



**TEEJAY LANKA PLC**

(Formerly known as TEXTURED JERSEY LANKA PLC)

**Condensed Interim Financial Statements**

**Period Ended 31 December 2017**



## TEEJAY LANKA PLC

### Chairman's Review

Teejay Group recorded strong profits coupled with a YoY growth in profit before tax of 7% for the Quarter, thereby delivering a marked swing in profit trend compared to the prior few quarters. Revenue for the Group saw an increase of 5% for the period ending December 31st, 2017, coupled with a solid order book situation. During the period the Group reported LKR 6.6 Bn revenue compared to LKR 6.3 Bn last year. GSP concessions and Teejay Lanka operating in optimal capacity, coupled with early added volumes being done in India through capacity expansion, contributed towards the growth in revenue for the Group.

The Gross Profit grew by 4% YOY for the quarter, recording LKR 869 Mn against LKR 832 Mn last year. A combination of factors effected the GP growth, in the form of a better product mix and capacity utilization. However, the cotton price which is a key component in our yarn, continued its upward trend as the global cotton prices stood strong and continue to increase. The potential profits in the quarter were adversely impacted as a result. Intensely competitive sales pricing added to the challenging situations. The final factor that impacted the GP was the expansion in India, for which we have a strong order book to back the added capacity. The team had to factor in some early teething issues in the last phase of the capacity expansion process, and tone down the pace, and is in the process of rationalizing the order book and mitigating the initial issues in the coming quarter.

The Group continued to be strong and profitable, and recorded a Net Profit of LKR 497 Mn compared to LKR 473 Mn last year for the same quarter. This was a growth of 5% for the Group after four quarters of profit decline. At Net Profit level, the Group recorded a solid increase in profit growth on QoQ basis of 34% reporting LKR 497Mn against LKR 371 Mn in the previous quarter. The overhead management and cost control across the entire Group still strongly persists where we saw distribution expenses reduce by 16%. Administration costs on the other hand increased by 17% as a result of the expansion related expenses and structural changes that were carried out.

Taxes within the group increased 21% from Rs 79 Mn to 95 Mn, as result of improved profits and deferred tax assets that were converted to liabilities during the quarter.

The Group remains committed to a strong balance sheet, despite the expansions undertaken, and has continued to increase its cash reserves during the year. It has further optimized its working capital and remains unleveraged on a consolidated basis with net cash balances of close to LKR 1 Bn despite capacity expansions across the Group where knitting capacity was further enhanced in Sri Lanka. An interim dividend of LKR 0.70 has been declared for the quarter based on our high dividend payout policy and the confidence in the future potential we possess.

As the Group embarks on its final lap of the second half, and setting the foundation for its long-term growth plans, the business is cautious of the future market challenges, mainly driven by selling price challenges in the market against the backdrop of increasing raw material prices. The cotton price volatility is expected to continue to the next quarter as the market prepares to face yet another yarn price hike likely to experience during the first quarter of the next financial year. However against these volatile market conditions, the Group remains Optimistic with new opportunities emerging in new markets, new products coming through our Innovation pipeline, and several new Customers engaging the company. As a result of India's new Capacity coming into full swing, the Group will soon drive regional Solutions to its Customers to secure Teejay's long term growth trajectory. The strategic direction for the group continues to remain unchanged in general as a result.

