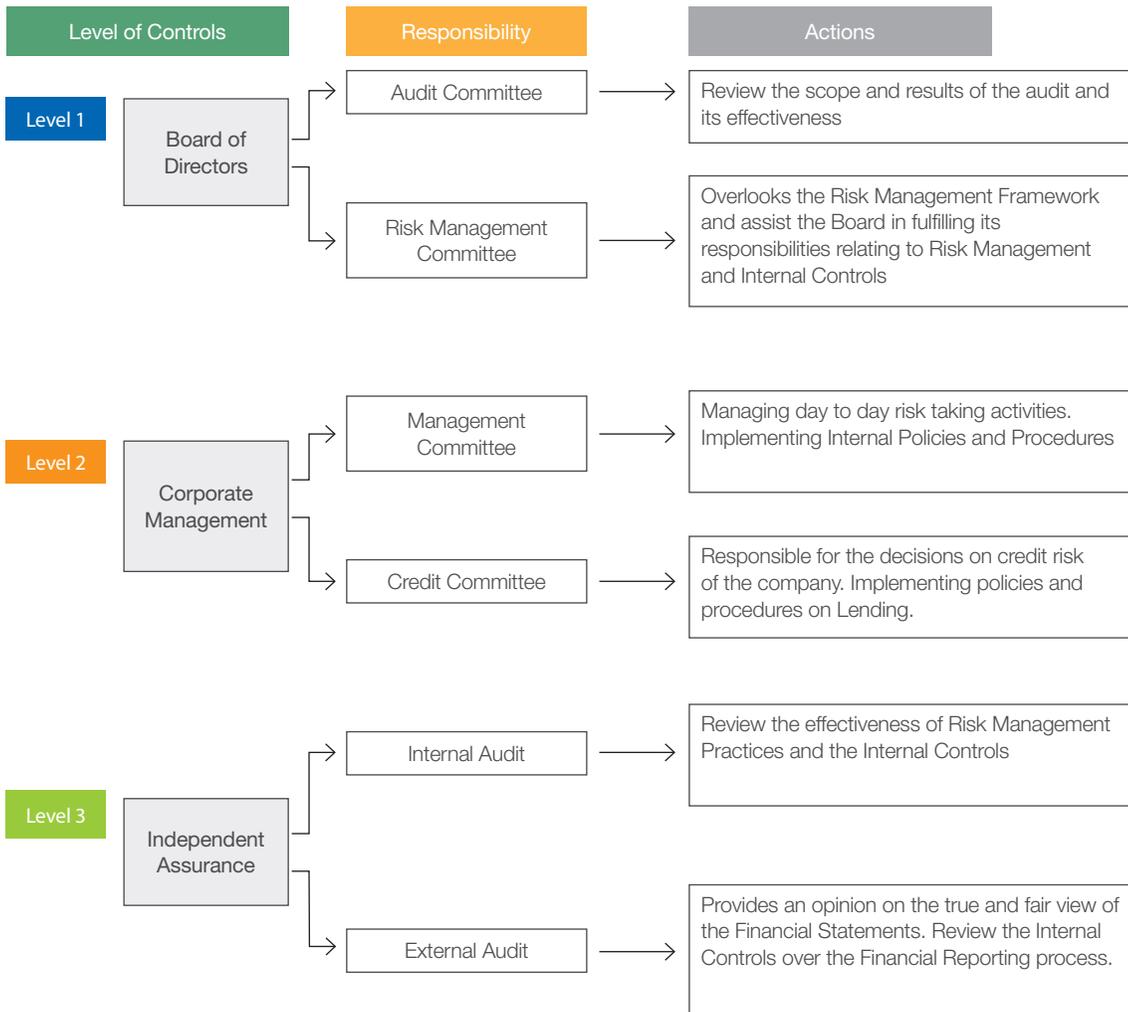


ENTERPRISE RISK MANAGEMENT (ERM)

Risk implies future uncertainty about deviation from expected earnings or expected outcome. Therefore, risk management is vital for any business entity irrespective of in which industry it operates. As per the Corporate Governance Framework the Board is responsible for ensuring an effective risk management process and a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

Enterprise Risk Management Framework

The Company has established an Enterprise Risk Management Framework with three levels of control in place under the supervision and direction of its Board of Directors and supported by the Corporate Management Team and employees at all levels. A graphical overview of the Company's risk management framework is given below.



Level 1 – Board of Directors

The Board of Directors gives the leadership to risk management framework of the Company as a part of its good governance practices.

The Board has delegated this responsibility to its two main subcommittees which are Risk Management Committee and the Audit Committee. These two subcommittees conduct meetings at least once in every quarter and update the Board of Directors at the board meetings on the effectiveness of the risk management framework and internal controls, effectiveness of the audit, review of compliance and internal audit processes.

Level 2 – Corporate Management

Management Committee and the Credit Committee which operates at the corporate management level are responsible for managing the risks of day to day business

activities. These two committees which are under the supervision and direction of the Board of Directors implement policies and procedures at operational level in order to strengthen the internal controls.

Level 3 - Independent Assurance – Internal Audit / External Audit

Internal Audit reviews the effectiveness of risk management practices and the internal controls of the Company whilst the External Audit reviews the internal controls over the financial reporting process. This independent assurance assists the Board of Directors to identify any gaps in the current risk management framework and internal controls.

Risk Policy

The key objective of this policy is to ensure that Ceylon Tea Brokers PLC has a consistent basis for identifying, measuring, controlling, monitoring and reporting risk across the Company

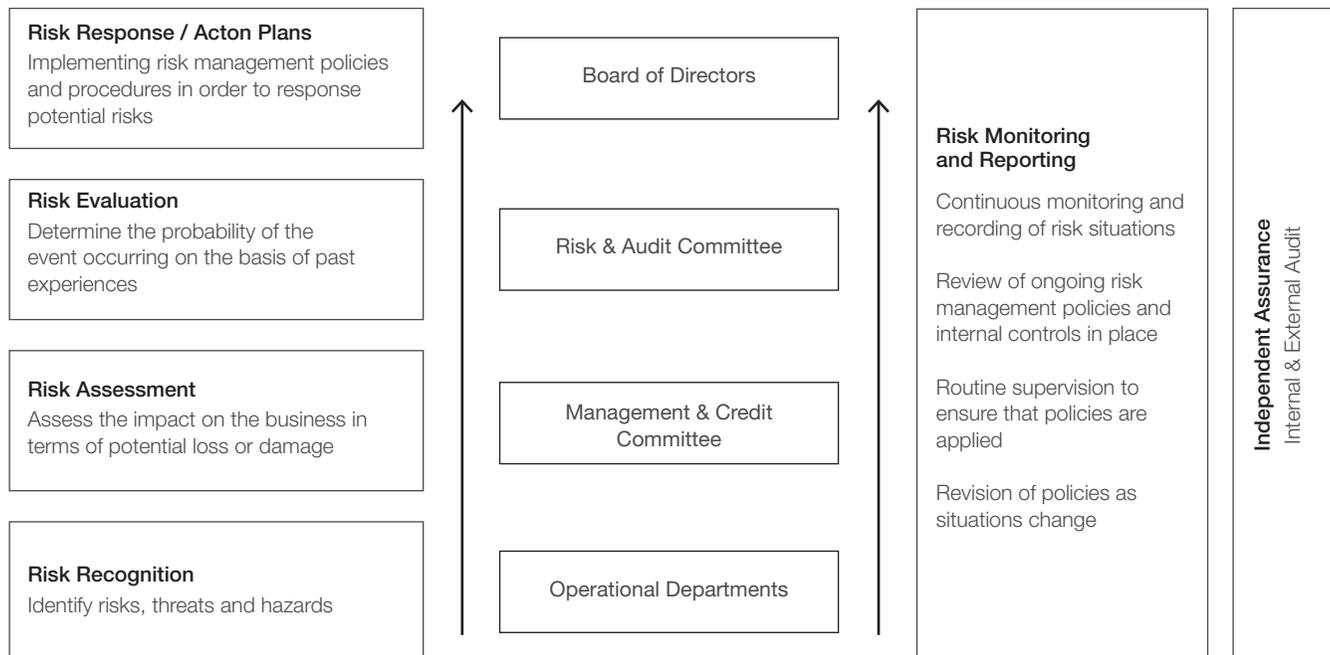
Risk Strategy

The Risk Strategy of the Company is to establish formal mechanisms to ensure that best efforts are taken to appropriately identify the risks and maximize any potential opportunities arising from such risks events and mitigate and minimize the adverse effects stemming from those identified risks.

This is operationalised through the embedding of risk management in business operations and strategic decision making process.

Risk Universe

Headline Risk	External Environment	Business Strategies and Policies	Business Process	Organization and People	Analyzing and Reporting	Technology and Data	Sustainability and CSR
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ENTERPRISE RISK MANAGEMENT (ERM)

Risk Appetite

The Company's risk appetite is the amount of risk it is prepared to accept in pursuing its strategic objectives based on its key value drivers. The Company's stated Risk Appetite provides a decision-making framework for the strategic and operational treatment of risk and is used as an internal tool by the central Enterprise Risk Management Division as means of calibrating the level of tolerance of risk on a Company wide level.

