



CEYLON TEA BROKERS PLC

PB 1280 PQ

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2020

CEYLON TEA BROKERS PLC
Statement of Profit or Loss and Other Comprehensive Income for the Period Ended 31st March

	GROUP						COMPANY					
	For the Quarter Ended		Variance %	For the year ended		Variance %	For the Quarter Ended		Variance %	For the year ended		Variance %
	31.03.2020	31.03.2019		31.03.2020	31.03.2019		31.03.2020	31.03.2019		31.03.2020	31.03.2019	
	Rs.	Rs.		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	
Revenue	168,574,269	217,600,210	-23%	692,627,543	767,644,672	-10%	136,848,533	217,600,210	-37%	580,642,759	767,644,672	-24%
Operating Expenses	(34,905,198)	(16,582,752)	110%	(123,196,158)	(66,054,502)	87%	(4,714,973)	(16,582,752)	-72%	(19,888,029)	(66,054,502)	-70%
Gross Profit	133,669,072	201,017,458	-34%	569,431,385	701,590,170	-19%	132,133,561	201,017,458	-34%	560,754,730	701,590,170	-20%
Marketing Expenses	(45,154,019)	(8,328,368)	442%	(135,358,435)	(33,315,168)	306%	(43,925,533)	(8,328,368)	427%	(133,307,569)	(33,315,168)	300%
Administration Expenses	(61,494,439)	(82,448,288)	-25%	(241,843,293)	(274,309,488)	-12%	(52,622,691)	(79,133,038)	-34%	(209,164,381)	(265,027,025)	-21%
Finance Expenses	(57,819,538)	(66,561,764)	-13%	(231,218,466)	(233,744,952)	-1%	(38,053,296)	(66,561,764)	-43%	(180,793,469)	(233,744,952)	-23%
Profit Before Taxation	(30,798,925)	43,679,037	-171%	(38,988,809)	160,220,562	-124%	(2,467,960)	46,994,287	-105%	37,489,311	169,503,025	-78%
Taxation	(10,722,059)	(5,273,981)	103%	(23,508,387)	(46,666,168)	-50%	(3,161,919)	(12,830,212)	-75%	(15,948,247)	(54,222,399)	-71%
Profit /(Loss) After Taxation	(41,520,984)	38,405,056	-208%	(62,497,196)	113,554,394	-155%	(5,629,879)	34,164,075	-116%	21,541,064	115,280,626	-81%
Other Comprehensive Income/(Loss)	(832,197)	(3,975,013)		(832,197)	(3,975,013)		(822,144)	(3,975,013)		(822,144)	(3,975,013)	
Profit /(Loss) for the Period	(42,353,181)	34,430,044	-223%	(63,329,393)	109,579,381	-158%	(6,452,023)	30,189,063	-121%	20,718,920	111,305,613	-81%
Basic Earnings / (Loss) Per Share	(0.23)	0.21		(0.34)	0.62		(0.03)	0.19		0.12	0.63	

figures in brackets indicate deductions.