sgd  
Bill Lam

Chairman

TEEJAY LANKA PLC

Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Group						
	Quarter Ended 31 December			Period Ended 31 December			2017 Audited
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	
Revenue	6,644,809	6,347,581	5%	18,147,087	16,381,376	11%	22,137,641
Cost of sales	(5,775,784)	(5,515,782)	5%	(15,924,633)	(13,941,424)	14%	(19,061,926)
<b>Gross profit</b>	<b>869,025</b>	<b>831,799</b>	<b>4%</b>	<b>2,222,454</b>	<b>2,439,952</b>	<b>-9%</b>	<b>3,075,715</b>
Other income	66,151	38,711	71%	142,300	114,279	25%	194,827
Distribution expenses	(35,251)	(42,176)	-16%	(106,329)	(116,942)	-9%	(132,141)
Administrative expenses	(316,085)	(270,882)	17%	(930,450)	(837,361)	11%	(1,145,996)
<b>Results from operating activities</b>	<b>583,840</b>	<b>557,452</b>	<b>5%</b>	<b>1,327,975</b>	<b>1,599,928</b>	<b>-17%</b>	<b>1,992,405</b>
Non Operating Income	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Finance income	23,470	16,328	44%	55,442	60,000	-8%	89,412
Finance costs	(15,737)	(21,605)	-27%	(54,144)	(47,127)	15%	(70,447)
<b>Net finance income</b>	<b>7,733</b>	<b>(5,277)</b>	<b>-247%</b>	<b>1,298</b>	<b>12,873</b>	<b>-90%</b>	<b>18,965</b>
<b>Profit before tax</b>	<b>591,573</b>	<b>552,175</b>	<b>7%</b>	<b>1,329,273</b>	<b>1,612,801</b>	<b>-18%</b>	<b>2,011,370</b>
Income tax	(95,094)	(78,821)	21%	(246,007)	(150,342)	64%	(52,195)
<b>Profit for the period</b>	<b>496,479</b>	<b>473,354</b>	<b>5%</b>	<b>1,083,266</b>	<b>1,462,459</b>	<b>-26%</b>	<b>1,959,175</b>
<b>Attributable to:</b>							
Equity holders of the parent	496,479	473,354	5%	1,083,266	1,462,459	-26%	1,959,175
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>496,479</b>	<b>473,354</b>	<b>5%</b>	<b>1,083,266</b>	<b>1,462,459</b>	<b>-26%</b>	<b>1,959,175</b>
<b>Basic earnings per share (LKR)</b>	<b>0.71</b>	<b>0.68</b>		<b>1.54</b>	<b>2.10</b>		<b>2.81</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in Sri Lankan Rupees thousands)

	Group						
	Quarter Ended 31 December			Period Ended 31 December			2017 Audited
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	
<b>Profit for the period</b>	<b>496,479</b>	<b>473,354</b>	<b>5%</b>	<b>1,083,266</b>	<b>1,462,459</b>	<b>-26%</b>	<b>1,959,175</b>
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	15,348
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(3,403)
Currency translation differences	14,227	194,473	-93%	(51,970)	189,973	-127%	355,822
<b>Total other comprehensive income for the period</b>	<b>14,227</b>	<b>194,473</b>	<b>-93%</b>	<b>(51,970)</b>	<b>189,973</b>	<b>-127%</b>	<b>367,767</b>
<b>Total comprehensive income for the period</b>	<b>510,706</b>	<b>667,827</b>	<b>-24%</b>	<b>1,031,296</b>	<b>1,652,432</b>	<b>-38%</b>	<b>2,326,942</b>
<b>Attributable to:</b>							
Equity holders of the parent	510,706	667,827	-24%	1,031,296	1,652,432	-38%	2,326,942
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>510,706</b>	<b>667,827</b>	<b>-24%</b>	<b>1,031,296</b>	<b>1,652,432</b>	<b>-38%</b>	<b>2,326,942</b>

**TEEJAY LANKA PLC**

**Income Statement**

(all amounts in Sri Lankan Rupees thousands)