Ceylon Tea Brokers PLC Risk Appetite Statement

Ceylon Tea Brokers PLC operates within a low overall risk range. The Company has a zero tolerance with regards to governance, reputation and regulatory non-compliance, and a low tolerance to business disruption, health and safety of its stakeholders, and employee satisfaction and a medium level of tolerance towards strategic objectives related to earnings volatility.

Risk Management Process

Whilst the overall setting of risk appetite is set at a Company level, the CTB's ERM process is a bottom-up approach, starting at business level as depicted in the process diagram below.

Risk Register

The key risk areas which may interrupt the achievement of corporate objectives of the Company along with risk responses and action plans implemented to mitigate them are given from pages 107 to 109.

Rating of Risks

The level of risk for each risk event is determined by rating risks based on:

- i. Likelihood of occurrence – Rating of probability of occurrence from 1 to 5
- ii. Severity of impact – Rating of the impact to the business from 1 to 5.
- iii. Velocity of Risk – assessment of the speed at which the impact of the risk would affect the organization.

Below table elaborates the risk rating of the each risk identified in the above risk register.

Impact / Severity	5	Catastrophic / Extreme Impact	5	10	15	20	25
	4	Major / Very High Impact	4	8	12	16	20
	3	Moderate / High Impact	3	6	9	12	15
	2	Minor Impact	2	4	6	8	10
	1	Low / Insignificant Impact	1	2	3	4	5
		Rare / Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur	
		1	2	3	4	5	

■ Ultra High
 ■ High
 ■ Medium
 ■ Low
 ■ Insignificant
 Occurrence / Likelihood

Risk Register

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
Business Risk								
1.	Market Risk (Drop in prices)	External Environment	Loss of Revenue, Increase in credit exposure of producer clients	5	5	25	High	Manufacturing Advisory Services, Business Promotion, Relationship building, Restrict the advances granted on Tea Stocks up to a certain limit. Closely monitor the market trends
2.	Business Risk (Lost Marks)	External Environment	Loss of market share, loss of revenue, loss of reputation	5	3	15	High	Provide a better service to the clients to increase customer retention. Constant dialogue with clients and regular factory visits to understand the clients requirements / satisfaction
3.	Credit Risk (Non Recoverability)	Business Strategies and Policies	Loss of Profitability, Impact on Going Concern	5	1	5	High	Adhere to the Company's Credit Policy, Obtaining collateral and entering in to legal agreements, Restrict the advances granted on Tea Stocks up to a certain limit. Reviewing the position of advance clients on a regular basis by the Credit Committee and the Risk Management Committee.
4.	Fluctuations of Interest Rates	External Environment	Increase in cost of finance, Loss of profitability	4	3	12	High	Adjust the interest rates on lending to reflect the changes in the market rates. Review the trends in market interest rates (AWPLR), Regular discussions at the CBA Level in order to determine the MLR.
5.	Adhoc Tax Changes by Government	External Environment	Loss of profitability, Inaccurate budgeting and forecasting	3	2	6	High	Obtaining tax advisory services from External Tax Advisors. Constant dialogue with the relevant authorities, tax advisors and auditors
6.	Non Compliance (By - Laws/SLTB Act)	Business Process	Loss of reputation, additional costs, negative impact on business continuity	3	1	3	Medium	Implementation of relevant internal control practices, educating employees, continuously monitoring the adherence to statutory obligations at Management Level and Board Level. Independent assurance via Internal & External Audits.
7.	Liquidity Risk	Business Strategies and Policies	Interruption to operations due to non availability of funds	5	1	5	High	Effective treasury management. Regular Review of cash flows.
8.	Document Related Data Breaches (Collateral Documents)	Business Process	Loss of Profitability, Loss of reputation	5	1	5	Medium	Storing the legal and security documents in a safe with limited access. Periodic review of documents. Changing access passwords.



ENTERPRISE RISK MANAGEMENT (ERM)

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
Operational Risk								
9.	Burglary and Theft (External)	External Environment	Loss of goods, Loss of profitability, Loss of Reputation	5	1	5	Medium	Security arrangements, CCTV, obtaining relevant insurance covers
10.	Burglary and Theft (Internal)	Organization and People	Loss of goods, Loss of profitability, Loss of Reputation	5	1	5	Medium	Security arrangements, CCTV, obtaining relevant insurance covers, internal controls
11.	Natural Disasters	External Environment	Loss of goods, Loss of profitability	5	1	5	High	Obtaining relevant insurance covers
12.	Public Liability (Injuries to external parties)	External Environment	Loss of reputation	5	1	5	High	Health and Safety Policies and Practices
13.	Data Breaches / Data entry errors	Business Process	Loss of profitability, Penalties and fines	5	1	5	Medium	Internal Controls and Practices
14.	Sampling Errors	Business Process	Loss of profitability, Penalties and fines, Loss of Reputation	5	1	5	High	Internal Controls and Practices, Re-checking of samples
Information Technology Risk								
15.	Unauthorised Access / Hacking / Virus Attacks	Technology and Data	Data Loss/Data Leak to third parties/Claim for Ransomware or any kind of total failure, Disruption to business operations, financial loss, reputation	5	1	5	High	Protect Network and PC's with firewalls, Virus Guards. Independent assurance, Periodical reviews and audits, regular updates of virus guards
16.	Computer Hardware failures	Technology and Data	Data Loss/ Interruption to operations	5	1	5	High	Perform Scheduled Computer Services and replace depreciated Computers Every 4 years. Monitoring Server room environment and use of network monitoring tool. Standby Servers/ Computers. Get Periodical Data Backups
17.	Communication/ Connectivity Failures	Technology and Data	Interruption to operations	3	1	3	High	Use of backup units, VPN, Leased lines. Obtaining service from two different service providers. Automatically switch to backup Link through firewall.
18.	Lack of user controls	Business Strategies and Policies	Data Loss/ Data Leak to third parties / Data manipulation	5	2	10	Medium	Password Policy, User Authentication Matrix. Regular Review of password policies and periodical review of user rights, Independent Assurance

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
19.	Natural Disasters	External Environment	Data Loss, Interruption to operations and Business Continuity.	5	1	5	High	Data backups, Business Continuity Planning, Obtain Relevant Insurance Policies. Monitoring Server room environment and use of network monitoring tool.
Human Resource Risk								
20.	Lack of Overall succession planning framework	Organization and People	Disruption to business	4	2	8	High	Development of a succession planning framework (competency and skill) with current situation. To have a constant dialogue with Human Resource Department.
21.	Lack of adequate training	Organization and People	Quality of service	2	2	4	Low	Regular Training and Development. To have a constant dialogue with Human Resource Department.
22.	Lack of knowledge in HR Policies and procedures	Organization and People	Disciplinary issues	2	1	2	Low	Conduct induction programs to educate employees on a regular basis. Revision and amalgamation of company policy document/ code of conduct/ Standard Operational Procedures.
23.	User level authorization for time and attendance system	Business Strategies and Policies	Loss of data security & reputation	2	1	2	Low	Periodic review of access logs



The vision we share with our loyal workforce is a major driver in our progress to date. The collaborative approach we take to business has had a synergistic effect, allowing CTB to achieve an even higher state of performance.



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Financial Reports

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FINANCIAL CALENDAR

Interim Reports	
1st Quarter	31st July 2017
2nd Quarter	07th November 2017
3rd Quarter	08th February 2018
4th Quarter	18th May 2018

Audited Financial Statements	
As at 31st March 2017	16th May 2017
As at 31st March 2018	22nd May 2018

Meetings
8th Annual General meeting held on 29th June 2017
9th Annual General meeting to be held on 29th June 2018

Dividends
Final dividend for the year 2016/17 of Rs. 0.175 per share was paid on 17th May 2017
Interim dividend for the year 2017/18 of Rs. 0.325 per share was paid on 23rd March 2018



Financial Reports

STATEMENT ON DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF FINANCIAL STATEMENTS

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

The Directors are also responsible in ensuring that the financial statements comply with any regulation 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 ensure 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 Accounting 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 ensuring that the Company keeps sufficient accounting records, which discloses the financial position of the Company with reasonable accuracy, 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 has adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

By Order of the Board
CEYLON TEA BROKERS PLC

C P R Perera
Chairman

W A T Fernando
Managing Director

22nd May 2018
Colombo

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

To the Shareholders of Ceylon Tea Brokers PLC Report on the Audit of the Financial Statements Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of Loans and advances to Tea Suppliers	
Nature and Area of Focus	Our Response
<p>The Company holds Loans to Tea Suppliers as detailed in the note 14 in the financial statements, the value amounts to Rs. 245,391,448/- as at 31st March 2018 (2017: Rs. 271,062,261/-) as well as amounting Rs. 1,155,943,937/- hold as Advance to Tea Suppliers which has been disclosed in note 15 (2017: 723,782,868/-).</p> <p>The Company currently provides a specific provision of impairment and this impairment provision totals to Rs. 127,641,686/- (2017: Rs. 157,221,518/-). During the year the Company has provided Rs.12,087,630/- as impairment provision and the Company has written off Rs.41,667,462/- when arriving at the above provisioning as at 31st March 2018.</p> <p>The directors apply judgement in determining the appropriate provision based on detailed analysis of historic settlements made.</p> <p>Therefore given the level of judgments and estimates involved, this is considered to be a main audit focus area.</p>	<p>Our audit procedures included</p> <ul style="list-style-type: none"> Testing key controls over approval and granting loans and advances to Tea Suppliers. Assessing the recoverability of entire population of loan agreements by comparing management's views of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with reviewing cash received subsequent to year end. Determining the amount of impairment, we have checked the movement of individual tea supplier and cross checked with their loan agreements and assets they have pledged against the loans and advances they have obtained. Assessing the adequacy of the Company disclosures in respect of credit risk.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA P.Y.S. Perera FCA C.P. Jayatilake FCA
T.J.S. Rajakarier FCA W.W.J.C. Perera FCA Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA W.K.D.C. Abeyrathne FCA S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA R.M.D.B. Rajapakse FCA Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA M.N.M. Shameel ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACA



Financial Reports

INDEPENDENT AUDITOR'S REPORT



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment 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 Company and the Group's internal control.
- 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.