CEYLON TEA BROKERS PLC
Statement of Financial Position

As at	<u>GROUP</u>		<u>COMPANY</u>	
	<u>Unaudited</u> 31.03.2020 Rs.	<u>Audited</u> 31.03.2019 Rs.	<u>Unaudited</u> 31.03.2020 Rs.	<u>Audited</u> 31.03.2019 Rs.
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	718,468,372	451,581,849	16,007,942	20,712,280
Right of Use Assets	262,058,691	180,267,242	53,631,466	-
Intangible Assets	48,733,220	46,344,285	5,199,865	2,810,930
Deferred Tax	13,365,539	10,537,279	13,365,539	2,981,048
Loans & Advances to Tea Suppliers	55,568,950	70,709,760	55,568,950	70,709,760
	<u>1,098,194,772</u>	<u>759,440,414</u>	<u>143,773,762</u>	<u>97,214,018</u>
Investment in Logicare (Pvt) Ltd	-	-	433,000,000	233,000,000
Current Assets				
Trade and Other Receivables	105,194,984	413,419,437	62,263,627	400,565,941
Loans & Advances to Tea Suppliers	975,639,911	1,593,261,537	975,639,911	1,593,261,537
Cash and Cash Equivalents	49,313,046	274,651,647	49,138,185	274,643,739
	<u>1,130,147,941</u>	<u>2,281,332,623</u>	<u>1,087,041,723</u>	<u>2,268,471,217</u>
Total Assets	<u>2,228,342,713</u>	<u>3,040,773,037</u>	<u>1,663,815,485</u>	<u>2,598,685,235</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	333,200,000	333,200,000	333,200,000	333,200,000
Reserves	116,248,586	240,869,814	208,784,228	249,357,143
Total Equity	<u>449,448,586</u>	<u>574,069,814</u>	<u>541,984,228</u>	<u>582,557,143</u>
Non-Current Liabilities				
Lease Payable	52,297,813	2,743,679	42,156,257	2,743,679
Interest Bearing Borrowings	896,222,223	462,158,794	347,222,223	191,666,667
Retirement Benefit Obligation	18,701,349	17,447,802	16,290,437	17,447,802
	<u>967,221,385</u>	<u>482,350,275</u>	<u>405,668,917</u>	<u>211,858,148</u>
Current Liabilities				
Trade and Other Payables	65,291,609	237,073,654	20,928,449	235,342,933
Interest Bearing Borrowings	676,806,672	767,000,000	672,278,030	767,000,000
Amount Due to Related Party	-	-	2,321,567	-
Lease Payable	37,909,851	1,043,335	16,168,645	1,043,335
Tax Payable	1,042,384	20,902,942	1,042,384	20,902,942
Bank Overdrafts	30,622,226	958,333,015	3,423,263	779,980,734
	<u>811,672,742</u>	<u>1,984,352,945</u>	<u>716,162,338</u>	<u>1,804,269,943</u>
Total Liabilities	<u>1,778,894,127</u>	<u>2,466,703,220</u>	<u>1,121,831,255</u>	<u>2,016,128,091</u>
Total Equity and Liabilities	<u>2,228,342,713</u>	<u>3,040,773,037</u>	<u>1,663,815,485</u>	<u>2,598,685,235</u>
Net Asset Value Per Share	2.46	3.15	2.97	3.19

I certify that the above financial statements have been prepared in compliance with the requirements of Companies Act No 7 of 2007.

.....sgd.....
Financial Controller

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by:

.....sgd.....
Director

.....sgd.....
Director

24th July 2020
Colombo

CEYLON TEA BROKERS PLC
Statement of Changes in Equity
For the Year Ended 31st March

<u>GROUP</u>	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01.04.2018	333,200,000	131,290,433	464,490,433
Profit for the period ended 31.03.2019	-	113,554,394	113,554,394
Other Comprehensive Income	-	(3,975,013)	(3,975,013)
Balance as at 31.03.2019	<u>333,200,000</u>	<u>240,869,814</u>	<u>574,069,814</u>
Balance as at 01.04.2019	333,200,000	240,869,814	574,069,814
Profit for the period ended 31.03.2020	-	(62,497,196)	(62,497,196)
Other Comprehensive Income	-	(832,197)	(832,197)
Gain on Unpresented Cheques Payable	-	2,548,165	2,548,165
Dividend Paid	-	(63,840,000)	(63,840,000)
Balance as at 31.03.2020	<u>333,200,000</u>	<u>116,248,586</u>	<u>449,448,586</u>
<u>COMPANY</u>			
Balance as at 01.04.2018	333,200,000	138,051,530	471,251,530
Profit for the period ended 31.03.2019	-	115,280,626	115,280,626
Other Comprehensive Income	-	(3,975,013)	(3,975,013)
Balance as at 31.03.2019	<u>333,200,000</u>	<u>249,357,143</u>	<u>582,557,144</u>
Balance as at 01.04.2019	333,200,000	249,357,143	582,557,143
Profit for the period ended 31.03.2020	-	21,541,064	21,541,064
Other Comprehensive Income	-	(822,144)	(822,144)
Gain on Unpresented Cheques Payable	-	2,548,165	2,548,165
Dividend Paid	-	(63,840,000)	(63,840,000)
Balance as at 31.03.2020	<u>333,200,000</u>	<u>208,784,228</u>	<u>541,984,228</u>

figures in brackets indicate deductions.