	Company						2017 Audited
	Quarter Ended 31 December			Period Ended 31 December			
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	
Revenue	4,176,768	4,524,528	-8%	11,809,041	11,859,417	0%	15,721,413
Cost of sales	(3,651,015)	(3,999,016)	-9%	(10,547,428)	(10,281,021)	3%	(13,792,631)
<b>Gross profit</b>	<b>525,753</b>	<b>525,512</b>	<b>0%</b>	<b>1,261,613</b>	<b>1,578,396</b>	<b>-20%</b>	<b>1,928,782</b>
Other income	16,805	35,489	-53%	51,182	64,705	-21%	379,602
Distribution expenses	(28,849)	(33,916)	-15%	(87,655)	(94,734)	-7%	(107,915)
Administrative expenses	(172,625)	(159,837)	8%	(501,344)	(463,989)	8%	(605,093)
<b>Results from operating activities</b>	<b>341,084</b>	<b>367,248</b>	<b>-7%</b>	<b>723,796</b>	<b>1,084,378</b>	<b>-33%</b>	<b>1,595,376</b>
Non Operating Income	100,676	4,331	2225%	268,460	12,888	1983%	(3,307)
Finance income	16,873	12,580	34%	54,085	38,553	40%	60,865
Finance costs	(37)	(8,226)	-100%	(587)	(10,642)	-94%	(16,561)
Net finance income	16,836	4,354	287%	53,498	27,911	92%	44,304
<b>Profit before tax</b>	<b>458,596</b>	<b>375,933</b>	<b>22%</b>	<b>1,045,754</b>	<b>1,125,177</b>	<b>-7%</b>	<b>1,636,373</b>
Income tax	(61,807)	(56,699)	9%	(132,452)	(105,930)	25%	(135,425)
<b>Profit for the period</b>	<b>396,789</b>	<b>319,234</b>	<b>24%</b>	<b>913,302</b>	<b>1,019,247</b>	<b>-10%</b>	<b>1,500,948</b>
<b>Attributable to:</b>							
Equity holders of the parent	396,789	319,234	24%	913,302	1,019,247	-10%	1,500,948
Non-controlling interest	Nil	Nil		Nil	Nil	Nil	Nil
	<b>396,789</b>	<b>319,234</b>	<b>24%</b>	<b>913,302</b>	<b>1,019,247</b>	<b>-10%</b>	<b>1,500,948</b>
<b>Basic earnings per share (LKR)</b>	<b>0.57</b>	<b>0.46</b>		<b>1.30</b>	<b>1.46</b>		<b>2.15</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in Sri Lankan Rupees thousands)

	Company						
	Quarter Ended 31 December			Period Ended 31 December			2017 Audited
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	
<b>Profit for the period</b>	396,789	319,234	24%	913,302	1,019,247	-10%	1,500,948
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	20,059
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(2,808)
Currency translation differences	12,545	174,274	-93%	(46,548)	168,616	-128%	319,156
<b>Total other comprehensive income for the period</b>	<b>12,545</b>	<b>174,274</b>	<b>-93%</b>	<b>(46,548)</b>	<b>168,616</b>	<b>-128%</b>	<b>336,407</b>
<b>Total comprehensive income for the period</b>	<b>409,334</b>	<b>493,508</b>	<b>-17%</b>	<b>866,754</b>	<b>1,187,863</b>	<b>-27%</b>	<b>1,837,355</b>
<b>Attributable to:</b>							
Equity holders of the parent	409,334	493,508	-17%	866,754	1,187,863	-27%	1,837,355
Non-controlling interest	Nil	Nil		Nil	Nil	Nil	Nil
	<b>409,334</b>	<b>493,508</b>	<b>-17%</b>	<b>866,754</b>	<b>1,187,863</b>	<b>-27%</b>	<b>1,837,355</b>

**TEEJAY LANKA PLC**

**Statement of Financial Position**

(all amounts in Sri Lankan Rupees thousands)