INDEPENDENT AUDITOR'S REPORT



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 2618.

A handwritten signature in black ink, appearing to be 'K. M. G.', written over the KPMG logo.

Chartered Accountants

Colombo, Sri Lanka
22nd May 2018



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	Group	Company	
		2018 Rs.	2018 Rs.	2017 Rs.
Revenue	5	655,918,798	655,918,798	419,723,180
Operating Expenses		(59,058,614)	(59,058,614)	(59,834,370)
Gross Profit		596,860,184	596,860,184	359,888,810
Marketing Expenses		(28,927,937)	(28,927,937)	(24,470,960)
Administration Expenses		(226,257,784)	(219,496,687)	(177,049,310)
Profit from Operations		341,674,463	348,435,560	158,368,540
Net Finance Expense	6	(191,987,127)	(191,987,127)	(98,562,945)
Profit Before Taxation	7	149,687,336	156,448,433	59,805,595
Income Tax Expense	8	(49,649,629)	(49,649,629)	(18,274,702)
Profit for the Year		100,037,707	106,798,804	41,530,893
Other Comprehensive Income				
Defined Benefit Plan Actuarial Gains		1,068,997	1,068,997	947,066
Deferred Tax on Actuarial Gains		(299,319)	(299,319)	(204,180)
Other Comprehensive Income for the Year		769,678	769,678	742,886
Total Comprehensive Income for the Year		100,807,385	107,568,482	42,273,779
Basic Earnings Per Share	9	0.76	0.81	0.33
Dividend Per Share	10	0.655	0.655	0.125

The Accounting Policies and Notes to the Financial Statements form an integral part of these Consolidated Financial Statements.

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March,	Note	Group		Company	
		2018 Rs.	2018 Rs.	2017 Rs.	2017 Rs.
ASSETS					
Non Current Assets					
Property, Plant and Equipment	11	24,912,666	24,912,666	23,870,541	-
Lease Hold Right Over Land	12	185,188,279	-	-	-
Intangible Assets	13	47,900,337	4,366,982	4,238,654	-
Investment in Subsidiary		-	233,000,000	-	-
Loans to Tea Suppliers	14.1	80,350,339	80,350,339	82,943,498	-
Total Non Current Assets		338,351,621	342,629,987	111,052,693	
Current Assets					
Trade and Other Receivables	15	1,524,958,549	1,524,077,494	984,802,260	-
Logicare Current Account		-	3,267,693	-	-
Loans to Tea Suppliers	14.2	165,041,109	165,041,109	188,118,763	-
Cash and Cash Equivalents	16	52,161,756	52,136,848	57,529,577	-
Total Current Assets		1,742,161,414	1,744,523,144	1,230,450,600	
Total Assets		2,080,513,035	2,087,153,131	1,341,503,293	
EQUITY AND LIABILITIES					
Equity					
Stated Capital	18	333,200,000	333,200,000	128,000,000	-
Retained Profits		131,290,433	138,051,530	109,713,048	-
Total Equity		464,490,433	471,251,530	237,713,048	
Non Current Liabilities					
Deferred Tax Liability	17	1,550,501	1,550,501	1,678	-
Lease Payable	20.2	3,163,294	3,163,294	-	-
Retirement Benefit Obligations	21	11,743,180	11,743,180	12,376,268	-
Total Non Current Liabilities		16,456,975	16,456,975	12,377,946	
Current Liabilities					
Interest Bearing Borrowings	19.1	693,000,000	693,000,000	230,000,000	-
Lease Payable	20.2	1,522,560	1,522,560	1,400,174	-
Trade and Other Payables	22	197,069,401	196,948,400	200,710,493	-
Tax Payables		15,499,030	15,499,030	13,142,090	-
Bank Overdrafts	16	692,474,636	692,474,636	646,159,542	-
Total Current Liabilities		1,599,565,627	1,599,444,626	1,091,412,299	
Total Equity And Liabilities		2,080,513,035	2,087,153,131	1,341,503,293	

The Accounting Policies and Notes to the Financial Statements form an integral part of these Consolidated Financial Statements. I certified that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



D.P. Senevirathne
Manager Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and Signed for and on behalf of the Board of Directors of Ceylon Tea Brokers PLC.



C.P.R. Perera
Chairman



W.A.T. Fernando
Managing Director

22nd May 2018
Colombo

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 31st March 2018	Stated Capital Rs.	Share Based Payment Rs.	Retained Earnings Rs.	Total Rs.
Group				
Balance as at 31st March 2016	128,000,000	(994,082)	81,689,269	208,695,187
Profit for the Year	-	-	41,530,893	41,530,893
Other Comprehensive Income	-	-	742,886	742,886
Dividend Paid	-	-	(14,250,000)	(14,250,000)
Reversal of Share Based Payments Transactions	-	994,082	-	994,082
Balance as at 31st March 2017	128,000,000	-	109,713,048	237,713,048
Profit for the Year	-	-	100,037,707	100,037,707
Other Comprehensive Income	-	-	769,678	769,678
Right Issue	205,200,000	-	-	205,200,000
Dividend Paid	-	-	(79,230,000)	(79,230,000)
Balance as at 31st March 2018	333,200,000	-	131,290,433	464,490,433
Company				
Balance as at 31st March 2016	128,000,000	(994,082)	81,689,269	208,695,187
Profit for the Year	-	-	41,530,893	41,530,893
Other Comprehensive Income	-	-	742,886	742,886
Dividend Paid	-	-	(14,250,000)	(14,250,000)
Reversal of Share Based Payments Transactions	-	994,082	-	994,082
Balance as at 31st March 2017	128,000,000	-	109,713,048	237,713,048
Profit for the Year	-	-	106,798,804	106,798,804
Other Comprehensive Income	-	-	769,678	769,678
Right Issue	205,200,000	-	-	205,200,000
Dividend Paid	-	-	(79,230,000)	(79,230,000)
Balance as at 31st March 2018	333,200,000	-	138,051,530	471,251,530
The Accounting Policies and Notes to the Financial Statements form an integral part of these Consolidated Financial Statements.				
Figures in brackets indicate deductions.				

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31st March	Group		Company	
	Note	2018 Rs.	2018 Rs.	2017 Rs.
Cash Flows From Operating Activities				
Profit Before Taxation		149,687,336	156,448,433	59,805,595
Adjustment for;				
Depreciation/Amortisation		15,461,351	11,182,985	9,910,827
Interest Income		(4,837,159)	(4,837,159)	(3,428,656)
Interest Expense		196,824,286	196,824,286	101,991,601
Impairment of Receivables and Advances-Specific		(29,579,831)	(29,579,831)	5,096,658
Disposal (Profit) / Loss on Property, Plant and Equipment Disposals		(4,420,000)	(4,420,000)	56,054
Provision for Retirement Benefit Obligations		3,081,878	3,081,878	2,812,416
Share Based Payment		-	-	994,082
Operating Profit Before Working Capital Changes		326,217,861	328,700,592	177,238,577
(Increase)/Decrease in Loans to Tea Suppliers		55,250,644	55,250,644	(177,231,542)
(Increase)/Decrease in Trade and Other Receivables		(540,156,289)	(539,275,234)	(337,655,625)
(Increase)/Decrease in Logicare Current Account		-	(3,267,693)	-
Increase/(Decrease) in Trade and Other Payables		(3,641,092)	(3,762,093)	42,925,146
Increase/(Decrease) in Related Party Payable		-	-	(3,013)
Cash Generated from/(Used in) Operations		(162,328,876)	(162,353,784)	(294,726,457)
Retirement Benefit Obligations Paid		(2,645,970)	(2,645,970)	(1,472,250)
Income Tax Paid		(46,043,185)	(46,043,185)	(5,736,542)
Net Cash Flow from/(Used in) Operating Activities		(211,018,031)	(211,042,939)	(301,935,249)
Cash Flow From Investing Activities				
Interest Received		4,837,159	4,837,159	3,428,656
Acquisition of Subsidiary		(233,000,000)	(233,000,000)	-
Acquisition of Property, Plant and Equipment		(9,596,425)	(9,596,425)	(2,176,496)
Acquisition of Intangible Assets		(2,757,012)	(2,757,012)	(1,502,645)
Proceeds on Sale of Property, Plant and Equipment		4,420,000	4,420,000	1,012,000
Net Cash Flow from/(Used in) Investing Activities		(236,096,278)	(236,096,278)	761,515
Cash Flow From Financing Activities				
Interest Paid		(196,824,286)	(196,824,286)	(101,991,601)
Loans Obtained during the Year		2,673,400,000	2,673,400,000	130,000,000
Loan Repayment made during the Year		(2,207,114,320)	(2,207,114,320)	(1,877,495)
Proceeds from Commercial Papers issued		492,000,000	492,000,000	200,000,000
Proceeds from Rights Issue		205,200,000	205,200,000	-
Repayment of Commercial Papers redeemed		(492,000,000)	(492,000,000)	(200,000,000)
Dividend Paid		(79,230,000)	(79,230,000)	(14,250,000)
Net Cash Flow from/(Used in) Financing Activities		395,431,394	395,431,394	11,880,904
Net Increase/(Decrease) in Cash and Cash Equivalents		(51,682,915)	(51,707,823)	(289,292,830)
Cash and Cash Equivalents at the beginning of the Year		(588,629,965)	(588,629,965)	(299,337,135)
Cash and Cash Equivalents at the end of the Year	16	(640,312,880)	(640,337,788)	(588,629,965)

