

Highlighting the

Possible

Annual Report 2018/19



Ceylon
Tea
Brokers

Highlighting the

Possible

Ceylon Tea Brokers has always been a frontrunner in the industry since its very inception. Therefore our strategy has always been one of tactical speed and aggression in order to capitalise on all the opportunities that were presented to us.

However, with a growing focus on sustainability, we are hitting pause on chasing the seemingly impossible to navigate our way through the possible, which involves a heavy investment in an action plan which could achieve sustainable development in the long run by creating a positive impact on our social, natural and economic environment.

Whilst we are heading into yet another year, we are highlighting the possibilities that lie ahead in our quest to become more sustainable in the long run.

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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 | Unity

01.

BUSINESS OVERVIEW

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 2018/19 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 06 and 74 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."



INTEGRATED REPORTING <IR>



REPORTING CYCLE

The Annual Report 2018/19 of Ceylon Tea Brokers PLC reports for the 12 months period from 1st April 2018 to 31st March 2019. 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 2017/18. There have not been any changes in reporting scope and/or boundaries from the previous year. The Company has restated numbers and statements of 2017/18 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

Mr. Nishantha Adhikari
Financial Controller
Ceylon Tea Brokers PLC
Level 7, 'Millennium House'
46/58, Nawam Mawatha
Colombo 02
Sri Lanka.
Tel: 011 460 7730



This Annual Report is published within three months of the date of the Consolidated Statement of Financial Position. The web version is also published online on the same date as the date of issue of this Annual Report at www.ceylontebrokers.com/key-financials

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 160 Tea factories in the country which amounts to around 13.5% 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/102/2019.

Tea Broking / Marketing

Act as an intermediary between Tea Producers and Tea Buyers.

Warehousing

Providing warehousing solutions to the producer clients (Tea Factories) for their Teas pending sales and providing Third Party Logistics Services (3PL).

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 Grown.

WHERE WE OPERATE

Ceylon Tea Brokers PLC

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

Logicare (Private) Limited

Head Office - Level 7, 'Millennium House', 46/58, Nawam Mawatha, Colombo 02, Sri Lanka.
Warehouses - No. 1, Muthurajawela Road, Muthurajawela, Sri Lanka,
- No. 74, De Waas Lane, Grandpass, Colombo 14, Sri Lanka.
- No. 72/4, 72/6, Negombo Road, Kandana, 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.

2010

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

2007

Converted to a Public Company.

2006

Renamed Ceylon Tea Brokers (Pvt) Ltd.

2017

Acquisition of Logicare (Pvt) Ltd to enter into the logistics business

Silver Award - 'Service Organisation 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.

2012

Achieved a profit after tax of Rs. 56.5 Mn.

2016

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

2015

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

2018

First ever Rights Issue.

Achieved a profit after tax of Rs. 100.04 Mn

Silver Award - 'Service Organisation Category' at the 54th Annual Report Awards competition organized by CA Sri Lanka.

Best Integrated Report - 'SME Category' at the CMA Excellence in Integrated Reporting Awards 2018 organized by CMA Sri Lanka.

Overall Merit Award at the CMA Excellence in Integrated Reporting Awards 2018 organized by CMA Sri Lanka

2019

Achieved a profit after tax of Rs. 113.55 Mn

Achieved a market share of 13.12 % on quantity sold.

BUSINESS OVERVIEW

FINANCIAL HIGHLIGHTS

768^{Rs/Mn}

Revenue

2017/18 - Rs. 656 Mn

114^{Rs/Mn}

PAT (Group)

2017/18 - Rs. 100 Mn



Rs. 0.62

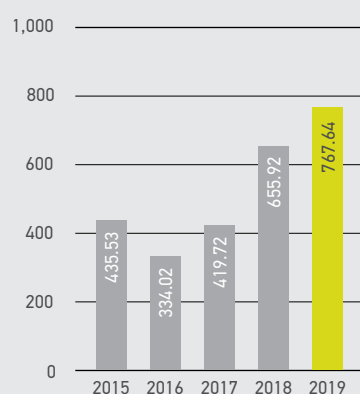
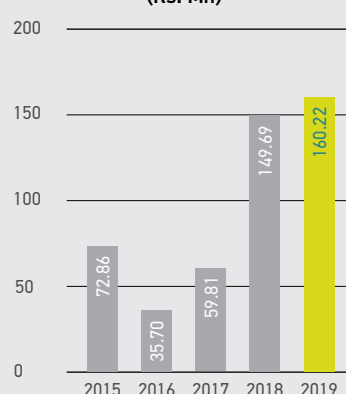
EPS (Group)

2017/18 - Rs. 0.76

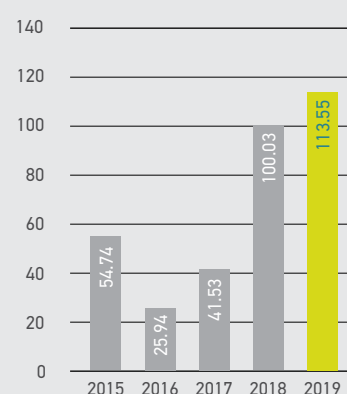


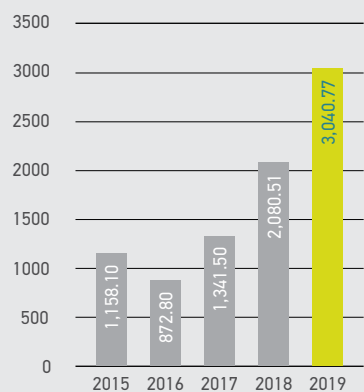
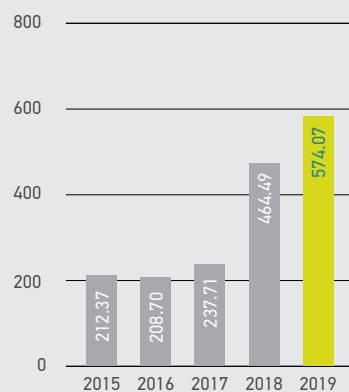
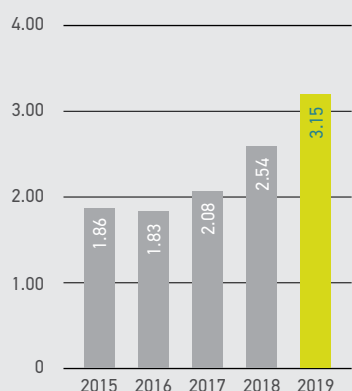
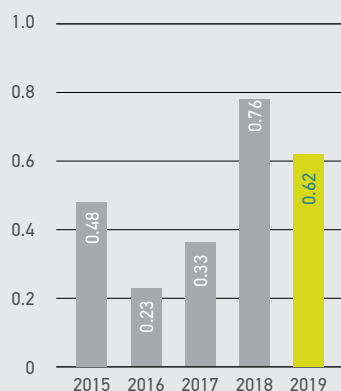
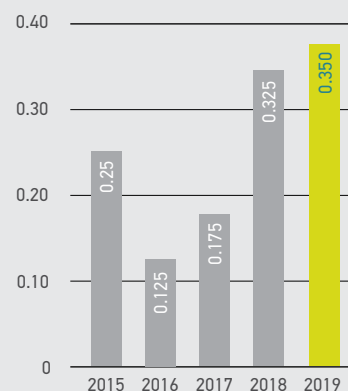
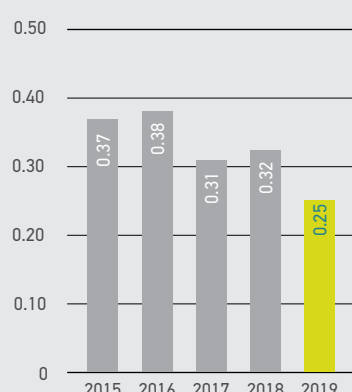
Five Year Summary as at 31st March	Group	Company	Group	Company	Company	Company	Company
	2019	2019	2018	2018	2017	2016	2015
Revenue (Rs. Mn)	767.64	767.64	655.92	655.92	419.72	334.02	435.53
Expenses (Rs. Mn)	(607.42)	(598.14)	(506.23)	(499.47)	(359.92)	(298.32)	(362.67)
Profit / (Loss) Before Taxation (Rs. Mn)	160.22	169.50	149.69	156.44	59.81	35.70	72.86
Profit / (Loss) After Taxation (Rs. Mn)	113.55	115.28	100.04	106.79	41.53	25.94	54.74
Total Assets (Rs. Mn)	3,040.77	2,598.68	2,080.51	2,087.15	1,341.50	872.80	1,158.10
Shareholder's Funds (Rs. Mn)	574.07	582.56	464.49	471.25	237.71	208.70	212.37
Return on Shareholder's Funds After Tax (%)	19.78	19.79	21.54	22.66	17.47	12.43	25.77
Return on Assets After Tax (%)	3.73	4.44	4.80	5.12	3.10	2.97	4.73
Net Assets Per Share (Rs.)	3.15	3.19	2.54	2.58	2.08	1.83	1.86
Earnings Per Share (Rs.)	0.62	0.63	0.76	0.81	0.33	0.23	0.48
Dividend Per Share (Distribution from during the year profit) (Rs.)	0.350	0.350	0.325	0.325	0.175	0.125	0.25
Current Ratio (Times)	1.15	1.26	1.09	1.09	1.13	1.22	1.18
Total Asset Turnover (Times)	0.25	0.30	0.32	0.31	0.31	0.38	0.37
Market Price (Rs.)	2.70	2.70	3.60	3.60	3.50	2.80	4.40
P/E Ratio (Times)	4.35	4.29	4.73	4.44	10.61	12.17	9.17
Earning Yield (Rs.)	0.23	0.23	0.21	0.18	0.09	0.08	0.11
Price/Book value ratio (Times)	0.86	0.85	1.42	1.39	1.68	1.53	2.37

Revenue (Rs. Mn)

Profit / (Loss) Before Taxation
(Rs. Mn)

Profit After Taxation (Rs. Mn)



Total Assets (Rs. Mn)**Shareholder's Funds (Rs. Mn)****Return on Assets After Tax (%)****Net Assets Per Share (Rs.)****Earnings Per Share (Rs.)****Dividend Per Share (Rs.)****Current Ratio (Times)****Total Asset Turnover (Times)****P/E Ratio (Times)**

BUSINESS OVERVIEW

NON-FINANCIAL HIGHLIGHTS



OPERATIONAL PERFORMANCE HIGHLIGHT

13.12% ↑

Market Share on
Quantity Sold

2017/18 - 11.70%

13.60% ↑

Market share on
Value of Teas Sold

2017/18 - 12.07%

Rs. 581.78 ↓

Average Price Per Kilo

2017/18 - Rs. 639.37

39 Mn/Kg ↑

Quantity Sold

2017/18 - 34 Mn/Kg

ICRA Lanka assigned

[SL] BBB

Rating with
a stable outlook

2017/18 - [SL] BBB



MANUFACTURED CAPITAL

80,000 sq ft

Warehousing Space
(Leased Own)

2017/18 - 80,000 sq ft

631.85 Rs./Mn ↑

PPE & Leasehold Land

2017/18 - 210.10 Rs./Mn



LOGICARE
PRIVATE LIMITED



INTELLECTUAL CAPITAL



'Silver Award' - Service Organisation Category at the 54th Annual Report Awards competition organised by CA Sri Lanka.



"Best Integrated Report" in the Small & Medium Enterprises Category and "Overall Merit award" at CMA Excellence in Integrated Reporting Awards 2018 organised by CMA Sri Lanka.



HUMAN CAPITAL

95

Total Employees

2017/18 - 89



799

No. of Training Hours

2017/18 - 368



1.19

Rs/Mn

Profit Per Employee

2017/18 - 1.12 Rs/Mn



184

Rs/Mn

Total Compensation

2017/18 - 154 Rs/Mn



79%

21%

Gender Diversity

2017/18 - 83% 17%

SOCIAL AND RELATIONSHIP
CAPITAL

Allocated

Rs. 0.05 per

Every kilo of Tea we sold
for CSR initiatives

167

Tea Producers

280

Tea Buyers

Customers Handled
During the Year

2017/18 - Tea Producers 143

2017/18 - Tea Buyers 284

04

CSR Projects

Financial contribution towards
medical expenses of a Bone Marrow
TransplantSponsorship to a student with finan-
cial difficulties to participate in Asian
Youth Chess CompetitionFinancial Assistance to a child of an
employee who was critically illSponsorship for a Christmas Party to
a school of exceptional children

NATURAL CAPITAL

2.21_{MJ}

Energy Consumption

2017/18 - 2.17 MJ

0.81_{Mn}Material Used by
Volume (Sheets)

2017/18 - 1.13 Mn

703.23_{m³}Water Withdrawal
by Source

2017/18 - 788 m³



CHAIRMAN'S MESSAGE



Following on the successful performance in 2017/18, I am pleased to report that the Company surpassed these results in spite of what was a challenging year for the Sri Lankan Tea Industry. I will deal with some specifics of the Sri Lankan Tea Industry together with the Company performance later on in this review.

Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank Annual Report for the year 2018, recorded a real GDP growth of 3.2% compared to 3.4% in 2017. Agriculture, Forestry and Fishing related activities grew by 4.8% in 2018 compared to a contraction of 0.4% in 2017 indicating a recovery from the effect of extreme weather conditions experienced in the previous year. Total Tea Production in 2018 decreased by 1% compared to the growth of 4.9% reported in 2017. Service related activities and industry sector grew by 4.7% and 0.9% in 2018 compared to 3.6% and 4.1% in 2017 respectively.

The per capita GDP has been stated as USD 4,102 in 2018 compared to USD 4,104 in 2017.

The economic growth largely supported by the services activities that has recorded a growth of 4.7% remains the largest contributor to the GDP. The service sector has contributed 57.7% in 2018 compared with 56.8% reported in 2017. Recovery from the agriculture, forestry and fisheries sectors have contributed to 7% of the GDP against 6.9% in 2017. Industrial activities slowed down by 0.9% during the year and the contribution to the GDP declined to 26.1% in 2018 compared with 26.7% in 2017.

The unemployment rates increased to 4.4% in 2018 from 4.2% in 2017 with the highest unemployment rates being reported in females, youth and the educationally qualified. The general price level as measured by the National Consumer Price Index (NCPI, 2013=100) and Colombo Consumer Price Index (CCPI, 2013=100), exhibited mixed movements during 2018 and largely followed the movement of prices of items in the food category. CCPI based annual average inflation has decreased to 4.3% by the end of 2018 compared to 6.6% at the end of 2017.

Sri Lanka's external sector experienced a setback during 2018, with increased foreign exchange outflows, due to higher import expenditure and capital outflows. The trade deficit widening to USD 10,343 million in 2018 compared with USD 9,619 million in 2017. The trade deficit as a percentage of GDP increased to 11.6% in 2018 compared with 10.9% in 2017, whereas the current account deficit increased to 3.2% of GDP compared with 2.6% in 2017.

Sri Lanka Tea Industry

Tea Production (Mn kilo)

Elevation	2018	2017	2016	2015	2014	2013	2011
High Grown	64.97	64.64	64.42	75.40	78.90	75.80	79.10
Mid Grown	47.13	45.65	44.51	51.00	49.20	56.10	56.10
Low Grown	191.84	197.42	183.64	202.38	210.00	208.10	196.20
Total	303.94	307.72	292.57	328.78	338.10	340.00	331.40

The above Table reflects a disappointing performance in the Low Grown category which accounts for over 60% of the national production. This is the lowest recorded Low Grown crop for the last six years barring 2016. High & Mid Growns fared better compared to 2016 & 2017, but way below their potential, which in our view should be over 75 million kilos and 50 million kilos respectively. Overall, we are way short of the all-time high of 340 million kilos achieved in 2013. At the time of compiling this report, crop figures for the period January to April 2019 amounts to 97 million kilos, a 5.3 million kilos decline on the corresponding performance in 2018. Taking a cautiously optimistic view for the rest of 2019, it may be possible to catch up this shortfall and given suitable weather conditions together with the necessary inputs such as fertiliser, weedicides, etc. achieve a modest increase on the 2018 crop. It must however be stressed that with almost 200,000 ha of cultivated tea in our country, a forward plan in excess of 350 million kilos in the near term and upto 400 million kilos in the medium term should be the national objective. For this purpose, a sustained replanting programme coupled with the necessary inputs becomes a prerequisite.

We are encouraged that the Sri Lanka Tea Board is of the same view and we trust that the necessary incentives to achieve this objective will be provided.

Colombo Auction Averages (per kilo)

Elevation	2018		2017		2016		2015		2014		2013		2012		2011		2010	
	LKR	USD	LKR	USD	LKR	USD	LKR	USD	LKR	USD	LKR	USD	LKR	USD	LKR	USD	LKR	USD
High Grown	577.92	3.56	606.64	3.98	449.85	3.09	388.38	2.86	420.36	3.22	402.98	3.12	375.53	2.94	329.95	2.98	337.82	2.99
Mid Grown	521.06	3.21	564.64	3.70	419.59	2.88	362.57	2.67	410.13	3.14	398.65	3.09	351.08	2.75	319.77	2.89	330.88	2.93
Low Grown	601.74	3.70	637.42	4.18	486.74	3.34	416.32	3.06	488.06	3.74	469.91	3.64	407.14	3.19	381.27	3.45	393.40	3.48
Total	584.08	3.59	620.14	4.07	468.61	3.22	402.14	2.96	461.86	3.54	444.42	3.44	391.64	3.07	359.89	3.26	370.61	3.28

In spite of the drop in total production in 2018 compared with 2017, it is indeed disappointing that the Colombo auction averages of all three elevations and consequently the total average have recorded a sharp decline on the corresponding figures in 2017 and even a steeper drop against the USD equivalent figure following the sharp depreciation of the Sri Lankan Rupee. Admittedly, 2017 achieved all time high prices given the strong global market for tea. However, following the sharp decline in the value of the Rupee against the major currencies coupled with the lower production figure, a higher Rupee average would have been the expectation. Unfortunately, Colombo Auction Averages so far in 2019 continues to be lower than the previous year and substantially below the all-time highs of 2017. This is indeed a concern particularly for the producer sector when viewed against increasing costs of production. This in turn has resulted in most producers, i.e. Regional Plantation Companies as well as the proprietary estates/factory owners quite often recording negative returns and consequently greater indebtedness which is not a sustainable model. The possible answer is improved productivity coupled of course with a better quality product which would always command premium prices at the Auctions. **"There is Never a Surfeit of Good Quality Teas".**

CHAIRMAN'S MESSAGE

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)	Approx. Average FOB Price per kg (USD)
2018	282.36	231.75	820.75	1.43	5.05
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
2010	324.36	162.79	501.88	1.44	4.44

The recorded exports in 2018, including re-exports with imported tea at 282.36 million kilos, is the lowest for many years. The total Rupee value of exports however at Rs.231.75 billion is the highest barring the all-time high of 2017. The encouraging feature is that the average FOB Rupee value per kilo is the highest ever at Rs.820.75. These Rupee details however must take into account the sharp decline in the value of the Rupee against the USD in particular. Consequently total export earnings in 2018 expressed in USD amounted to approximately USD 1.43 billion at an FOB price per kilo of USD 5.05 compared with USD 1.53 billion and USD 5.30 per kilo respectively in 2017. The highest ever Sri Lanka export earning was recorded in 2014 at USD 1.63 billion.

We must, at this point, stress that multiple strategies should be adopted to increase the value of tea exports from Sri Lanka, both quantitatively as well as qualitatively through bold and innovative policies.

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 2019, tabulated below are the top five Producers, Exporters & Importers of tea in 2018:

Producers			Exporters			Importers		
No.	Country	Qty. (Mn/kg)	No.	Country	Qty. (Mn/kg)	No.	Country	Qty. (Mn/kg)
1.	China*	2,616.0	1.	Kenya	474.8	1.	Pakistan	192
2.	India	1,311.6	2.	China	364.7	2.	Russian Federation**	153
3.	Kenya	493.0	3.	Sri Lanka	282.4	3.	USA	120
4.	Sri Lanka	303.9	4.	India	245.1	4.	UK	108
5.	Turkey	252.0	5.	Vietnam	136.0	5.	Egypt	82
*Predominantly green tea			Includes imported tea re-exported where applicable			**Excluding other CIS Countries		

At the time of compiling this report, what is not available are the values of exports from the top exporting countries other than for Sri Lanka. It is however likely that China and probably Kenya would have export earnings higher than Sri Lanka. It should be pointed out that, barring the Russian Federation and other CIS countries, we do not have a significant presence in any of the top five tea importing countries. A further significant factor is that Sri Lanka's tea exports to Russia, Iran & UAE in 2018 have apparently recorded lower volumes than the corresponding exports out of India reversing the trend of previous years. The encouraging feature in our export league is China, where the export volumes in 2018 have exceeded 10 million kilos and continues on an increasing trend. If one were to analyse the emerging global scenario, China could be established as not only the largest producer, but also the exporter of the tea and therefore Sri Lanka's gradually strengthening presence in this market should be further developed.

We hope the commencement of the long anticipated global promotional campaign for “Ceylon Tea” in the near future would result in reversing our declining presence in the global tea market thus consolidating our status in the existing markets as well as make inroads into the large and constantly growing tea importing countries in which we presently have a minimal presence. Global consumption is reported to be growing at 3% per annum including consumption in the large producer countries of China & India at probably even a higher rate. The annual retail value of the global tea industry is currently estimated at around USD 70 billion. Therefore, with the correct policies, Sri Lanka with our established strengths has a great opportunity.

In our view, why shouldn't a USD 5 billion export earnings target per annum be a reality in the medium term? Optimistic, but not impossible.

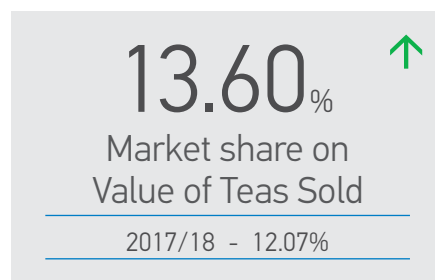
Company Performance

As mentioned at the commencement of my message, in spite of the challenges facing the Sri Lankan Tea Industry in particular and the global economy in general, our Company has achieved the best ever results in our comparatively short history as a Public Listed Company. The specific details which reflect this position and would be of interest to the shareholders are set out below:

	2018/19	2017/18	2016/17	2015/16	2014/15
Quantity of Tea Marketed through the Company (Mn/kg)	35.0	34.3	29.9	31.3	34.7
Value of Tea Marketed through the Company (Rs./Mn)	22,830.0	22,402.0	16,114.4	12,518.9	16,073.0
Revenue Generated by the Company (Rs./Mn)	767.6	655.9	419.7	334.0	435.5
Profit After Tax (Rs./Mn)	115.3	106.8	41.5	25.9	54.7
Total Equity (Rs./Mn)	582.6	471.3	237.7	208.7	212.4

In addition to the above details, I give below the Performance at a Glance setting out some salient comparative data:

Performance at a Glance



reflective of the efficient service levels of our comparatively young team. The challenge ahead is for us to maintain and further improve on our stature as a well-established tea broking entity operating at the Colombo Tea Auctions, which is still recognised as one of the most vibrant Auction Centers for tea globally, recording higher average prices compared to other Centers. I am confident that the Company will achieve this objective through professionalism and quality service expected of a Tea Broker.

The CEO's Review together with the Management Discussion & Analysis given elsewhere in this report would have comprehensive details of the performance of the Company.

Warehousing Project

As indicated in last year's Annual Report, the warehousing project which is a BOI approved entity is in the last stage of its construction and expected to commence commercial operations in June 2019. This state-of-the-

Let me take this opportunity of commending our Management Team for this record-breaking performance particularly in a difficult year. The continued improvement in market share is

CHAIRMAN'S MESSAGE

art warehousing complex which consists of over 12,000 pallet locations will function under Logicare (Pvt) Limited as a fully owned subsidiary of Ceylon Tea Brokers PLC.

Approximate capital investment on the project is around Rs.950 million and part of it was raised through the Rights Issue conducted last year and the balance with a long-term financial facility from Hatton National Bank PLC at a competitive rate. The initial estimated cost increased due to the depreciation of the Sri Lankan Rupee against the US Dollar during the year under review, since the majority of the project expenses comprised of imported items. Further cost escalation occurred due to the introduction of two mezzanine floors enabling additional warehousing space. This additional space would create more revenue to the Company and we are confident that this facility would achieve its desired financial returns.

Logicare (Pvt) Limited would cater to the warehousing requirements of Ceylon Tea Brokers' producer clients, which would add value to our customers at both ends of the value chain. Further, Logicare (Pvt) Limited will operate as a total supply chain solutions provider specialising in logistics, transport and other supply chain related services to external clients which will significantly contribute to the revenue portfolio of this entity in the future.

Corporate Development & Management Focus

Last year has been a year of consolidation and growth for the Company. In this scenario, we not only retained the loyalty of the many clients who were with us over the years, but added new manufacturing marks enthused with the professionalism and the dynamism demonstrated by our comparatively young team. This momentum we earned as we garnered the respect of industry players who were appreciative of

our efforts to align the day to day application of the corporate governance process both in spirit and what was mandated and desirable. Our manufacturing and advisory services are sought out by our clients with whom we maintain a regular open channel regards market demand and sound management practices. This has been a reciprocal learning platform creating improvements as we move into the future. We have expanded market share and have built a base with growth potential in the coming years. We have now strengthened the team with the promotion of three Senior Executives to the Board of Directors. We also focused on board balance and were fortunate to obtain the services of an industry veteran with broad exposure to business in general.

Dividend

I am pleased to report that the Directors have declared a Dividend of Rs. 0.35 per share for the financial year 2018/19 compared with Rs. 0.325 per share in 2017/18. The total pay-out amounts to Rs.63.84 million including Dividend Tax, which is a 55% pay-out ratio of the distributable profits. The balance 45% has been transferred to reserves thus enhancing total equity.

Directorate

Mr. Niraj De Mel, a well-recognised personality in the Tea Industry as well as the corporate world in general joined the Board as a Non-Executive Director in April 2019. A brief profile of Mr. De Mel is given elsewhere in this report and we welcome him to the Company. In keeping with our corporate growth, the Board also took a decision to promote three Senior Executives as Directors with effect from 24th May 2019. They are Mr. Thilina Nonis, Mr. Dinesh Fernando & Mr. Zameel Mohamed. Brief profiles of each of them are given with the details of the other Directors.

With these appointments, we have a Board of 12 Members comprising of six Non-Executive Directors & six Executive Directors.

Acknowledgment

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 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 2019 which we shared with our management at the beginning of the year:

"SUCCESS MUST NOT BREED COMPLACENCY."



Chrisantha Perera
Chairman

24th May 2019

CHIEF EXECUTIVE OFFICER'S REVIEW



To our Shareholders, Customers, Partners and Employees,

Success is a lot more random than we'd like to admit. The "Matthew Effect", named after the Gospel of Matthew, meaning "Accumulative Advantage" relates to our success story. A head start and an opportunity in the Industry played a critical role in our success.

Ceylon Tea Brokers PLC was founded in 1963 as a partnership of De Silva, Abeywardena and Pieris and has since then built one of the most admired brands around a mission that celebrates the joy of human connection and the romance of all things tea. It's a privilege to share with you some of the extraordinary events and milestones that have shaped the past year for Ceylon Tea brokers PLC. We believe in the Power of Team and it has been an honour to work with CTB's Leadership Team and Employees. Together we understand our responsibility to lead our company into the future by remaining true to our mission whilst reimagining the future of Ceylon Tea Brokers. We are now writing our next chapter of growth and value creation for our partners, customers and our shareholders. We continue to build the company by further elevating the CTB experience and remaining true in our constant pursuit in search of excellence.

Our 2018 results demonstrate significant progress, our multi-year transformation towards becoming an even stronger brand and operationally an excellent company.

Delivering increased revenue, operating income and earnings:

- i. Revenue grew by 17.03% to 767.65 million during the year from 655.92 million previous year.
- ii. Profits from Operation were Rs. 393.97 million a 15.30% increase over the previous year.
- iii. Operating margin of 51.32% recorded during the year under review.

Transforming Tomorrow

In 2018 we laid the foundation for further accelerating CTB's transformation and continue to lay the foundation for additional progress in 2019 and beyond. As long term potential, the acquisition of Logicare Pvt Ltd would undoubtedly bring in further prosperity. This modern

warehousing project will help provide warehousing services to producer clients for storage of teas. Like most other industries, logistics is currently confronting immense change. Like all change, this brings both risk and opportunity.

There are many ways the sector could evolve to meet the challenges, some evolutionary, others more revolutionary. Customer expectations are increasing greatly, businesses expect to get goods faster, more flexibly, and with a low storage cost. The sector is under acute and growing pressure to deliver a better service.

Therefore the Project will be making maximum and intelligent use of technology, data analytics, to automation, to the physical internet to meet these challenges.

In to the Future

The intersection of the external and internal factors provided an exceptional opportunity to transform our operations and further sharpen our strategies. We have made strategic and proactive decisions to advance our operating systems, reset our structure and recalibrate our leadership so that we can truly optimize our go to market and utilize the scale and infrastructure we've built to better serve our clients. Upgrading the Tea System, executive coaching for the senior leadership, coaching workshops are initiatives by the company towards this. Fundamental to this transformation is balancing financial and operational discipline while keeping our clients at the centre of everything we do.

We also have a responsibility as a company to empower everyone to fully participate in our society and economy using technology. Therefore, the company conducted several workshops in order to increase the technology knowhow of the employees.

CHIEF EXECUTIVE OFFICER'S REVIEW

Because we know the jobs of today will not be the jobs of tomorrow and we are investing to provide today's workforce and future generations with digital skills they need to succeed.

No Industry is Immune

All industries will need to be ready to stretch their horizons. Advanced technology adaption will be the heart of the future competitiveness. We expect the Tea Industry to be transformed by the technological shockwave, lowering cost base and improving operational efficiency as well as demanding greater integration with customers and suppliers. Therefore CTB is in the process of increasing the organisation capabilities to meet the challenges.

Trust and Responsibility

At a time when digital technology is transforming every industry and our daily life and work, customers are increasingly looking for partners whose business interests are fundamentally aligned with their own. At CTB our customer intents are the core to our success. That is what engenders trust. This commitment extends to instilling trust in technology across everything we do, which is why our compliance is deeply embedded in all our processes and practices.