	Group			Company		
	As at 31 December		As at 31 March	As at 31 December		As at 31 March
	2017 Unaudited	2016 Unaudited	2017 Audited	2017 Unaudited	2016 Unaudited	2017 Audited
<b>ASSETS</b>						
<b>Non - current assets</b>						
Property, plant & equipment	7,395,627	6,132,582	6,960,885	3,576,397	3,513,160	3,710,806
Capital work-in-progress	385,235	912,751	337,800	130,298	283,163	79,724
Intangible assets	61,789	63,033	65,833	35,807	28,948	34,054
Goodwill	50,311	49,792	50,537	Nil	Nil	Nil
Investment in Subsidiaries	Nil	Nil	Nil	2,751,961	2,723,588	2,764,328
Lease rentals paid in advance	227,930	240,468	240,306	90,909	94,202	94,550
Deferred tax assets	115,822	118,268	242,289	Nil	Nil	Nil
	<b>8,236,714</b>	<b>7,516,894</b>	<b>7,897,650</b>	<b>6,585,372</b>	<b>6,643,061</b>	<b>6,683,462</b>
<b>Current assets</b>						
Inventories	3,138,612	3,044,095	2,877,542	2,054,828	2,216,397	2,041,232
Trade and other receivables	3,392,797	2,972,082	3,370,099	2,122,325	1,968,160	2,221,185
Other financial assets	3,030,856	2,411,319	1,239,670	2,544,267	2,026,222	992,789
Cash and cash equivalents	1,342,640	1,687,379	1,494,376	899,394	1,276,581	906,653
	<b>10,904,905</b>	<b>10,114,875</b>	<b>8,981,687</b>	<b>7,620,814</b>	<b>7,487,360</b>	<b>6,161,859</b>
<b>Total assets</b>	<b>19,141,619</b>	<b>17,631,769</b>	<b>16,879,337</b>	<b>14,206,186</b>	<b>14,130,421</b>	<b>12,845,321</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Stated capital	4,056,790	3,942,686	3,942,686	4,056,790	3,942,686	3,942,686
ESOP fund	63,746	42,283	63,746	63,746	42,283	63,746
Exchange equalisation reserve	2,394,037	2,280,157	2,446,006	2,320,175	2,216,183	2,366,723
Retained earnings	4,930,606	4,914,718	4,724,786	3,619,228	3,783,012	3,583,371
	<b>11,445,179</b>	<b>11,179,844</b>	<b>11,177,224</b>	<b>10,059,939</b>	<b>9,984,164</b>	<b>9,956,526</b>
<b>Non - current liabilities</b>						
Borrowings	1,076,318	401,517	567,429	Nil	Nil	Nil
Deferred tax liabilities	348,464	356,528	357,470	274,824	238,082	247,932
Retirement benefit obligations	222,599	227,355	208,120	193,065	183,453	171,228
	<b>1,647,381</b>	<b>985,400</b>	<b>1,133,019</b>	<b>467,889</b>	<b>421,535</b>	<b>419,160</b>
<b>Current liabilities</b>						
Trade and other payables	3,492,020	3,243,860	3,043,719	2,054,793	2,164,904	1,705,126
Current tax liability	134,232	57,083	6,535	104,477	44,263	Nil
Borrowings	2,422,807	2,165,582	1,518,840	1,519,088	1,515,555	764,509
	<b>6,049,059</b>	<b>5,466,525</b>	<b>4,569,094</b>	<b>3,678,358</b>	<b>3,724,722</b>	<b>2,469,635</b>
<b>Total liabilities</b>	<b>7,696,440</b>	<b>6,451,925</b>	<b>5,702,113</b>	<b>4,146,247</b>	<b>4,146,257</b>	<b>2,888,795</b>
<b>Total equity and liabilities</b>	<b>19,141,619</b>	<b>17,631,769</b>	<b>16,879,337</b>	<b>14,206,186</b>	<b>14,130,421</b>	<b>12,845,321</b>
<b>Net Asset per share</b>	<b>16.30</b>	<b>16.00</b>	<b>16.00</b>	<b>14.33</b>	<b>14.29</b>	<b>14.25</b>

I certify that financial statements comply with the requirements of the Companies Act No. 07 of 2007.

sgd  
**Salman Nishtar**  
 Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

sgd  
**Sriyan Joseph de Silva Wijeyeratne**  
 Managing Director/Chief Executive Officer

sgd  
**Hasitha Premaratne**  
 Director

25-Jan-2018

**TEEJAY LANKA PLC**

**Statement of Changes In Equity - Group**

(all amounts in Sri Lankan Rupees thousands)