CEYLON TEA BROKERS PLC
Statement of Cash Flows
For the Period Ended 31st March

	GROUP		COMPANY	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
<u>Cash Flow From Operating Activities</u>				
Profit Before Taxation	(38,988,809)	160,220,563	37,489,311	169,503,025
<i>Adjustments for ;</i>				
Depreciation/Amortisation	65,958,851	14,108,798	25,591,382	9,187,504
Interest Income	(5,538,758)	(6,605,013)	(5,409,958)	(6,605,013)
Interest Expense	228,269,951	240,349,964	177,716,154	240,349,964
Provision for Retirement Benefit Obligation	4,345,992	3,362,109	3,784,633	3,362,109
Provision / Writtenoff of Bad Debt	119,845,955	21,450,026	119,845,955	21,450,026
Disposal (Profit)/Loss on Property,Plant and Equipment	(100,955)	(55,739)	(100,955)	(55,739)
Operating Profit Before Working Capital Changes	373,792,227	432,830,708	358,916,522	437,191,876
<u>Increase/Decrease in Working Capital</u>				
(Increase)/ Decrease in Trade and Other Receivables	308,759,048	(447,875,650)	338,740,631	(435,903,207)
Loans & Advances (Disbursements)/Recoveries From (To) Tea Supp	512,916,482	119,384,886	512,916,482	119,384,886
Increase/(Decrease) in Trade and Other Payables	(161,252,233)	40,004,252	(203,884,673)	38,394,531
Increase/(Decrease) in Related Party Payable	-	-	389,102	3,267,693
Cash Generated from Operating Activities	1,034,215,524	144,344,196	1,007,078,064	162,335,779
Tax Paid	(45,873,573)	(51,804,198)	(45,873,573)	(51,804,198)
Gratuity Paid	(4,248,275)	(3,178,338)	(4,151,400)	(3,178,338)
Net Generated from Operating Activities	984,093,676	89,361,660	957,053,091	107,353,243
<u>Cash Flow From Investing Activities</u>				
Interest Received	4,514,350	6,605,013	4,514,350	6,605,013
Proceeds from sale of Assets	244,522	70,000	244,522	70,000
Investment in Logicare (Pvt) Ltd	-	-	(200,000,000)	-
(Increase)/ Decrease in Work In Progress	-	(430,865,725)	-	-
Acquisition of Intangible Assets	(4,311,526)	(26,000)	(4,311,526)	(26,000)
Acquisition of Right to Use Assets	(908,000)	-	-	-
Purchase of Property, Plant & Equipment	(269,495,047)	(3,423,426)	(2,714,714)	(3,419,326)
Net cash flow from (Used in) Investing Activities	(269,955,701)	(427,640,138)	(202,267,368)	3,229,687
<u>Cash Flow From Financing Activities</u>				
Interest Paid	(209,038,767)	(240,349,965)	(148,762,111)	(240,349,964)
Proceeds from Commercial Papers issued	678,000,000	700,000,000	678,000,000	700,000,000
Repayment of Commercial Papers Issued	(678,000,000)	(700,000,000)	(678,000,000)	(700,000,000)
Payment to Refundable Deposit	(1,738,919)	-	(1,738,919)	-
Dividend Paid	(63,840,000)	-	(63,840,000)	-
Settlement of lease liabilities	(47,544,864)	-	(21,281,666)	-
<u>Movement in Interest Bearing Borrowings</u>				
Loan repayment made during the period	(4,868,111,113)	(3,402,232,173)	(4,868,111,113)	(3,402,232,173)
Loan obtained during the period	5,178,507,877	3,937,492,128	4,900,000,000	3,667,000,000
Net cash flow from Financing Activities	(11,765,786)	294,909,990	(203,733,809)	24,417,863
Net Increase in Cash and Cash Equivalents	702,372,189	(43,368,488)	551,051,914	135,000,793
Cash and Cash Equivalents at the Beginning of the Period	(683,681,368)	(640,312,880)	(505,336,995)	(640,337,788)
Cash and Cash Equivalents at the End of the Period	18,690,821	(683,681,368)	45,714,923	(505,336,995)

figures in brackets indicate deductions.

