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Note to Shareholders
On the effects of IFRS-16 on our profits for the year ended December 31, 2019

The Board of Directors of tTech Limited is pleased to submit the audited results for the year ending December 31, 2019.

Comments on Year End Financial Statements

The company adopted IFRS 16, Leases as at 1 January 2019. The lease involved is the lease of the office building on Harbour Street. The accounting treatment is described in notes 2(b) and 10 in the audited financial statements. Under the new standard, the company is required to treat the lease as a 'right of use' asset which is depreciated over the life of the lease, and also treat the matching outstanding future lease commitments as a liability on which interest is charged.

The effect on the net profit for the year is as follows:

	Year to Dec 2019	
	J$000	J$000
Rental Charge under previous rules		
(Amount of rent paid, excluding service charges)		3,308
Charges under the new rules:		
Depreciation of right to use asset	3,067	
Interest expense on lease liabilities	2,471	
		5,538
Decrease in reported profit		(2,230)

Note also that as the lease liability is amortised the annual interest expense on the liability will fall, and by 2025 the charges for interest expense and depreciation of right of use asset will fall below the cash rental charges forecast to be paid.

The statement of comprehensive income shows that net profit for the year fell from $27.5 million to $24.8 million. However, once the effect of the above items (and certain others) are removed, Operating Cash Flows before movements in working capital increased from J$20.4 million to J$27.8.

Summary

A full management discussion and analysis will follow in the Annual Report

G. Christopher Reckord
Chief Executive Officer