	Stated capital	ESOP fund	Exchange equalisation reserve	Retained earnings	Total
<b>Balance as at 1 April 2016</b>	<b>3,853,024</b>	<b>42,283</b>	<b>2,090,184</b>	<b>4,150,852</b>	<b>10,136,343</b>
Profit for the period	Nil	Nil	Nil	1,959,175	1,959,175
Other comprehensive income	Nil	Nil	355,822	11,945	367,767
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>355,822</b>	<b>1,971,120</b>	<b>2,326,942</b>
Issue of shares under Employee Share Option Scheme	89,662	Nil	Nil	Nil	89,662
<b>Transactions with owners</b>					
Final dividend paid - 2015/16	Nil	Nil	Nil	(698,593)	(698,593)
Interim dividend paid - 2016/17	Nil	Nil	Nil	(698,593)	(698,593)
Share option scheme	Nil	21,463	Nil	Nil	21,463
<b>Balance as at 31 March 2017</b>	<b>3,942,686</b>	<b>63,746</b>	<b>2,446,006</b>	<b>4,724,786</b>	<b>11,177,224</b>
<b>Balance as at 1 April 2017</b>	<b>3,942,686</b>	<b>63,746</b>	<b>2,446,006</b>	<b>4,724,786</b>	<b>11,177,224</b>
Profit for the period	Nil	Nil	Nil	1,083,266	1,083,266
Other comprehensive income	Nil	Nil	(51,970)	Nil	(51,970)
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>(51,970)</b>	<b>1,083,266</b>	<b>1,031,296</b>
Issue of shares under Employee Share Option Scheme	114,104	Nil	Nil	Nil	114,104
<b>Transactions with owners</b>					
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,445)	(877,445)
<b>Balance as at 31 December 2017</b>	<b>4,056,790</b>	<b>63,746</b>	<b>2,394,036</b>	<b>4,930,607</b>	<b>11,445,179</b>
<b>Balance as at 1 April 2016</b>	<b>3,853,024</b>	<b>42,283</b>	<b>2,090,184</b>	<b>4,150,852</b>	<b>10,136,343</b>
Profit for the period	Nil	Nil	Nil	1,462,459	1,462,459
Other comprehensive income	Nil	Nil	189,973	Nil	189,973
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>189,973</b>	<b>1,462,459</b>	<b>1,652,432</b>
Issue of shares under Employee Share Option Scheme	89,662	Nil	Nil	Nil	89,662
<b>Transactions with owners</b>					
Final dividend paid - 2015/16	Nil	Nil	Nil	(698,593)	(698,593)
<b>Balance as at 31 December 2016</b>	<b>3,942,686</b>	<b>42,283</b>	<b>2,280,157</b>	<b>4,914,718</b>	<b>11,179,844</b>



**TEEJAY LANKA PLC**

**Statement of Changes In Equity - Company**

(all amounts in Sri Lankan Rupees thousands)