We are proud of all our employees who are focused on our customer services in this new era. We have long recognized that the health, wellbeing and diversity of our employees help Ceylon Tea Brokers succeed. That is why we provide industry leading benefits for our employees including comprehensive health and wellness programmes.

Over the past year we made progress in building a diverse and inclusive culture where everyone can do their best at work. We have strived hard to increase the number of women in the corporate roles. Creating a diverse and inclusive workplace at Ceylon Tea Brokers is everyone's job. This year we hope to increase our commitment, ensuring that every leader and employee prioritizes diversity and inclusion.

Strengthening Our Businesses and Hitting the Reset Button

Our goal is to run more empowered, accountable businesses that are in the best possible position to create value for the Customers and improve top-line and bottom-line performance. We have strong fundamentals in many places from which to build.

In the Low Grown Sector we had an outstanding 2018/19 achieving the market leader status. High and Medium Grown too showed considerable growth. The Company achieved a market share of 13.12% on quantity sold for the financial year 2018/19, compared with 11.70% in 2017/18, maintaining continuous growth.

The Power of resetting is that at any given moment you truly can reset yourself, your outlook and situation. Achieving success is never a straight line. We have experienced wins, in leaps and bounds as well as setbacks, distractions and disappointments. Perhaps even a crisis or two.

Companies mature, systems age, people and talent move on. It is the simple process of evolution where businesses are in a state of perpetual change. Anticipating change we started to hit the 'reset button'.

At CTB we understood the need to get rid of all performance-slowness junk that has accumulated over time. It gives us a clean start when our status quo becomes challenging.

Tough resets are major undertakings, with a relatively clear view of the potential growth path we have started in resetting our Company.

Final Thoughts

I'd like to extend my heartfelt appreciation to CTB employees, Customers, and Board for their commitment and passion to advance this company forward. I've found inspiration in their expression of support. We have work to do, but once we've identified clear opportunities for improvement and are addressing them with focus and energy. CTB attitude right now is reflected in the famous proverb: "The beginning of Wisdom is to call things by their proper name." At times doing this can be painful but we are embracing our reality and executing the plan we laid out to create value for our people, for our Customers, and for you. Now it's more about what we do than what we say.

Thank You for the opportunity to earn your confidence and trust.



Waruna De Silva
Director / Chief Executive Officer

24th May 2019

02.

**MANAGEMENT DISCUSSION
AND ANALYSIS**

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 2018/19 and its future potential needs to be evaluated in the context of this review.

GLOBAL ECONOMY

Global economic growth has slowdown in 2018, which grew at a rate of 3.6% with compared to the 4% growth rate reported in 2017 and is projected to further decline to 3.3% in 2019. The global expansion has significantly weakened during the first half of the 2018 with the escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, disruption in auto sector in Germany and tighter credit policies in China.

China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and trade tensions with the United States. The European Economy lost the momentum than expected as consumer and business confidence weakened. Introduction of new emission standards have disrupted the car production in Germany.

US dollar was appreciated in the first half of 2018 and appreciation was reversed in the second half of 2018 due to the tightening of monetary policies. The euro depreciated by about 3% over this period, on weaker-than-expected macroeconomic data and concerns about Italy. The Yen appreciated modestly, and the pound strengthened by about 3% on shifting expectations of the outcome of Brexit negotiations. The growth in Emerging Markets has slowdown in 2018 due to the tightening financial condition in United States which has resulted in strengthening the US Dollar.

Global GDP

GDP Growth Rate	Projections		
	2018 %	2019 %	2020 %
World Output	3.6	3.3	3.6
Advanced Economies	2.2	1.8	1.7
United States	2.9	2.3	1.9
Euro Area	1.8	1.3	1.5
Japan	0.8	1	0.5
United Kingdom	1.4	1.2	1.4
Emerging Market and Developing Economies	4.5	4.4	4.8
Russia	2.3	1.6	1.7
China	6.6	6.3	6.1
India	7.1	7.3	7.5
ASEAN-5	5.2	5.1	5.2

Source: IMF World Economic Outlook, April 2019

Amid high policy uncertainty and weakening prospects for global demand, industrial production decelerated, particularly for capital goods. The slowdown was broad based, notably across advanced economies, except the United States. While a cyclical slowdown in countries thought to be operating above potential was to be expected, the downturn was larger and appeared related to a souring of market sentiment, in part because of trade tensions. Emerging markets have reported a significant growth with compared to the advanced economies of which India and China being leading the Asian region.

The growth of the global trade will be remaining in the same level without a considerable fluctuation. The impact of the trade war between China and US will affect to the global economic growth while creating an uncertainty to the global trade. Crude Oil Prices has estimated to fall between USD 55-65 per barrel with the political uncertainty in the European market coupled with the trade war between US-China. Increased Production and weak demand stemming to reduce the crude oil prices.

SRI LANKAN ECONOMY

The Sri Lankan economy grew at a modest pace of 3.2% in 2018 compared to 3.4% in the previous year due to the vulnerability of the Sri Lankan economy to increasing global and domestic disturbances. GDP at market price recorded at Rs. 14,450 billion in 2018 compared to Rs. 13,418 billion in 2017. GDP per capita income marginally declined from USD 4,104 in 2017 to USD 4,102 during the year under review.

3.2%
Real GDP Growth
2017 - 3.4%



14,450 Rs/Bn
GDP at Market Prices
2017 - 13,418 Rs/Bn



The services related activities expanded by 4.7% in 2018 compared to 3.6% in 2017 mainly due to the growth in financial services activities, wholesale and retail trade, and other personal service activities. However, contraction of public administration and defense activities dulled the growth in services activities to some extent in 2018.

Macroeconomic Performances (2014-2018)

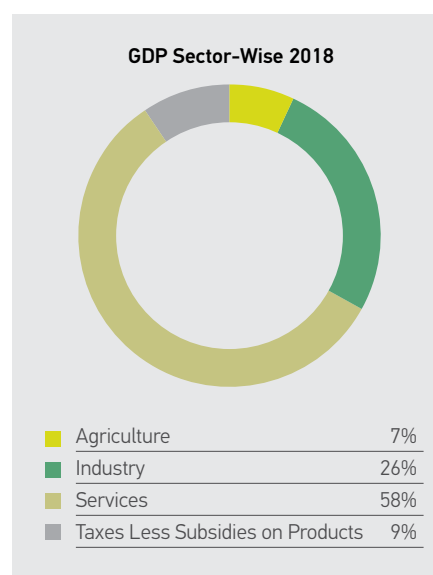
Indicator	Unit	2018	2017	2016	2015	2014
Real GDP Growth	%	3.2	3.4	4.5	5.0	5.0
GDP at Market Prices	Rs/Bn	14,450.0	13,418.0	11,996.0	10,951.0	10,361.0
Per Capita GDP	USD	4,102.0	4,104.0	3,886.0	3,842.0	3,819.0
Annual Average Inflation	%	4.3	6.6	4.0	2.2	3.3

(Source: Central Bank of Sri Lanka)

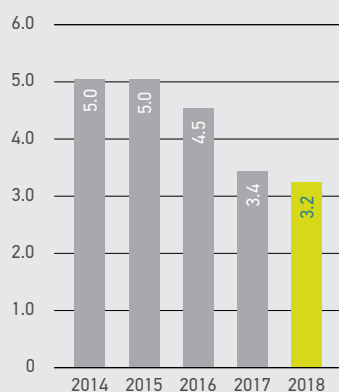
GDP Growth – Sector Wise

Agriculture related activities recorded a growth of 4.8% of real GDP compared to the contraction of (0.4)% in the previous year. Production in several agriculture crops, including paddy, coconut, fruits, livestock, vegetables and other field crops increased during 2018, while tea, rubber, fisheries and sugar production recorded a decline. Unfavourable weather conditions in tea growing areas, and wage related trade union action in the plantation sector affected tea production during 2018, amidst lower average prices of tea.

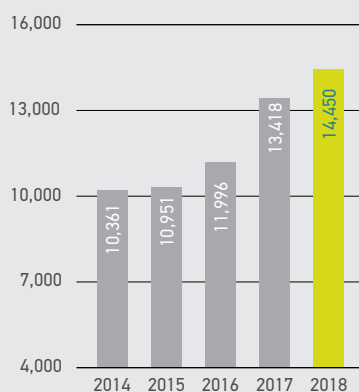
Industry related activities accounted for 26.1% of real GDP in 2018 compared to 26.7% in the previous year. The sector experienced a slowdown as a result of the decline in construction, and mining and quarrying activities. Despite the decline in construction activities and mining and quarrying activities, manufacturing activities registered a growth that supported the overall economic growth in 2018.



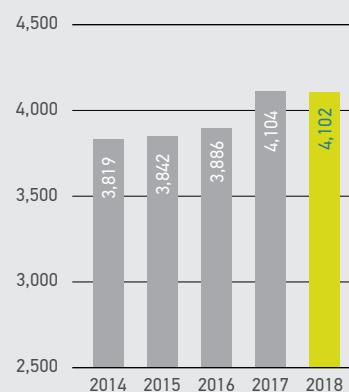
Real GDP Growth



GDP at Market Prices (Rs/Bn)



Per Capita GDP (USD)



OPERATING ENVIRONMENT

GDP Growth – Sector Wise

Sector	Value		As a share of GDP		Rate of Change	
	(Rs / Mn)		%		%	
	2018	2017	2018	2017	2018	2017
Agriculture	672,923	642,366	7.0	6.9	4.8	(0.4)
Industry	2,518,964	2,495,721	26.1	26.7	0.9	4.1
Services	5,560,849	5,311,107	57.7	56.8	4.7	3.6
Taxes Less Subsidies on Products	891,993	895,645	9.2	9.6	(0.4)	3.3
GDP	9,644,728	9,344,839	100.0	100.0	3.2	3.4

(Source: Central Bank of Sri Lanka)

Inflation

Annual average inflation decreased from 6.6% in 2017 to 4.3% in 2018. This was mainly due to the changes in food prices as well as the impact of reduction in taxes such as Special Commodity Levy and Telecommunication Levy.

Unemployment

The unemployment rate increased from 4.2% in 2017 to 4.4% in 2018 as both male and female unemployment rates increased during the year. With the decline in Labour Force Participation Rate (LFPR) from 54.1% to 51.8% in 2018, and the marginal increase in the unemployment rate, the employed population declined to 8.015 million during 2018. The total number of foreign employment declined further with the fall in male departures despite the increase in female departures.

Exports

Earnings from exports increased by 4.7% to USD 11,889 million in 2018 from USD 10,360 million in 2017. Expansion in export earnings from industrial exports mainly contributed to this increase while earnings from agricultural and mineral exports declined. Industrial exports increased by 8.4% to USD 9,258 million in 2018 compared to the previous year, reflecting the support of the restoration of EU GSP+ facility.

Agricultural exports experienced a decline, from USD 2,767 million in 2017 to USD 2,579 million in 2018 due to poor performance in all subcategories except for Seafood. Earnings from Tea exports declined due to the combined impact of lower export prices and reduced volumes of Tea during the year. The average export price per kilogram of Tea declined due to restricted trade with Iran and Russia. In 2018, Turkey continued to be the number one importer of Sri Lankan Tea followed by Russia, Iraq, and Iran.

Composition of Exports

Category	2018 (a)		2017		Change in Value USD Mn	Y-o-Y Change %	Contribution to Change %
	Value USD Mn.	Share %	Value USD Mn.	Share %			
Agricultural Exports	2,579.30	21.7	2,767.20	24.4	-187.9	-6.8	-35.5
Industrial Exports	9,258.20	77.9	8,541.90	75.2	716.2	8.4	135.3
Mineral Exports	34.4	0.3	34.5	0.3	-0.1	-0.4	0
Unclassified Exports	17.8	0.1	16.9	0.1	1	5.8	0.2
Total Exports	11,889.60	100	10,360.40	100	529.20	4.7	100

(Source: Central Bank of Sri Lanka)

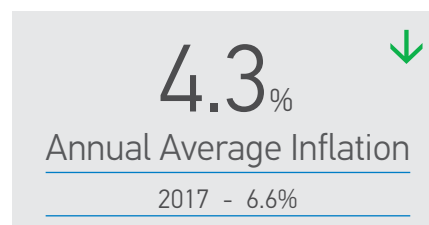
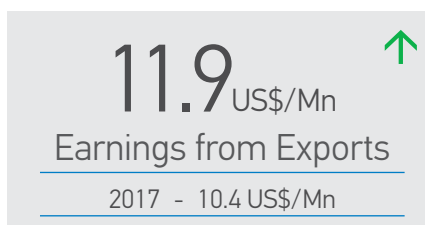
Imports

Expenditure on imports increased by 6% to USD 22,233 million in 2018, recording the historically highest value for imports. The higher expenditure incurred on fuel, personal motor vehicles, textiles and textile articles, and fertiliser mainly contributed to the growth in imports during 2018 coupled with the sharper depreciation of the Sri Lankan Rupee. Meanwhile, expenditure on non-fuel imports also increased by 3% to USD 18,081 million during the year, compared to the previous year. Expenditure on fuel imports increased by 21.1% to USD 4,151.9 million during the year 2018 mainly due to price escalation. The average import price of crude oil increased by 31.9% to USD 76.25 per barrel during the year, from USD 57.79 per barrel, in 2017, reflecting the higher oil prices in the international market.

Import expenditure on coal declined by 9.5% to USD 237 million, in 2018, compared to the previous year, due to a reduction in the imported volume of coal with the decline in coal power generation. Imported volumes of fertiliser increased significantly by 116%, in 2018, partly due to the base effect of lower demand for fertiliser in 2017, owing to reduced agricultural activity as a result of the adverse weather conditions that prevailed in 2017 and the extended cultivated area of paddy in 2018 with better weather, together with the reintroduction of the fertiliser subsidy instead of cash grants.

Exchange Rates

The Central Bank allow to continue the floating exchange rate in 2018, where interventions were limited only to address any undue fluctuations of the Rupee. The greater flexibility in the exchange rate further influenced to deteriorate the exchange rate with the pressure on macroeconomic factors. The broad-based strengthening of the US dollar globally resulted in substantial

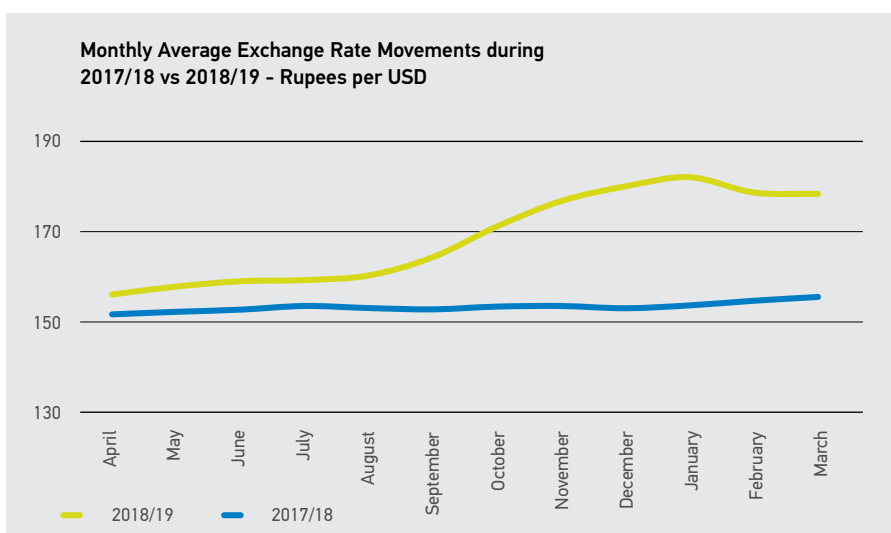


outflows of foreign investments as in number of other emerging markets, particularly countries with current account deficits. This, coupled with a surge in import expenditure, dried up liquidity in the domestic foreign exchange market, thereby exerting significant pressure on the Sri Lankan Rupee.

Given the significant volatility in the exchange rate, which intensified in the fourth quarter of 2018, the Central Bank adopted a cautious approach in intervening in the domestic foreign exchange market, while also maintaining the official reserves at a prudent level. The Policy measures have introduced to restrict non-essential imports to curtail the demand on foreign exchange. Imposition of cash margins for the vehicles imports and increase of Loan to Value ratio has influenced to control the importation of motor vehicles.

Consequently, the Sri Lankan Rupee depreciated by 16.4% against the US dollar in 2018, while the Central Bank supplied USD 1,120 million to the domestic foreign exchange market on a net basis. Further, the Real Effective Exchange Rate (REER) index, which is an indicator of Sri Lanka's external competitiveness, remained predominantly below the base year level in 2018, signifying Sri Lanka's sustained external competitiveness.

The monthly average exchange rate was stated at Rs.178.43 against the US dollar in the month of March 2019.



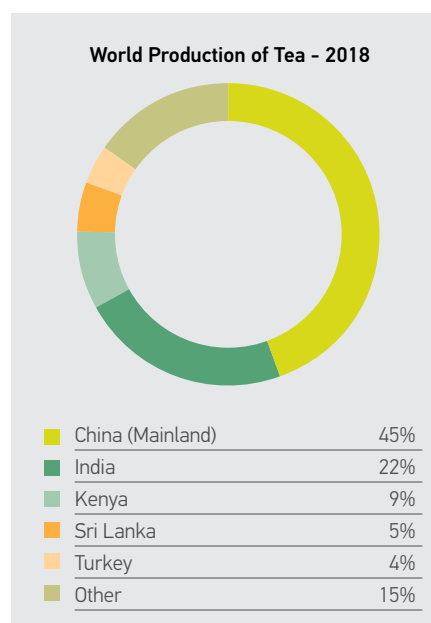
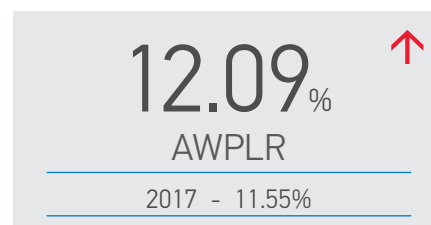
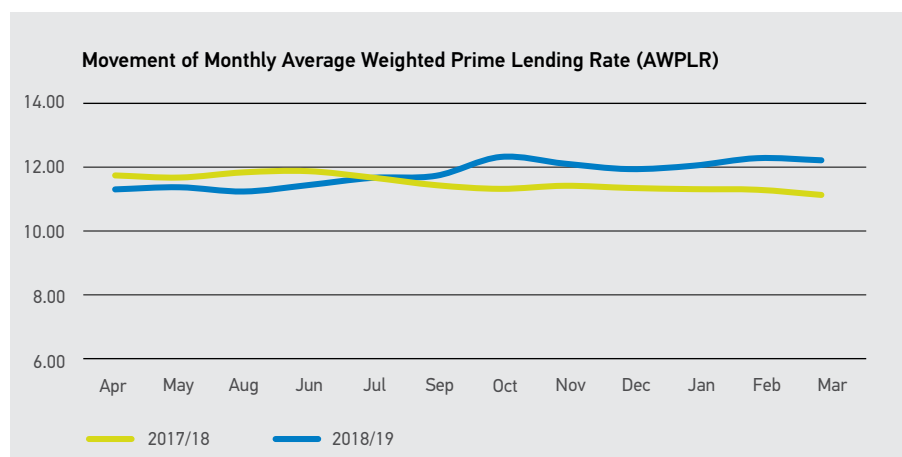
(Source : Central Bank of Sri Lanka)

OPERATING ENVIRONMENT

Interest Rates

Amidst tight liquidity conditions and the tight monetary policy was maintained in 2018. This was affected to increase most deposit interest rates in commercial banks throughout the year. In comparison with 2017 it has shown a slight decrease in deposit rates by 26 basis points which AWDR stated at 8.81% in 2018 with compared to 9.07% in 2017.

The weekly Average Weighted Prime Lending Rate (AWPLR) has shown an increase due to high demand for credit instead of tight monetary control. The Weekly AWPLR has increased by 54 basis points to 12.09% in 2018 from 11.55% in 2017. The monthly average of weekly AWPLR increased by 61 basis points to 11.94 % during the period under review and it was stated at 11.33% in 2017.



GLOBAL TEA INDUSTRY

World Production of Tea

Country	2018	2017	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
China (Mainland)	2,616.00	2,550.00	66.00	2.59
India	1,311.63	1,278.83	32.80	2.56
Kenya	492.99	439.86	53.13	12.08
Sri Lanka	303.84	307.08	(3.24)	(1.06)
Turkey	252.00	255.40	(3.40)	(1.33)
Other	879.95	855.22	24.73	2.89
Total	5,856.41	5,686.39	170.02	2.99

(Source: International Tea Committee)

The total world production of Tea recorded 5,856.41 million kilos in 2018 compared to 5,686.39 million kilos in 2017, a growth of 170.02 million kilos (+2.99%) from previous year. China has maintained its position as the largest Tea producer followed by India, Kenya, Sri Lanka and

Turkey. Kenya indicated a growth of 12.08% growth compared to its 2017 production, whereas India and China showed a marginal increase compared to the previous year. However, both Sri Lanka and Turkey showed a decline in production during the year 2018, where Tea production in Sri Lanka decreased mainly due to unfavourable weather conditions.

World Exports of Tea

Country	2018	2017	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Kenya	474.86	415.72	59.14	14.23
China (Mainland)	364.70	355.26	9.44	2.66
Sri Lanka	271.77	288.98	(17.21)	(5.96)
India	245.10	240.68	4.42	1.84
Vietnam	136.00	134.00	2.00	1.49
Other	360.08	343.75	16.33	4.75
Total	1,852.51	1,778.39	74.12	4.17

(Source: International Tea Committee)

Kenya continued its position as the World's largest Tea exporter, followed by China, Sri Lanka, India and Vietnam in 2018. The total Tea Exports during 2018 recorded at 1,852.51 million kilos compared to 1,778.39 million kilos in 2017. Tea exports in all major Tea export destinations shows a growth from last year except for Sri Lanka, where the Tea production was declined due to adverse weather conditions that prevailed during the year as well as worker wage strike during the last quarter of 2018.

Tea Imports for Consumption

Country	2018	2017	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
Pakistan	191.77	175.01	16.76	9.58
Russian Federation	153.00	160.00	(7.00)	(4.38)
U S A	120.00	126.33	(6.33)	(5.01)
United Kingdom	107.86	108.99	(1.13)	(1.04)
Egypt	82.00	78.00	4.00	5.13
Other	1,083.37	1,044.77	38.60	3.69
Total	1,738.00	1,693.10	44.90	2.65

(Source: International Tea Committee)

Total World Tea imports for consumption accounted for 1,738 million kilos in 2018 compared to 1,693.10 million kilos in 2017, indicating a marginal increase of 44.90 million kilos (+2.65%). Pakistan maintained its position as the World's No.1 Tea importer followed by Russian Federation, USA, United Kingdom and Egypt. Tea imports for consumption in all major importing countries shows a decline from 2017 except for Pakistan and Egypt.

1,853^{Mn/Kg} ↑
World Exports of Tea
2017 - 1,778 Mn/Kg

1,738^{Mn/Kg} ↑
Tea Imports for Consumption
2017 - 1,693 Mn/Kg

OPERATING ENVIRONMENT

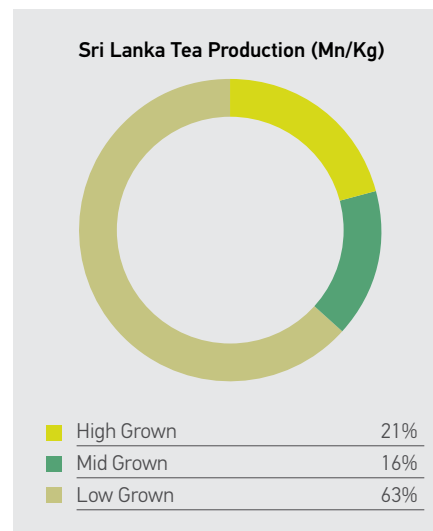
SRI LANKAN TEA INDUSTRY

Tea Production

Elevation	2018/19	2017/18	Variance	
	(Mn/Kg)	(Mn/Kg)	(Mn/Kg)	%
High Grown	63.4	66.4	(3.1)	(4.6)
Mid Grown	48.1	46.2	1.9	4.1
Low Grown	191.6	202.5	(10.9)	(5.4)
Total	303.0	315.2	(12.1)	(3.9)

(Source: Sri Lanka Tea Board Statistical Division)

Sri Lanka Tea production declined during the year under review by 12.1 million kilos (-3.9%), recording 303.0 million kilos for the year ended 31st March 2019. The decline in Tea production was mainly attributed to adverse weather conditions and the worker wage strikes that risen in last quarter of 2018. Tea production in Mid grown elevation recorded a marginal rise from 46.2 million kilos to 48.1 million kilos during the year under review, whereas, High Grown and Low Grown recorded a decline of 3.1 million kilos (-4.6%) and 10.9 million kilos (-5.4%) respectively.



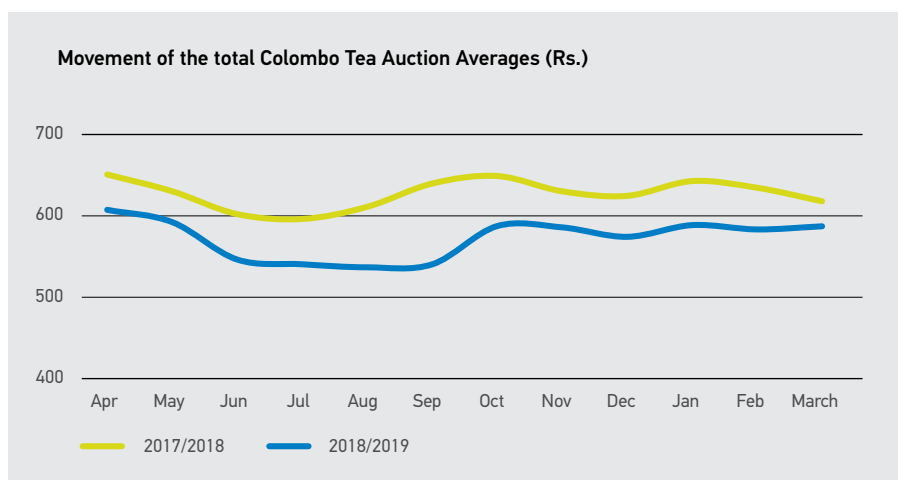
Colombo Auction Averages

Elevation	2018/19		2017/18		Variance		Variance %	
	(LKR)	(USD)	(LKR)	(USD)	(LKR)	(USD)	(LKR)	(USD)
High	558.09	3.31	609.08	3.97	(50.99)	(0.66)	(8.37)	(16.63)
Medium	507.37	3.01	566.55	3.69	(59.19)	(0.68)	(10.45)	(18.52)
Low	591.49	3.51	645.00	4.20	(53.51)	(0.70)	(8.30)	(16.56)
Total	570.54	3.38	625.86	4.08	(55.32)	(0.70)	(8.84)	(17.05)

(Source: Colombo Brokers Association / CBSL)

The average Colombo Tea Auction (CTA) prices were negatively affected with the low production of Tea along with reduced demand for Ceylon Tea during the year under review. The CTA prices for Teas in all three elevations recorded a decline from previous year. The total CTA average declined from Rs. 625.86 to Rs. 570.54 for the year ended 31st March 2019 recording a drop of Rs. 55.32 (-8.84%).

Elevation wise CTA prices in High grown, Mid grown and Low grown declined by Rs. 50.99 (-8.37%), Rs. 59.19 (-10.45%) and Rs. 53.51 (-8.30%) respectively. A greater decline in averages witnessed in US Dollar terms considering the depreciation of Sri Lankan Rupee currency against the US Dollar. Average CTA prices in USD equivalent declined by USD 0.70 (-17.05%) in the year ended 31st March 2019, compared to the previous year 2017/18.



(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)
2018/19	287.10	237.08	825.78	1.41	4.90
2017/18	289.46	237.74	821.32	1.55	5.35

(Source: SL Customs – Statistical Division)

Total quantity of Tea exported including Re-exports with imported Tea during the year ended 31st March 2019, amounted to 287.10 million kilos showing a decline of 2.36 million kilos (-0.8%) from last year. Despite the decline in quantity exported, the value of the total Teas exported dropped marginally from Rs. 237.74 billion last year to Rs. 237.08 billion as a result of the increase in average FOB price per Kg from Rs. 821.32 in previous year to Rs. 825.78. US Dollar equivalent export revenue declined from USD 1.55 billion to USD 1.41 billion mainly due to the decrease in Average FOB price per Kg in US Dollar terms. Average FOB price per Kg in USD dropped from USD 5.35 to USD 4.90 during the year ended 31st March 2019.