The Accounting Policies and Notes to the Financial Statements form an integral part of these Consolidated Financial Statements.
Figures in brackets indicate deductions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Ceylon Tea Brokers PLC (“Company”) is a Company domiciled and operating in Sri Lanka and listed on the Colombo Stock Exchange. The Company’s registered office and the principal place of business are located at Level 7, Millennium House, No. 46/58, Nawam Mawatha, Colombo 02.

The consolidated financial statements of the Company as at and for the year ended 31 March 2018 comprise “the Company” referring to Ceylon Tea Brokers PLC as the holding Company and “the Group” referring to Companies whose accounts have been consolidated.

The principal activities of the Company were Tea Brokering, Warehousing and Financing. There were no significant changes in the nature of the principal activities of Company during the year.

The Company has a fully owned subsidiary, Logicare (Private) Limited, which was acquired in 2017. The business activity of Logicare (Pvt) Ltd is to carry on business of providing warehousing facilities for clients of parent.

2. Basis of preparation

2.1 Statement of compliance

The Financial Statements of the Group comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in equity and Consolidated Statement of Cash Flows, together with the Accounting Policies and Notes to the Consolidated Financial Statements.

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS & LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement of Companies Act No 7 of 2007.

The Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 22nd May 2018.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

- Financial assets and Financial liabilities that have been measured at fair value
- Employee benefit liability recognized based on Actuarial Valuation (LKAS 19)
- Liabilities for share based payment arrangement are measured at fair value

The Directors have made an assessment of the Company’s ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business.

2.3 Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees (Rs.), which is the Company’s functional currency.

2.4 Use of estimates and judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs / LKASs) requires the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from the other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements unless otherwise stated.

Comparative information has where necessary been reclassified to confirm the current year’s presentation.

3.1 Consolidation

3.1.1 Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

3.1.2 Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

3.1.3 Subsidiary

Subsidiary is entities controlled by the Group. The financial statement of subsidiary are included in the consolidated financial statements from the date, that control commence, until the date that control ceases.

3.1.4 Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other

components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency

3.2.1 Foreign currency transactions

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

3.3 Assets and bases of their valuation

Assets classified as current assets in the Statement of Financial Position are cash and bank balances and those, which are expected to be realized in cash during the normal operating cycle, or within one year from the Balance Sheet date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond the one year period calculated from the reporting date.

3.3.1 Property, plant and equipment

3.3.1.1 Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

3.3.1.2 Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Purchased software that integrate to the functionality of the related equipment is capitalized as part of equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment.

3.3.1.3 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.3.1.4 Derecognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized within sundry income in profit or loss.

3.3.1.5 Depreciation

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. Depreciation is not charged on Freehold Land.

The estimated useful lives are as follows:

	Annual	Useful Life Rate
Lease Hold Right Over Land	2.60%	(39 years)
Computer	25.00%	(04 years)
Furniture and Fittings	12.50%	(08 years)
Motor Vehicle	25.00%	(04 years)
Office Equipment	12.50%	(08 years)
Weight Scale	12.50%	(08 years)

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.3.2 Intangible Assets

An intangible asset is recognized where it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

3.3.2.1 Computer Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets. Amortization is calculated at an annual rate of 25%.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.3.2.2 Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.3.2.3 Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

3.3.2.4 Initial Recognition and Measurement

Goodwill is initially measured at cost and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

3.3.2.5 Subsequent Measurement

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3.4 Financial Assets

3.3.4.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables,

held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company financial assets include cash and cash equivalent, short term deposits, Loans and advances given to tea suppliers, trade and other receivables.

3.3.4.2 Subsequent Measurement

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

3.3.4.3 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

The Company evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset.

3.3.4.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized 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 amortization is included in finance income in the income statement.

3.3.4.5 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized 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 amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs. The Company has not designated any financial assets upon initial recognition as Held-to Maturity Investments.

3.3.4.6 Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

3.3.4.7 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized when:

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

When the Company 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 recognized to the extent of the Company's continuing involvement in it.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.3.4.8 Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3.4.9 Financial Assets Carried at Amortised Cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and

collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.3.5 Financial Liabilities

3.3.5.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company financial liabilities include trade and other payables, bank overdrafts and borrowings.

3.3.5.2 Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held-for-trading are recognized in the profit or loss.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

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

3.3.5.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in the income statement.

3.3.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Income and expense will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.3.7 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 23.

3.3.8 Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Company 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.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

3.3.9 Post Employment Benefits

i. Defined benefit plans

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, with the advice of an actuary, using the projected unit credit (PUC) method.

ii. Defined contributions plans – Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

iii. Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees are recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no balance for differences between expected and actual outcomes.

3.4 Income Statement

3.4.1 Revenue

Revenue represents the amounts derived from the provision of services, which falls within the Company's ordinary activities net of Revenue related taxes.

3.4.1.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

3.4.1.2 Revenue

▪ Brokerage Income

Brokerage income is recognized on an accrual basis.

▪ Other Service Income

Other Service income is recognised on an accrual basis.

3.4.2 Net Financing Income / Cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance cost comprises interest expense on borrowings.

3.4.3 Expenditure Recognition

- (a) All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.
- (b) For the purpose of presentation of Income Statement the Directors are of the opinion that the function of expenses, present fairly the elements of the enterprises performance, hence such presentation method is adopted.

3.4.4 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

i. Current Tax

Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue.

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

The relevant details are disclosed in the respective notes to the Financial Statements.

ii. Deferred Tax

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

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.5 Basic Earnings Per Share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.6 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.7 Cash Flow Statements

Interest received is classified as investing cash flows, while interest paid, is classified as financing cash flows for the purpose of presentation of Cash Flow Statement which has been prepared using the 'Indirect Method'.

3.8 Events Occurring After the Reporting Date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period are considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

4. New Standards and Interpretations not yet adopted

The following new standards are not yet effective for the year ended 31st March 2018, and have not been applied in preparing these financial statements.

4.1 Estimated impact of the adaptation of SLFRS 9 and SLFRS 15

The Group is required to adopt SLFRS 9 - Financial Instruments and SLFRS 15 - Revenue from Contracts with Customers from 1 January 2018. The group has performed the impact assessment exercise and identified the gaps, and commenced the implementation based on the findings with effect from 1 April 2018 and will present its first Annual Financial Statements as at 31 March 2019.

(a) SLFRS 9 Financial Instrument SLFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

(i) Classification – Financial assets SLFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing LKAS 39 categories of held to maturity, loans and receivables and available for sale. Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables and short term investment that are managed on a fair value basis.

(ii) Impairment – Financial assets SLFRS 9 requires the Group to record expected credit losses on its trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group has determined that, due to the secured nature of its loans and receivables, the Group believes that impairment losses will not significantly change and will not become more volatile for assets in the scope of the SLFRS 9 impairment model.

(b) SLFRS 15 Financial Instrument Revenue from Contracts with Customers SLFRS 15 establishes a single comprehensive model for revenue arising from contracts with customers. The standard will supersede the current revenue recognition guidance including LKAS 18 'Revenue' and LKAS 11 'Construction Contracts' and the related Interpretations when they become effective.

The core principle of SLFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under SLFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SLFRS 15 to deal with specific scenarios.

The Directors of the Group and of the Company does not anticipate that the application of SLFRS 15 in the future will have a significant impact on the amounts reported and disclosures made in these Financial Statements.