	Stated capital	ESOP fund	Exchange equalisation reserve	Retained earnings	Total
<b>Balance as at 1 April 2016</b>	<b>3,853,024</b>	<b>42,283</b>	<b>2,047,567</b>	<b>3,462,358</b>	<b>9,405,232</b>
Profit for the period	Nil	Nil	Nil	1,500,948	1,500,948
Other comprehensive income	Nil	Nil	319,156	17,251	336,407
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>319,156</b>	<b>1,518,199</b>	<b>1,837,355</b>
Issue of shares under Employee Share Option Scheme	89,662	Nil	Nil	Nil	89,662
<b>Transactions with owners</b>					
Final dividend paid - 2015/16	Nil	Nil	Nil	(698,593)	(698,593)
Interim dividend paid - 2016/17	Nil	Nil	Nil	(698,593)	(698,593)
Share option scheme	Nil	21,463	Nil	Nil	21,463
<b>Balance as at 31 March 2017</b>	<b>3,942,686</b>	<b>63,746</b>	<b>2,366,723</b>	<b>3,583,371</b>	<b>9,956,526</b>
<b>Balance as at 1 April 2017</b>	<b>3,942,686</b>	<b>63,746</b>	<b>2,366,723</b>	<b>3,583,371</b>	<b>9,956,526</b>
Issue of shares under Employee Share Option Scheme	114,104	Nil	Nil	Nil	114,104
Profit for the period	Nil	Nil	Nil	913,302	913,302
Other comprehensive income	Nil	Nil	(46,548)	Nil	(46,548)
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>(46,548)</b>	<b>913,302</b>	<b>866,754</b>
<b>Transactions with owners</b>					
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,445)	(877,445)
<b>Balance as at 31 December 2017</b>	<b>4,056,790</b>	<b>63,746</b>	<b>2,320,175</b>	<b>3,619,228</b>	<b>10,059,939</b>
<b>Balance as at 1 April 2016</b>	<b>3,853,024</b>	<b>42,283</b>	<b>2,047,567</b>	<b>3,462,358</b>	<b>9,405,232</b>
Issue of shares under Employee Share Option Scheme	89,662	Nil	Nil	Nil	89,662
Profit for the period	Nil	Nil	Nil	1,019,247	1,019,247
Other comprehensive income	Nil	Nil	168,616	Nil	168,616
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>168,616</b>	<b>1,019,247</b>	<b>1,187,863</b>
Issue of ordinary shares	Nil	Nil	Nil	(698,593)	(698,593)
<b>Balance as at 31 December 2016</b>	<b>3,942,686</b>	<b>42,283</b>	<b>2,216,183</b>	<b>3,783,012</b>	<b>9,984,164</b>

TEEJAY LANKA PLC

Cash Flow Statement

(all amounts in Sri Lankan Rupees thousands)

	Group		Company	
	Period Ended 31 December		Period Ended 31 December	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
<b>Cash flows from operating activities</b>				
Cash generated from operations	2,331,639	1,513,840	1,846,393	1,362,512
Finance income received	55,442	60,000	54,085	38,553
Finance cost paid	(54,144)	(47,127)	(587)	(10,642)
Retirement benefit obligations paid	(22,824)	(9,515)	(8,039)	(1,927)
<b>Net cash generated/(used) from operating activities</b>	<b>2,310,113</b>	<b>1,517,198</b>	<b>1,891,852</b>	<b>1,388,496</b>
<b>Cash flows from investing activities</b>				
Additions to capital work - in - progress	(1,323,821)	(1,356,059)	(334,716)	(570,086)
Investment in financial assets	(1,796,402)	Nil	(1,555,634)	Nil
<b>Net cash used in investing activities</b>	<b>(3,120,223)</b>	<b>(1,356,059)</b>	<b>(1,890,350)</b>	<b>(570,086)</b>
<b>Cash flows from financing activities</b>				
Issue of shares under Employee Share Option Scheme	114,104	89,662	114,104	89,662
Dividend paid	(877,445)	(698,593)	(877,445)	(698,593)
Proceeds from / (settlement of) borrowings	1,462,077	1,652,973	753,150	1,497,500
<b>Net cash used in financing activities</b>	<b>698,736</b>	<b>1,044,043</b>	<b>(10,191)</b>	<b>888,570</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(111,374)</b>	<b>1,205,182</b>	<b>(8,688)</b>	<b>1,706,980</b>
Cash and cash equivalents at the beginning of the period	1,448,026	2,875,461	902,094	1,577,768
<b>Cash and cash equivalents at the end of the period</b>	<b>1,336,652</b>	<b>4,080,643</b>	<b>893,406</b>	<b>3,284,748</b>

## TEEJAY LANKA PLC

### Notes to the Financial Statements

#### 1. Corporate Information

Teejay Lanka PLC is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The address of its registered office is Block D8 - D14, Seethawaka Export Processing Zone, Avissawella.

#### 2. Condensed Interim Financial Statements

The financial statements for the period ended 31 December 2017, includes "the Company" referring to Teejay Lanka PLC.

The Company has also presented the statement of comprehensive income and the statement of financial position in United States Dollars (USD) since the functional currency of the enterprise is USD.

#### 3. Approval of Financial Statements

The condensed interim financial statements of the Company for the 9 months ended 31 December 2017 were authorised for issue by the Board of Directors on 25 January 2018.