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 believe 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

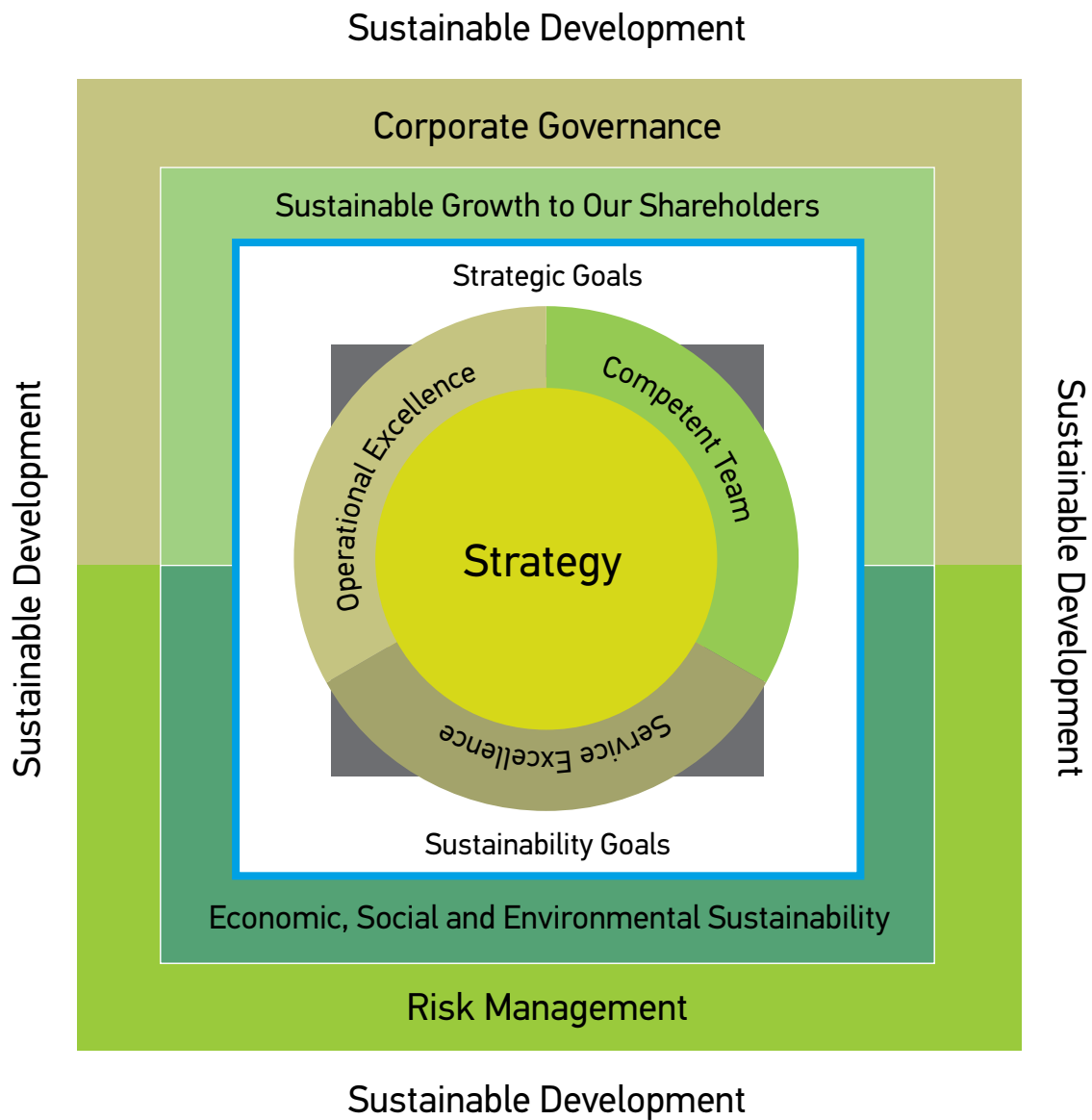
Since Tea broking is purely a service, providing a superior service to our clients is vital to our growth. Thus, "service excellence" is the most imperative strategic focus to our long-term sustainability. With this in mind, we will constantly endeavour to upgrade our services by investing in correct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

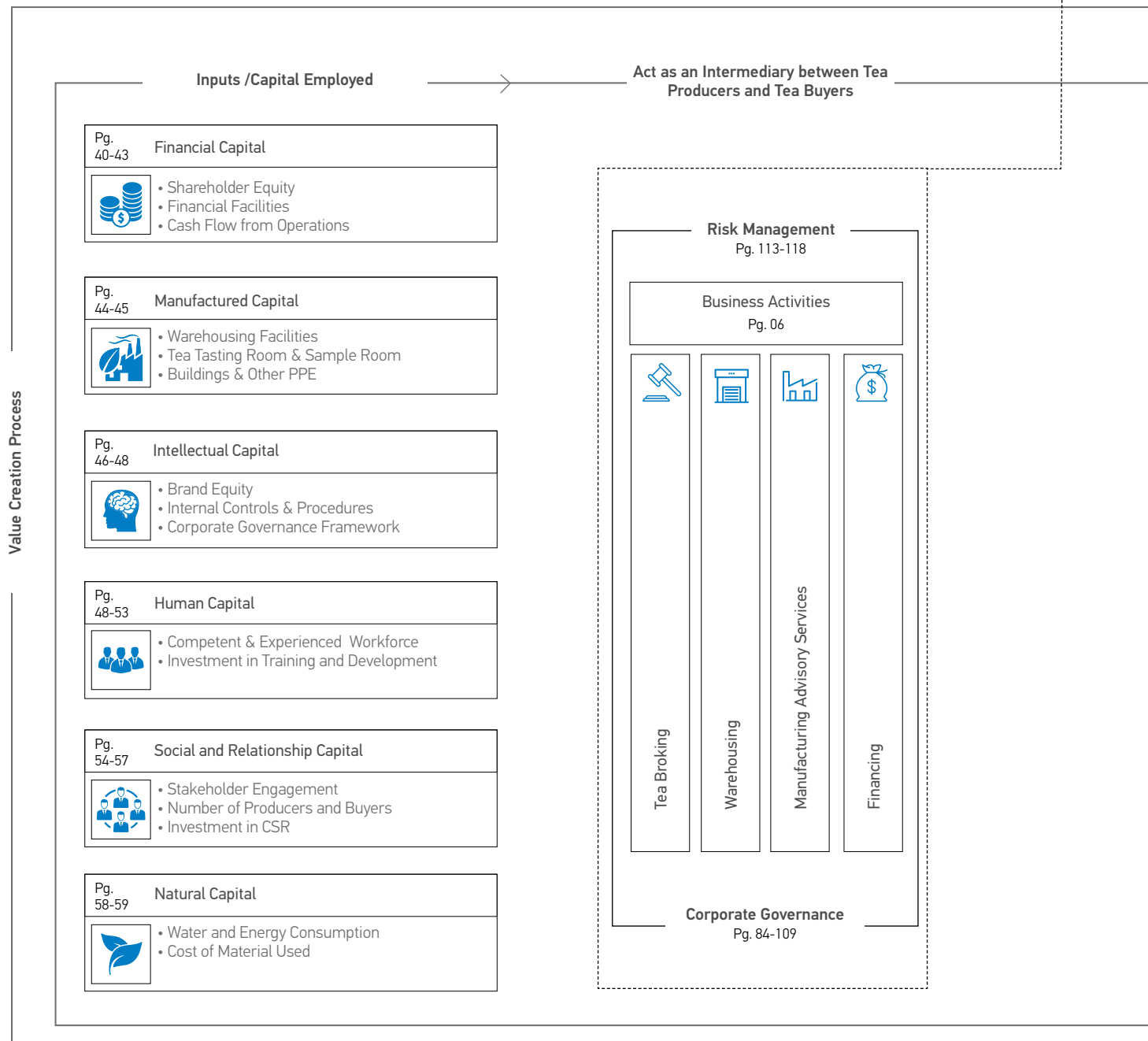
Our strategic direction to sustainable development is graphically depicted on page 29.

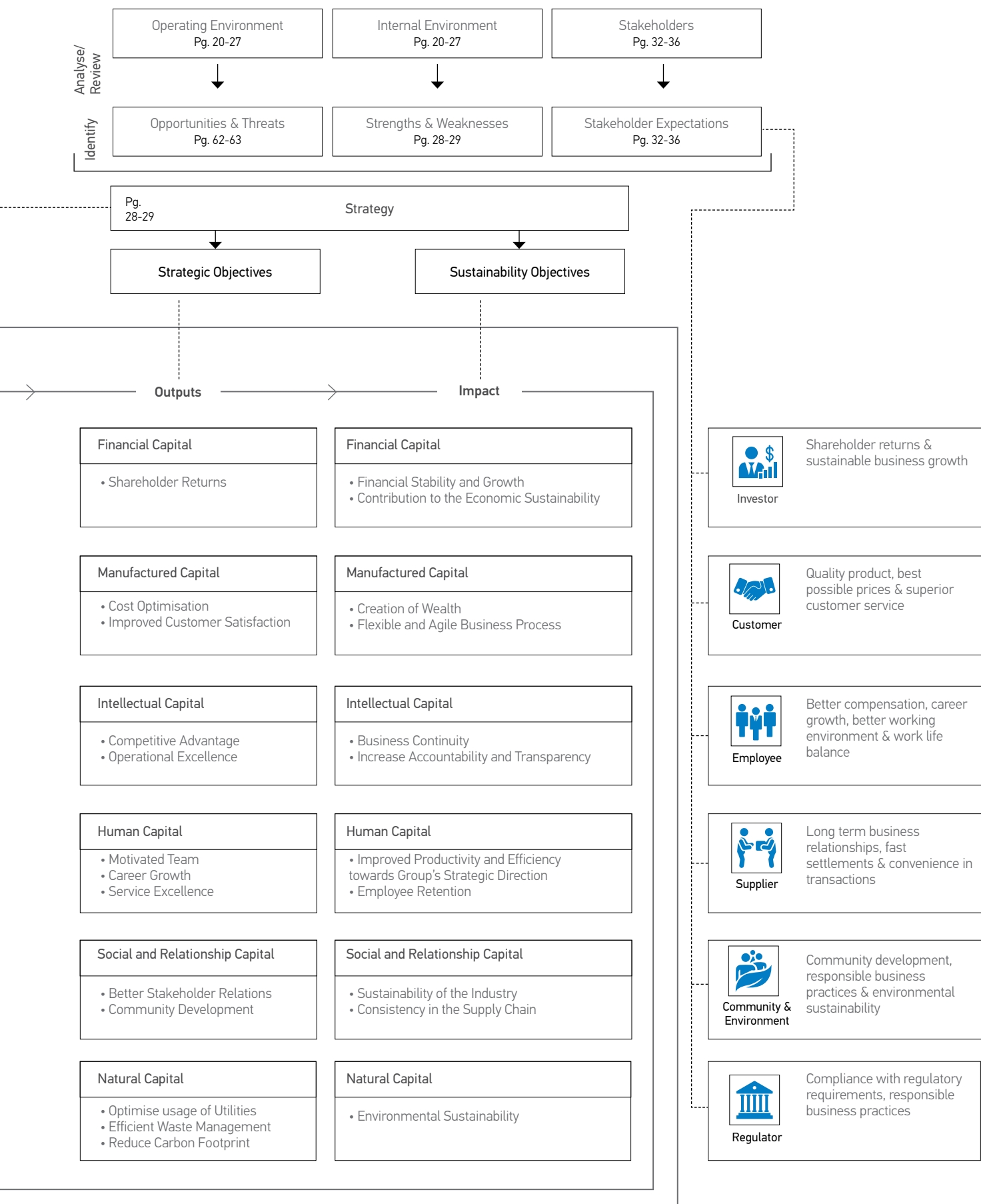


OUR BUSINESS MODEL

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

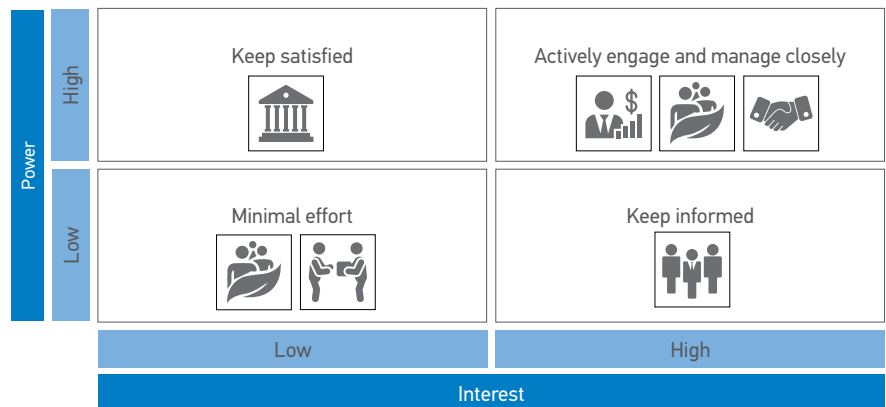
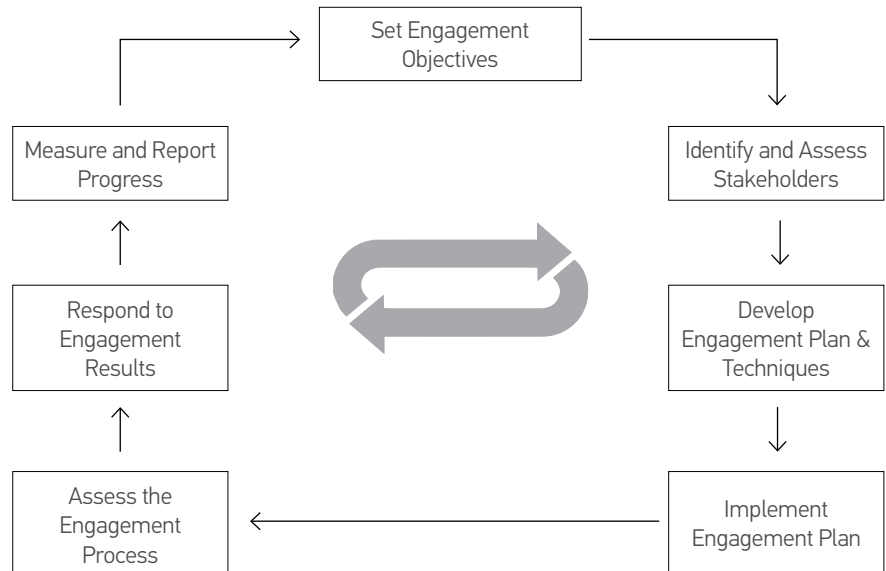
Our Stakeholders

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:



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" Customer satisfaction survey 	<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 Employee survey 	<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

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 ●

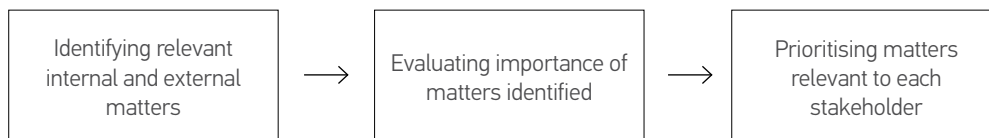
Materiality

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.

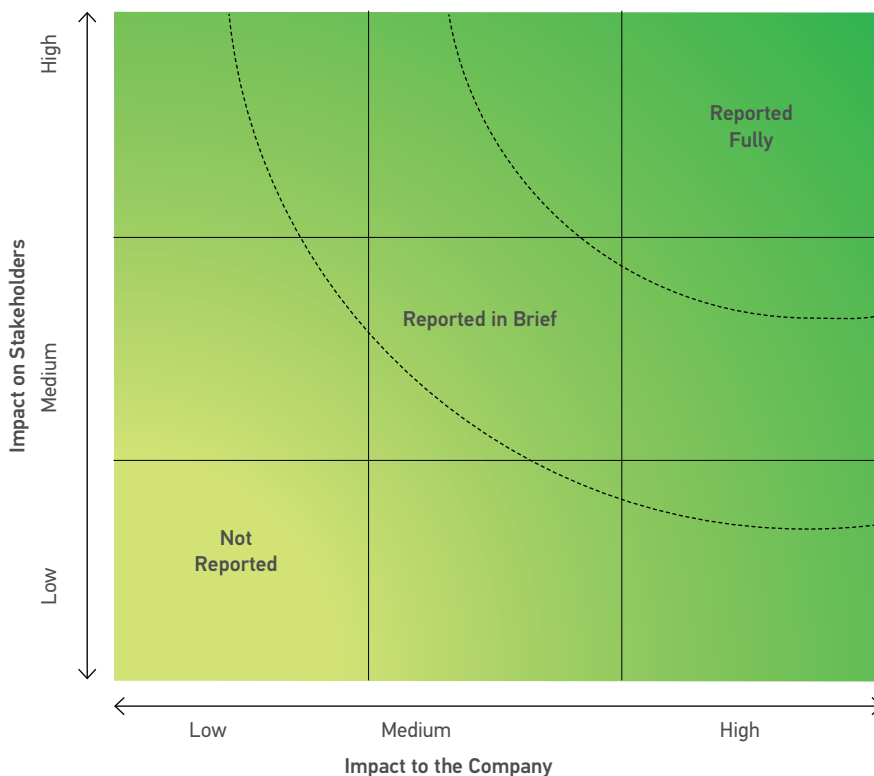
Materiality Determination Process

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.

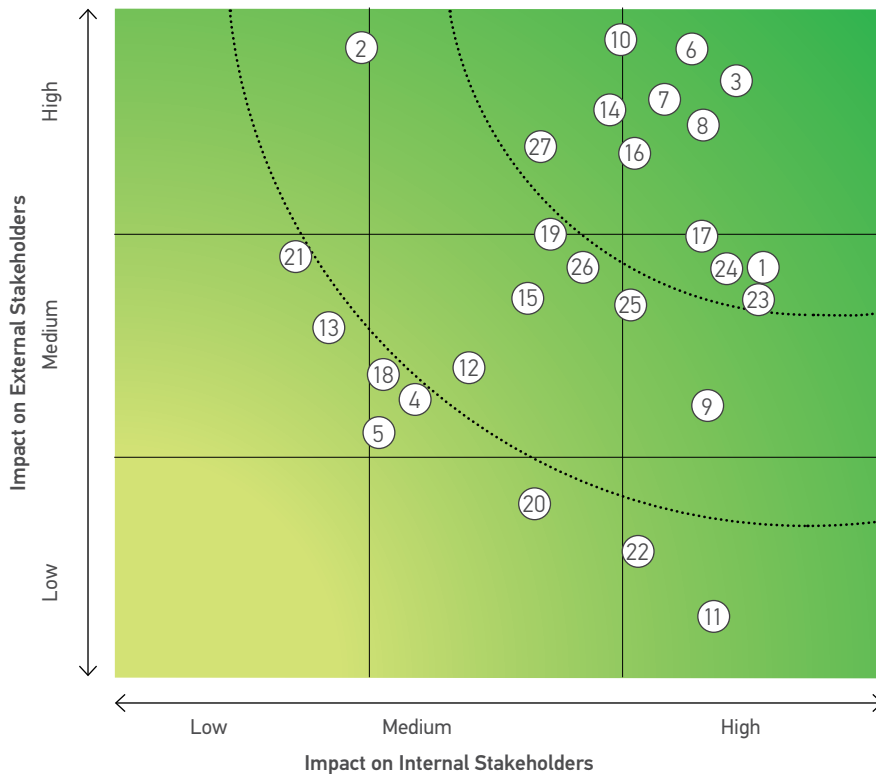
Materiality determination process of the Group is graphically depicted below;



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 67 to 70.

CHIEF OPERATING OFFICER'S STATEMENT ON 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 organisation 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 2016/17. Further, we started UN Sustainability Development Goals (SDGs) for the first time in the previous year 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. 1,660.97 million in the form of loans and advances as at 31st March 2019 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. 639.98 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.
- Direct number of employees 95
- New jobs created during the year is 11.76% from last year

Page 43, 49, 50, 55, 56



How we achieved it

- Carried out a comprehensive health campaign for Employees.
- Provided financial assistance to a child of an employee who was critically ill.
- Conducted a competition called "Biggest Loser Challenge" in order to encourage employees to reduce excessive body fat.

Page 53, 56

CHIEF OPERATING OFFICER'S STATEMENT ON SUSTAINABILITY



How we achieved it

- The Group introduced its new Code of Business Conduct and Ethics for Directors, Key Management Personnel's and employees in January 2018.

Page 84



How we achieved it

- 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.
- Sponsoring a Christmas party of a school of exceptional children.
- Emphasized at all times to act as an equal opportunity employer.
- Adhered to an equal and transparent recruitment and selection procedure.
- Women representation increased from 17% last year to 21% during the year under review.

Page 49, 50, 51, 52, 55, 56



How we achieved it

- Provided financial facilities of Rs. 1,660.97 million in the form of loans and advances as at 31st March 2019 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.
- 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.
- Energy usage per employee has decreased from 25.65kJ to 23.25kJ during the year.

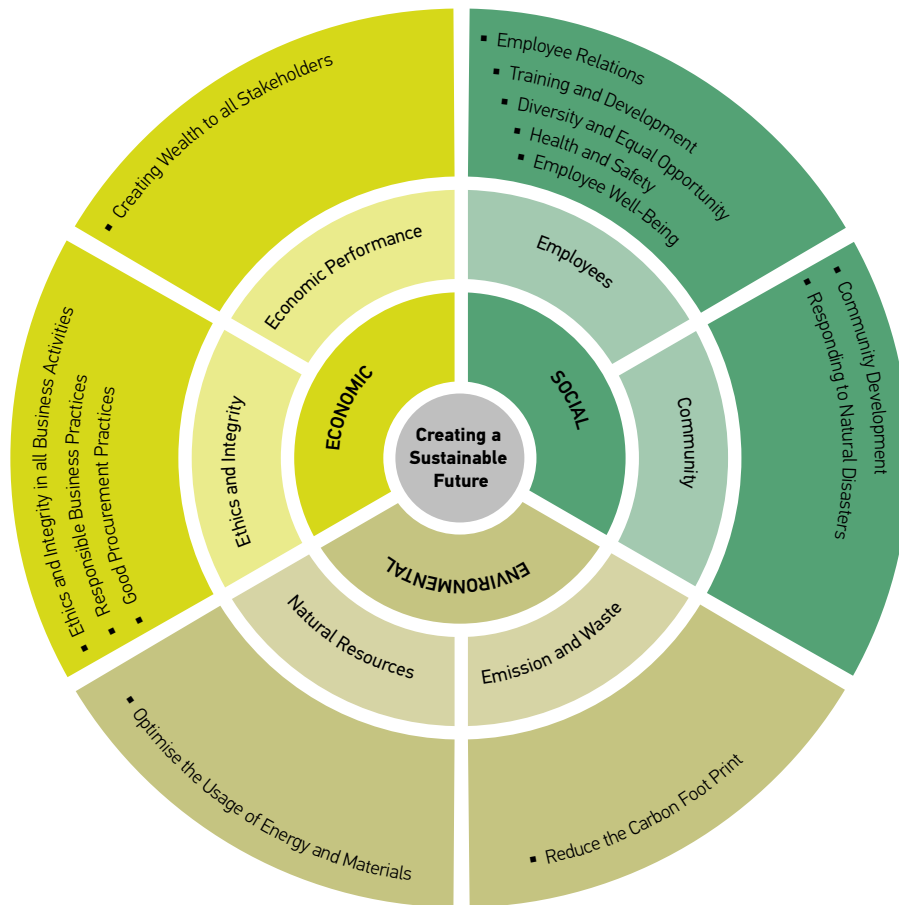
Page 43, 45, 55, 58, 59, 63



How we achieved it

- 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.



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 84 to 109 in this report.

Saminda Deshapriya
Director / Chief Operating Officer

24th May 2019

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 56 in this report under Capital Management Reports.

CAPITAL MANAGEMENT REPORT



FINANCIAL CAPITAL

OVERVIEW

The Group concluded its most successful year of operation in its 56 years of history in terms of overall financial performance. The Group surpassed all-time highest figures for revenue, profits, total assets, total shareholder funds during this land mark year.

Highlights of the Income Statement - Group

	2018/19 Rs.	2017/18 Rs.	Variance Rs.	Growth Y-O-Y %
Revenue	767,644,672	655,918,798	111,725,873	17.03%
Operating Expenses	(66,054,502)	(59,058,614)	(6,995,888)	11.85%
Gross Profit	701,590,170	596,860,184	104,729,986	17.55%
Marketing Expenses	(33,315,168)	(28,927,937)	(4,387,231)	15.17%
Administration Expenses	(274,309,488)	(226,257,784)	(48,051,704)	21.24%
Profit from Operations	393,965,514	341,674,463	52,291,051	15.30%
Net Finance Expenses	(233,744,951)	(191,987,127)	(41,757,824)	21.75%
Profit Before Taxation	160,220,563	149,687,336	10,533,227	7.04%
Income Tax	(46,666,168)	(49,649,629)	2,983,461	-6.01%
Profit for the Year	113,554,394	100,037,707	13,516,687	13.51%

REVENUE

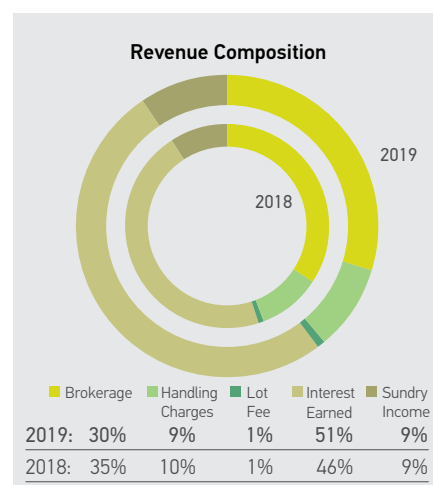
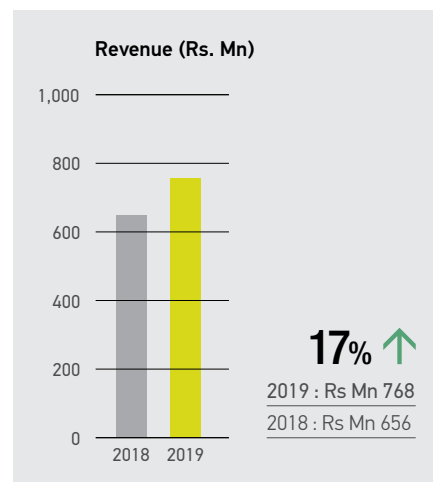
Revenue of the Group for the year 2018/19 increased by 17.03% to Rs. 767.64 million from Rs. 655.92 million in the previous year which also surpassing the best revenue recorded in 2017/18.

Revenue Composition

Source of Income	Rs. Million	As a % of Gross Revenue
Brokerage	228.82	29.81%
Handling Charges	71.02	9.25%
Lot Fee	6.66	0.87%
Interest Earned	389.25	50.71%
Sundry Income	71.89	9.36%
Gross Revenue	767.64	100.00%

Brokerage Income

Despite the significant drop in prices realized at the Colombo Tea Auction, revenue from brokerage during the year under review grew by 2.01% to Rs. 228.82 million mainly due to the increase in the quantity of tea sold by the Company compared to the previous year.

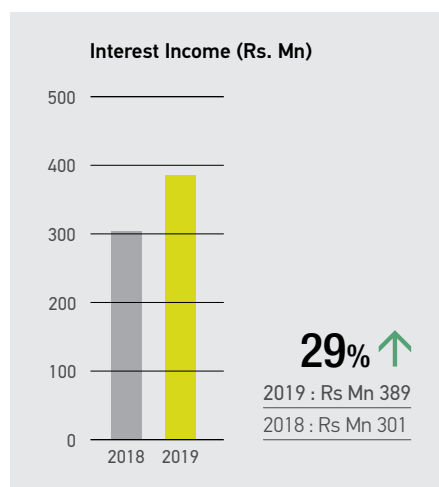


Handling Charges

With the increase in the volume of Tea handled, income from handling charges increased by 8.26% to Rs. 71.02 million in the year 2018/19 compared to Rs. 65.6 million in the previous year.

Interest Earned

Interest earned from loans and advances is the largest contributor to revenue portfolio amounting to Rs. 389.25 million during the year under review compared to Rs. 300.6 million in previous year showing a considerable growth of 29.48%. This was mainly due to the significant growth in Loans and Advances portfolio as a result of the increase in the volume of Tea handled by the Company. 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

Operating expenses have increased by 11.83% to Rs. 66.05 million during the year under review compared to Rs. 59.06 million in the previous year which is in line with the increase in the volume of Tea handled by the Company.

Marketing Expenses

Marketing expenses increased by 15.17% to Rs. 33.31 million during the year under review from Rs. 28.93 million in the previous year due to the increase in bad debt provision as a part of the strict credit policy of the Company.

Administration Expenses

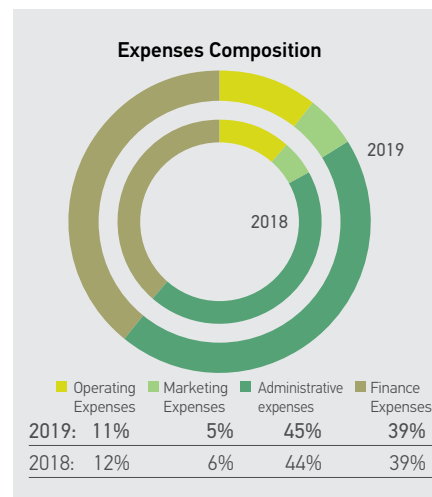
Administration expenses have increased by 21.24% to Rs. 274.31 million during the year from Rs. 226.26 million in the previous year. This was mainly due to the increase in staff related costs as a result of increased employee cadre. Further, the increase in performance driven profit share scheme, increased 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 22.11% from Rs. 196.82 million in 2017/18 to Rs. 240.35 million in 2018/19. 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 18.25% from Rs. 184.86 million in the previous year to Rs. 218.6 million during the year under review. This increase on interest paid on borrowings is in consistent with the interest income earned from the lending operations during the year.

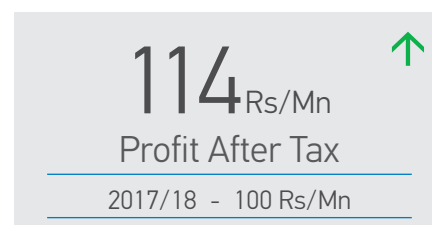
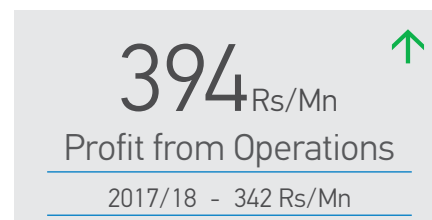
PROFITABILITY

Reflecting the substantial growth in the revenue streams, the Group recorded a profit before tax of Rs. 160.22 million, which is a 7.04% increase from last years' Rs. 149.69 million. The Group recorded an all-time high profit after tax of Rs. 113.55 million showing an increase of Rs. 13.52 million (+13.51%) compared to the previous Year.



TAXATION

Despite the increase in taxable profit, income tax for the year under review decreased by 6% due to the deferred tax benefits received for the Group as a result of the brought forward tax losses of the subsidiary.