Notes to the Financial Statements:

1. Figures for the year ended and as at 31st March 2020 are unaudited.
2. The Company is required to prepare Interim Financial Statements in accordance with LKAS 34 – Interim Financial Reporting issued by the Institute of Chartered Accountants of Sri Lanka.
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.

Changes in Significant Accounting Policies

SLFRS 16 Leases

The Group and the Company adopted SLFRS 16, 'Leases', with effect from 1 April 2019, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group and Company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of SLFRS 16, the Company and the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17, 'Leases'

-The same accounting policies and methods of computation are followed in the interim financial statements as compared with audited annual financial statements as at 31st March 2019 except SLFRS 08 -Operating Segments and SLFRS 16 - Leases.

-Staff loans granted have been recognised at fair value at the time of granting and resultant adjustments were accounted as prepaid staff cost and amortised over the tenure of the loan on a straight line basis. Interest income was recognised using effective interest rate method.

-Loans granted to customers were recognised at fair value plus directly attributable transaction costs and fee income, initially. Subsequent measurement of loans were recognised at amortised cost using effective interest rate.

-Storage & Storage Related Income were recognised on accrual basis for the period of service provided by the group instead of the date of auction.

4. The nature of related party transactions in the current period is similar to those reported in the Audited Financial Statements – 2018/2019, except an additional investment made by Ceylon tea Brokers PLC in Logicare amounting to Rs. 200Mn during the last quarter.
5. There were no significant events that occurred subsequent to the end of the interim period which require disclosure or adjustments in the interim financial statements except that the impact of COVID 19 Pandemic.

With the spread of COVID19 in the country, the Group experienced an immediate short-term disruption to its operations as the government declared island wide curfew.

Ceylon Tea Brokers PLC (The Company) which is the tea broking segment of the Group experienced an immediate short-term disruption to its cashflows as the last two tea auctions scheduled in March 2020 was shifted to April 2020. Further, the volume of tea offered at the auctions also dropped due to the island wide curfew imposed by the government. However, this was compensated subsequently with the significant improvement in the prices which improved the cash flow position of the Company. Later the government identified the Tea industry as an essential service and necessary permission granted to all industry stakeholders to continue their operations under the guidelines issued by the health authorities. In April 2020, the tea auctions recommenced by converting the traditional outcry system to an online platform.

Logicare Private Limited which is the logistics arm of the group operated continuously during the lockdown with restricted number of staff, maintaining social distancing and taking required precautions as advised by the health officials. Restrictions imposed on imports to the country, global decline in trading activities and the reduced domestic demand has had a direct impact on the logistic segment. However, the company managed to mitigate the said impact by facilitating the increased demand for warehousing of tea and also providing temporary third-party logistics (3PL) services to the clients in need.

All in all, the Group (CTBL) managed to perform its operations without any significant disruption to its revenue or cashflow due to the strong Business Continuity Plans (BCP's) built over the years. All IT systems of the Group are on a secure cloud and employees were able to work from home (WFH) during these difficult times to complete all tasks in a timely manner.

The Group (CTBL) had access to its existing financial facilities throughout the period without any restrictions. There were no instances of non-compliance to the debt covenants with lending institutions and as at now there are no uncertainties to meet the ongoing debt obligations. Further, there are no material contingencies to be disclosed due to the impact of COVID – 19.

Notes to the Financial Statements (Continued):

6. There were no contingent liabilities identified in the foreseeable future which require disclosure in the financial statements.

7. To facilitate comparison and where relevant, balances pertaining to the previous period have been reclassified.

8. Ceylon Tea Brokers Group consists of Logicare (Pvt) Ltd which is a fully owned subsidiary of Ceylon Tea Brokers PLC.

Logicare (Pvt) Ltd has commenced its commercial operations during the Quarter ended 30th June 2019.

Logicare (Pvt) Ltd has entered into a 39 year lease agreement commencing 29/07/2016 with the Sri Lanka Land Reclamation and Development Corporation to lease a land in Muthurajawela.