4.2 SLFRS 16 Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single onbalance sheet model. The Standard will replace existing leases guidance, including LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

SLFRS 16 is effective for Annual Reporting periods beginning on or after 1 January 2019. The Impact on the implementation of the above standards has not been quantified yet by the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31st March	Group	Company	
	2018 Rs.	2018 Rs.	2017 Rs.
5. Revenue			
Brokerage	224,327,093	224,327,093	161,143,626
Storage	65,601,564	65,601,564	61,064,919
Lot Fee	5,500,899	5,500,899	4,520,193
Interest Earned on Loans and Advances	300,599,090	300,599,090	156,468,083
Sundry Income	59,890,152	59,890,152	36,526,359
	655,918,798	655,918,798	419,723,180

For the Year Ended 31st March	Group	Company	
	2018 Rs.	2018 Rs.	2017 Rs.
6. Net Finance Expense			
Finance Income (Note 6.1)	4,837,159	4,837,159	3,428,656
Finance Expenses (Note 6.2)	(196,824,286)	(196,824,286)	(101,991,601)
	(191,987,127)	(191,987,127)	(98,562,945)
6.1 Finance Income			
Interest Income on Staff Loans	1,109,915	1,109,915	1,367,841
Interest Income on Others	3,156,442	3,156,442	1,609,116
Interest on Fixed Deposits	570,802	570,802	451,699
	4,837,159	4,837,159	3,428,656
6.2 Finance Expenses			
Financial VAT	11,184,537	11,184,537	5,418,166
Interest on Bank Overdrafts and Short Term Bank Loan	140,033,607	140,033,607	91,152,818
Interest on Amount due to Related Company	-	-	1,090,719
Interest on Commercial Papers	44,830,413	44,830,413	3,046,918
Un-winding of Prepaid Staff Loan Expenses	-	-	918,924
Interest on Leases	775,729	775,729	364,057
	196,824,286	196,824,286	101,991,602

For the Year Ended 31st March	Group		Company	
	2018 Rs.	2018 Rs.	2017 Rs.	2017 Rs.
7. Profit Before Taxation				
Is stated after charging all expenses including the following;				
Auditors' Remuneration - Statutory Audit	570,000	520,000	473,000	
- Non Audit Services	60,000	60,000	65,000	
Directors' Fees	1,620,000	1,620,000	1,500,000	
Depreciation of Property, Plant and Equipment	8,554,301	8,554,301	7,431,204	
Amortisation of Lease Hold Right	4,278,366	-	-	
Amortisation of Intangible Assets	2,628,684	2,628,684	2,479,623	
Impairment of Receivables and Advances - Specific	(29,579,831)	(29,579,831)	5,096,658	
Personnel Costs (Note 7.1)	139,388,494	139,388,494	103,369,282	
7.1 Personnel Costs				
Salaries, Wages and Overtime	79,412,625	79,412,625	79,871,168	
Bonus & Profit Share Expenses	45,797,678	45,797,678	9,892,002	
Defined Contribution Plan Costs - EPF	8,877,050	8,877,050	8,634,957	
- ETF	2,219,262	2,219,262	2,158,739	
Retirement Benefit Obligation Expenses	3,081,879	3,081,879	2,812,416	
	139,388,494	139,388,494	103,369,282	

For the Year Ended 31st March	Group		Company	
	2018 Rs.	2018 Rs.	2017 Rs.	2017 Rs.
8. Taxation				
Current Income Tax Expense (Note 8.1)	47,557,495	47,557,495	21,301,215	
(Over) / Under Provision	842,630	842,630	(3,598,619)	
Provision/(Reversal) on Deferred Taxation (Note 17)	1,249,504	1,249,504	572,106	
	49,649,629	49,649,629	18,274,702	
8.1 Current Income Tax Expense				
Accounting Profit Before Taxation	149,687,336	156,448,433	59,805,595	
Less: Income from Other Sources	(16,482,882)	(16,482,882)	(6,347,030)	
Add: Aggregate Disallowable Items	39,986,226	33,225,129	27,107,758	
Less: Aggregate Allowable Items	(10,760,258)	(10,760,258)	(9,104,634)	
Business Income	162,430,422	162,430,422	71,461,689	
Add: Income from Other Sources	12,062,882	12,062,882	6,403,083	
Total Taxable Income	174,493,304	174,493,304	77,864,772	
Tax at 10% (on Net Storage Income)	722,572	722,572	278,290	
Tax at 28%	46,834,923	46,834,923	21,022,925	
	47,557,495	47,557,495	21,301,215	

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 provision of the Inland Revenue Act No.10 of 2006 and subsequent amendments thereto. In terms of the Fifth schedule (section 31) of the Inland Revenue Act No.10 of 2006 newly introduced by the Inland Revenue (Amendment) Act No.22 of 2011, the Company is liable for income tax at the concessionary rate of 10% on its storage income, and 28% on other revenue sources and other income.

Logicare (Private) Limited, the subsidiary company, is not liable to pay income tax for the year ended 31st March 2018 as the Company did not generate a taxable income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Basic Earnings Per Share

The calculation of earnings per share is based on the profit after tax for the year attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year and calculated as follows;

	Group		Company
	2018	2018	2017
Profit attributable to Ordinary Share Holders (Rs.)	100,037,707	106,798,804	41,530,893
Weighted Average Number of Ordinary Shares	132,393,518	132,393,518	126,752,542
Basic Earnings Per Share (Rs.)	0.76	0.81	0.33

10. Dividend Per Share

The calculation of the dividend per share is based on the dividend paid during the year divided by the weighted average number of ordinary shares in issue as at balance sheet date and calculated as follows;

	Group		Company
	2018	2018	2017
Dividend Paid (Rs.)	79,230,000	79,230,000	14,250,000
Weighted Average Number of Ordinary Shares	120,933,699	120,933,699	114,000,000
Dividend Per Share (Rs.)	0.655	0.655	0.125

During the year under review, the Company paid two dividends. A final dividend of Rs. 0.175 per share was paid out of the profit from the year ended 31st March 2017 and interim dividend of Rs. 0.325 per share out of the profits for the period ended 31st March 2018. Details are as follows;

	2018		2017
	Interim (2017/18)	Final (2016/17)	Final (2015/16)
Dividend Paid (Rs.)	59,280,000	19,950,000	14,250,000
Number of Ordinary Shares	182,400,000	114,000,000	114,000,000
Dividend Per Share (Rs.)	0.325	0.175	0.125

The calculation of the dividend per share above is based on the dividend paid during the year divided by the number of ordinary shares in issue as at the date of announcement.

11. Property, Plant and Equipment

(a) Group

	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Weighing Scales Rs.	Computer Equipment Rs.	Total Rs.
Cost						
Balance as at 1st April 2017	18,127,620	24,439,365	5,794,443	1,332,782	7,475,315	57,169,525
Additions during the Year	7,595,660	1,123,168	38,217	-	839,380	9,596,425
Disposals during the Year	(6,250,000)	-	-	-	(300,000)	(6,550,000)
Balance as at 31st March 2018	19,473,280	25,562,533	5,832,660	1,332,782	8,014,695	60,215,950
Accumulated Depreciation						
Balance as at 1st April 2017	13,757,907	10,224,789	2,874,623	1,059,464	5,382,199	33,298,982
Charge for the Year	4,087,735	2,776,231	727,601	94,551	868,184	8,554,302
Disposals during the Year	(6,250,000)	-	-	-	(300,000)	(6,550,000)
Balance as at 31st March 2018	11,595,642	13,001,020	3,602,224	1,154,015	5,950,383	35,303,284
Carrying Amount						
Net Book Value As at 31st March 2018	7,877,638	12,561,513	2,230,436	178,767	2,064,312	24,912,666
Net Book Value As at 31st March 2017	4,369,714	14,214,574	2,919,820	273,318	2,093,115	23,870,541

(b) Company

	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	Weighing Scales Rs.	Computer Equipment Rs.	Total Rs.
Cost						
Balance as at 1st April 2017	18,127,620	24,439,365	5,794,443	1,332,782	7,475,315	57,169,525
Additions during the Year	7,595,660	1,123,168	38,217	-	839,380	9,596,425
Disposals during the Year	(6,250,000)	-	-	-	(300,000)	(6,550,000)
Balance as at 31st March 2018	19,473,280	25,562,533	5,832,660	1,332,782	8,014,695	60,215,950
Accumulated Depreciation						
Balance as at 1st April 2017	13,757,907	10,224,789	2,874,623	1,059,464	5,382,199	33,298,982
Charge for the Year	4,087,735	2,776,231	727,601	94,551	868,184	8,554,302
Disposals during the Year	(6,250,000)	-	-	-	(300,000)	(6,550,000)
Balance as at 31st March 2018	11,595,642	13,001,020	3,602,224	1,154,015	5,950,383	35,303,284
Carrying Amount						
Net Book Value As at 31st March 2018	7,877,638	12,561,513	2,230,436	178,767	2,064,312	24,912,666
Net Book Value As at 31st March 2017	4,369,713	14,214,575	2,919,820	273,318	2,093,116	23,870,541