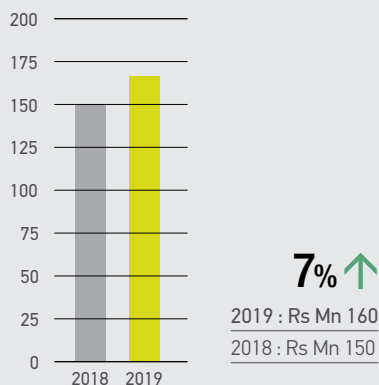


CAPITAL MANAGEMENT REPORT

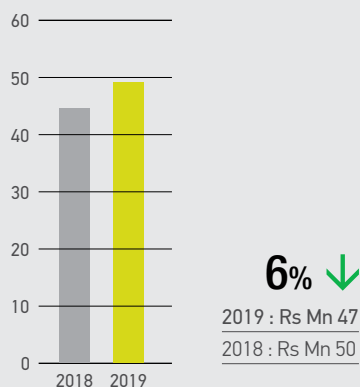


FINANCIAL CAPITAL

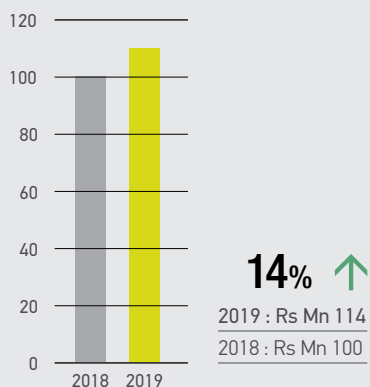
Profit Before Tax (Rs/Mn)



Income Tax Expense (Rs/Mn)



Profit After Tax (Rs/Mn)

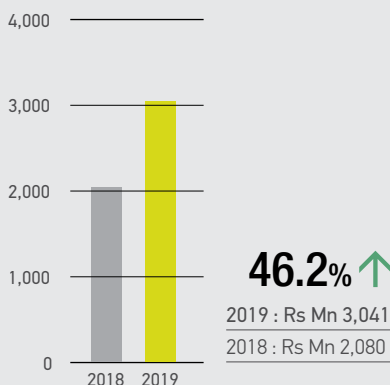


FINANCIAL POSITION

Assets

Total assets of the Group recorded an all-time high of Rs. 3,040.77 million as at 31st March 2019 compared to Rs. 2,080.51 million as at same period last year. This significant increase of 46.15% in Assets was mainly due to the construction of the new warehousing complex of the subsidiary, Logicare (Pvt) Ltd., and the substantial growth in lending portfolio.

Total Assets (Rs/Mn)

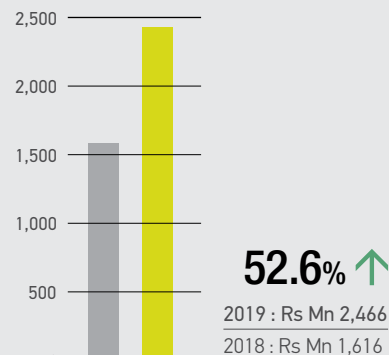


Liabilities

Total liabilities of the Group increased by 52.64% to Rs. 2,466.7 million in 2018/19 from Rs. 1,616.02 million in 2017/18.

The major contributor to the above is the increase in interest bearing borrowings which accounted for an increase of 57.63% as against the previous year. The majority of this interest bearing borrowings were obtained for the warehousing project of Logicare (Pvt) Ltd.

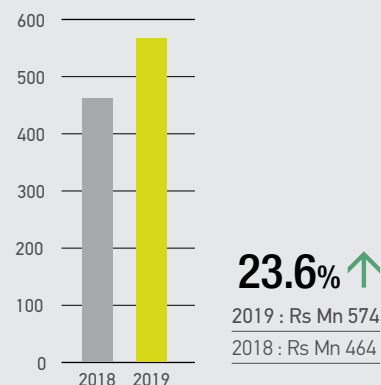
Total Liabilities (Rs/Mn)



Shareholder funds

Total shareholder funds in the Group as at 31st March 2019 amounted to Rs. 574.07 million showing a noteworthy increase of Rs. 109.58 million compared to the previous year due to the increased profit in the current year.

Shareholders Funds (Rs/Mn)

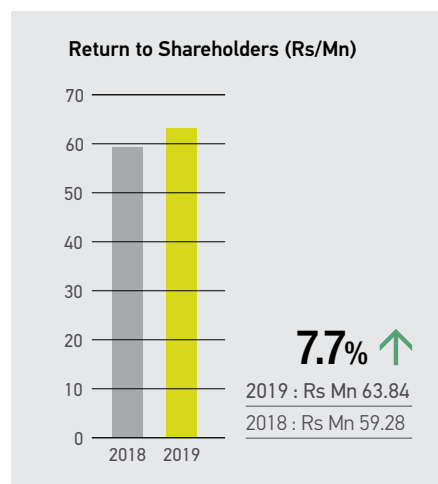


Return to Shareholders

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 declared a sum of Rs. 63.84 million from the profit of year 2018/19 as dividends which amounted to Rs. 0.35 per share.



Credit Rating

During the year under review, ICRA Lanka assigned an issuer rating of [SL] BBB with a stable outlook which reaffirmed the rating received in previous year.

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 organisation throughout the society.

	2018/19	2017/18
	Rs.	Rs.
Value Created		
Revenue	767,644,672	655,918,798
Total Value Created	767,644,672	655,918,798
Value Distributed		
Operating Costs	154,748,940	54,692,781
Employee Wages and Benefits	183,480,519	153,680,863
Payments to Government	79,656,347	64,227,721
Payments to Providers of Capital	221,535,040	264,869,749
Community Investments	560,635	2,948,626
Total Value Distributed	639,981,481	540,419,740
Total Value Retained	127,663,190	115,499,058
Total Value Created	767,644,672	655,918,798
Value retained Expansion & Growth		
Profit Retained	113,554,394	100,037,707
Depreciation & Amortization	14,108,797	15,461,351
Value retained Expansion & Growth	127,663,190	115,499,058

79.7 Rs/Mn ↑
Value Created for Government
2017/18 - 64.2 Rs/Mn

183.5 Rs/Mn ↑
Value Created for Employees
2017/18 - 153.6 Rs/Mn

Financial Assistance Received from Government

No financial assistance were received from the government during the year under review and all income categories were charged at general tax rate of 28%.

Indirect Economic Impacts

The Company has provided financial facilities of Rs. 1,660.97 million in the form of loans and advances as at 31st March 2019 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.

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.

Tea Tasting Room


CTB PLC has 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.



631.85^{Rs./Mn} 
PPE & Leasehold Land
2017/18 - 210.10 Rs./Mn

Information Technology

The Group continuously invests in information technology infrastructure to streamline our processes to reduce operational cost as well as to increase our efficiency and accuracy in order to give our clients superior service.

During the year under review, the Company started hosting all its computer systems in cloud environments to enable all our employees and customers to access our computer systems from any locations as well as to reduce the hazel of maintaining in-house physical servers.



During the year under review the Company invested in a new Tea Broking System in order to enhance our services to the customers and to increase efficiency in our operations.





80,000_{sq ft}

Warehousing Space
(Leased Own)

2017/18 - 80,000 sq ft

Warehousing Facilities

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

New Warehousing Project - Logicare (Pvt) Ltd



As indicated in last year's Annual Report, the warehousing project of the Company, which is a BOI approved project, is in the last stage of its construction. This state-of-the-art warehousing complex include modern warehousing equipment and machineries and it consists of over 12,000 pallet locations. The said facility will carry out its operations under Logicare (Pvt) Limited which is a fully owned subsidiary of Ceylon Tea Brokers PLC. This new warehousing complex is designed to reduce our carbon footprint which is in line with our commitment to environmental sustainability.

Approximate capital investment of the project is around Rs. 950 million and part of it was raised through the Rights Issue which was conducted last year, and the balance amount was raised through a long-term financial facility. **During the year under review Rs. 430,865,725.00 was spent on the construction of this project. Construction**



of the said project to be completed by the end of May 2019 and the commercial operations expected to be commenced in early June 2019.

As explained in the previous year, Logicare (Pvt) Limited would cater to the warehousing requirements of Ceylon Tea Brokers' producer clients, which would add value to our customers at both ends of the value chain. Further, the Logicare (Pvt) Limited will operate as a total supply chain solutions provider which provides specialized logistics, transport and other supply chain related services to external clients based on their unique requirements whilst significantly contributing to our revenue portfolio in the future.

CAPITAL MANAGEMENT REPORT



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 unity 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 Brands

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 symbolizes 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 Organisation Category at the 54th Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka (CASL) on 4th December 2018.

CTB PLC won the "Best Integrated Report" in the Small & Medium Enterprises Category and "Overall Merit award" at CMA Excellence in Integrated Reporting Awards 2018 organised by the Institute of Certified Management Accountants of Sri Lanka.



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 12 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.

Employment Type	No. of Employees	Full-time/ Part-time
Permanent	85	Full-time
Direct Employment Contract	10	Full-time
Total No. of Employees	95	Full-time



1.19^{Rs/Mn} ↑
Net Profit Per Employee
2017 - 1.12 Rs/Mn

95 ↑
Total Employees
2017 - 89

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



Group HR Team

Employees Satisfaction

During the year under review, the Company successfully conducted an employee satisfaction survey to find out the level of job satisfaction of our valued employees. The summary of the results revealed that the employee satisfaction level of the Company is around 4.1 out of 5.0 which is well above the 3.8 which is the set KPI for the above.



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	18	08	04	01	00	00	31
Resignations	16	03	05	01	00	00	25

Employee turnover

	Below 30		30-50		Above 50	
	Male	Female	Male	Female	Male	Female
Number of employees	16	03	05	01	00	00
%	17	03	05	01	00	00

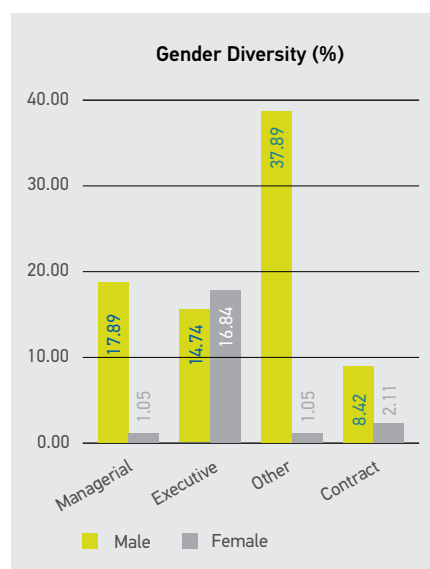
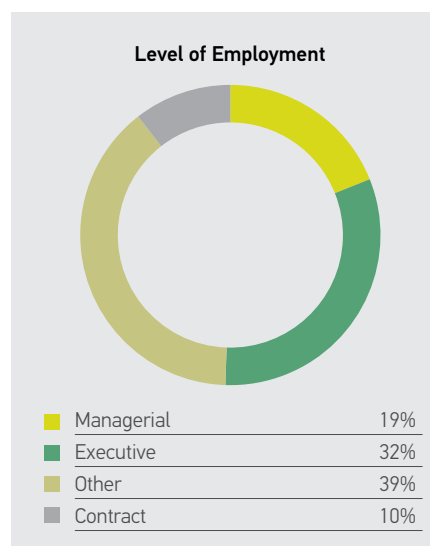
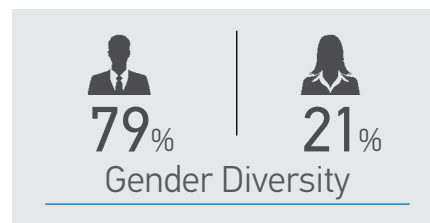
Equal Opportunity

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	17	18	01	01	18
Executive	14	15	16	17	30
Other	36	38	01	01	37
Contract	08	08	02	02	10
Total	75	79	20	21	95



CAPITAL MANAGEMENT REPORT



HUMAN CAPITAL



Age distribution

Category	Below 30 Years		30-50 Years		Above 50 Years	
	Nos.	%	Nos.	%	Nos.	%
Managerial	04	04	12	13	02	02
Executive	18	19	12	13	00	00
Other	08	08	23	24	06	06
Contract	02	02	03	03	05	05
Total	32	33	50	53	13	13

Religion diversity

Religion	Buddhist	Catholic	Hindu	Muslim	Total
Manager	12	05	00	01	18
Executive	19	06	03	02	30
Other	33	08	03	03	47

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. 183.50 million compared to Rs. 153.60 million previous year.

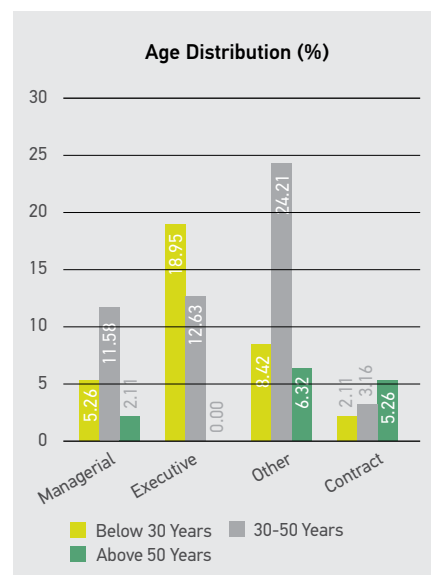
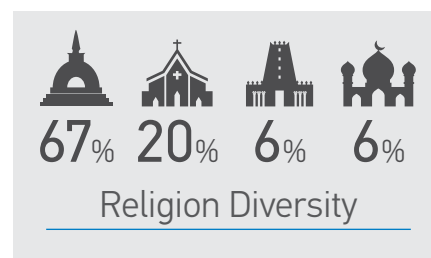
Stock of Capital	Capital Management Action	Value Creation
Competencies, capabilities and experience of employees	Talent acquisition	Workforce with knowledge and skills to maintain a profitable and sustainable business
	Training and development	
	Remuneration and benefits	Employee satisfaction and motivation 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

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.



Encouraging Team Sports

Ceylon Tea Brokers PLC became the Shield Runners-up and also won the "Fair Play Award" for the most disciplined team at the 48th Mercantile Rugby Sevens tournament organized by the Mercantile Rugby Football Association of Sri Lanka.

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



CAPITAL MANAGEMENT REPORT



HUMAN CAPITAL

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.



799



Total Training Hours

2017 - 368



Number of Training Hours

Designations	Male		Female		Total	
	Total Hours	Avg. Hours	Total Hours	Avg. Hours	Total Hours	Avg. Hours
Manager	197.0	11.6	21.5	21.5	218.5	12.1
Executive	187.0	13.4	240.0	15.0	427.0	14.2
Others	127.0	3.5	14.0	14.0	141.0	3.8
Contract	9.5	1.2	3.0	1.5	12.5	1.3
Total Hours	520.5	6.9	278.5	13.9	799.0	8.4

The Group has also facilitated and enabled employees to obtain professional qualifications which ensures 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).

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.

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.



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.



Biggest Loser Challenge

Obesity is a medical condition in which excess body fat has accumulated to an extent that it may have a negative effect on health. During the year under review, the Company conducted a competition called "Biggest Loser Challenge" in order to encourage employees to reduce excessive body fat.

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 XX.

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. No female employees were entitled to obtain maternity leave during the year.

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



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

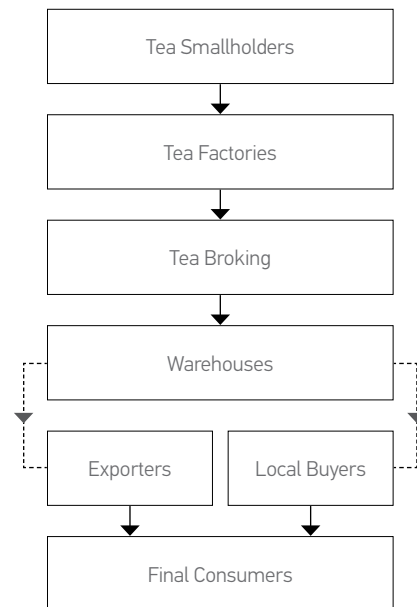
We are continuously working to enhance our customer service proposition in order to earn the confidence of our customers and we continue to strengthen our relationships with them. The Company's customer portfolio includes both Tea producers as well as the Tea buyers. Our marketing team put their effort 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.

During the year under review, the Company successfully conducted a customer survey among the tea producer clients of the company regarding their satisfaction on the services provided by the Company. A summary of the results of the above survey revealed that over 93% of our producer clients are well satisfied with our service levels. Further, the qualitative information collected through the above survey revealed some of the areas that needs to be improved in our operations and the relevant departments were informed on those suggestions accordingly.

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.



280

Tea Buyers

167

Tea Producers

Customers Handled During the Year

2017/18 - Tea Producers 143

2017/18 - Tea Buyers 284



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.

Financial assistance received from government

No financial assistance were received from the government during the year under review and all income categories were charged at general tax rate of 28%.

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.

Infrastructure investments and services supported

The Company has provided financial facilities of Rs. 1,660.97 million in the form of loans and advances as at 31st March 2019 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.



CAPITAL MANAGEMENT REPORT



SOCIAL AND RELATIONSHIP CAPITAL



CSR Projects

As done in the past the Company has allocated five cents per kilo of Tea we sold to a special CSR fund. Accordingly, the Company allocated Rs. 1,967,445.00 for the CSR fund during the year under review. The following CSR projects were carried out during the period by using the funds accumulated in the said CSR fund;

1. Financial contribution towards medical expenses of a Bone Marrow Transplant

During the year under review, the Company has given financial contribution towards medical expenses of the Bone Marrow Transplant of a five year old girl.

2. Sponsorship to a student with financial difficulties to participate in Asian Youth Chess Competition

The Company has given a sponsorship to a student from one of the National Schools in Ratnapura to participate in Asian Youth Chess Competition during the year under review.

3. Financial Assistance to a child of an employee who was critically ill

During the year under review, financial assistance was provided to a child of an employee who was critically ill.

4. Sponsorship for a Christmas Party to a school of exceptional children

The Company sponsored the Christmas party organised by Menhandy School for the Exceptional Children under their campaign "Being the reason of their smile".

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

Allocated
1.97 Rs/Mn
For Community
Investments

2017 - 1.76 Rs/Mn


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.

CAPITAL MANAGEMENT REPORT



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 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.

'Green Inbox' is a sustainable initiative launched by the Company during the year under review in order to reduce the carbon footprint. The objective of this project is to reduce the usage of paper and other stationeries by encouraging employees and customers to use soft copies rather than using hardcopies. The Company started sending most of the documents to the clients as soft copies via email in order to reduce the negative impact on environment. As a result of the said initiative the Company managed to reduce the no of papers used irrespective of the business growth.





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

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	552,037
Files	526
Envelopes	253,750
Total	806,313

Water Withdrawal by Source

Water Source	m ³
Bottled water consumed	11.23
Water withdrawn from water board	692
Total	703.23

Energy Consumption within the Organisation

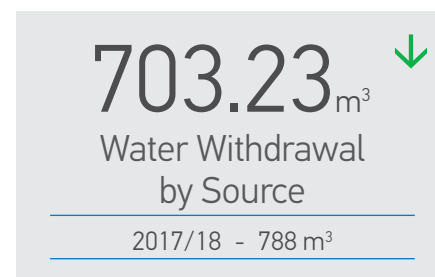
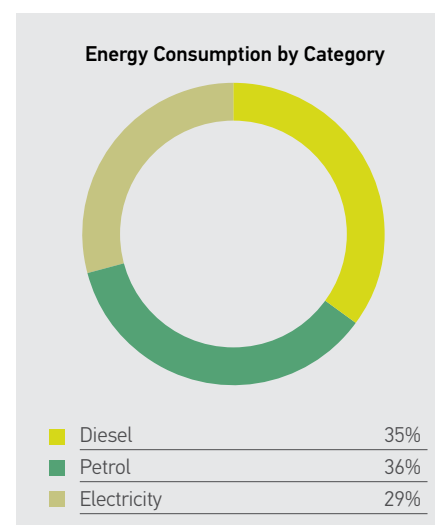
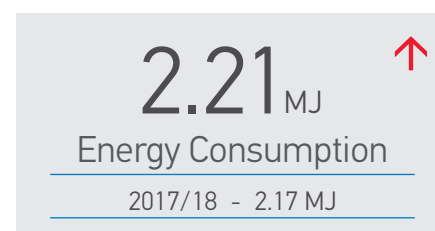
Energy Type	Usage
Diesel consumption (kJ)	776,103
Petrol consumption (kJ)	788,843
Electricity Consumption (kJ)	643,343
Total	2,208,289

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.



OPERATIONAL PERFORMANCE REVIEW

CTB PLC concluded its most successful year so far from its inception in 1963 surpassing several landmarks during the year 2018/19 supported by the sharp increase in the volume of tea handled during the year with compared to the previous year.

Broking

CTB PLC sold 39.20 million kilos during the financial year 2018/19 as against 34.33 million kilos sold in the previous year showing a significant increase of 14.2%. Average price per Kilo recorded at Rs. 581.78 during the year as against the Rs. 639.37 in 2017/18.

Market share on quantity sold recorded at 13.12% during the year under review as against the 11.7% achieved in the previous year by acquiring new clients. Market share on value of Teas sold increased to 13.6% during the year from 12.07% in the previous year. Market share in the High & Mid Grown segment slightly increased to 6.50% from 4.44% in the previous year whilst the market share in the Low Grown segment appreciated from 15.53% to 16.86% during the year. Overall Rank of CTB PLC in terms of market share remained to 4th position during the year. However, the rank in the High & Mid Grown and the Low Grown segment have been changed to at 6th and 1st positions respectively.

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 CTP PLC possessed around 80,000 sq ft of warehousing space in two different locations. Due to the increase in quantity handled by the CTB PLC profit from the warehousing operations increased by 27.53% compared to the previous year.



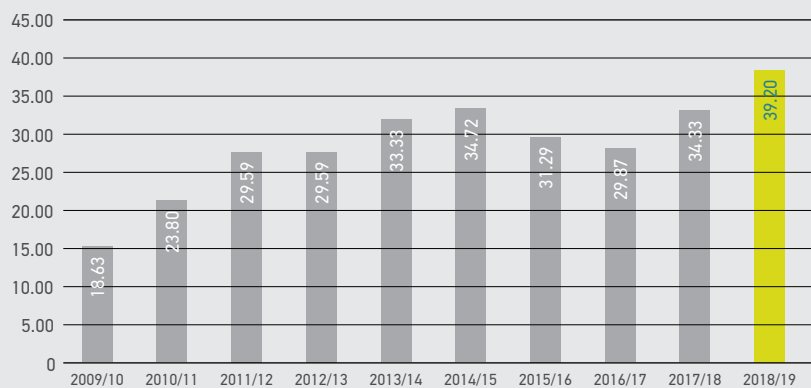
13.12% 
Market Share on
Quantity Sold

2017/18 - 11.70%

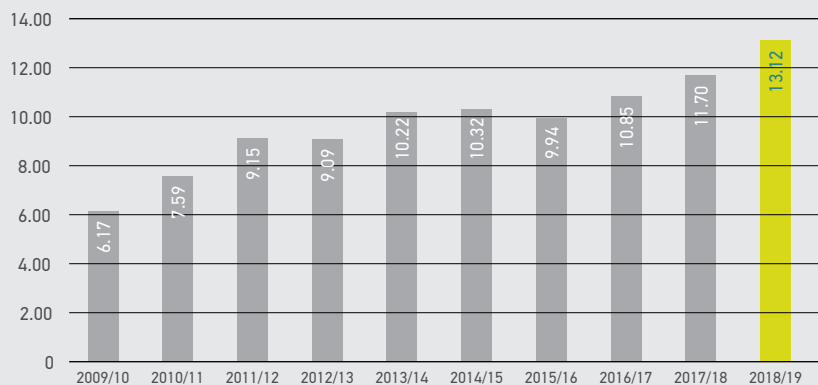
39 Mn/Kg 
Quantity Sold

2017/18 - 34 Mn/Kg

Quantity Sold (Mn/Kg)



Market Share on Quantity Sold (%)



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. The construction of the warehouse complex near to complete and commercial operation of the project would be expected to commence in early June 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

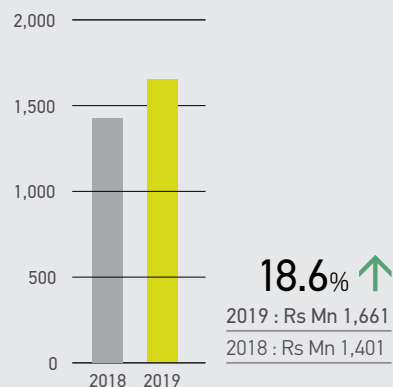
The CTB PLC provides financial support to the producers by way of loans and advances as a value-added service. A significant increase was evident in the loans and advances portfolio of the company during the year 2018/19 as a result of the increase in market share.

13.60% 
Market share on
Value of Teas Sold

2017/18 - 12.07%



Advances & Loan Portfolio (Rs. Mn)



FUTURE OUTLOOK



Global Economy

Global economic growth has slowdown in 2018, which grew at a rate of 3.6% with compared to the 4% growth rate reported in 2017 and is projected to further decline to 3.3% in 2019 and returning to 3.6% in 2020 China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States.

Beyond 2020, global growth is set to plateau at about 3.6% over the medium term, sustained by the increase in the relative size of economies, such as those of China and India, which are projected to have robust growth by comparison to slower-growing advanced and emerging market economies.

Growth across emerging market and developing economies is projected to stabilize slightly below 5%, though with variations by region and country. The baseline outlook for emerging Asia remains favorable, with China's growth projected to slow gradually toward sustainable levels and convergence in frontier economies toward higher income levels.

For other regions, the outlook is complicated by a combination of structural bottlenecks, slower advanced economy growth and, in some cases, high debt and tighter financial conditions. These factors, alongside subdued commodity prices and civil strife or conflict in some cases, contribute to subdued medium-term prospects for Latin America; the Middle East, North Africa, and Pakistan region; and parts of sub-Saharan Africa.

The growth of the global trade will be remaining in the same level without a considerable fluctuation. The impact of the trade war between China and US will be affected to the global economic growth while creating an uncertainty to the global trade. Crude Oil Prices has estimated to fall between USD 55-65 per barrel with the political uncertainty in the European market coupled with the trade war between US-China. Increased Production and weak demand stemming to reduce the crude oil prices.

Sri Lankan Economy

The growth momentum of the economy that has been subdued in recent years is expected to gradually improve over the medium term. Real GDP growth, which remained modest at around 3.2% in 2018, is projected to gradually improve to around 5 % by 2023. maintaining a stable macroeconomic environment are expected to improve Sri Lanka's per capita GDP to over USD 5,000 by 2023.

Despite the sharp depreciation of the Rupee against major currencies and transitory price pressures due to upward revisions to prices of domestic petroleum products and other administratively determined prices, both headline and core inflation remained subdued in 2018 as a result of well anchored inflation expectations under the enhanced monetary policy framework. Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2013=100), was broadly on a downward path in 2018.

Sri Lanka's external sector experienced a setback during 2018, with increased foreign exchange outflows, particularly due to higher import expenditure and capital outflows. Consequently, the overall balance of the balance of payments (BOP) recorded a deficit of USD 1.1 billion by end 2018. The broad-based strengthening of the US dollar, political uncertainty that prevailed in the latter part of 2018 and tight liquidity conditions in the domestic foreign exchange market exerted pressure on the Sri Lankan Rupee.

(Source: Central Bank of Sri Lanka)



Tea Industry

Tea production figures for 2019 published so far indicates that the decline in national tea production with compared to 2017/18. Unfavorable whether condition affected the drop in production of Tea.

Earnings from tea exports, which grew significantly in the previous year with the support of favourable international tea prices, declined by 6.6 % to USD 1,428 million in 2018, due to the combined impact of lower average export prices and reduced exported volumes of tea.

However, despite an increase observed in the first quarter of 2018, the average export price of one kilogram of Tea declined during the year to USD 5.06, in comparison to USD 5.29 in 2017, due to restricted trade with Iran and Russia following the imposition of sanctions on these countries.

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 under the adverse market conditions during the year under review. Therefore, with the continuous improvement in the market share 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 June 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



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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 2019. The Sustainability Indicators are included in Ceylon Tea Brokers PLC's Integrated Annual Report for the year ended 31 March 2019 (the "Report").

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

Assured Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	08 - 09

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

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	10 - 11
Information provided on following capitals	
Financial Capital	40 - 43
Manufactured Capital	44 - 45
Intellectual Capital	46 - 47
Human Capital	48 - 53
Social and Relationship Capital	54 - 57
Natural Capital	58 - 59

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 2019 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 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 2019, 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.

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 FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne 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
Ms. C.T.K.N. Perera ACA
Principals - S.R.I. Perera FCMA(UK), LL.B, Attorney-at-Law, H.S. Goonewardene ACA



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.

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 control 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 control 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;

INDEPENDENT ASSURANCE REPORT



- 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.

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
24th May 2019

GRI 2016 - CONTENT INDEX

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016	1	Organisational profile		
	102-1	Name of the organisation	IBC	
	102-2	Activities, brands, products, and services	06, 10	
	102-3	Location of headquarters	06	
	102-4	Location of operations	06	
	102-5	Ownership and legal form	IBC	
	102-6	Markets served	06	
	102-7	Scale of the organisation	08 - 11	
	102-8	Information on employees and other workers	48 -53	
	102-9	Supply chain	54	
	102-10	Significant changes to the organisation and its supply chain	54	
	102-11	Precautionary Principle or approach	86	
	102-12	External initiatives	55	
	102-13	Membership of associations	55	
	2	Strategy		
	102-14	Statement from senior decision-maker	37 - 39	
	3	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	02 - 110	
	4	Governance		
	102-18	Governance structure	85	
	5	Stakeholder engagement		
	102-40	List of stakeholder groups	55, 33 - 34	
	102-41	Collective bargaining agreements	53	
	102-42	Identifying and selecting stakeholders	32	
	102-43	Approach to stakeholder engagement	32 - 34	
	102-44	Key topics and concerns raised	33 - 36	

GRI 2016 - CONTENT INDEX

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 102: General Disclosures 2016 (contd.)	6	Reporting practice		
	102-45	Entities included in the consolidated financial statements	04	
	102-46	Defining report content and topic Boundaries	04	
	102-47	List of material topics	36	
	102-48	Restatements of information	05	
	102-49	Changes in reporting	05	
	102-50	Reporting period	04	
	102-51	Date of most recent report	05	
	102-52	Reporting cycle	05	
	102-53	Contact point for questions regarding the report	05	
	102-54	Claims of reporting in accordance with the GRI Standards	04 - 05	
	102-55	GRI content index	67 - 70	
	102-56	External assurance	64 - 66	
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	59	
	201-3	Defined benefit plan obligations and other retirement plans	53, 156 - 157	
	201-4	Financial assistance received from government	43, 55	
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	53	
	202-2	Proportion of senior management hired from the local community	53	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	43, 55	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	56	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	53, 84	

GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	57	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	59	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	59	
GRI 303: Water 2016	303-1	Water withdrawal by source	59	
GRI 304: Bio-diversity 2016	304-2	Significant impacts of activities, products, and services on bio-diversity	59	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	59	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	55	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	49	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52	
	401-3	Parental leave	53	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	53	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	53	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	53	
	403-3	Workers with high incidence or high risk of diseases related to their occupation	53	
	403-4	Health and safety topics covered in formal agreements with trade unions	53	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	51	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	49 - 50, 76 - 77	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	57	
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	55	

GRI 2016 - CONTENT INDEX

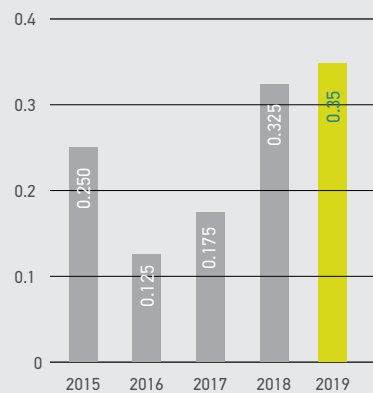
GRI Standard	Disclosure		Page number (s) and / or URL(s)	Omission
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	55	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	55	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	57	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	57	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	57	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	55	
GRI 415: Public Policy	415-1	Political contributions	57	
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	55	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55	
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	57	

INVESTOR RELATIONS

Earnings Per Share (Rs.)