9. **SEGMENTAL INFORMATION**

As at 31st March 2020

The group has the following two strategic business segments, which are its reportable segments. These two segments offer different services to the customers and separate financial information are available. These two segments are managed separately because they require different technology and marketing strategy.

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance. The management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Segments		
	Tea Broking 2020	Warehousing 2020	Total 2020
Segment Revenue			
External Sales	580,642,759	111,984,784	692,627,543
Total Segment Revenue	<u>580,642,759</u>	<u>111,984,784</u>	<u>692,627,543</u>
Segment Profit/ (Loss) Before Tax	37,489,311	(76,478,120)	(38,988,809)
Depreciation and Amortization	25,591,382	40,985,042	66,576,424
Finance Income	5,409,958	96,279	5,506,237
Finance Cost	186,203,427	50,521,276	236,724,703
Impairment/Write off on Financial Assets	119,845,955	-	119,845,955
Segmental Assets	1,230,815,485	953,993,875	2,184,809,360
Unallocated Assets			43,533,353
Total Segmental Asset			<u>2,228,342,713</u>
Segmental Liabilities	1,119,509,687	659,384,440	1,778,894,127

10. Market prices recorded during the period ended 31st March 2020.

2019/20 -4th Quarter

Highest	Rs. 3.50	Date:	07.01.2020
Lowest	Rs. 2.20	Date:	20.03.2020
Closing	Rs. 2.30		

11. The float adjusted market capitalization as at 31st March 2020 - Rs. 63,907,839.10

12. Percentage of public holding as at 31st March 2020 was 15.23% comprising 2,201 shareholders.

13. The float adjusted market capitalization of the company falls under option 2 of Rule 7.13.1 (b) of the Listing rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under the said option.

Notes to the Financial Statements (Continued):

14. Directors' holding in shares as at 31st March 2020

Director's Name	Shareholding (No. of Shares)	%
Mr. C P R Perera (Chairman)	3,500,000	1.919%
Mr. W A T Fernando (Managing Director)	48,837,837	26.775%
Mr. K H S Deshapriya (Director/Chief Operating Officer)	416,000	0.228%
Mr. B R L Fernando	22,640	0.012%
Mr. D.G.W De Silva (Director/Chief Executive Officer)	-	-
Ms. N T M S Cooray	10,908,751	5.981%
Ms. H M S Perera	1,390,492	0.762%
Mr. Dhayan H Madawala	3,425	0.002%
Mr. R J N De Mel (Deputy Chairman)	10,000	0.005%
Mr. Z Mohamed	-	-
Mr. K A D Fernando	-	-
Mr. H T D Nonis	10,000	0.005%

15. 20 major shareholders as at 31st March 2020

Shareholder's Name	As at 31st March 2020	
	No. of Shares	%
ASHTHI HOLDINGS (PRIVATE) LIMITED	55,434,267	30.39%
MR.W A T FERNANDO	48,837,837	26.78%
JETWING TRAVELS (PVT) LTD	34,080,571	18.68%
MISS N T M S COORAY	10,908,751	5.98%
ASSOCIATED ELECTRICAL CORPORATION LTD	5,390,834	2.96%
MR C P R PERERA & MRS D. PERERA	3,500,000	1.92%
PEOPLE'S LEASING & FINANCE PLC/MR. K.K.SHUJEEVAN	2,818,624	1.55%
MR A S RATNAYAKE	1,944,924	1.07%
MS H M S PERERA	1,390,492	0.76%
MR K B R R KARIYAWASAM	600,000	0.33%
MR A D EDUSSURIYA	500,000	0.27%
MR Y.L.NANDASENA	479,137	0.26%
MR K H S DESHAPRIYA	416,000	0.23%
MR V SIVAKUMAR	366,948	0.20%
SINDBAD (PRIVATE) LIMITED	355,536	0.19%
MR R E RAMBUKWELLA	320,000	0.18%
MR C R NARANGODA	303,000	0.17%
MR W S A R FERNANDO	290,000	0.16%
MR M H A KAMIL	284,000	0.16%
MRS M.ARUDPRAGASAM	245,578	0.13%
	168,466,499	92.36%
Others	13,933,501	7.64%
	<u>182,400,000</u>	<u>100.00%</u>