#### 4. Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting . The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017.

The condensed interim financial statements have been prepared on a historical cost basis.

#### 5. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

#### 6. Other Financial Assets

Short term deposits with original maturity of more than 3 months but less than one year which previously reported under cash and cash equivalents are now shown under other financial assets.

#### 7. Contingencies, Capital and Other Commitments

There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2017.

#### 8. Key Ratios of the Group and the Company

	Group		Company	
	Period Ended 31 December		Period Ended 31 December	
	2017	2016	2017	2016
<b>Profitability Ratios</b>				
Net Profit Margin	5.97%	8.93%	7.73%	8.59%
Asset to Turnover	1.34	1.24	1.16	1.12
Debt : Equity	0.31	0.23	0.15	0.15
Return on Assets (ROA)	8.02%	11.96%	9.00%	10.51%
Return on Equity (ROE)	12.77%	18.30%	12.17%	14.02%

#### Investor Ratios

Earnings per Share (EPS) - LKR	1.54	2.10	1.30	1.46
Net Asset Value per Share - LKR	16.30	16.00	14.33	14.29
Price / Earnings Ratio (PE Ratio)	15.06	12.48	17.09	20.23
Price to Book Value Ratio (PBV Ratio)	2.09	2.67	2.37	2.99

(PE and PBV Ratios are based on a market price of LKR 34.00 per share closed 31 December 2017)

#### 9. Number of shares representing the entity's Stated Capital - 701,956,580 Shares

#### 10. Directors' Interest in Shares of the Company (As at 31 December 2017)

	No. of Shares	%
Sriyan Joseph de Silva Wijeyeratne	826,333	0.12
Hasitha Premaratne	40,000	0.01

## TEEJAY LANKA PLC

### Notes to the Financial Statements

#### 11. Market Price per Share

	Highest (LKR)	Lowest (LKR)
Quarter ended 31 December 2017	39.50	33.90
Last traded price (on 29 December 2017)	34.00	

#### 12. Public Shareholding 271,001,829 shares - 38.61%

The percentage of shares held by the public as at 31 December 2017 was 38.61% (271,001,829 number of shares).  
The number of public shareholders as at 31 March 2017 was 8,326

#### 13. List of the 20 Largest Shareholders

	No. of Shares	%
Brandix Lanka Ltd-Number 1 Account	232,198,344	33.08
Pacific Textured Jersey Holdings Limited	195,926,217	27.91
Bnymansv Re-First State Investments Icvc-Stewart Investors Asia Pacific Fund	31,553,046	4.50
HSBC Intl Nom Ltd - BBH - Fidelity Funds	23,334,572	3.32
Citibank Newyork S/A Norges Bank Account 2	20,938,973	2.98
HSBC Intl Nom Ltd-BBH-Matthews Emerging Asia Fund	18,872,680	2.69
Melstacorp PLC	12,622,428	1.80
HSBC Intl Nom Ltd-JPCMB NA-Fidelity Asian Values PLC	9,817,857	1.40
Bnymansv Re-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	8,000,000	1.14
Union Assurance PLC/Account No. 05 (Unit-Linked Life Insurance Fund-Equity Fund)	5,418,542	0.77
Mr. L.K.M.Fernando	5,119,300	0.73
HSBC Intl Nom Ltd-State Street Luxembourg C/O SSBT - Alliance bernstein Next 50 Emerging Markets (Master) Fund Sicav-Sif S.C.Sp.	5,104,720	0.73
SEB AB-Fim Frontier Fund	4,172,470	0.59
Deutsche Bank AG-National Equity Fund	4,000,000	0.57
J.B. Cocoshell (Pvt) Ltd	3,087,861	0.44
Union Assurance PLC/No-01A/C	2,782,495	0.40
Periceyl ( Private ) Limited A/C No. 03	2,694,100	0.38
East India Holding (Pvt) Ltd	2,576,789	0.37
Nuwara Eliya Property Developers (Pvt) Ltd	2,285,200	0.33
Deutsche Bank AG As Trustee For Namal Acuity Value Fund	2,250,000	0.32

#### 14. Material events that occurred subsequent to the interim period

No events have occurred since the date of the statement of financial position which would require adjustments to, or disclosure in, the financial statements.