Dividend per share (Rs.)



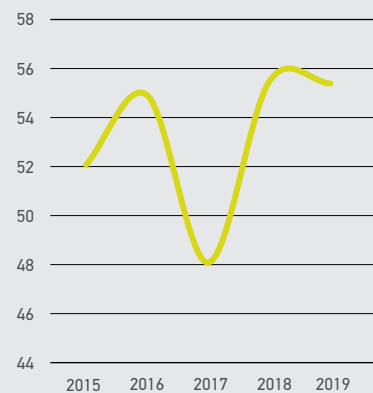
P/E Ratio (Times)



Market Price (Rs.)



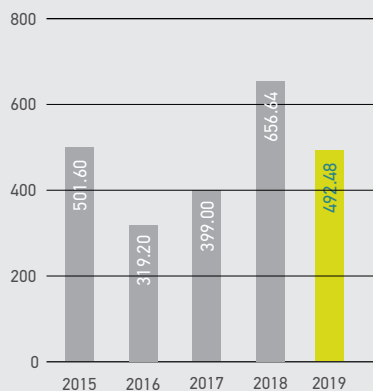
Dividend Pay-out Ratio (%)



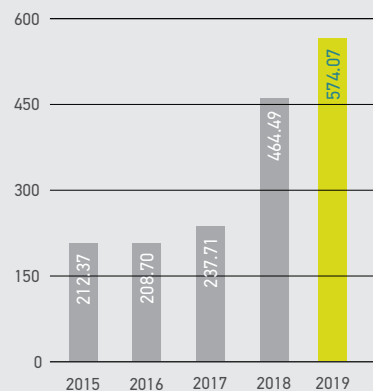
Share Price Trend Over Last Five Years (Rs.)



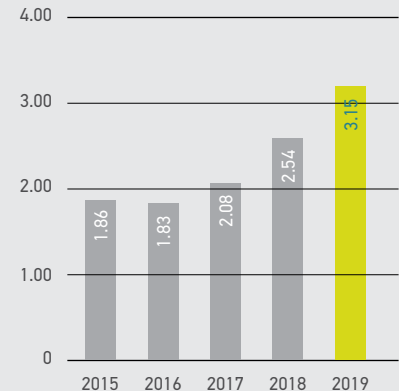
Market Capitalisation as at 31st March (Rs. Mn)



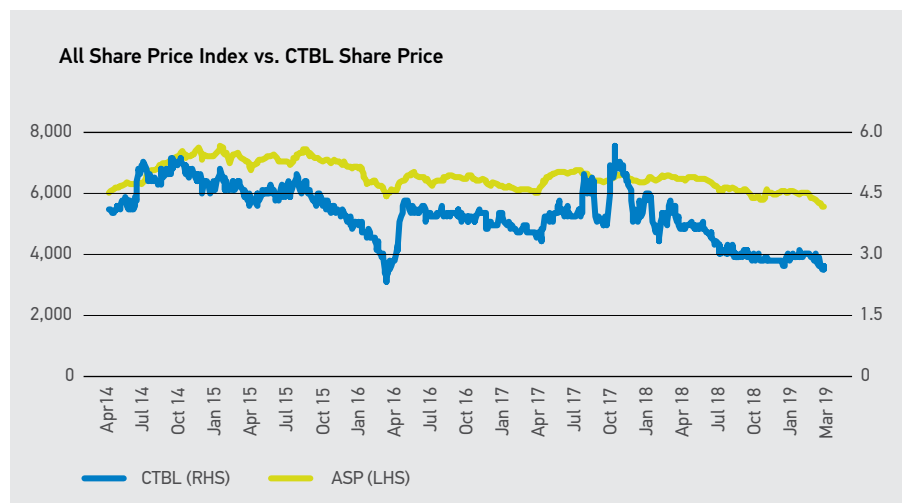
Shareholder's Funds (Rs. Mn)



Net Assets Per Share (Rs.)



INVESTOR RELATIONS



Market Information

Market capitalization for the Company reduced to Rs. 492.48 Mn in 2019 from Rs. 656.64 Mn in 2018. This is mainly because of the reduction in market price from Rs. 3.60 in 2018 and Rs. 2.70 in 2019. The market capitalization movement is graphically depicted on page 71.

Market Price per share

The Market price of an ordinary voting share of the Company decreased by 25% from previous years' last traded price from Rs. 3.60 at the end of financial year 2018 to Rs. 2.70 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 below.

Share Price Trend Over the Last Five Years

Share Price Rs.	2019	2018	2017	2016	2015
Highest Price	3.90	6.00	4.40	5.10	5.60
Lowest Price	2.50	3.20	2.90	2.20	3.90
Last traded Price	2.70	3.60	3.50	2.80	4.40

Other Useful Information

	2019	2018	2017	2016	2015
Shareholder Funds Rs. Mn.	574.07	464.49	237.71	208.70	212.37
Net Asset Value Per Share	3.15	2.54	2.08	1.83	1.86
Earnings Per Share	0.62	0.76	0.33	0.23	0.48

Rs. **0.62**
EPS (Group)

2017/18 - Rs. 0.76

Rs. **0.35**
DPS

2017/18 - Rs. 0.325

0.86
Price/BV

2017/18 - 1.42

Rs. **0.23**
Earning Yield

2017/18 - Rs. 0.21

Dividends

During the year under review, the Company has declared a dividend to its shareholders. A dividend of Rs. 0.35 per share has been declared to be paid out of the Company's Profits for the Year ended 31st March 2019. Details of the dividends paid by Company for each financial year is given below.

Dividend per share (Paid for the year)	2019 Declared	2018	2017	2016	2015
Rs.	0.350	0.325	0.175	0.125	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% and transferred the balance to reserves.

Directors' and CEO's Shareholding as at 31st March 2019

Individual Ordinary voting shareholdings of persons who are Directors of the Company at 31st March 2019 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 24, 2019, which is one month prior to the date of Notice of the Annual General Meeting.

Name of the Director	2019	2018
Mr C P R Perera	3,500,000	3,500,000
Mr W A T Fernando	48,837,837	48,837,837
Mr B R L Fernando	22,640	22,640
Ms N T M S Cooray	10,908,751	10,908,751
Ms H M S Perera	1,390,492	1,390,492
Mr D G W De Silva (CEO)	Nil	Nil
Mr D H Madawala	3,425	3,425
Mr K H S Deshapriya	416,000	416,000

Shareholding as at 31st March 2019

As at 31st March 2019, the Company had 2,091 shareholders of ordinary shares. Their shareholdings are analyzed and categorized based on the number of shares held as at 31st March 2019 which is set out below.

From	To	No of Holders	No of Shares	%
1	1,000	1,167	447,010	0.25
1,001	10,000	668	2,470,300	1.35
10,001	100,000	203	6,483,233	3.56
100,001	1,000,000	45	11,591,852	6.36
Over 1,000,000		8	161,407,605	88.48
		2,091	182,400,000	100.00

INVESTOR RELATIONS

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.

	No of Holders	No of Shares	%
Local Individuals	2,020	84,434,833	46.29
Local Institutions	62	97,795,382	53.62
Foreign Individuals	9	169,785	0.09
Foreign Institutions	0	0	0
	2,091	182,400,000	100.00

20 Major Shareholders and Public Holding

	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	%	No. of Shares	%
Ashthi Holdings (Private) Limited	55,434,267	30.39	55,434,267	30.39
Mr. W A T Fernando	48,837,837	26.77	48,837,837	26.77
Jetwing Travels (Pvt) Ltd	34,080,571	18.69	34,080,571	18.69
Miss N T M S Cooray	10,908,751	5.98	10,908,751	5.98
Associated Electrical Corporation Ltd	5,014,265	2.75	4,528,265	2.48
Mr. C P R Perera	3,500,000	1.92	3,500,000	1.92
Mr. K K Shujeevan	2,241,422	1.23	-	0.00
Ms. H M S Perera	1,390,492	0.76	1,390,492	0.76
Dialog Finance PLC (Previously known as Colombo Trust Finance PLC) K E H De Alwis	835,269	0.47	2,698,410	1.47
Mr. T D R H Perera	725,943	0.40	531,600	0.29
Mr. K B R R Kariyawasam	700,000	0.38	300,000	0.16
Mr. K A D R N Gunawardena	570,000	0.31	412,599	0.23
Seylan Bank PLC/ Mohamed Subair Fouzal Haqqe	500,540	0.27	380,000	0.21
Mr. A D Edussuriya	500,000	0.27	320,000	0.18
Mr. K H S Deshapriya	416,000	0.23	416,000	0.23
Mr. J A L Tashman	391,230	0.21	50,000	0.03
Mr. E M R Egodawatte	372,641	0.20	359,538	0.20
People's Leasing & Finance PLC/ Hi Line Towers (Pvt) Ltd	366,482	0.20	420,000	0.23
Sindbad (Private) Limited	355,536	0.20	355,536	0.20
Mr. C R Narangoda	347,000	0.19	-	0.00
	167,488,246	91.82	164,923,866	90.42
Others	14,911,754	8.18	17,476,134	9.58
	182,400,000	100.00	182,400,000	100.00

Public Holding percentage as at 31st March 2019 being 15.24% comprising of 2,081 shareholders.

The float adjusted market capitalisation as at 31st March 2019 is Rs. 75, 049, 245.90. The float adjusted market capitalisation falls under "option 2" of rule 7.13.1(b) of the listing rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

03.

STEWARDSHIP

STEWARDSHIP

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



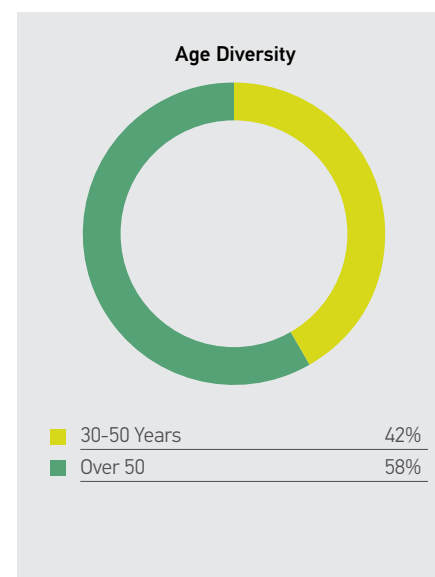
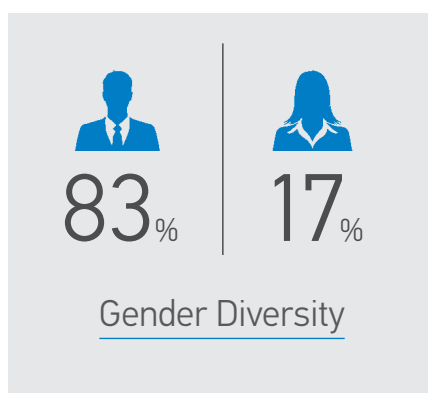
Shiromal Cooray
Non-Executive Director

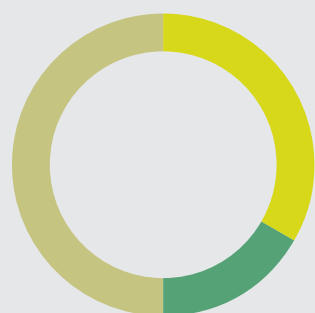


Sharmali Perera
Non-Executive Director

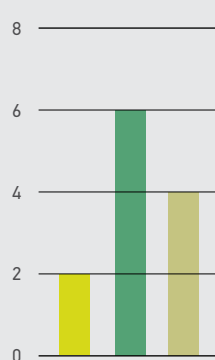
The Board

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.



**B.R.L. Fernando***Independent Non-Executive Director***Dhayan H. Madawala***Independent Non-Executive Director***Niraj de Mel***Independent Non-Executive Director***Thilina Nonis***Executive Director***Dinesh Fernando***Executive Director***Zameel Mohamed***Executive Director***Board Composition**

Independent Non-Executive Directors	33%
Non-Executive Directors	17%
Executive Directors	50%

Years of Experience

Over 50 Years	16.67%
20 to 50 Years	50.00%
10 to 20 Years	33.33%

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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 for 44 years.

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. Presently an Appointed Member of the Monetary Board of the Central Bank of Sri Lanka. A Director of Logicare (Pvt) Ltd.

Previous Appointments:

Chairman of the Sri Lanka Tea Board and 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:

A Fellow of the Chartered Institute of Management Accountants, UK and holds an Master of Arts (MA) in Financial Economics from the University of Colombo. He has over 30 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 Master of Business Administration (MBA) from the Cardiff Metropolitan University, UK. He has over 20 years of experience in Tea broking. Holds a MSc in Supply Chain Management and a MSc in Human Resource Management from Asia E-University Malaysia. A passed finalist of CMA Australia. Completed executive education on Strategy and Leadership from Wharton Business School Philadelphia (USA) and holds the ADP Certificate. Joined Ceylon Tea Brokers in 2008 and was appointed as the Chief Executive Officer of the Company on 01st May 2017.

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 the Association of Business Executives (MABE), UK and holds a Master of Business Administration (MBA) from Australian Institute of Business (AIB), Australia and a Master of Science in Logistics and Supply Chain Management (MSc) from Birmingham City University, UK. Currently reading for Micromasters in Supply Chain Management from Massachusetts Institute of Technology (MIT), USA. A member of the Chartered Institute of Logistics and Transport (CILT), Sri Lanka.

Joined Ceylon Tea Brokers in 2006 and has over thirteen years of experience in all operations of the Company in different capacities.

Other Current Appointments:

Director / Chief Executive Officer of Logicare (Pvt) Ltd.

Previous Appointments:

None

Shareholding:

416,000 Shares

Membership of Board Subcommittees:

A Member of the Risk Management Committee

Thilina Nonis*Executive Director***Date of Appointment:**

24th May 2019

Qualifications & Experience:

Joined Ceylon Tea Brokers in 2006 and was appointed as the Head of Marketing of the Company on the 1st April 2017. Has over 18 years of experience in tea broking.

Other Current Appointments:

None

Previous Appointments:

Commenced career at Somerville & Company (Pvt) Ltd and later worked at Asia Siyaka Commodities PLC and Bartleet Produce Marketing (Pvt) Ltd.

Shareholding:

None

Membership of Board Subcommittees:

None

Dinesh Fernando*Executive Director***Date of Appointment:**

24th May 2019

Qualifications & Experience:

An Affiliate member of the Association of Chartered Certified Accountants (ACCA), UK and a Member of the Association of Business Executives (MABE), UK. Holds a Bachelor of Arts (Hons) degree in Business & Marketing from the Coventry University, UK. Currently reading for Master of Business Administration (MBA) from the University of Colombo.

Joined Ceylon Tea Brokers PLC in 2016 as a General Manager. Has over 18 years of experience in tea broking.

Other Current Appointments:

None

Previous Appointments:

A Senior Manager at Mercantile Produce Brokers Limited

Shareholding:

None

Membership of Board Subcommittees:

None

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BOARD OF DIRECTORS

Zameel Mohamed

Executive Director

Date of Appointment:

24th May 2019

Qualifications & Experience:

Holds a Master of Business Administration (MBA) from the London Metropolitan University, UK. Joined Ceylon Tea Brokers PLC in 2018 as a Senior General Manager and has over 19 years of experience in tea broking.

Other Current Appointments:

The “Tea Convener” of the Tea Sub-Committee of the Colombo Brokers’ Association (CBA).

Previous Appointments:

Senior General Manager at Bartleet Produce Marketing (Pvt) Ltd.

Shareholding:

None

Membership of Board Subcommittees:

None

Shiromal Cooray

Non-Executive Director

Date of Appointment:

9th October 2006

Qualifications & Experience:

A Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Master of Business Administration (MBA) from the University of Colombo. A senior finance professional with wide experience in the private sector in number of industries.

Other Current Appointments:

Chairman and Managing Director of Jetwing Travels (Private) Limited – one of the leading inbound/outbound travel management companies in Sri Lanka. The Chairman of Jetwing Hotels Limited, the premier hospitality brand of Sri Lanka, that owns and manages 30 hotels and 10 villas in Sri Lanka. An Independent Non-Executive Director of Commercial Bank of Ceylon PLC and holds 18 other directorates in hotels, finance, investment banking and advertising and PR agencies.

Previous Appointments:

Chairman of the Sri Lanka Institute of Directors (SLID), and the President of the Sri Lanka Association of Inbound Tour Operators (SLAITO). 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 served 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. A founding member of Capital Alliance Group and has been with Capital Alliance since its inception in year 2000. A senior finance professional with well over 20 years of experience in the finance industry.

Other Current Appointments:

Chief Risk and Compliance Officer of the Capital Alliance Group and 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*Independent Non-Executive Director***Date of Appointment:**

5th May 2010

Qualifications & Experience:

A Fellow member of the Institute of Chartered Accountants of Sri Lanka (CASL). A senior professional with wide experience in the private sector in number of industries.

Other Current Appointments:

Non-Executive Chairman of the Commercial Development Company PLC, Noorani Estate's (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:

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*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:

None

Previous Appointments:

Director/CEO of Hapugastenne Plantations PLC and Udapussellawa 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 Risk Management Committee
A Member of the Related Party Transactions Review Committee

Niraj De Mel*Independent Non-Executive Director***Date of Appointment:**

1st April 2019

Qualifications & Experience:

Commenced the career at Forbes & Walker Limited and has over 40 years of experience in the tea industry.

Other Current Appointments:

Founder/Director of The Mel's Ceylon (Pvt) Ltd.

Previous Appointments:

Managing Director of Hayleys Global Beverages (Pvt) Ltd, Vanrees (Ceylon) Ltd and Bosanquet & Skrine Ltd. Chief Operating Officer of C.S. Asia Teas (Pvt) Ltd and a former Director of Mabroc Teas (Pvt) Ltd. Chairman of the Sri Lanka Tea Board and the Tea Exporters' Association. Chief Executive Officer of the Tea Association of Sri Lanka and In-Country Manager of Ethical Tea Partnership (ETP), UK.

Shareholding:

None

Membership of Board Subcommittees:

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

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CORPORATE MANAGEMENT



Waruna De Silva
Director / CEO



Saminda Deshapriya
Director /COO



Thilina Nonis
Executive Director



Dinesh Fernando
Executive Director



Zameel Mohamed
Executive Director



Rochelle Mortier
Chief Human Resource Officer



Nishantha Adhikari
Financial Controller



Nawodi Perera
Manager - Client Financing



Kasun Senevirathna
Asst. Accountant



Tharake Nilaweera
Senior Manager – Tea



Muditha Haththotuwa
Manager - Tea



Deemantha Ekanayake
Asst. Manager - Tea



Harshana Perera
Asst. Manager – Tea



Thenuka Karunasena
Junior Executive – Tea



Mohomed Farzan
Junior Executive – Tea



Bumindra Dissanayake
Junior Executive – Tea



Saveen Mario
Junior Executive – Tea



A C K Pathirana
*Manager – Manufacturing
Advisory Services*



Sahan Gunathillake
*Asst. Manager – Manufacturing
Advisory Services*



J R Epa
*Asst. Manager – Manufacturing
Advisory Services*



Teshan Prashakthi
Junior Manufacturing Consultant



Madawa Jayaratne
Manager - Sample Room



Nishan Abegunawardena
Manager – Operations



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 unity 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

24th May 2019

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.

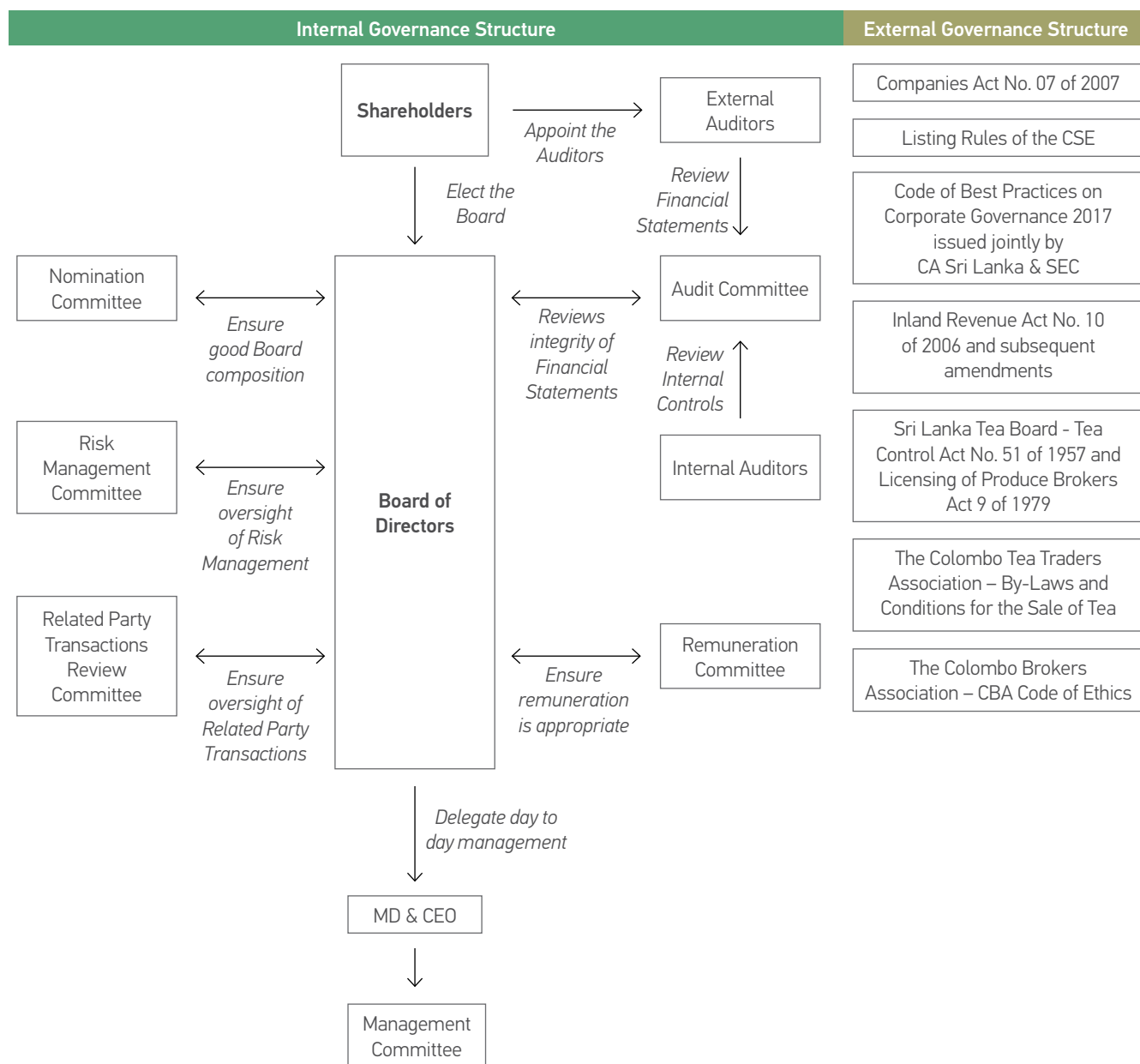
Level of compliance to the above regulations and best practices are given on the page 95 to 109.

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.

- 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



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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.

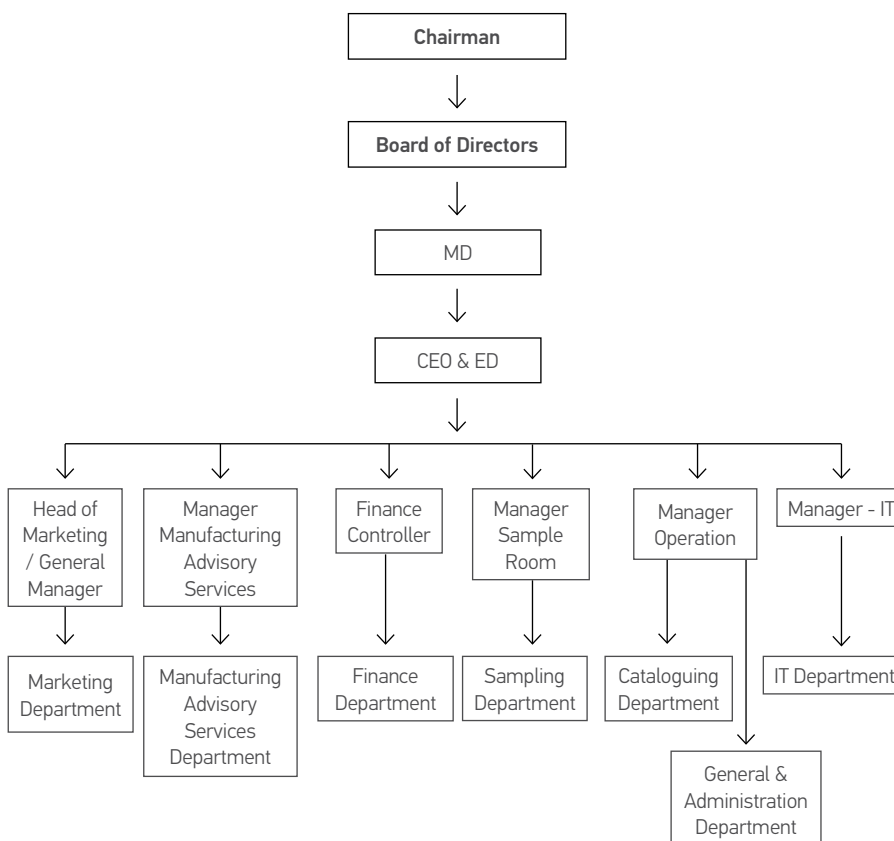
Decisions taken by the Company with regard to the application of the precautionary principle should be “open, informed, and democratic” and “must include affected parties”.

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

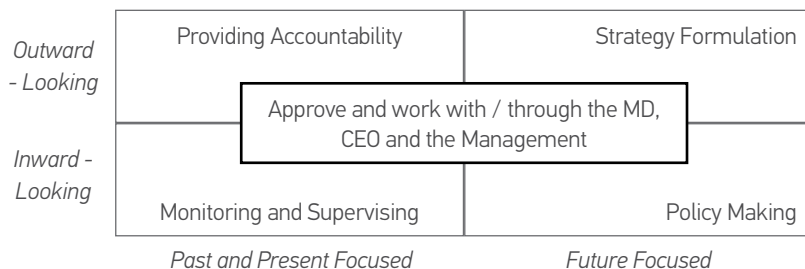
The Board is responsible to the Company's shareholders to ensure at all times that the activities of the Company are conducted with the highest ethical standards and in the best interest of all Stakeholders. The Board consists of professionals from various industries such as tea broking, plantations,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



Age Group	Male	Female	Total
Under 30 Years	0	0	0
30 to 50 Years	5	0	5
Over 50 Years	5	2	7
Total	10	2	12

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.



Board Sub Committees

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

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

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 (CSE) 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 page 78 to 81.

The Board of Directors is of the view that the period of service as a Board member exceeding Nine years rendered by Mr. C P R Perera does not compromise his independence and objectivity in discharging his functions as Directors. Accordingly, the Board has determined that Mr. C P R Perera, Mr. B R L Fernando and Mr. D Madawala are 'independent' Directors as per the criteria set out in the Listing Rules of the Colombo Stock Exchange

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 four times during the year and attendance for each Board Meeting is given below.

Attendance at Meetings for 2018/2019

Name of the Director	Position	Attended	Eligibility to Attend
Mr. C P R Perera	Chairman / Independent Non Executive Director	4	4
Mr. W A T Fernando	Managing Director / Executive Director	4	4
Mr. D G W De Silva	Chief Executive Officer / Executive Director	4	4
Mr. K H S Deshapriya	Chief Operating Officer / Executive Director	4	4
Mr. B R L Fernando	Independent Non Executive Director	4	4
Ms. N T M S Cooray	Non Executive Director	4	4
Ms. H M S Perera	Non Executive Director	4	4
Mr. D H Madawala	Independent Non Executive Director	3	4

CORPORATE GOVERNANCE

REPORT OF THE AUDIT COMMITTEE



Ms. H M S Perera
Chairperson - Audit Committee
(Non-Executive Director) – Chairperson

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
Mr. A M N Adhikari – Financial Controller
Ms. K B N P Perera – Manager Client Financing
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;

- Review 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 five 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	5	5
Mr. C P R Perera	5	5
Mr. B R L Fernando	5	5

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 Financial Statements for the year ended 31st March 2019 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.

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 2020 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

24th May 2019

CORPORATE GOVERNANCE

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE



B R L Fernando
Chairman – Related Party Transactions Review Committee
(Independent Non-Executive Director)

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 comprises of four 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)
- Resigned w.e.f. 28th September 2018
Mr. R J N De Mel (Independent Non-Executive Director)
- Appointed w.e.f. 24th May 2019

Regular Attendees by Invitation

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

Mr. K H S Deshapriya – Executive Director / Chief Operating Officer
Mr. A M N Adhikari – Financial Controller
Ms. K B N P Perera – Manager Client Financing
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	4	4
Mr. D H Madawala	3	4
Mr. K H S Deshapriya	2	2

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 26 to the financial statements.

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 112 of this Annual Report.