Company

	2018 Rs.	2017 Rs.
Gross Carrying amount of Fully Depreciated assets in use as at 31st March	10,499,603	14,567,077



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	2018	2018	2018	2017
	Rs.	Rs.	Rs.	Rs.
12. Lease Hold Right Over Land				
Cost				
Balance at the beginning of the Year	-	-	-	-
Additions during the Year	189,466,645	-	-	-
Balance at the end of the Year	189,466,645	-	-	-
Accumulated Amortisation				
Balance at the beginning of the Year	-	-	-	-
Amortization for the Year	4,278,366	-	-	-
Balance at the end of the Year	4,278,366	-	-	-
Net Book Value As at 31st March	185,188,279	-	-	-

	Group			Company	
	Goodwill	2018		2018	2017
		Rs.	Computer Software	Total	Computer Software
	Rs.	Rs.	Rs.	Rs.	Rs.
13. Intangible Assets					
Cost					
Balance at the beginning of the Year	-	13,052,857	13,052,857	13,052,857	11,550,212
Additions during the Year	-	2,757,012	2,757,012	2,757,012	1,502,645
Acquisitions through Business Combination	43,533,355	-	43,533,355	-	-
Balance at the end of the Year	43,533,355	15,809,869	59,343,224	15,809,869	13,052,857
Accumulated Amortisation					
Balance at the beginning of the Year	-	8,814,203	8,814,203	8,814,203	6,334,580
Amortization for the Year	-	2,628,684	2,628,684	2,628,684	2,479,623
Balance at the end of the Year	-	11,442,887	11,442,887	11,442,887	8,814,203
Net Book Value As at 31st March	43,533,355	4,366,982	47,900,337	4,366,982	4,238,654

14. Loans to Tea Suppliers			
As at 31st March	Group	Company	
	2018 Rs.	2018 Rs.	2017 Rs.
Receivable after One Year (Note 14.1)	80,350,339	80,350,339	82,943,498
Receivable within One Year (Note 14.2)	165,041,109	165,041,109	188,118,763
	245,391,448	245,391,448	271,062,261
14.1 Receivable after One Year			
Loans to Tea Suppliers	207,992,025	207,992,025	240,165,016
Less: Specific Provision of Impairment	(127,641,686)	(127,641,686)	(157,221,518)
	80,350,339	80,350,339	82,943,498
14.2 Receivable within One Year			
Loans to Tea Suppliers	165,041,109	165,041,109	188,118,763
	165,041,109	165,041,109	188,118,763

15. Trade and Other Receivables			
As at 31st March	Group	Company	
	2018 Rs.	2018 Rs.	2017 Rs.
Trade Receivables	329,085,557	329,085,557	214,353,315
Advances to Tea Suppliers	1,155,943,937	1,155,943,937	723,782,868
Deposits and Prepayments	16,299,082	16,299,082	14,776,703
Staff Loan Receivables	18,598,993	18,598,993	22,504,657
Salary and Festival Advances	1,308,673	1,308,673	5,972,153
Other Receivables	3,655,030	2,773,975	3,018,672
Amount Due from Related Party	-	-	145,089
WHT Receivables	67,277	67,277	248,803
	1,524,958,549	1,524,077,494	984,802,260

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

16. Cash and Cash Equivalents	Group		Company	
	2018	2018	2017	
	Rs.	Rs.	Rs.	
Favourable Balances				
Fixed Deposit	5,568,802	5,568,802	5,162,273	
Cash at Bank	46,527,954	46,503,046	52,302,304	
Cash in Hand	65,000	65,000	65,000	
	52,161,756	52,136,848	57,529,577	
Unfavourable Balances				
Bank Overdrafts	(692,474,636)	(692,474,636)	(646,159,542)	
Cash and Cash Equivalents for Cash Flow Purpose	(640,312,880)	(640,337,788)	(588,629,965)	
Capital Alliance Holding Limited has provided the following bank overdraft guarantees.				
Name of the Bank	Value of the Guarantee (Rs.) Mn			
DFCC Vardana	100			
Nations Trust Bank	150			
Seylan Bank	50			
Commercial Bank	50			
Sampath Bank	50			
Hatton National Bank	200			

17. Deferred Taxation

	Group		Company	
	2018	2018	2018	2017
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the Year	1,678	1,678	(774,608)	
Charge/(Reversal) for the Year-Comprehensive Income (Profit & Loss)	1,249,504	1,249,504	572,106	
Charge/(Reversal) for the Year- Other Comprehensive Income	299,319	299,319	204,180	
Balance at the end of the Year	1,550,501	1,550,501	1,678	

Deferred tax is provided using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax has been computed taking into consideration the tax rate of 28%. The deferred tax provision as at the year end made up as follows;

	Group		Company		Company	
	2018		2018		2017	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	17,280,683	4,838,591	17,280,683	4,838,591	12,382,402	3,384,543
On Retirement Benefit Obligations	(12,812,177)	(3,587,409)	(12,812,177)	(3,587,409)	(13,323,334)	(3,641,733)
	4,468,506	1,251,182	4,468,506	1,251,182	(940,932)	(257,190)
On Actuarial Gain/(Loss) on Defined Benefit Obligation	1,068,997	299,319	1,068,997	299,319	947,066	258,866
	5,537,503	1,550,501	5,537,503	1,550,501	6,134	1,678

18. Stated Capital

	Group		Company	
	2018	2018	2018	2017
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
Issued and Fully Paid				
114,000,000 Ordinary Shares	128,000,000	128,000,000	128,000,000	
68,400,000 Right Issue	205,200,000	205,200,000	-	
	333,200,000	333,200,000	128,000,000	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Interest Bearing Borrowings	Group		Company	
	2018	2018	2017	
As at 31st March	Rs.	Rs.	Rs.	
Payable within One Year (Note 19.1)	693,000,000	693,000,000	230,000,000	
	693,000,000	693,000,000	230,000,000	
19.1 Payable within One Year				
Commercial Papers (Note 19.1.1)	-	-	-	
NDB Short Term Loan (Note 19.1.2)	313,000,000	313,000,000	130,000,000	
Sampath Bank Short Term Loan (Note 19.1.3)	130,000,000	130,000,000	100,000,000	
Seylan Bank Short Term Loan (Note 19.1.4)	50,000,000	50,000,000	-	
DFCC Vardana Short Term Loan (Note 19.1.5)	200,000,000	200,000,000	-	
	693,000,000	693,000,000	230,000,000	
19.1.1 Commercial Papers				
Balance at the beginning of the Year	-	-	-	
Issued during the Year	492,000,000	492,000,000	200,000,000	
Interest on Commercial Paper	44,830,413	44,830,413	3,046,918	
Interest Paid on Commercial Paper	(44,830,413)	(44,830,413)	(3,046,918)	
Redeemed during the Year	(492,000,000)	(492,000,000)	(200,000,000)	
Balance at the end of the Year	-	-	-	
19.1.2 NDB Short Term Loan				
Balance at the beginning of the Year	130,000,000	130,000,000	-	
Loan Obtained During the Year	903,000,000	903,000,000	130,000,000	
Repayments made during the Year	(720,000,000)	(720,000,000)	-	
Amount Payable within One Year	313,000,000	313,000,000	130,000,000	
19.1.3 Sampath Bank Short Term Loan				
Balance at the beginning of the Year	100,000,000	100,000,000	100,000,000	
Loan Obtained During the Year	410,000,000	410,000,000	-	
Repayments made during the Year	(380,000,000)	(380,000,000)	-	
Amount Payable within One Year	130,000,000	130,000,000	100,000,000	
19.1.4 Seylan Bank Short Term Loan				
Balance at the beginning of the Year	-	-	-	
Loan Obtained During the Year	330,000,000	330,000,000	-	
Repayments made during the Year	(280,000,000)	(280,000,000)	-	
Amount Payable within One Year	50,000,000	50,000,000	-	
19.1.5 DFCC Vardana Short Term Loan				
Balance at the beginning of the Year	-	-	-	
Loan Obtained During the Year	1,025,000,000	1,025,000,000	-	
Repayments made during the Year	(825,000,000)	(825,000,000)	-	
Amount Payable within One Year	200,000,000	200,000,000	-	

20. Lease Payable

	Group		Company	
	2018	2018	2017	
As at 31st March	Rs.	Rs.	Rs.	
Loan Payable to Colombo Trust Finance PLC (Note 20.1)	-	-	1,400,174	
Lease Payable to HNB (Note 20.2)	4,685,854	4,685,854	-	
	4,685,854	4,685,854	1,400,174	

20.1 Loan Payable to Colombo Trust Finance PLC

Balance at the beginning of the Year	1,400,174	1,400,174	3,277,669
Payment during the Year	(1,400,174)	(1,400,174)	(1,877,495)
Balance at the end of the Year	-	-	1,400,174
Amount Payable within One Year	-	-	1,400,174
Amount Payable after One Year	-	-	-

20.2 Lease Payable to HNB

Balance at the beginning of the Year	-	-	-
Lease Obtained During the year	5,400,000	5,400,000	-
Payment during the Year	(714,146)	(714,146)	-
Balance at the end of the Year	4,685,854	4,685,854	-
Amount Payable within One Year	1,522,560	1,522,560	-
Amount Payable after One Year	3,163,294	3,163,294	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Retirement Benefit Obligation