B R L Fernando
Chairman – Related Party Transactions Review Committee

24th May 2019

REPORT OF THE RISK MANAGEMENT COMMITTEE



C P R Perera
Chairman – Risk Management Committee
(Independent Non-Executive Director / Chairman)

Composition

Risk Management Committee Comprise of Seven Directors, out of which four 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 (Chief Operating Officer/ Executive Director)
Mr. K H S Deshapriya (Executive Director / Chief Operating Officer)
Mr. D H Madawala (Independent Non-Executive Director)

– Appointed w.e.f. 28th September 2018

Mr. R J N De Mel (Independent Non-Executive Director)

– Appointed w.e.f. 24th May 2019

Regular Attendees by Invitation

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

Mr. A M N Adhikari – Financial Controller
Ms. K B N P Perera – Manager Client Financing
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 three 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	3	3
Mr. B R L Fernando	3	3
Mr. W A T Fernando	3	3
Mr. D G W De Silva	2	3
Mr. K H S Deshapriya	3	3
Mr. D H Madawala	1	1

Activities during the year

The Committee assisted the Board of Directors in reviewing the effectiveness of the new Enterprise Risk Management Framework (ERM) of the Company which was introduced in the previous year and recommended changes wherever necessary.

Complete review on the Risk Management Framework is given from page 113 to 118 of this Annual Report.

C P R Perera
Chairman – Risk Management Committee

24th May 2019

CORPORATE GOVERNANCE

REPORT OF THE REMUNERATION COMMITTEE



C P R Perera
Chairman – Remuneration Committee
(Independent Non-Executive Director / Chairman)

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.

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 174 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

24th May 2019

REPORT OF THE NOMINATION COMMITTEE



C P R Perera
Chairman – Nomination Committee
(Independent Non-Executive Director /Chairman)

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.

Activities during the year

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

Further, the Committee recommended the appointment of the new Non-Executive Director, Mr. R. J. N. De Mel and three Executive Directors, Mr. H. T. D Nonis, Mr. K. A. D. Fernando and Mr. Z Mohamed to the Board.

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

Details of the Directors who are subject to re-election/ re-appointment at the tenth Annual General Meeting are given under the Notice of the Annual General Meeting on page 176.

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

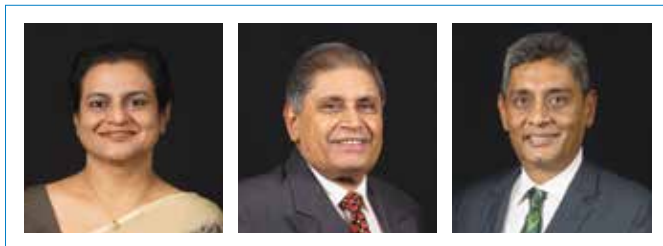
During the year under review, the Committee discussed on the process of succession planning relating to Executive Directors and the Corporate Management and necessary recommendations were made to the Board of Directors to put action plans to manage succession.

C P R Perera
Chairman – Nomination Committee

24th May 2019

CORPORATE GOVERNANCE

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 113 to 118 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

24th May 2019

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		The Board comprises of eight directors out of which six are Non Executive Directors as at 31st March 2019
A.1	The Board		
A.1.1	Board Meetings	Yes	The Board has met four times during the year and attendance for the Board Meetings is given in the Page No. 87 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.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

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 87 and a brief resume of each Director is available on pages 78 to 81.
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 87.
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 87.
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 87, 111.
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.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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.
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 93.
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 93 under Annual Report of the Board of Directors.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
A.9	Appraisal of Board Performance		
A.9.1 & A.9.2	Annual Performance Evaluation of the Board and its Sub Committees	In Progress	<p>Performance evaluation of the Board and its Sub Committees are done by way of discussions at the Board Meetings.</p> <p>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.</p>
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.
A.10	Disclosure of information in respect of Directors	Yes	<p>The following information in relation to Directors are disclosed in this report.</p> <p>Name, qualifications, nature of expertise, other Directorships of Listed Companies and other companies and brief profile on page 78 to 81.</p> <p>Material Business Relationships on page 168 to 173.</p> <p>Nature of the Directorship on page 87.</p> <p>Number of Board Meetings attended on page 87.</p> <p>Memberships of Board Sub Committees and attendance pages 88 to 93.</p>
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.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 92.
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.
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	No share options were issued to Executives during the year.
B.2.7	Executive Directors' remuneration	Yes	The Remuneration Committee follows the provisions set out in Schedule E of the Code as required.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 92 Aggregate remuneration paid to Executive and Non-Executive Directors during the year under review appears on page 174 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.
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.

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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).
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.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Section I – The Company			
Reference to Code	Governance Principle	Compliance Status	Details of Compliance
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 121 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 Financial Controller 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 110 to 112 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 121 of this Annual Report and the Auditor's responsibilities are set out on the 'Independent Auditors' Report' on pages 122 to 124 of the Annual Report. Statement on Internal Controls is given on page 94 of the Annual Report.
D.1.6	Management Discussion and Analysis	Yes	Refer Management Discussion and Analysis on pages 19 to 74.
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 90 and Related Parties and Related Party Transactions Disclosures on pages 168 to 173.
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	<p>The following disclosures as required by the Code are included in this Report;</p> <ul style="list-style-type: none"> ▪ Management Discussion and Analysis – on pages 19 to 74 ▪ Report of the Audit Committee – on pages 88 to 89 ▪ Report of the Risk Management Committee – on page 91 ▪ Directors' Statement on Internal Controls – on page 94 ▪ Enterprise Risk Management Framework – on pages 113 to 118 ▪ Annual Report of the Board of Directors – on pages 110 to 112 ▪ Statement on Directors' Responsibilities for Preparation of Financial Statements – on page 121
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	<p>The Internal Auditors review the internal control system including internal control over financial reporting.</p> <p>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.</p> <p>Refer the Directors' Statement on Internal Control on page 94 for details.</p>
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 94.
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 88.
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 88.
D.3.3	Disclosures	Yes	Refer Report of the Audit Committee on pages 88 to 89 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 three 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 90.
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 90 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 110 to 112.'
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 84.
D.6	Corporate Governance Disclosures		
D.6.1	Disclosure of Corporate Governance	Yes	This Corporate Governance Report from page 76 to 109 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 19 to 74 Corporate Governance – on page 76 to 109 Enterprise Risk Management – on page 113 to 118

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 two 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 76 to 81.
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 two 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.

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
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 92.
c. 2	Statement of Remuneration policy	Yes	Group's Remuneration Policy is given on the page 92.
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 174 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 88.
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 Financial Controller 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 88.
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.

CORPORATE GOVERNANCE

SUMMARY OF COMPLIANCE

Rule No.	CSE Listing Rule	Compliance Status	Details of Compliance
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 88.
c. 2	Audit Committee shall make a determination of the independence of the external auditors	Yes	Refer Report of the Audit Committee on page 89.
c. 3	Report on the manner in which Audit Committee carried out its functions	Yes	Refer Report of the Audit Committee on pages 88 to 89.

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 three Directors, who are Non-Executive Directors. Chairman of the Committee is an Independent Non-Executive Director. Refer page 90.
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 170 to 173.
b	Recurrent Related Party Transactions	Yes	Details of the Recurrent Related Party Transactions are given on pages 168 to 169.
c	Report of the Related Party Transactions Review Committee	Yes	Refer page 90.
d	A declaration by the Board of Directors	Yes	Refer page 112 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 110.
168 (1) (b)	Signed financial statements of the Company for the accounting period completed	Yes	Consolidated Financial Statements from pages 125 to 174.
168 (1) (c)	Auditors' Report on financial statements of the Company	Yes	Independent Auditors' Report on pages 122 to 124.
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Consolidated Financial Statements from pages 129 to 174.
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 110 to 112.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Yes	Director's Remuneration on page 174.
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Refer Annual Report of the Board of Directors on page 112.
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 76 to 81.
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 144.
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Refer Report of the Audit Committee on page 89.
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 121 and Annual Report of the Board of Directors on pages 110 to 112.

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 and Group for the year ended 31st March 2019.

GENERAL

Company

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.

Subsidiary

Logicare (Private) Limited is a fully owned subsidiary of Ceylon Tea Brokers PLC which expects to provide warehouse facility to the clients of the parent. The new warehousing project of the Group is expected to start its commercial operations in June 2019.

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 Group 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.

Construction of the said project to be completed by the end of May 2019 and the commercial operations expected to be commenced in early June 2019.

Logicare (Pvt) Limited would cater to the warehousing requirements of Ceylon Tea Brokers' producer clients, which would add value to our customers at both ends of the value chain. Further, the Logicare (Pvt) Limited will operate as a total supply chain solutions provider which provides specialized logistics, transport and other supply chain related services to external clients.

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.

Vision, Mission and Values

The Company's vision, mission and values are available on page 02.

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 and Group 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 Group 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 2019 duly signed by the Financial Controller and two Directors, are given from pages 125 to 128. The policies adopted thereof are given from pages 129 to 174.

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 Group. The Auditors do not have any interest in the Company and the Group other than providing Audit and Non-Audit services. A sum of Rs. 657,500.00 is payable by the Group 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. 40,000.00.

The Report of the Auditors on the Financial Statements of the Company and the Group is given on page 122 to 124 under Consolidated Financial Statements.

The Board of Directors

As at 31st March 2019, 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 76 to 81.

Mr. R J N De Mel who was appointed to the Board as an Independent Non-executive Director on 1st April 2019, retires under Article 94 of the Articles of Association, and being eligible, has offered himself for re-election as recommended by the Board of Directors.

Mr. H Thilina Dinendra Nonis, Mr. Zameel Mohamed and Mr. K A Dinesh Fernando who were appointed to the Board as Executive Directors on 24th May 2019, retires under Article 94 of the Articles of Association, and being eligible, have offered themselves for re-election as recommended by the Board of Directors.

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 77 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 75 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.

Ms. H M S Perera 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 four Non-Executive Directors – Messrs C P R Perera, R J N De Mel, 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 84 to 93.

Directors' Remuneration

The aggregate remuneration paid to the Directors' during the year under review was Rs. 23,486,765.00.

Directors Shareholdings

The relevant interest of Directors in the shares of the Company as at 31st March 2019 as recorded in Interest Register are given on page 73 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

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

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 71 to 74 under Shareholder Information.

Donations

The Directors have approved Rs. 560,635/- as CSR expenses (2017/18 Rs. 2,948,626/-).

Dividends

The Directors have approved a dividend of cents thirty five (Rs. 0.35) per share for the year under review.

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 113 to 118 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 95 to 109 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 113 to 118.

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 29 to the Consolidated Financial Statements on page 174 of this Annual Report.

Declaration

The Directors declare that:

- the Company has not engaged in any activity, which contravenes laws and regulations of the country to the best of their knowledge.
- all material interests in contracts involving the Company
- the Company has made all endeavours to ensure equitable treatment of all shareholders.
- 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.
- 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.
- 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 2019.

Annual General Meeting

The Tenth Annual General Meeting will be held on 27th June 2019 at 2.30 p.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 176.

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

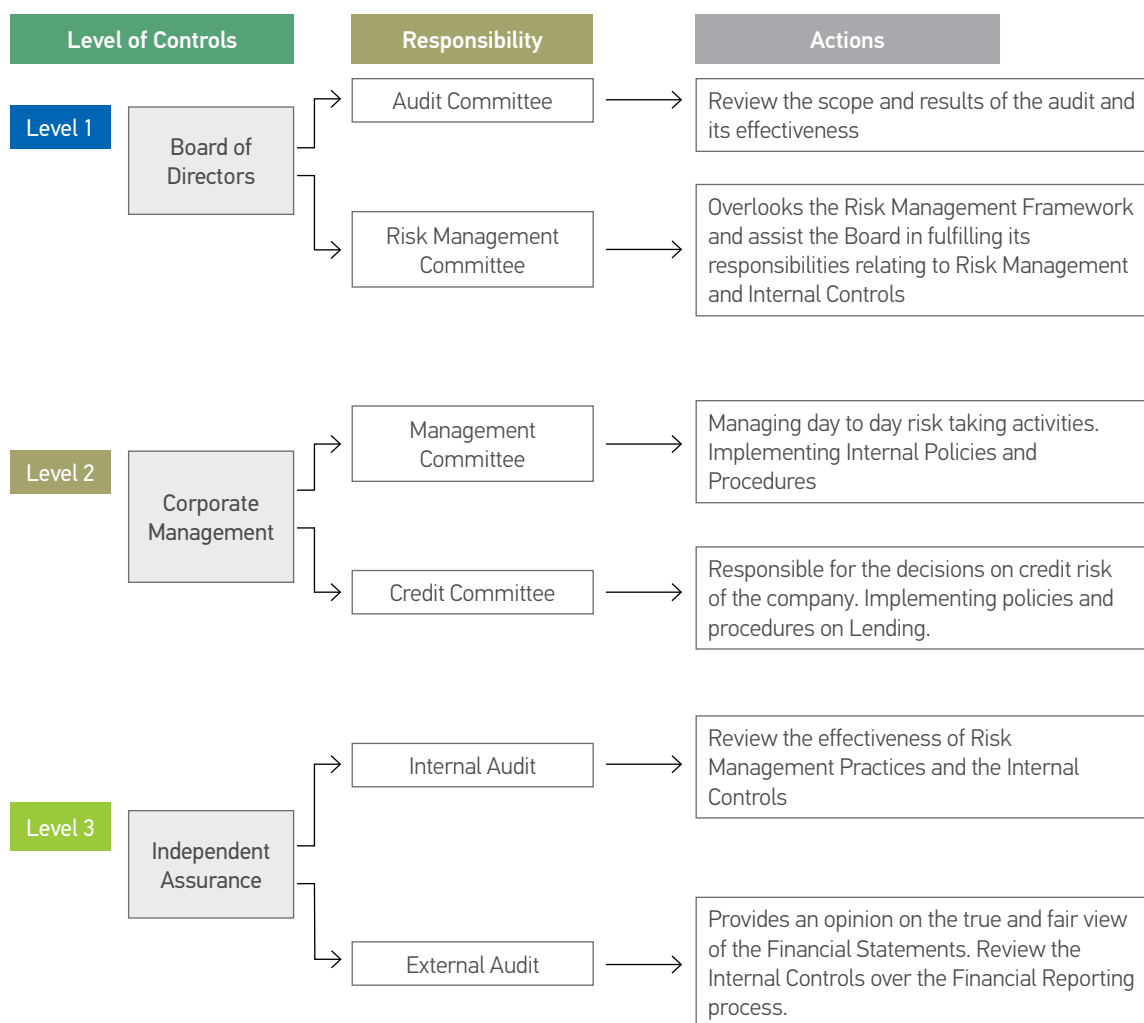
24th May 2019
Colombo

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.



ENTERPRISE RISK MANAGEMENT (ERM)

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.

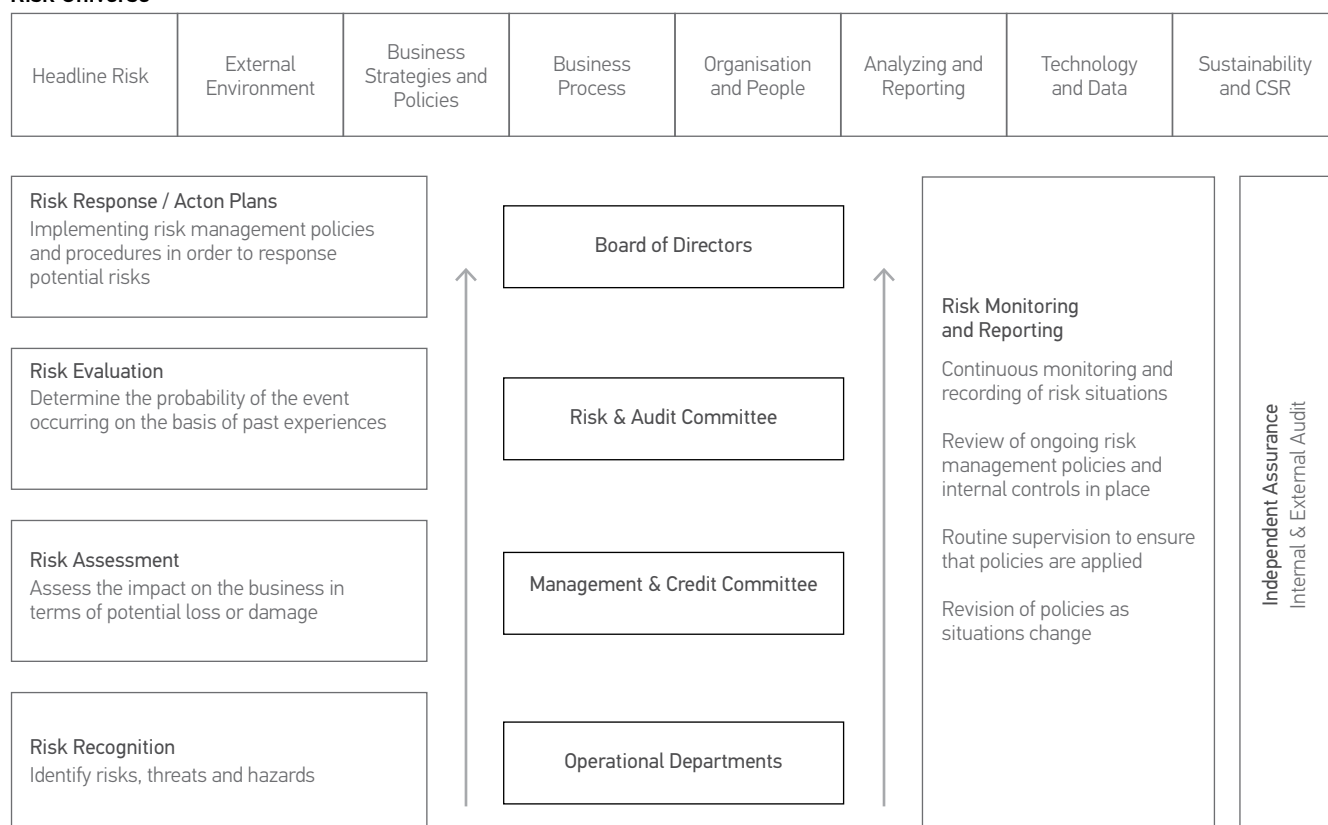
Level 3 – Independent Assurance – Internal Audit / External Audit

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 Universe



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 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 116 to 118.

Rating of Risks

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

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

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
<div> ■ Ultra High ■ High ■ Medium ■ Low ■ Insignificant </div>			Occurrence / Likelihood				

ENTERPRISE RISK MANAGEMENT (ERM)

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.

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)	Organisation 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
15.	New system implementation	Business Process	Incompleteness of data migration that can cause loss of information and interruptions to operations	5	3	15	High	Regular progressive meetings with the system provider, providing adequate training to the staff, facilitating parallel run of both the systems
Information Technology Risk								
16.	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

ENTERPRISE RISK MANAGEMENT (ERM)

SN	Risk Item	Headline Risk	Implication	Impact to Company	Likelihood of Occurrence	Score	Velocity	Risk Control Measure
17.	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
18.	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.
19.	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
20.	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								
21.	Lack of Overall succession planning framework	Organisation 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.
22.	Lack of adequate training	Organisation and People	Quality of service	2	2	4	Low	Regular Training and Development. To have a constant dialogue with Human Resource Department.
23.	Lack of knowledge in HR Policies and procedures	Organisation 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.
24.	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

04.

FINANCIAL REPORTS

FINANCIAL CALENDAR

Interim Reports

1st Quarter	15th August 2018
2nd Quarter	15th November 2018
3rd Quarter	14th February 2019
4th Quarter	17th May 2019

Audited Financial Statements

As at 31st March 2018	22nd May 2018
As at 31st March 2019	24th May 2019

Meetings

9th Annual General meeting held on 29th June 2018
10th Annual General meeting to be held on 27th June 2019

Dividends

Interim 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
Final dividend for the year 2018/19 of Rs. 0.35 per share is payable on 14th June 2019

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 subsidiary as at the end of the financial year and the income and expenditure of the Company and its subsidiary 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 subsidiary 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

24th May 2019
Colombo



W A T Fernando
Managing Director

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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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 31st March 2019, 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 set out on pages 125 to 174.

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 31st March 2019, 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 company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the company financial statements and 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

Refer to the significant accounting policies in Note 3.4.3 and explanatory Note 15 and 16 of the financial statements.

Risk Description

The Company has recorded loans given to tea suppliers, amounting to Rs.104,556,536 and advances given to tea suppliers amounting to Rs. 1,556,414,761 as at 31st March 2019 as detailed in the Note 15 and Note 16 to the financial statements respectively.

With the application of SLFRS 9 - Financial Instruments, the Company has estimated provision for impairment based on the expected credit losses to be incurred, which is estimated by taking in to account the aging of overdue balances, the repayment history of the individual customers, current and future customer- specific conditions, all of which involves a significant degree of management judgment. Accordingly, the Company has provided Rs. 149,091,713 as provision for impairment of loans given to tea suppliers as at 31st March 2019.

We identified recoverable amount of loans and advances to tea suppliers as a key audit matter due to magnitude of the amounts recognized in the financial statements and judgments required in making assumptions and estimates for the assessment of provision for impairment allowance on loans given to tea suppliers.

Our audit procedures included;

- Testing the design, implementation and operating effectiveness of key internal controls over loans and advances to tea suppliers.
- Obtaining and agreeing with the third party confirmations on a sample basis for loans and advances given to tea suppliers.
- Verifying the subsequent settlement details of advances given to tea suppliers and checking the exposure coverage with inventories held as at 31st March 2019 on

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. Abeyratne 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 FCA	M.N.M. Shameel ACA	Ms. C.T.K.N. Perera ACA

Principals - S.R.I. Perera FCA(UK), LL.B, Attorney-at-Law, H.S. Goonewardene ACA



a sample basis to verify the basis used for impairment assessment relating to advance given to tea suppliers.

- Evaluating the appropriateness of the impairment methodology adopted by the Company in accordance with SLFRS 9 and challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management with the assistance of our own specialists.
- Assessing the completeness, accuracy and relevance of data used for the calculation of impairment provision and testing the mathematical accuracy of the provision for impairment.
- Assessing the adequacy of the disclosures in the financial statements.

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. Based on the work we

have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

INDEPENDENT AUDITOR'S REPORT



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants

Colombo, Sri Lanka
24th May 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH	Note	GROUP		COMPANY	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Revenue	5	767,644,672	655,918,798	767,644,672	655,918,798
Operating Expenses		(66,054,502)	(59,058,614)	(66,054,502)	(59,058,614)
Gross Profit		701,590,170	596,860,184	701,590,170	596,860,184
Marketing Expenses		(33,315,168)	(28,927,937)	(33,315,168)	(28,927,937)
Administration Expenses		(274,309,488)	(226,257,784)	(265,027,025)	(219,496,687)
Profit from Operations		393,965,514	341,674,463	403,247,977	348,435,560
Net Finance Expenses	6	(233,744,951)	(191,987,127)	(233,744,951)	(191,987,127)
Profit Before Taxation	7	160,220,563	149,687,336	169,503,026	156,448,433
Income Tax Expenses	8	(46,666,168)	(49,649,629)	(54,222,399)	(49,649,629)
Profit for the Year		113,554,395	100,037,707	115,280,627	106,798,804
Other Comprehensive Income / (Expense)					
Actuarial Gain / (Loss) on Retirement Benefit Obligations		(5,520,851)	1,068,997	(5,520,851)	1,068,997
Deferred Tax on Actuarial (Gain) / Loss		1,545,838	(299,319)	1,545,838	(299,319)
Other Comprehensive Income / (Expense) for the Year		(3,975,013)	769,678	(3,975,013)	769,678
Total Comprehensive Income for the Year		109,579,382	100,807,385	111,305,614	107,568,482
Profit attributable to:					
Owners of the company		113,554,395	100,037,707	115,280,627	106,798,804
		113,554,395	100,037,707	115,280,627	106,798,804
Total comprehensive income attributable to:					
Owners of the company		109,579,382	100,807,385	111,305,614	107,568,482
		109,579,382	100,807,385	111,305,614	107,568,482
Basic Earnings Per Share	9	0.62	0.76	0.63	0.81
Dividend Per Share	10	-	0.655	-	0.655

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group set out on pages 129 to 174.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY		
AS AT 31ST MARCH		2019	2018	2019	2018
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non Current Assets					
Property, Plant and Equipment	11	451,581,848	24,912,666	20,712,280	24,912,666
Lease Hold Right Over Land	12	180,267,242	185,188,279	-	-
Intangible Assets	13	46,344,285	47,900,337	2,810,930	4,366,982
Deferred Tax Assets	18	10,537,279	-	2,981,048	-
Investment in Subsidiary	14	-	-	233,000,000	233,000,000
Loans to Tea Suppliers	15.1	70,709,760	80,350,339	70,709,760	80,350,339
Total Non Current Assets		759,440,414	338,351,621	330,214,018	342,629,987
Current Assets					
Trade and Other Receivables	16	1,972,834,198	1,524,958,549	1,959,980,702	1,524,077,494
Amount Due From Related Party		-	-	-	3,267,693
Loans to Tea Suppliers	15.2	33,846,776	165,041,109	33,846,776	165,041,109
Cash and Cash Equivalents	17	274,651,647	52,161,756	274,643,739	52,136,848
Total Current Assets		2,281,332,621	1,742,161,414	2,268,471,217	1,744,523,144
Total Assets		3,040,773,035	2,080,513,035	2,598,685,235	2,087,153,131
EQUITY AND LIABILITIES					
Equity					
Stated Capital	19	333,200,000	333,200,000	333,200,000	333,200,000
Retained Earnings		240,869,815	131,290,433	249,357,144	138,051,530
Total equity attributable to owners of the company		574,069,815	464,490,433	582,557,144	471,251,530
Non Current Liabilities					
Deferred Tax Liability	18	-	1,550,501	-	1,550,501
Interest Bearing Borrowings	20.2	462,158,794	-	191,666,667	-
Lease Payable	21	2,743,679	3,163,294	2,743,679	3,163,294
Retirement Benefit Obligations	22	17,447,803	11,743,180	17,447,803	11,743,180
Total Non Current Liabilities		482,350,276	16,456,975	211,858,149	16,456,975
Current Liabilities					
Interest Bearing Borrowings	20.1	767,000,000	693,000,000	767,000,000	693,000,000
Lease Payable	21	1,043,335	1,522,560	1,043,335	1,522,560
Trade and Other Payables	23	237,073,652	197,069,401	235,342,931	196,948,400
Tax Payables		20,902,942	15,499,030	20,902,942	15,499,030
Bank Overdrafts	17	958,333,015	692,474,636	779,980,734	692,474,636
Total Current Liabilities		1,984,352,944	1,599,565,627	1,804,269,942	1,599,444,626
Total Liabilities		2,466,703,220	1,616,022,602	2,016,128,091	1,615,901,601
Total Equity And Liabilities		3,040,773,035	2,080,513,035	2,598,685,235	2,087,153,131

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group set out on pages 129 to 174.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



A.M.N. Adhikari
Financial Controller

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

24th May 2019
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31st March	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
GROUP			
Balance as at 1st April 2017	128,000,000	109,713,048	237,713,048
Total Comprehensive Income For the Year			
Profit for the Year	-	100,037,707	100,037,707
Other Comprehensive Income For the Year	-	769,678	769,678
Transactions With Equity Holders			
Right Issue during the year	205,200,000	-	205,200,000
Dividend Paid during the year	-	(79,230,000)	(79,230,000)
Balance as at 31st March 2018	333,200,000	131,290,433	464,490,433
Balance as at 1st April 2018	333,200,000	131,290,433	464,490,433
Total Comprehensive Income For the Year			
Profit for the Year	-	113,554,395	113,554,395
Other Comprehensive Expense for the Year	-	(3,975,013)	(3,975,013)
Balance as at 31st March 2019	333,200,000	240,869,815	574,069,815
COMPANY			
Balance as at 1st April 2017	128,000,000	109,713,048	237,713,048
Total Comprehensive Income For the Year			
Profit for the Year	-	106,798,804	106,798,804
Other Comprehensive Income for the Year	-	769,678	769,678
Transactions With Equity Holders			
Right Issue during the year	205,200,000	-	205,200,000
Dividend Paid during the year	-	(79,230,000)	(79,230,000)
Balance as at 31st March 2018	333,200,000	138,051,530	471,251,530
Balance as at 1st April 2018	333,200,000	138,051,530	471,251,530
Total Comprehensive Income For the Year			
Profit for the Year	-	115,280,627	115,280,627
Other Comprehensive Expense for the Year	-	(3,975,013)	(3,975,013)
Balance as at 31st March 2019	333,200,000	249,357,144	582,557,144

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Group set out on pages 129 to 174.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash Flows From Operating Activities				
Profit Before Taxation	160,220,563	149,687,336	169,503,026	156,448,433
<i>Adjustment for;</i>				
Depreciation/ Amortisation	14,108,798	15,461,351	9,187,504	11,182,985
Interest Income	(6,605,013)	(4,837,159)	(6,605,013)	(4,837,159)
Interest Expense	240,349,964	196,824,286	240,349,964	196,824,286
Impairment of Loans Given to Tea Suppliers	21,450,026	(29,579,831)	21,450,026	(29,579,831)
Gain on Disposals of Property, Plant and Equipment	(55,739)	(4,420,000)	(55,739)	(4,420,000)
Provision for Retirement Benefit Obligations	3,362,109	3,081,878	3,362,109	3,081,878
Operating Profit Before Working Capital Changes	432,830,708	326,217,862	437,191,877	328,700,592
Decrease in Loans to Tea Suppliers	119,384,886	55,250,644	119,384,886	55,250,644
(Increase) in Trade and Other Receivables	(447,875,650)	(540,156,289)	(435,903,207)	(539,275,234)
(Increase)/Decrease in Amounts Due from Related Parties	-	-	3,267,693	(3,267,693)
Increase/(Decrease) in Trade and Other Payables	40,004,252	(3,641,092)	38,394,531	(3,762,093)
Cash Flows Generated from/(Used in) Operations	144,344,196	(162,328,876)	162,335,780	(162,353,784)
Retirement Benefit Obligations Paid	(3,178,338)	(2,645,970)	(3,178,338)	(2,645,970)
Income Tax Paid	(51,804,198)	(46,043,185)	(51,804,198)	(46,043,185)
Net Cash Flows Generated from/(Used in) Operating Activities	89,361,660	(211,018,031)	107,353,244	(211,042,939)
Cash Flows From Investing Activities				
Interest Received	6,605,013	4,837,159	6,605,013	4,837,159
Acquisition of Subsidiary	-	(233,000,000)	-	(233,000,000)
Acquisition of Property, Plant and Equipment	(3,423,426)	(9,596,425)	(3,419,326)	(9,596,425)
Additions to Work In Progress	(430,865,725)	-	-	-
Acquisition of Intangible Assets	(26,000)	(2,757,012)	(26,000)	(2,757,012)
Proceeds on Disposal of Property, Plant and Equipment	70,000	4,420,000	70,000	4,420,000
Net Cash Flows Generated from/(Used in) Investing Activities	(427,640,138)	(236,096,278)	3,229,687	(236,096,278)
Cash Flows From Financing Activities				
Interest Paid	(240,349,965)	(196,824,286)	(240,349,965)	(196,824,286)
Loans Obtained During the Year	3,937,492,128	2,673,400,000	3,667,000,000	2,673,400,000
Loan Repayments made during the Year	(3,402,232,173)	(2,207,114,320)	(3,402,232,173)	(2,207,114,320)
Proceeds from Commercial Papers issued	700,000,000	492,000,000	700,000,000	492,000,000
Proceeds from Rights Issue	-	205,200,000	-	205,200,000
Repayment of Commercial Papers redeemed	(700,000,000)	(492,000,000)	(700,000,000)	(492,000,000)
Dividend Paid	-	(79,230,000)	-	(79,230,000)
Net Cash Flows Generated from Financing Activities	294,909,990	395,431,394	24,417,862	395,431,394
Net Increase/(Decrease) in Cash and Cash Equivalents	(43,368,488)	(51,682,915)	135,000,793	(51,707,823)
Cash and Cash Equivalents at the beginning of the Year	(640,312,880)	(588,629,965)	(640,337,788)	(588,629,965)
Cash and Cash Equivalents at the end of the Year (Note 17)	(683,681,368)	(640,312,880)	(505,336,995)	(640,337,788)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 129 to 174.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Ceylon Tea Brokers PLC (the “Company”) is a Company domiciled and operating in Sri Lanka, incorporated on 15th June 1999 and listed on the Colombo Stock Exchange on 20th January 2010. 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 31st March 2019 comprise “the Company” referring to Ceylon Tea Brokers PLC as the holding Company and “the Group” referring to Companies whose financial statements 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 (Private) Limited is to carry on business of providing warehousing facilities for clients of parent.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The Consolidated 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.

This is the first set of Consolidated Financial Statements in which SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 3.1 to financial statements.

The Consolidated Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 24th May 2019.

2.2. Basis of measurement

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

- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee benefits.

2.3 Going Concern

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

2.4 Functional and presentation currency

The Consolidated Financial Statements have been presented in Sri Lankan Rupees, which is the Group’s functional currency. All the financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

2.5 Use of estimates and judgments

The preparation of Consolidated 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.

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.

2.6 Presentation of financial statements

The assets and liabilities of the Group presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

Financial assets and financial liabilities are offset and the net amount report in the statement of financial position, only when there is a legally enforceable right to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.8 Determination of fair values

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.9 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 Changes in Significant Accounting Policies

The Group has initially applied SLFRS 15 and SLFRS 9 from 1 April 2018.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

3.1.1 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time- requires judgement.

The adoption of SLFRS 15 does not have a significant effect on the Group's Financial Statements.

3.1.2 SLFRS 9 Financial Instruments

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

SLFRS 9 contains three principle classification category for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial asset under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow

characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale. Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of SLFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

The following table summarises the impact, net of tax, of transition to SLFRS 9 on the opening balance of reserves and retained earnings.

As at 1 April 2018 Group	As reported previously	As reported currently under SLFRS 9	Impact of adopting SLFRS 9 on opening balance
Equity			
Retained Earnings	131,290,433	131,290,433	-
Recognition of Expected Credit Losses Under SLFRS 9	-	-	-

As at 1 April 2018 Company	As reported previously	As reported currently under SLFRS 9	Impact of adopting SLFRS 9 on opening balance
Equity			
Retained Earnings	138,051,530	138,051,530	-
Recognition of Expected Credit Losses Under SLFRS 9	-	-	-

3.1.2.1 Classification and measurement of financial assets and financial liabilities

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the financial assets and financial liabilities of the Group and Company as at 1st April 2018.

The effect of adopting SLFRS 9 on the carrying amounts of financial assets at 1st April 2018 relates solely to the new impairment requirements.

Group

Financial asset	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39 Rs.	New carrying amount under SLFRS 9 Rs.
Trade and Other Receivables	Loans and Receivables	Amortized Cost	1,508,659,467	1,508,659,467
Loans to Tea Suppliers	Loans and Receivables	Amortized Cost	80,350,339	80,350,339
Short term Loans Given to Tea suppliers	Loans and Receivables	Amortized Cost	165,041,109	165,041,109
Cash and cash equivalents	Loans and receivables	Amortized cost	52,161,756	52,161,756
Total financial Assets			1,806,212,671	1,806,212,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group

Financial liabilities	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Interest Bearing Borrowings	Other financial liabilities	Amortised cost	693,000,000	693,000,000
Finance Lease payable	Other financial liabilities	Amortised cost	4,685,854	4,685,854
Trade and Other Payables	Other financial liabilities	Amortised cost	197,069,400	197,069,400
Tax Payables	Other financial liabilities	Amortised cost	15,499,030	15,499,030
Bank Overdraft	Other financial liabilities	Amortised cost	692,474,636	692,474,636
Total financial liabilities			1,602,728,920	1,602,728,920

Company

Financial asset	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39 Rs.	New carrying amount under SLFRS 9 Rs.
Trade and Other Receivables	Loans and Receivables	Amortized Cost	1,507,778,412	1,507,778,412
Loans to Tea Suppliers	Loans and Receivables	Amortized Cost	80,350,339	80,350,339
Short term Loans Given to Tea suppliers	Loans and Receivables	Amortized Cost	165,041,109	165,041,109
Cash and cash equivalents	Loans and receivables	Amortized cost	52,136,848	52,136,848
Total financial asset			1,805,306,708	1,805,306,708

Financial liabilities	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Interest Bearing Borrowings	Other financial liabilities	Amortized Cost	693,000,000	693,000,000
Finance Lease payable	Other financial liabilities	Amortized Cost	4,685,854	4,685,854
Trade and Other Payables	Other financial liabilities	Amortized Cost	196,948,400	197,069,400
Tax Payables	Other financial liabilities	Amortized Cost	15,499,030	15,499,030
Bank Overdraft	Other financial liabilities	Amortized Cost	692,474,636	692,474,636
Total financial liabilities			1,602,607,920	1,602,728,920

3.1.2.2 Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.

For assets in the scope of the SLFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Group has determined that the application of SLFRS 9 impairment requirements at 1st April 2018 does not result in allowance for impairment.

3.2 Consolidation

3.2.1 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.

3.2.2 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; Minus
- 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.

3.2.3 Subsidiary

Subsidiary is entity 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.

3.2.4 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.

3.2.5 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.

3.3 Foreign Currency

3.3.1 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.

3.4 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.

3.4.1 Property, plant and equipment

3.4.1.1 Recognition and measurement

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

3.4.1.2 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 is 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.

3.4.1.3 Capital Work-in-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.4.1.4 Leased Assets

Assets obtained under the finance lease, which effectively transfer to the Group substantially, all risks and benefits incidental to the ownership of the leased assets, are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

treated as if they have been purchased outright and are capitalized at their cash price. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception, less accumulated depreciation and accumulated impairment losses. The principal/capital elements payable to the lessor are shown as liability/obligation.

Assets held under the finance lease are amortized over the shorter of the lease period or the useful life of equivalent owned assets, unless ownership is not transferred at the end of the leased period.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Lease payments (excluding costs for services such as insurance and maintenance) paid under operating leases are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

3.4.1.5 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.

3.4.1.6 Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended

use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.4.1.7 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.

3.4.1.8 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 of Property Plant and Equipment used by the Group are as follows:

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

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

3.4.2 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.

3.4.2.1 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%.

3.4.2.2 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.

3.4.2.3 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.

3.4.2.4 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.

3.4.2.5 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.

3.4.3 Financial Assets

(I) Policy applicable from 1st April 2018

3.4.3.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and

financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.3.2 Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent

changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(II) Policy applicable before 1st April 2018

3.4.3.4 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.

3.4.3.5 Subsequent Measurement

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

3.4.3.6 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.

3.4.3.7 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.

3.4.3.8 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.

3.4.3.9 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 derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale financial assets comprise equity securities and debt securities.

3.4.3.10 Reclassification

(I) Policy applicable from 1st April 2018

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group's changes its objective of the business model for managing such financial assets.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

(II) Policy applicable before 1st April 2018

Non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) may be reclassified out of the fair value through profit or loss category, in the following circumstances:

Financial assets that would have met the definition of loans and receivables at initial recognition (if the financial asset had not been required to be classified as held for trading) may be reclassified out of the fair value through profit or loss category if there is the intention and ability to hold the financial asset for the foreseeable future or until maturity; and Financial assets except financial assets that would have met the definition of loans and receivables at initial recognition may be reclassified out of the fair value through profit or loss category and into another category in rare circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.4.3.11 Derecognition

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

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

In that case, the Group 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.

3.4.3.12 Impairment of Financial Assets (I) Impairment Policy: applicable from 1st April 2018

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating

ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

(II) Impairment Policy: applicable before 1st April 2018

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.

3.4.3.13 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.

3.5 Financial Liabilities

(I) Policy applicable from 1st April 2018

On initial recognition, the Company classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss,

3.5.1 Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

(i) **Financial Liabilities at Amortised Cost**
Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The EIR amortisation is included in "Interest expense" in the Income Statement. Gains and losses too are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

(ii) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

(II) Policy applicable before 1st April 2018

3.5.2 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.

3.5.3 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.

3.5.4 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.

3.6 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.

3.7 Impairment of Non-Financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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.

3.9 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.

3.10 Income Statement

3.10.1 Revenue

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

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a service to a customer.

i. Policy applicable from 1st April 2018

Revenue principally consists of tea auction sales. Revenue is recognised over time as the services are provided. The Group considers sales and delivery of services as one performance obligation and recognises revenue when it transfers control of goods to the customer.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

ii. Policy applicable prior to 1st April 2018

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

3.10.1.1 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.

3.10.1.2 Revenue

▪ Brokerage Income

Brokerage income is recognized on an accrual basis.

▪ Other Service Income

Other Service income is recognised on an accrual basis.

3.10.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.10.3 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.

3.10.4 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.

(i) 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.

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.

3.11 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.

3.12 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.

3.13 Statement of Cash Flows

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".

3.14 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 ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2019. Accordingly, this Standard has not been applied in preparing these Consolidated Financial Statements.

4.1 Sri Lanka Accounting Standard 16 "Leases"

SLFRS 16 requires lessees to recognise all leases on their Consolidated Statement of Financial Position as lease liabilities, with the corresponding right of-use assets. The profit or loss recognition pattern for recognised leases will be similar to existing finance lease accounting, with interest and depreciation expense recognised separately in Profit or Loss. SLFRS 16 is effective for annual periods beginning on or after 1st January 2019.

The Group will adopt this standard when it become effective. The Group is in the process of assessing the potential impact on its financial statement resulting from the application of SLFRS 16.

5. REVENUE

	GROUP		COMPANY	
For The Year Ended 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Brokerage Fee	228,824,948	224,327,093	228,824,948	224,327,093
Handling Charges	71,023,325	65,601,564	71,023,325	65,601,564
Lot Fee	6,662,349	5,500,899	6,662,349	5,500,899
Interest Earned on Loans and Advances	389,245,146	300,599,090	389,245,146	300,599,090
Sundry Income	71,888,904	59,890,152	71,888,904	59,890,152
	767,644,672	655,918,798	767,644,672	655,918,798

6. NET FINANCE EXPENSES

	GROUP		COMPANY	
For The Year Ended 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Finance Income (Note 6.1)	6,605,013	4,837,159	6,605,013	4,837,159
Finance Expenses (Note 6.2)	(240,349,964)	(196,824,286)	(240,349,964)	(196,824,286)
	(233,744,951)	(191,987,127)	(233,744,951)	(191,987,127)
6.1 Finance Income				
Interest Income on Staff Loans	2,344,601	1,109,915	2,344,601	1,109,915
Interest Income on Others	3,557,640	3,156,442	3,557,640	3,156,442
Interest on Fixed Deposits	702,772	570,802	702,772	570,802
	6,605,013	4,837,159	6,605,013	4,837,159
6.2 Finance Expenses				
Financial Services VAT on Interest Income	18,814,925	11,184,537	18,814,925	11,184,537
Interest on Bank Overdrafts and Bank Loans	175,808,630	140,033,607	175,808,630	140,033,607
Interest on Commercial Papers	42,791,707	44,830,413	42,791,707	44,830,413
Un-winding of Prepaid Staff Loans Expenses	2,310,983	-	2,310,983	-
Interest on Leases	623,719	775,729	623,719	775,729
	240,349,964	196,824,286	240,349,964	196,824,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT BEFORE TAXATION

For The Year Ended 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Is stated after charging all expenses including the followings;				
Auditors' Remuneration - Statutory Audit	657,500	570,000	600,000	520,000
- Non Audit Services	40,000	60,000	40,000	60,000
Directors' Fees	2,530,000	1,620,000	2,090,000	1,620,000
Depreciation of Property, Plant and Equipment	7,605,709	8,554,301	7,605,452	8,554,301
Amortisation of Lease Hold Right	4,921,037	4,278,366	-	-
Amortisation of Intangible Assets	1,582,052	2,628,684	1,582,052	2,628,684
Provision for Impairment for Loans Given to Tea Suppliers	21,450,027	(29,579,831)	21,450,027	(29,579,831)
Personnel Costs (Note 7.1)	175,994,467	139,388,494	175,994,467	139,388,494
7.1 Personnel Costs				
Salaries, Wages and Overtime	102,479,293	79,412,625	102,479,293	79,412,625
Bonus & Profit Share Expenses	55,844,223	45,797,678	55,844,223	45,797,678
Defined Contribution Plan Costs - EPF	11,447,073	8,877,050	11,447,073	8,877,050
- ETF	2,861,768	2,219,262	2,861,768	2,219,262
Retirement Benefit Obligation Expenses	3,362,109	3,081,879	3,362,109	3,081,879
	175,994,466	139,388,494	175,994,466	139,388,494

8. INCOME TAX EXPENSES

For The Year Ended 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Current Year Income Tax Expenses (Note 8.1)	57,208,110	47,557,495	57,208,110	47,557,495
Under Provision in Respect of Previous Years	-	842,630	-	842,630
Provision/(Reversal) of Deferred Taxation (Note 18)	(10,541,942)	1,249,504	(2,985,711)	1,249,504
	46,666,168	49,649,629	54,222,399	49,649,629

For The Year Ended 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
8.1 Current Year Income Tax Expenses				
Accounting Profit Before Taxation	160,220,563	149,687,336	169,503,026	156,448,433
Less: Income from Other Sources	(6,590,752)	(16,482,882)	(6,590,752)	(16,482,882)
Add: Aggregate Disallowable Items	49,362,480	39,986,226	44,441,187	33,225,129
Less: Aggregate Allowable Items	(14,531,420)	(10,760,258)	(9,643,796)	(10,760,258)
Business Income	188,460,871	162,430,422	197,709,665	162,430,422
Add: Income from Other Sources	6,605,013	12,062,882	6,605,013	12,062,882
Total Taxable Income	195,065,884	174,493,304	204,314,678	174,493,304
Tax at 10% (on Net Storage Income)	-	722,572	-	722,572
Tax at 28%	57,208,110	46,834,923	57,208,110	46,834,923
	57,208,110	47,557,495	57,208,110	47,557,495

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.24 of 2017 and subsequent amendments thereto. In terms of the said Act, the Company is liable for income tax at the rate of 28% on revenue sources and other income.

Logicare (Private) Limited, the subsidiary company, is not liable for pay income tax for the year ended 31st March 2019 as the Company did not generate a taxable income. In terms of the Inland Revenue Act No.24 of 2017, the Company is liable for income tax at the rate of 28% on revenue sources and other income.

For The Year Ended 31st March	LOGICARE (PRIVATE) LIMITED	
	2019 Rs.	2018 Rs.
8.2 Tax Losses Carried Forward		
Tax Losses Brought Forward	17,737,745	-
Add : Tax Loss for the Year	9,248,794	17,737,745
Less: Utilization of Tax Losses	-	-
Tax Losses Carried Forward	26,986,539	17,737,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. BASIC EARNINGS PER SHARE

The calculation of basic 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;

For The Year Ended 31st March	GROUP		COMPANY	
	2019	2018	2019	2018
Profit attributable to Ordinary Share Holders (Rs.)	113,554,395	100,037,707	115,280,627	106,798,804
Weighted Average Number of Ordinary Shares	182,400,000	132,393,518	182,400,000	132,393,518
Basic Earnings Per Share (Rs.)	0.62	0.76	0.63	0.81

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 the reporting date and calculated as follows;

For The Year Ended 31st March	GROUP		COMPANY	
	2019	2018	2019	2018
Dividend Paid (Rs.)	-	79,230,000	-	79,230,000
Weighted Average Number of Ordinary Shares	182,400,000	120,933,699	182,400,000	120,933,699
Dividend Per Share (Rs.)	-	0.655	-	0.655

11. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

As At 31st March	Motor Vehicles Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	Weighing Scales Rs.	Computer Equipment Rs.	Work In Progress Rs.	Total Rs.
Cost							
Balance as at 1st April 2018	19,473,280	25,562,533	5,832,660	1,332,782	8,014,695	-	60,215,950
Additions during the Year	474,950	396,128	1,136,149	-	1,416,199	430,865,725	434,289,151
Disposals during the Year	(348,830)	-	(26,327)	-	(129,950)	-	(505,107)
Balance as at 31st March 2019	19,599,400	25,958,661	6,942,482	1,332,782	9,300,944	430,865,725	493,999,994
Accumulated Depreciation							
Balance as at 1st April 2018	11,595,642	13,001,020	3,602,224	1,154,015	5,950,383	-	35,303,284
Charge for the Year	3,019,583	2,798,819	700,113	58,632	1,028,562	-	7,605,709
Disposals during the Year	(348,830)	-	(12,067)	-	(129,950)	-	(490,847)
Balance as at 31st March 2019	14,266,395	15,799,839	4,290,270	1,212,647	6,848,995	-	42,418,146
Carrying Amounts							
As at 31st March 2019	5,333,005	10,158,822	2,652,212	120,135	2,451,949	430,865,725	451,581,848
As at 31st March 2018	7,877,638	12,561,513	2,230,436	178,767	2,064,312	-	24,912,666

(b) COMPANY

As At 31st March	Motor Vehicles Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	Weighing Scales Rs.	Computer Equipment Rs.	Total Rs.
Cost						
Balance as at 1st April 2018	19,473,280	25,562,533	5,832,660	1,332,782	8,014,695	60,215,950
Additions during the Year	474,950	396,128	1,132,049	-	1,416,199	3,419,326
Disposals during the Year	(348,830)	-	(26,327)	-	(129,950)	(505,107)
Balance as at 31st March 2019	19,599,400	25,958,661	6,938,382	1,332,782	9,300,944	63,130,169
Accumulated Depreciation						
Balance as at 1st April 2018	11,595,642	13,001,020	3,602,224	1,154,015	5,950,383	35,303,284
Charge for the Year	3,019,583	2,798,819	699,856	58,632	1,028,562	7,605,452
Disposals during the Year	(348,830)	-	(12,067)	-	(129,950)	(490,847)
Balance as at 31st March 2019	14,266,395	15,799,839	4,290,013	1,212,647	6,848,995	42,417,889
Carrying Amounts						
As at 31st March 2019	5,333,005	10,158,822	2,648,369	120,135	2,451,949	20,712,280
As at 31st March 2018	7,877,638	12,561,513	2,230,436	178,767	2,064,312	24,912,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The initial cost of the fully depreciated items of Property, Plant and Equipment which are still in use as at the reporting date are as follows,

As At 31st March	COMPANY	
	2019 Rs.	2018 Rs.
Motor Vehicles	7,409,390	7,430,460
Furniture and Fittings	7,888,002	2,757,966
Office Equipments	450,489	4,500
Weighing Scales	872,036	863,768
Computer Equipment	4,957,549	4,270,480
	21,577,466	15,327,174

12. LEASE HOLD RIGHT

As At 31st March	GROUP	
	2019 Rs.	2018 Rs.
Cost		
Balance as at 1st April	189,466,645	-
Additions during the Year	-	189,466,645
Balance as at 31st March	189,466,645	189,466,645
Accumulated Amortisation		
Balance as at 1st April	4,278,366	-
Amortization for the Year	4,921,037	4,278,366
Balance as at 31st March	9,199,403	4,278,366
Net Book Value as at 31st March	180,267,242	185,188,279

Logicare (Private) Limited has entered in to a 39 year lease agreement commencing from 29th July 2016 with the Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela.

13. INTANGIBLE ASSETS

As At 31st March	GROUP			COMPANY	
	Goodwill	Computer Software	Total	Computer Software	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Cost					
Balance as at 1st April 2018	43,533,355	15,809,869	59,343,224	15,809,869	15,809,869
Additions during the Year	-	26,000	26,000	26,000	26,000
Balance as at 31st March 2019	43,533,355	15,835,869	59,369,224	15,835,869	15,835,869
Accumulated Amortisation					
Balance as at 1st April 2018	-	11,442,887	11,442,887	11,442,887	11,442,887
Charge for the Year	-	1,582,052	1,582,052	1,582,052	1,582,052
Balance as at 31st March 2019	-	13,024,939	13,024,939	13,024,939	13,024,939
Net Book Value As at 31st March 2019	43,533,355	2,810,930	46,344,285	2,810,930	2,810,930
Net Book Value As at 31st March 2018	43,533,355	4,366,982	47,900,337	4,366,982	4,366,982

13.1 The group has recognized goodwill of Rs. 43,533,355 as at 31st March 2019 as a result of acquisition of subsidiary Logicare (Private) Limited in 2017.

As required by LKAS 36 - "Impairment of Assets", goodwill is tested for impairment on annual basis and assessed for any indication of impairment as at each reporting date to ensure that carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group conducted an assessment and concluded that there are no indication of the impairment of the goodwill as at 31st March 2019.

13.2 The gross carrying amount of fully depreciated computer software which are still in use as at 31st March 2019 is Rs. 9,495,931 (2018 - Rs. 9,495,931)

14. INVESTMENT IN SUBSIDIARY

As At 31st March	Ownership	COMPANY	
		2019	2018
		Rs.	Rs.
Logicare (Private) Limited	100%	233,000,000	233,000,000
		233,000,000	233,000,000
14.1 Summarized financial information of the subsidiary			
Assets and Liabilities			
Total Assets		623,998,214	186,094,242
Total Liabilities		450,575,129	3,388,694
Loss for the Year		(9,282,463)	(22,016,111)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. LOANS TO TEA SUPPLIERS

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Receivable after One Year (Note 15.1)	70,709,760	80,350,339	70,709,760	80,350,339
Receivable within One Year (Note 15.2)	33,846,776	165,041,109	33,846,776	165,041,109
	104,556,536	245,391,448	104,556,536	245,391,448
15.1 Receivable after One Year				
Loans to Tea Suppliers	219,801,473	207,992,025	219,801,473	207,992,025
Less: Provision for Impairment (Note 15.3)	(149,091,713)	(127,641,686)	(149,091,713)	(127,641,686)
	70,709,760	80,350,339	70,709,760	80,350,339
15.2 Receivable within One Year				
Loans to Tea Suppliers	33,846,776	165,041,109	33,846,776	165,041,109
	33,846,776	165,041,109	33,846,776	165,041,109
15.3 Movement of Provision for Impairment				
Balance as at 1st April	127,641,686	157,221,518	127,641,686	157,221,518
Provision made during the year	21,450,027	12,087,630	21,450,027	12,087,630
Written off during the year	-	(41,667,462)	-	(41,667,462)
Balance as at 31st March	149,091,713	127,641,686	149,091,713	127,641,686

16. TRADE AND OTHER RECEIVABLES

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade Receivables	364,035,758	329,085,557	364,035,758	329,085,557
Advances to Tea Suppliers	1,556,414,761	1,155,943,937	1,556,414,761	1,155,943,937
Deposits and Prepayments	16,991,226	16,299,082	16,991,226	16,299,082
Staff Loan Receivables	16,270,153	18,598,993	16,270,153	18,598,993
Salary and Festival Advances	981,050	1,308,673	981,050	1,308,673
Other Receivables	17,991,559	3,655,030	5,138,063	2,773,975
WHT Receivables	149,691	67,277	149,691	67,277
	1,972,834,198	1,524,958,549	1,959,980,702	1,524,077,494

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Favourable Balances				
Fixed Deposit	6,111,064	5,568,802	6,111,064	5,568,802
Cash at Bank	268,475,583	46,527,954	268,467,675	46,503,046
Cash in Hand	65,000	65,000	65,000	65,000
	274,651,647	52,161,756	274,643,739	52,136,848
Unfavourable Balances				
Bank Overdrafts	(958,333,015)	(692,474,636)	(779,980,734)	(692,474,636)
Cash and Cash Equivalents for Cash Flows Purpose	(683,681,368)	(640,312,880)	(505,336,995)	(640,337,788)

Capital Alliance Holding Limited has provided Rs. 650 Mn of Corporate guarantees on behalf of the Company in order to obtain bank overdraft facilities.

18. DEFERRED TAXATION (ASSET)/ LIABILITY

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance as at 1st April	1,550,501	1,678	1,550,501	1,678
Recognised in profit or loss				
Deferred tax charge (reversal) for the year	(10,541,942)	1,249,504	(2,985,711)	1,249,504
Recognised in other comprehensive income				
Deferred tax on Actuarial Gain/(Loss)	(1,545,838)	299,319	(1,545,838)	299,319
Balance at 31st March	(10,537,279)	1,550,501	(2,981,048)	1,550,501

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 provision for deferred tax is attributable to the following;

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18. DEFERRED TAXATION (ASSET)/ LIABILITY (CONTINUED)

As At 31st March	2019		2018	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
(a) GROUP				
On Property, Plant and Equipment	6,801,201	1,904,336	17,280,683	4,838,591
On Retirement Benefit Obligations	(11,926,952)	(3,339,547)	(12,812,177)	(3,587,409)
On Carried forward Tax Losses	(26,986,539)	(7,556,231)	-	-
	(32,112,290)	(8,991,442)	4,468,506	1,251,182
On Actuarial Gain / (Loss) on Retirement Benefit Obligations	(5,520,851)	(1,545,838)	1,068,997	299,319
	(37,633,141)	(10,537,280)	5,537,503	1,550,501
(b) COMPANY				
On Property, Plant and Equipment	6,801,201	1,904,336	17,280,683	4,838,591
On Retirement Benefit Obligations	(11,926,952)	(3,339,547)	(12,812,177)	(3,587,409)
	(5,125,751)	(1,435,211)	4,468,506	1,251,182
On Actuarial Gain / (Loss) on Retirement Benefit Obligations	(5,520,851)	(1,545,838)	1,068,997	299,319
	(10,646,602)	(2,981,048)	5,537,503	1,550,501

19. STATED CAPITAL

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
182,400,000 Ordinary Shares	333,200,000	333,200,000	333,200,000	333,200,000
	333,200,000	333,200,000	333,200,000	333,200,000

The Company has issued 68,400,000 Shares at a consideration of Rs.205,200,000 (Rs.3 per share) on 22nd February 2018.

20. INTEREST BEARING BORROWINGS

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Payable within One Year (Note 20.1)	767,000,000	693,000,000	767,000,000	693,000,000
Payable after One Year (Note 20.2)	462,158,794	-	191,666,667	-
	1,229,158,794	693,000,000	958,666,667	693,000,000
20.1 Payable within One Year				
Commercial Papers (Note 20.1.1)	-	-	-	-
NDB Short Term Loan (Note 20.1.2)	317,000,000	313,000,000	317,000,000	313,000,000
Sampath Bank Short Term Loan (Note 20.1.3)	100,000,000	130,000,000	100,000,000	130,000,000
Seylan Bank Short Term Loan (Note 20.1.4)	50,000,000	50,000,000	50,000,000	50,000,000
DFCC Bank Short Term Loan (Note 20.1.5)	200,000,000	200,000,000	200,000,000	200,000,000
HNB Trustee Loan (Note 20.2.1)	100,000,000	-	100,000,000	-
	767,000,000	693,000,000	767,000,000	693,000,000
20.1.1 Commercial Papers				
Balance as at 1st April	-	-	-	-
Issued during the Year	700,000,000	492,000,000	700,000,000	492,000,000
Interest on Commercial Paper	42,791,707	44,830,413	42,791,707	44,830,413
Interest Paid on Commercial Paper	(42,791,707)	(44,830,413)	(42,791,707)	(44,830,413)
Redeemed during the Year	(700,000,000)	(492,000,000)	(700,000,000)	(492,000,000)
Balance as at 31st March	-	-	-	-
20.1.2 NDB Short Term Loan				
Balance as at 1st April	313,000,000	130,000,000	313,000,000	130,000,000
Loan Obtained During the Year	1,227,000,000	903,000,000	1,227,000,000	903,000,000
Repayments made during the Year	(1,223,000,000)	(720,000,000)	(1,223,000,000)	(720,000,000)
Balance as at 31st March	317,000,000	313,000,000	317,000,000	313,000,000
20.1.3 Sampath Bank Short Term Loan				
Balance as at 1st April	130,000,000	100,000,000	130,000,000	100,000,000
Loan Obtained During the Year	600,000,000	410,000,000	600,000,000	410,000,000
Repayments made during the Year	(630,000,000)	(380,000,000)	(630,000,000)	(380,000,000)
Balance as at 31st March	100,000,000	130,000,000	100,000,000	130,000,000

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20. INTEREST BEARING BORROWINGS (CONTINUED)

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
20.1.4 Seylan Bank Short Term Loan				
Balance as at 1st April	50,000,000	-	50,000,000	-
Loan Obtained During the Year	250,000,000	330,000,000	250,000,000	330,000,000
Repayments made during the Year	(250,000,000)	(280,000,000)	(250,000,000)	(280,000,000)
Balance as at 31st March	50,000,000	50,000,000	50,000,000	50,000,000
20.1.5 DFCC Bank Short Term Loan				
Balance as at 1st April	200,000,000	-	200,000,000	-
Loan Obtained During the Year	1,175,000,000	1,025,000,000	1,175,000,000	1,025,000,000
Repayments made during the Year	(1,175,000,000)	(825,000,000)	(1,175,000,000)	(825,000,000)
Balance as at 31st March	200,000,000	200,000,000	200,000,000	200,000,000
20.2 Payable After One Year				
HNB Trustee Loan (Note 20.2.1)	191,666,667	-	191,666,667	-
HNB Term Loan (Note 20.2.2)	270,492,128	-	-	-
	462,158,794	-	191,666,667	-
20.2.1 HNB Trustee Loan				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	300,000,000	-	300,000,000	-
Repayments made during the Year	(8,333,333)	-	(8,333,333)	-
Balance as at 31st March	291,666,667	-	291,666,667	-
Amount Payable within One Year	100,000,000	-	100,000,000	-
Amount Payable after One Year	191,666,667	-	191,666,667	-
	291,666,667	-	291,666,667	-

	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
As At 31st March				
20.2.2 HNB Term Loan				
Balance as at 1st April	-	-	-	-
Loan Obtained During the Year	270,492,128	-	-	-
Repayments made during the Year	-	-	-	-
Balance as at 31st March	270,492,128	-	-	-
Amount Payable within One Year	-	-	-	-
Amount Payable After One Year	270,492,128	-	-	-
	270,492,128	-	-	-

20.3 Assets pledged as collateral by the Group / Company

Name of the financial institution	Nature of the facility	Balance as at 31st March 2019 Rs.	Securities Pledged
Group			
Hatton National Bank PLC	Term Loan	270,492,128	1. Corporate Guarantee of Ceylon Tea Brokers PLC for Rs.550 Mn 2. Mortgage bond for Rs.550 Mn over commercial property (lease hold at Ela road Muthurajawela and everything standing thereon with all fixtures, fittings, services and such other rights attached or appertaining thereto.)