As at 31st March	Group	Company	
	2018 Rs.	2018 Rs.	2017 Rs.
Balance at the beginning of the Year	12,376,268	12,376,268	11,983,168
Provision made during the Year (Note 21.2)	2,012,882	2,012,882	1,865,350
Payments made during the Year	(2,645,970)	(2,645,970)	(1,472,250)
Balance at the end of the Year	11,743,180	11,743,180	12,376,268

21.1 Movement in the Present Value of Defined Benefit Obligations

Balance as at 1st April	12,376,268	12,376,268	11,983,168
Current Service Cost	1,547,034	1,547,034	1,614,099
Interest Cost	1,534,845	1,534,845	1,198,317
Actuarial Gain	(1,068,997)	(1,068,997)	(947,066)
Paid during the Year	(2,645,970)	(2,645,970)	(1,472,250)
Balance as at 31st March	11,743,180	11,743,180	12,376,268

21.2 Amount Recognised in the Statement of Comprehensive Income

Current Service Cost-Comprehensive Income (profit or loss)	1,534,845	1,534,845	1,614,099
Interest Cost-Comprehensive Income (profit or loss)	1,547,034	1,547,034	1,198,317
Actuarial Gain-Other Comprehensive Income	(1,068,997)	(1,068,997)	(947,066)
	2,012,882	2,012,882	1,865,350

21.3 The actuarial valuations have been carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31st March 2018. The valuation method used by the actuaries to value the benefits is the "Project Unit Credit (PUC)" method recommended by Sri Lanka Accounting Standard No. 19 (LKAS 19) - "Employee Benefits".

21.4 The Key Assumptions used by the actuary include the following;

	2018	2017
- Discount Rate	11%	12.5%
- Expected Annual Average Salary Increment	4%	5%
- Retiring Age	55 Years	55 Years
- Staff Turnover Ratio	7%	7%

21.5 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Discount Rate	Salary Escalation Rate	PV of Defined Benefit Obligation (Rs.)
One Percentage Point Increase	As Given in the Report	11,089,354
One Percentage Point Decrease	As Given in the Report	12,475,218
As Given in the Report	One Percentage Point Increase	12,453,313
As Given in the Report	One Percentage Point Decrease	11,100,630

22. Trade and Other Payables

	Group		Company	
	2018	2018	2017	
	Rs.	Rs.	Rs.	
Trade Payables	173,683,117	173,683,117	187,312,136	
Accrued Expenses	8,387,356	8,387,356	3,576,914	
Provisions for Expenses	701,001	580,000	3,576,188	
Other Payables	14,297,927	14,297,927	6,245,254	
	197,069,401	196,948,400	200,710,492	

23. Financial Instruments**23.1 Financial Instruments - Statement of Financial Position**

The Financial Instruments recognized in the Statement of Financial Position is as follows;

As at 31st March	Group		Company	
	2018	2018	2017	
	Rs.	Rs.	Rs.	
Financial Assets				
Non Current Assets				
Loans to Tea Suppliers	80,350,339	80,350,339	82,943,498	
	80,350,339	80,350,339	82,943,498	
Current Assets				
Trade and Other Receivables	1,508,659,467	1,507,778,412	970,025,557	
Loan Given to Tea suppliers	165,041,109	165,041,109	188,118,763	
	1,673,700,576	1,672,819,521	1,158,144,320	
Cash and Cash Equivalents	52,161,756	52,136,848	57,529,577	
	1,806,212,672	1,805,306,708	1,298,617,395	
Financial Liabilities				
Non Current Liabilities				
Lease Payable to HNB PLC	3,163,294	3,163,294	-	
	3,163,294	3,163,294	-	
Current Liabilities				
Interest Bearing Borrowings	693,000,000	693,000,000	230,000,000	
Loan Payable to Colombo Trust Finance PLC	-	-	1,400,174	
Lease Payable to HNB PLC	1,522,560	1,522,560	-	
Trade and Other Payable	197,069,401	196,948,400	200,710,493	
Tax Payables	15,499,030	15,499,030	13,142,090	
	907,090,991	906,969,990	445,252,757	
Bank Overdrafts	692,474,636	692,474,636	646,159,542	
	1,602,728,921	1,602,607,920	1,091,412,299	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Related Party Transactions

24.1 Related Party Transactions - Recurrent

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	Group	
				Aggregate value of Related Party Transactions entered into during the financial year 2018	Aggregate value of Related Party Transactions as a % of Net Revenue
				Rs.	
Agarapathana Plantations Limited	Mr. Chrisantha Perera	Director	Brokerage Income	6,414,087	0.98%
			Storage Income	480,907	0.07%
			Interest Income	14,721,544	2.24%
Kotagala Plantations PLC	Mr. Chrisantha Perera	Director	Brokerage Income	8,504,919	1.30%
			Storage Income	791,480	0.12%
			Interest Income	30,769,139	4.69%
Insite Factories (Private) Limited	Mr. Chrisantha Perera	Chairman	Brokerage Income	2,012,072	0.31%
			Storage Income	182,123	0.03%
			Interest Income	24,045	0.00%
Capital Alliance Holding Limited	Mr. W.A.T. Fernando	Director	Service Fees Paid	(489,796)	-0.07%
	Ms. N.T.M.S. Cooray	Director	Service Fees Received	57,834	0.01%
Capital Alliance Limited	Mr. W.A.T. Fernando	Director	Service Fees Paid	(68,309)	-0.01%
Finnovations (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Rent Income	1,796,094	0.27%
			Service Fees Paid	(180,000)	-0.03%
			Service Fees Received	157,750	0.02%
Commercial Bank of Ceylon PLC	Ms. N.T.M.S. Cooray	Director	Interest Paid on Overdraft	(12,152,771)	-1.85%
Capital Alliance Securities (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Service Fees Received	11,575	0.00%
	Ms. H.M.S. Perera	Director			

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

	Company			
	Aggregate value of Related Party Transactions entered into during the financial year 2018	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2017	Aggregate value of Related Party Transactions as a % of Net Revenue
	Rs.		Rs.	
	6,414,087	0.98%	4,363,947	1.04%
	480,907	0.07%	515,275	0.12%
	14,721,544	2.24%	8,982,165	2.14%
	8,504,919	1.30%	6,348,000	1.51%
	791,480	0.12%	790,182	0.19%
	30,769,139	4.69%	19,959,839	4.76%
	2,012,072	0.31%	1,890,045	0.45%
	182,123	0.03%	279,992	0.07%
	24,045	0.00%	-	0.00%
	(489,796)	-0.07%	(588,400)	-0.14%
	57,834	0.01%	-	0.00%
	(68,309)	-0.01%	-	0.00%
	1,796,094	0.27%	1,119,956	0.27%
	(180,000)	-0.03%	(264,158)	-0.06%
	157,750	0.02%	-	0.00%
	(12,152,771)	-1.85%	(9,005,244)	-2.15%
	11,575	0.00%	-	0.00%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24.2 Related Party Transactions - Non Recurrent

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	Group		
				Aggregate value of Related Party Transactions entered into during the financial year 2018	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
Capital Alliance Holding Limited	Mr. W.A.T. Fernando	Director	Loans Granted	10,000,000	2.15%	0.48%
	Ms. N.T.M.S. Cooray	Director	Settlements Made	(10,000,000)	-2.15%	-0.48%
			Interest on Loans	(16,986)	0.00%	0.00%
Capital Alliance Investment Grade Fund	Mr. W.A.T. Fernando	Directors of Fund	Commercial Papers Issued	392,000,000	84.39%	18.84%
	Ms. H.M.S. Perera	Management Company	Capital Repaid	(392,000,000)	-84.39%	-18.84%
			Interest Paid	(43,145,265)	-9.29%	-2.07%
Capital Alliance High Yield Fund	Mr. W.A.T. Fernando	Directors of Fund	Commercial Papers Issued	100,000,000	21.53%	4.81%
	Ms. H.M.S. Perera	Management Company	Capital Repaid	(100,000,000)	-21.53%	-4.81%
			Interest Paid	(1,576,684)	-0.34%	-0.08%
Logicare (Pvt) Ltd	Mr. W.A.T. Fernando	Subsidiary Company	Providing Warehouse Facilities	-	-	-
	Mr. Chrisantha Perera					
	Mr. K.H.S. Deshapriya					
	Mr. W. De Silva					
Ashthi Holdings (Pvt) Ltd	Mr. W.A.T. Fernando	Director	Common Director	-	-	-
Jetwing Travels (Pvt) Ltd	Ms. N.T.M.S. Cooray	Director	Common Director	-	-	-

Terms and Conditions of the Related Party Transactions

Transactions with related parties are carried out in the ordinary course of the business at commercial rates.