21. LEASE PAYABLE

	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
As At 31st March				
Payable to Dialog Finance PLC (Previously known as Colombo Trust Financial PLC) (Note 21.1)	-	-	-	-
Lease Payable to HNB (Note 21.2)	3,787,014	4,685,854	3,787,014	4,685,854
	3,787,014	4,685,854	3,787,014	4,685,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. LEASE PAYABLE (CONTINUED)

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
21.1 Payable to Dialog Finance PLC				
Balance as at 1st April	-	1,400,174	-	1,400,174
Payments made during the Year	-	(1,400,174)	-	(1,400,174)
Balance as at 31st March	-	-	-	-
21.2 Lease Payable to HNB				
Balance as at 1st April	4,685,854	-	4,685,854	-
Lease Obtained During the year	-	5,400,000	-	5,400,000
Payments made during the Year	(898,840)	(714,146)	(898,840)	(714,146)
Balance as at 31st March	3,787,014	4,685,854	3,787,014	4,685,854
Amount Payable within One Year	1,043,335	1,522,560	1,043,335	1,522,560
Amount Payable after One Year	2,743,679	3,163,294	2,743,679	3,163,294

22. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance as at 1st April	11,743,180	12,376,268	11,743,180	12,376,268
Provision made during the Year (Note 22.2)	8,882,961	2,012,882	8,882,961	2,012,882
Payments made during the Year	(3,178,338)	(2,645,970)	(3,178,338)	(2,645,970)
Balance as at 31st March	17,447,803	11,743,180	17,447,803	11,743,180
22.1 Movement of Retirement Benefit Obligations				
Balance as at 1st April	11,743,180	12,376,268	11,743,180	12,376,268
Current Service Cost	2,070,360	1,547,034	2,070,360	1,547,034
Interest Cost	1,291,750	1,534,845	1,291,750	1,534,845
Actuarial (Gain)/ Loss	5,520,851	(1,068,997)	5,520,851	(1,068,997)
Paid during the Year	(3,178,338)	(2,645,970)	(3,178,338)	(2,645,970)
Balance as at 31st March	17,447,803	11,743,180	17,447,803	11,743,180

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
22.2 Amount Recognised in the Statement of Profit and Loss and Other Comprehensive Income				
Current Service Cost (Profit or Loss)	2,070,360	1,534,845	2,070,360	1,534,845
Interest Cost (Profit or Loss)	1,291,750	1,547,034	1,291,750	1,547,034
Actuarial (Gain)/ Loss (Other Comprehensive Income)	5,520,851	(1,068,997)	5,520,851	(1,068,997)
	8,882,961	2,012,882	8,882,961	2,012,882

22.3 The actuarial valuations have been carried out by Actuarial and Management Consultants (Private) Limited for retiring gratuity for employees as at 31st March 2019. 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".

	2019	2018
22.4 The Key Assumptions used by the actuary include the following;		
Discount Rate	11.5%	11%
Expected Annual Average Salary Increment	5%	4%
Retiring Age	55 Years	55 Years
Staff Turnover Ratio	10%	7%

22.5 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.
1% Increase	As Given in the Report	16,639,699
1% Decrease	As Given in the Report	18,341,302
As Given in the Report	1% Increase	18,469,001
As Given in the Report	1% Decrease	16,512,726

23. TRADE AND OTHER PAYABLES

As At 31st March	GROUP		COMPANY	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade Payables	183,446,564	173,683,117	183,446,564	173,683,117
Accrued Expenses	13,552,770	8,387,356	13,552,770	8,387,356
Provisions for Expenses	30,809,762	701,001	30,809,762	580,000
Other Payables	9,264,556	14,297,927	7,533,835	14,297,927
	237,073,652	197,069,401	235,342,931	196,948,400

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24. FINANCIAL INSTRUMENTS

24.1 Financial Instruments - Statement of Financial Position

The Financial Instruments recognized in the Statement of Financial Position is as follows;

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Financial Assets				
Non Current Assets				
Loans to Tea Suppliers	70,709,760	80,350,339	70,709,760	80,350,339
	70,709,760	80,350,339	70,709,760	80,350,339
Current Assets				
Trade and Other Receivables	1,955,842,972	1,508,659,467	1,942,989,476	1,507,778,412
Loans Given to Tea suppliers	33,846,776	165,041,109	33,846,776	165,041,109
	1,989,689,748	1,673,700,576	1,976,836,252	1,672,819,521
Cash and Cash Equivalents	274,651,647	52,161,756	274,643,739	52,136,848
	2,335,051,155	1,806,212,671	2,322,189,751	1,805,306,708
Financial Liabilities				
Non Current Liabilities				
HNB Trustee Loan	191,666,667	-	191,666,667	-
HNB Term Loan	270,492,128	-	-	-
Lease Payable to HNB PLC	2,743,679	3,163,294	2,743,679	3,163,294
	464,902,474	3,163,294	194,410,346	3,163,294
Current Liabilities				
Interest Bearing Borrowings	667,000,000	693,000,000	667,000,000	693,000,000
HNB Trustee Loan	100,000,000	-	100,000,000	-
Lease Payable to HNB PLC	1,043,335	1,522,560	1,043,335	1,522,560
Trade and Other Payable	237,073,652	197,069,401	235,342,931	196,948,400
	1,005,116,987	891,591,961	1,003,386,266	891,470,960
Bank Overdrafts	958,333,015	692,474,636	779,980,734	692,474,636
	2,428,352,476	1,587,229,891	1,977,777,346	1,587,108,890

24.2 Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks

This note presents qualitative and quantitative information about the Group's exposure to each of the above risks. The Group's objectives, policies and measuring and managing risk.

24.2.1 Risk Management Framework

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

24.2.1.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet it's contractual obligation, and arises principally from the Group's receivables from customers, investments and forward contracts.

Group's credit exposure is closely monitored. Credit given is reviewed with the pre-determined approval procedures and contractual agreements made for every high value transaction.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31st March 2019 are given below:

	GROUP		COMPANY	
	Carrying Amounts		Carrying Amounts	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade and Other Receivables	1,955,842,972	1,508,659,467	1,942,989,476	1,507,778,412
Loans to Tea Suppliers	253,648,249	373,033,134	253,648,249	373,033,134
Less : Provision for impairment losses on Loans to Tea Suppliers	(149,091,713)	(127,641,686)	(149,091,713)	(127,641,686)
Exposure on Loans to Tea Suppliers and Trade and Other Receivables	2,060,399,508	1,754,050,915	2,047,546,012	1,753,169,860
Cash at Bank	268,475,583	46,527,954	268,467,675	46,503,046
Fixed Deposit	6,111,064	5,568,802	6,111,064	5,568,802
	2,334,986,155	1,806,147,671	2,322,124,751	1,805,241,708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

The aging of Trade and Other Receivables and Loans to Tea Suppliers at the reporting date was;

As At 31st March	2019		2018	
	Gross Rs.	Impairment Rs.	Gross Rs.	Impairment Rs.
GROUP				
Past due 0-365 days	2,007,279,000	1,297,146	1,673,700,576	-
More than one year	202,212,221	147,794,567	207,992,025	127,641,686
	2,209,491,221	149,091,713	1,881,692,601	127,641,686
COMPANY				
Past due 0-365 days	1,994,425,504	1,297,146	1,672,819,521	-
More than one year	202,212,221	147,794,567	207,992,025	127,641,686
	2,196,637,725	149,091,713	1,880,811,546	127,641,686

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39. For assets in the scope of the SLFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of SLFRS 9's impairment requirements at 1st April 2018 and there were no any significant adjustment required to the opening balances and provision for Trade and other receivables and Loans were adjusted as at 31st March 2019.

Expected credit loss assessment for individual customers

The Group has estimated provision for impairment based on the expected credit losses to be incurred, which is estimated by taking in to account the aging of overdue balances, the repayment history of the individual customers, current and future customer- specific conditions, all of which involves a significant degree of management judgment.

As At 31st March	GROUP	COMPANY
	2019 Rs.	2019 Rs.
Balance at 31st March 2018 under LKAS 39	127,641,686	127,641,686
Adjustment on initial application of SLFRS 9	-	-
Balance as at 1st April 2018 under SLFRS 9	127,641,686	127,641,686
Provision made during the year	21,450,027	21,450,027
Writeoff during the year	-	-
Balance as at 31st March 2019	149,091,713	149,091,713

24.2.1.2 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

GROUP

Non Derivative Financial Liabilities

	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
As at 31st March 2019				
Trade and Other Payables	237,073,652	237,073,652	237,073,652	-
Interest Bearing Borrowings	1,229,158,794	1,229,158,794	767,000,000	462,158,794
Bank Overdrafts	958,333,015	958,333,015	958,333,015	-
Lease Payable	3,787,014	3,787,014	1,043,335	2,743,679
	2,428,352,475	2,428,352,475	1,963,450,002	464,902,473

As at 31st March 2018

Trade and Other Payables	197,069,401	197,069,401	197,069,401	-
Interest Bearing Borrowings	693,000,000	693,000,000	693,000,000	-
Bank Overdrafts	692,474,636	692,474,636	692,474,636	-
Lease Payable	4,685,854	4,685,854	1,522,560	3,163,294
	1,587,229,891	1,587,229,891	1,584,066,597	3,163,294

COMPANY

Non Derivative Financial Liabilities

	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
As at 31st March 2019				
Trade and Other Payables	235,342,931	235,342,931	235,342,931	-
Interest Bearing Borrowings	958,666,667	958,666,667	767,000,000	191,666,667
Bank Overdrafts	779,980,734	779,980,734	779,980,734	-
Lease Payable	3,787,014	3,787,014	1,043,335	2,743,679
	1,977,777,346	1,977,777,346	1,783,367,000	194,410,346

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

COMPANY

Non Derivative Financial Liabilities

	Carrying amount Rs.	Contractual cash flows Rs.	One Year or less Rs.	More than One Year Rs.
As at 31st March 2018				
Trade and Other Payables	196,948,400	196,948,400	196,948,400	-
Interest Bearing Borrowings	693,000,000	693,000,000	693,000,000	-
Bank Overdrafts	692,474,636	692,474,636	692,474,636	-
Lease Payable	4,685,854	4,685,854	1,522,560	3,163,294
	1,587,108,890	1,587,108,890	1,583,945,596	3,163,294

24.2.1.3 Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Group's income or the value of its holding of Financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

24.2.1.3.1 Currency Risk

At the reporting date the Group has not exposed to currency risk.

24.2.1.3.2 Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Company's long term debt obligations and investments with floating interest rates.

24.2.1.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	GROUP		COMPANY	
As At 31st March	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Total Liabilities	2,466,703,220	1,616,022,602	2,016,128,091	1,615,901,601
Less: Cash and Cash Equivalents	(274,651,647)	(52,161,756)	(274,643,739)	(52,136,848)
Net Debt	2,192,051,573	1,563,860,846	1,741,484,352	1,563,764,753
Total Equity	574,069,815	464,490,433	582,557,144	471,251,530
Net Debt to Equity Ratio	3.82	3.37	2.99	3.32

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

As At 31st March	2019		2018	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
GROUP				
Assets carried at amortised cost				
Loans to Tea Suppliers	104,556,536	104,556,536	245,391,448	245,391,448
Trade and other receivables	1,972,834,198	1,972,834,198	1,524,958,549	1,524,958,549
Cash and cash equivalents	274,651,647	274,651,647	52,161,756	52,161,756
	2,352,042,381	2,352,042,381	1,822,511,753	1,822,511,753
Liabilities carried at amortised cost				
Interest Bearing Borrowings	1,229,158,794	1,229,158,794	693,000,000	693,000,000
Lease Payables	3,787,014	3,787,014	4,685,854	4,685,854
Trade and other payables	237,073,652	237,073,652	197,069,401	197,069,401
Bank overdrafts	958,333,015	958,333,015	692,474,636	692,474,636
	2,428,352,475	2,428,352,475	1,587,229,891	1,587,229,891
COMPANY				
Assets carried at amortised cost				
Loans to Tea Suppliers	104,556,536	104,556,536	245,391,448	245,391,448
Trade and other receivables	1,959,980,702	1,959,980,702	1,524,077,494	1,524,077,494
Amount Due From Related Party	-	-	3,267,693	3,267,693
Cash and cash equivalents	274,643,739	274,643,739	52,136,848	52,136,848
	2,339,180,977	2,339,180,977	1,824,873,483	1,824,873,483
Liabilities carried at amortised cost				
Interest Bearing Borrowings	958,666,667	958,666,667	693,000,000	693,000,000
Lease Payables	3,787,014	3,787,014	4,685,854	4,685,854
Trade and other payables	235,342,931	235,342,931	196,948,400	196,948,400
Bank overdrafts	779,980,734	779,980,734	692,474,636	692,474,636
	1,977,777,346	1,977,777,346	1,587,108,890	1,587,108,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments not carried at fair value and valuation bases

The table below analyse financial instruments measured at amortized cost at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2019				
Assets carried at amortised cost				
Loans to Tea Suppliers	-	-	104,556,536	104,556,536
Trade and other receivables	-	-	1,972,834,198	1,972,834,198
	-	-	2,077,390,734	2,077,390,734
Liabilities carried at amortised cost				
Interest Bearing Borrowings	-	-	1,229,158,794	1,229,158,794
Lease Payables	-	-	3,787,014	3,787,014
Trade and other payables	-	-	237,073,652	237,073,652
	-	-	1,470,019,460	1,470,019,460
As at 31st March 2018				
Assets carried at amortised cost				
Loans to Tea Suppliers	-	-	245,391,448	245,391,448
Trade and other receivables	-	-	1,524,958,549	1,524,958,549
	-	-	1,770,349,997	1,770,349,997
Liabilities carried at amortised cost				
Interest Bearing Borrowings	-	-	693,000,000	693,000,000
Lease Payables	-	-	4,685,854	4,685,854
Trade and other payables	-	-	197,069,401	197,069,401
	-	-	894,755,255	894,755,255

Company	Level I Rs.	Level II Rs.	Level III Rs.	Total Rs.
As at 31st March 2019				
Assets carried at amortised cost				
Loans to Tea Suppliers	-	-	104,556,536	104,556,536
Trade and other receivables	-	-	1,959,980,702	1,959,980,702
	-	-	2,064,537,238	2,064,537,238
Liabilities carried at amortised cost				
Interest Bearing Borrowings	-	-	958,666,667	958,666,667
Lease Payables	-	-	3,787,014	3,787,014
Trade and other payables	-	-	235,342,931	235,342,931
	-	-	1,197,796,612	1,197,796,612
As at 31st March 2018				
Assets carried at amortised cost				
Loans to Tea Suppliers	-	-	245,391,448	245,391,448
Trade and other receivables	-	-	1,524,077,494	1,524,077,494
Amount Due From Related Party	-	-	3,267,693	3,267,693
	-	-	1,772,736,635	1,772,736,635
Liabilities carried at amortised cost				
Interest Bearing Borrowings	-	-	693,000,000	693,000,000
Lease Payables	-	-	4,685,854	4,685,854
Trade and other payables	-	-	196,948,400	196,948,400
	-	-	894,634,254	894,634,254

Cash and cash equivalents / Bank overdrafts

The carrying amount of the cash and cash equivalents, balances at the bank and bank overdrafts approximate the fair value as they are short term in nature.

Trade and other receivables / Amount due from related companies

Trade and other receivables / Amount due from related companies are expected to be settled within one year from the reporting date, hence the discounting impact would be immaterial. Therefore, carrying amount approximates the fair value as at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Trade and other payable

Trade and other payables are expected to be settled within one year from the reporting date hence the discounting impact would be immaterial. Therefore, carrying amount approximate the fair value as at the reporting date.

Categorization of financial assets and liabilities as at the reporting date as per SLFRS 9 - Financial instruments

As At 31st March 2019	Amortised cost Rs.	Fair value through profit or loss Rs.	Fair value through other comprehensive income Rs.
GROUP			
Financial assets			
Loans to Tea Suppliers	104,556,536	-	-
Trade and other receivables	1,972,834,198	-	-
Cash and cash equivalents	274,651,647	-	-
	2,352,042,381	-	-
Financial liabilities			
Interest Bearing Borrowings	1,229,158,794	-	-
Lease Payables	3,787,014	-	-
Trade and other payables	237,073,652	-	-
Bank overdrafts	958,333,015	-	-
	2,428,352,475	-	-
COMPANY			
Financial assets			
Loans to Tea Suppliers	104,556,536	-	-
Trade and other receivables	1,959,980,702	-	-
Cash and cash equivalents	274,643,739	-	-
	2,339,180,977	-	-
Financial liabilities			
Interest Bearing Borrowings	958,666,667	-	-
Lease Payables	3,787,014	-	-
Trade and other payables	235,342,931	-	-
Bank overdrafts	779,980,734	-	-
	1,977,777,346	-	-

Categorization of financial assets and liabilities as at the reporting date as per LKAS 39 - "Financial instruments : Recognition and measurement"

As At 31st March 2018	GROUP			
	Held for trading	Held to maturity	loans and receivables	Available for sale
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Loans to Tea Suppliers	-	-	245,391,448	-
Trade and other receivables	-	-	1,524,958,549	-
Cash and cash equivalents	-	-	52,161,756	-
	-	-	1,822,511,753	-

As At 31st March 2018	GROUP	
	Fair value through profit or loss	Other financial liabilities
	Rs.	Rs.
Financial liabilities		
Interest Bearing Borrowings	-	693,000,000
Lease Payables	-	4,685,854
Trade and other payables	-	197,069,401
Bank overdrafts	-	692,474,636
	-	1,587,229,891

As At 31st March 2018	COMPANY			
	Held for trading	Held to maturity	loans and receivables	Available for sale
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Loans to Tea Suppliers	-	-	245,391,448	-
Trade and other receivables	-	-	1,524,077,494	-
Amount Due From Related Party	-	-	3,267,693	-
Cash and cash equivalents	-	-	52,136,848	-
	-	-	1,824,873,483	-

As At 31st March 2018	COMPANY	
	Fair value through profit or loss	Other financial liabilities
	Rs.	Rs.
Financial liabilities		
Interest Bearing Borrowings	-	693,000,000
Lease Payables	-	4,685,854
Trade and other payables	-	196,948,400
Bank overdrafts	-	692,474,636
	-	1,587,108,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS

26.1 RELATED PARTY TRANSACTIONS - RECURRENT

For The Year Ended 31st March 2019				Aggregate value of Related Party Transactions entered into during the financial year 2019 Rs.
Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction	
Agarapathana Plantations Limited	Mr. C P R Perera	Director	Brokerage Income	4,776,246
			Handling Charges	260,675
			Interest Income	32,034,432
Kotagala Plantations PLC	Mr. C P R Perera	Director	Brokerage Income	6,832,665
			Handling Charges	640,072
			Interest Income	20,271,386
Insite Factories (Private) Limited	Mr. C P R Perera	Director	Brokerage Income	1,993,171
			Handling Charges	465,676
			Interest Income	-
Capital Alliance Holding Limited	Mr. W A T Fernando	Director	Service fees paid	(1,836,735)
	Ms. N T M S Cooray	Director	Service Fees Received	
Capital Alliance Limited	Mr. W A T Fernando	Director	Service fees paid	-
Capital Alliance Partners	Mr. W A T Fernando	Director	Rent Income	518,978
	Ms. N T M S Cooray	Director	Service Fees Received	10,175
			Service Fees Paid	(1,020,408)
Logicare (Private) Limited	Mr. W A T Fernando	Director	Expenses Reimbursement	(175,053,359)
	Mr. C P R Perera	Director	Settlement Received	178,321,051
	Mr. K H S Deshapriya	Director		
	Mr. W De Silva	Director		
Finnovations (Private) Limited	Mr. W A T Fernando	Director	Rent Income	1,487,483
			Service Fees Paid	-
			Service Fees Received	116,925
Commercial Bank of Ceylon PLC	Ms. N.T.M.S. Cooray	Director	Interest Paid on Overdraft	(3,238,882)
Capital Alliance Securities (Private) Limited	Mr. W.A.T.Fernando	Director	Service Fees Received	192,780
	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.

GROUP				COMPANY		
Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2018 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2019 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue	Aggregate value of Related Party Transactions entered into during the financial year 2018 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue
0.62%	6,414,087	0.98%	4,776,246	0.62%	6,414,087	0.98%
0.03%	480,907	0.07%	260,675	0.03%	480,907	0.07%
4.17%	14,721,544	2.24%	32,034,432	4.17%	14,721,544	2.24%
0.89%	8,504,919	1.30%	6,832,665	0.89%	8,504,919	1.30%
0.08%	791,480	0.12%	640,072	0.08%	791,480	0.12%
2.64%	30,769,139	4.69%	20,271,386	2.64%	30,769,139	4.69%
0.26%	2,012,072	0.31%	1,993,171	0.26%	2,012,072	0.31%
0.06%	182,123	0.03%	465,676	0.06%	182,123	0.03%
-	24,045	0.00%	-	-	24,045	0.00%
-0.24%	(489,796)	-0.07%	(1,836,735)	-0.24%	(489,796)	-0.07%
-	57,834	0.01%	-	-	57,834	0.01%
-	(68,309)	-0.01%	-	-	(68,309)	-0.01%
0.07%	-	-	518,978	0.07%	-	-
0.00%	-	-	10,175	0.00%	-	-
-0.13%	-	-	(1,020,408)	-0.13%	-	-
-22.80%	-	-	(175,053,359)	-22.80%	-	-
23.23%	-	-	178,321,051	23.23%	-	-
0.19%	1,796,094	0.27%	1,487,483	0.19%	1,796,094	0.27%
-	(180,000)	-0.03%	-	-	(180,000)	-0.03%
0.02%	157,750	0.02%	116,925	0.02%	157,750	0.02%
-0.42%	(12,152,771)	-1.85%	(3,238,882)	-0.42%	(12,152,771)	-1.85%
0.03%	11,575	0.00%	192,780	0.03%	11,575	0.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS (CONTINUED)

26.2 RELATED PARTY TRANSACTIONS - NON RECURRENT

For The Year Ended 31st March 2019

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
Capital Alliance Holdings Limited	Mr. W A T Fernando	Director	Commercial Paper Issued
	Ms. N T M S Cooray	Director	Commercial Paper Settled
			Interest Paid on Commercial Paper
Capital Alliance Investment Grade Fund	Mr. W A T Fernando	Directors of Fund Management Company	Commercial Papers Issued
	Ms. H M S Perera		Capital Repaid
			Interest Paid
Capital Alliance High Yield Fund	Mr. W A T Fernando	Directors of Fund	Commercial Papers Issued
	Ms. H M S Perera	Management	Capital Repaid
			Interest Paid

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

GROUP					
Aggregate value of Related Party Transactions entered into during the financial year 2019 Rs.	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 2018 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
100,000,000	17.42%	3.29%	10,000,000	2.15%	0.48%
-100,000,000	-17.42%	-3.29%	-10,000,000	-2.15%	-0.48%
-282,397	-0.05%	-0.01%	-16,986	0.00%	0.00%
600,000,000	104.52%	19.73%	392,000,000	84.39%	18.84%
-600,000,000	-104.52%	-19.73%	-392,000,000	-84.39%	-18.84%
-42,791,707	-7.45%	-1.41%	-43,145,265	-9.29%	-2.07%
-	-	-	100,000,000	21.53%	4.81%
-	-	-	-100,000,000	-21.53%	-4.81%
-	-	-	-1,576,684	-0.34%	-0.08%

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26. RELATED PARTY TRANSACTIONS (CONTINUED)

26.3 RELATED PARTY TRANSACTIONS - NON RECURRENT

For The Year Ended 31st March 2019

Name of the Related Party	Names of Directors	Nature of Interest	Nature of Transaction
Capital Alliance Holdings Limited	Mr. W A T Fernando	Director	Commercial Paper Issued
	Ms. N T M S Cooray	Director	Commercial Paper Settled
			Interest Paid on Commercial Paper
Capital Alliance Investment Grade Fund	Mr. W A T Fernando	Directors of Fund Management Company	Commercial Papers Issued
	Ms. H M S Perera		Capital Repaid
			Interest Paid
Capital Alliance High Yield Fund	Mr. W A T Fernando	Directors of Fund	Commercial Papers Issued
	Ms. H M S Perera	Management	Capital Repaid
			Interest Paid

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 2019 Rs.	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 2018 Rs.	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets
100,000,000	17.16%	3.85%	10,000,000	2.12%	0.48%
-100,000,000	-17.16%	-3.85%	-10,000,000	-2.12%	-0.48%
-282,397	-0.05%	-0.01%	-16,986	0.00%	0.00%
600,000,000	102.99%	23.09%	392,000,000	83.18%	18.78%
-600,000,000	-102.99%	-23.09%	-392,000,000	-83.18%	-18.78%
-42,791,707	-7.35%	-1.65%	-43,145,265	-9.16%	-2.07%
-	-	-	100,000,000	21.22%	4.79%
-	-	-	-100,000,000	-21.22%	-4.79%
-	-	-	-1,576,684	-0.33%	-0.08%

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26.4 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 Group has identified Directors as KMP and following payment have been paid to KMP's of the Group during the year.

	2019 Rs.	2018 Rs.
Salaries, Bonus, Allowances Paid	21,386,765	33,845,164
Consultancy Fees Paid	2,100,000	1,070,000
	23,486,765	34,915,164

27. CAPITAL COMMITMENTS

There are no material commitments as at the reporting date.

28. CONTINGENT LIABILITIES

The Company has provided corporate guarantee of Rs. 550 Mn to Hatton National Bank PLC on behalf of the Logicare (Private) Limited to obtain a Loan Facility during the year.

There are no material contingent liabilities as at the reporting date that require adjustment or disclosure in the financial statements other than disclosed above.

29. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date except for the following that would require adjustments to or disclosure in the Financial Statements.

Dividend Disclosure

The Board of Directors of the Company approved the payment of final dividend of Rs. 0.35 (35 cents) per share on 24th May 2019 for the year ended 31st March 2019.

05.

**SUPPLEMENTARY
INFORMATION**

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Company will be held at the Auditorium of Ceylon Chamber of Commerce, 50, Nawam Mawatha, Colombo 02 on 27th June 2019 at 2.30 p.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 2019 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 77 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 75 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 Ms. H M S Perera who retires by rotation in terms of Article 87 (i) of the Articles of Association of the Company as a Director.
5. To elect Mr. R J Niraj de Mel, who retires in terms of Articles 94 of the Articles of Association, as a Director of the Company.
6. To elect Mr. H T D Nonis, who retires in terms of Articles 94 of the Articles of Association, as a Director of the Company.
7. To elect Mr. K A D Fernando, who retires in terms of Articles 94 of the Articles of Association, as a Director of the Company.
8. To elect Mr. Z Mohamed, who retires in terms of Articles 94 of the Articles of Association, as a Director of the Company.
9. To appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
10. To authorize the Directors to determine donations for the year ending 31st March 2020 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

24th May 2019
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

NOTES

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	or failing him*
Mr. R J N de Mel	of Colombo	or failing him*
Mr. H T D Nonis	of Colombo	or failing him*
Mr. K A D Fernando	of Colombo	or failing him*
Mr. Z Mohamed	of Colombo	or failing him*

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Tenth Annual General Meeting of the Company to be held on 27th June 2019 at 2.30 p.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		
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		
3.	To re-elect Ms. H M S Perera as a Director in terms of Article 87 (i) of the Articles of Association of the Company		
4.	To elect Mr. R J N De Mel as a Director in terms of Article 94 of the Articles of Association of the Company		
5.	To elect Mr. H T D Nonis as a Director in terms of Article 94 of the Articles of Association of the Company		
6.	To elect Mr. K A D Fernando as a Director in terms of Article 94 of the Articles of Association of the Company		
7.	To elect Mr. Zameel Mohamed as a Director in terms of Article 94 of the Articles of Association of the Company		
8.	To appoint Messrs. KPMG Chartered Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration		
9.	To authorize the Directors to determine donations for the year ending 31st March 2020 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this day of Two Thousand and Nineteen

*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. R. J. N. De Mel
 Mr. H. T. D. Nonis
 Mr. K. A. D. Fernando
 Mr. Z. Mohamed

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.ceylontebrokers.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: fgdesaram@fgdesaram.com

Mr. K. Wasantha S. Fernando

Attorney – at – Law
 No. 4/145, 1/1, Thalaketuwa 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.ceylontebrokers.com



**Ceylon
Tea
Brokers**

Ceylon Tea Brokers PLC
Level 07, Millennium House,
No. 46/58, Nawam Mawatha,
Colombo 02, Sri Lanka.