The rationale for entering into the transaction

Non-recurrent transactions are entered with Related Parties to meet short term working capital requirements

Company						
	Aggregate value of Related Party Transactions entered into during the financial year 2018	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Aggregate value of Related Party Transactions entered into during the financial year 2017	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
	10,000,000	2.12%	0.48%	(140,000,000)	-58.89%	-10.44%
	(10,000,000)	-2.12%	-0.48%	140,000,000	58.89%	10.44%
	(16,986)	0.00%	0.00%	(1,090,719)	-0.46%	-0.08%
	392,000,000	83.18%	18.78%	-	0.00%	0.00%
	(392,000,000)	-83.18%	-18.78%	-	0.00%	0.00%
	(43,145,265)	-9.16%	-2.07%	-	0.00%	0.00%
	100,000,000	21.22%	4.79%	200,000,000	84.14%	14.91%
	(100,000,000)	-21.22%	-4.79%	(200,000,000)	-84.14%	-14.91%
	(1,576,684)	-0.33%	-0.08%	(3,046,918)	-1.28%	-0.23%
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24.3 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 24 (LKAS 24) "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Company has identified Directors as KMP and following have been paid to KMP's of the Company.

	2018	2017
	Rs.	Rs.
Salaries, Bonus and Allowances Paid	33,845,164	27,458,211
Consultancy Fees Paid	1,070,000	750,000
	34,915,164	28,208,211

25. Capital Commitments And Contingent Liabilities

There were no outstanding material capital commitments and contingent liabilities as at the Balance Sheet date.

26. Events Occurring After The Reporting Date

There have been no material events occurring after the Balance Sheet date except for the following that would require adjustments to or disclosure in the Financial Statements.

27. Employee Share Option Scheme

On 08th August 2013, the Company established an Employee Share Option Scheme that entitle Key Management Personnel to purchase shares in the Company. The Fair Value of the share option is valued at Rs. Nil as at 31st March 2018 and the terms related to the grants of the share option are as follows.

Grant Date	08th August 2013
No. of Options Granted	4,000,000
Vesting Period	One third (1/3) of the options in the first year ending 07th August 2014 One third (1/3) of the options in the second year ending 07th August 2015 One third (1/3) of the options in the third year ending 07th August 2016
Exercise Period	2 years from the date of the Vesting Period
Exercise Price	Rs. 4.21

The price per share shall be the volume weighted average price taking into consideration all share transactions of the relevant security during the 30 market days immediately preceding the grant date.

The Directors have declared that the Company has not, directly or indirectly, provided funds for the Employee Share Option Scheme. Furthermore, the Directors have confirmed that the probability of exercising the share option within next year as 0%.



Supplementary Information

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ninth Annual General Meeting of the Company will be held at the Auditorium of Ceylon Chamber of Commerce, 50, Nawam Mawatha, Colombo 02 on 29th June 2018 at 10.30 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2018 with the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-elect Mr. B R L Fernando who is 76 years of age as a Director of the Company;
“IT IS HEREBY RESOLVED THAT that Mr. B R L Fernando who reached 70 years of age on 1st August 2012, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. B R L Fernando.”
3. To pass the ordinary resolution set out below to re-elect Mr. C P R Perera who is 74 years of age as a Director of the Company;
“IT IS HEREBY RESOLVED THAT that Mr. C P R Perera who reached 70 years of age on 5th March 2014, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. C P R Perera.”
4. To re-elect Mr. D H Madawala who retires by rotation in terms of Article 87 (i) of the Articles of Association of the Company as a Director.
5. To appoint Messrs. KPMG, Chartered Accountants, as the 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 2019 and up to the date of the next Annual General Meeting.

By order of the Board
CEYLON TEA BROKERS PLC

P W CORPORATE SECRETARIAL (PVT) LTD
Director / Secretaries

22nd May 2018
Colombo

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The form of proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Office of the Secretaries, P W Corporate Secretarial (Pvt) Ltd, No.3/17, Kynsey Road, Colombo 8, not later than 47 hours prior to the time appointed for the holding of the Meeting.

FORM OF PROXY

I/We..... (NIC No.)
of being a member/members of CEYLON TEA BROKERS PLC
hereby appoint of
..... (or failing him)

Mr. C P R Perera	of Colombo or failing him*
Mr. W A T Fernando	of Colombo or failing him*
Mr. B R L Fernando	of Colombo or failing him*
Mr. D G W De Silva	of Colombo or failing him*
Ms. N T M S Cooray	of Colombo or failing her*
Ms. H M S Perera	of Colombo or failing her*
Mr. D H Madawala	of Colombo or failing him*
Mr. K H S Deshapriya	of Colombo

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Ninth Annual General Meeting of the Company to be held on 29th June 2018 at 10.30 a.m. and at any adjournment thereof and every poll which may be taken in consequence of the aforesaid meeting.

I/We,* the undersigned, hereby authorize my/our proxy to speak and vote for me/us* and on my /our* behalf in accordance with the preference as indicated below

		For	Against
1.	To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-election of Mr. B R L Fernando	<input type="checkbox"/>	<input type="checkbox"/>
2.	To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-election of Mr. C P R Perera	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr. D H Madawala as a Director in terms of Article 87 (i) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4.	To appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To authorize the Directors to determine donations for the year ending 31st March 2019 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands this day of Two Thousand and Eighteen.

*Please delete as appropriate

.....
Signature of Member/s

Notes:

1. A proxy need not be a member of the Company.
2. Instructions as to completion appear overleaf.

Instructions For Completion

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Office of the Secretaries, P W Corporate Secretarial (Pvt) Ltd, No.3/17, Kynsey Road, Colombo 8, Sri Lanka on or before forty-seven (47) hours before the time appointed for the Meeting.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

CORPORATE INFORMATION

Name of the Company

Ceylon Tea Brokers PLC

Legal Form

The Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 which was re-registered under the provisions of the Companies Act No. 7 of 2007 on 20th January 2010 and quoted on the Diri Savi Board of the Colombo Stock Exchange on 16th March 2010.

Date of Incorporation

15th June 1999

Company Registration Number

PB 1280 PQ

Board of Directors

Mr. C. P. R. Perera (Chairman)
 Mr. W. A. T. Fernando (Managing Director)
 Mr. D. G. W. De Silva (Director/ Chief Executive Officer)
 Mr. K. H. S. Deshapriya (Director/ Chief Operating Officer)
 Ms. N. T. M. S. Cooray
 Ms. H. M. S. Perera
 Mr. B. R. L. Fernando
 Mr. D. H. Madawala
 Mr. M. J. C. S. Perera (Director/Chief Executive Officer) – Resigned w.e.f. 28.04.17

Registered Office/Head Office

Level 7, 'Millennium House',
 46/58, Nawam Mawatha, Colombo 02.

VAT Registration No.

114238546 7000

Telephone

(+94) 11-4607777

Facsimile

(+94) 11-4607788

Website

www.ceylonteabrokers.com

Credit Ratings

The Company has been assigned an Issuer rating of [SL] BBB with stable outlook by ICRA Lanka Limited.

Secretaries

P W Corporate Secretarial (Pvt) Ltd
 No. 3/17, Kynsey Road, Colombo 08.
 Telephone: (+94) 11-4640360-3
 Fax: (+94) 11-4740588
 Email: pwcs@pwcs.lk

Lawyers

F. J. & G. de Saram
 Attorneys – at – Law
 216, de Saram Place, Colombo 10.
 Telephone: (+94) 11-4718200
 Fax: (+94) 11-4718220
 Email: fjpgdesaram@fjpgdesaram.com

Mr. K. Wasantha S. Fernando

Attorneys – at – Law
 No. 4/145,1/1, Thalakuwaw Gardens,
 Polhengoda, Colombo 05.
 Telephone: (+94) 11-5238868
 Email: k.w.s.fernando@gmail.com

Auditors

Messrs KPMG,
 32A, Sir Mohomad Macan Markar Mawatha,
 Colombo 03.
 Telephone: (+94) 11-2426426
 Fax: (+94) 11-2445872
 Email: frt@kpmg.lk

Subsidiary Companies

Logicare (Pvt) Ltd – Fully Owned

Bankers

Bank of Ceylon

Metropolitan Branch, Bank of Ceylon building, York Street, Colombo 01.

Commercial Bank of Ceylon PLC

Foreign Branch, Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01.

DFCC Bank PLC

Head office Branch,
 W. A. D. Ramanayake Mawatha,
 Colombo 02.

Hatton National Bank PLC

No.10, Sri Uttarananda Mawatha,
 Colombo 03.

National Development Bank PLC

No. 42, DHPL Building,
 Nawam Mawatha, Colombo 02.

Nations Trust Bank PLC

Corporate Branch, No. 242,
 Union Place, Colombo 02.

People's Bank

First City Branch, York Street, Colombo 01.

Sampath Bank PLC

No. 46/38, Nawam Mawatha, Colombo 02.

Seylan Bank PLC

Millennium Branch, Seylan Tower, No. 90,
 Galle Road, Colombo 03.

Union Bank of Colombo PLC

Head Office Branch, No. 64, Galle Road,
 Colombo 03.

Standard Chartered Bank

No. 37, York Street, Colombo 01.

Cargills Bank Limited

No. 696, Galle Road, Colombo 03.



www.ceylonteabrokers.com



Ceylon Tea Brokers PLC
Level 07, Millennium House, No. 46/58, Nawam Mawatha,
Colombo 02, Sri Lanka.