TEEJAY LANKA PLC

Income Statement

(all amounts in United States Dollars)

	Group						
	Quarter Ended 31 December			Period Ended 31 December			Year ended 31 March
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	2017 Audited
Revenue	43,878,653	42,935,551	2%	119,956,950	111,534,881	8%	149,791,200
Cost of sales	(38,139,489)	(37,317,471)	2%	(105,265,949)	(94,922,132)	11%	(128,979,807)
<b>Gross profit</b>	<b>5,739,164</b>	<b>5,618,080</b>	<b>2%</b>	<b>14,691,001</b>	<b>16,612,749</b>	<b>-12%</b>	<b>20,811,393</b>
Other income	436,971	261,436	67%	940,638	778,083	21%	1,318,266
Distribution expenses	(232,742)	(285,048)	-18%	(702,864)	(796,213)	-12%	(894,114)
Administrative expenses	(2,086,988)	(1,828,365)	14%	(6,150,515)	(5,701,286)	8%	(7,754,220)
<b>Results from operating activities</b>	<b>3,856,405</b>	<b>3,766,103</b>	<b>2%</b>	<b>8,778,260</b>	<b>10,893,333</b>	<b>-19%</b>	<b>13,481,325</b>
Non Operating Income	Nil	Nil		Nil	Nil	0%	Nil
Finance income	155,095	109,936	41%	366,483	408,518	-10%	604,989
Finance costs	(103,880)	(146,379)	-29%	(357,903)	(320,870)	12%	(476,672)
Net finance income	51,215	(36,443)	-241%	8,580	87,648	-90%	128,317
<b>Profit before tax</b>	<b>3,907,620</b>	<b>3,729,660</b>	<b>5%</b>	<b>8,786,840</b>	<b>10,980,981</b>	<b>-20%</b>	<b>13,609,642</b>
<b>Income tax</b>	<b>(627,998)</b>	<b>(534,650)</b>	<b>17%</b>	<b>(1,626,168)</b>	<b>(1,023,626)</b>	<b>59%</b>	<b>(353,164)</b>
<b>Profit for the period</b>	<b>3,279,622</b>	<b>3,195,010</b>	<b>3%</b>	<b>7,160,672</b>	<b>9,957,355</b>	<b>-28%</b>	<b>13,256,478</b>
<b>Attributable to:</b>							
Equity holders of the parent	3,279,622	3,195,010	3%	7,160,672	9,957,355	-28%	13,256,478
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>3,279,622</b>	<b>3,195,010</b>	<b>3%</b>	<b>7,160,672</b>	<b>9,957,355</b>	<b>-28%</b>	<b>13,256,478</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in United States Dollars)

	Group						
	Quarter Ended 31 December			Period Ended 31 December			Year ended 31 March
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	2017 Audited
<b>Profit for the period</b>	3,279,622	3,195,010	3%	7,160,672	9,957,355	-28%	13,256,478
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	103,851
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(23,027)
<b>Total other comprehensive income for the period</b>	<b>Nil</b>	<b>Nil</b>	<b>0%</b>	<b>Nil</b>	<b>Nil</b>	<b>0%</b>	<b>80,824</b>
<b>Total comprehensive income for the period</b>	<b>3,279,622</b>	<b>3,195,010</b>	<b>3%</b>	<b>7,160,672</b>	<b>9,957,355</b>	<b>-28%</b>	<b>13,337,302</b>
<b>Attributable to:</b>							
Equity holders of the parent	3,279,622	3,195,010	3%	7,160,672	9,957,355	-28%	13,337,302
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>3,279,622</b>	<b>3,195,010</b>	<b>3%</b>	<b>7,160,672</b>	<b>9,957,355</b>	<b>-28%</b>	<b>13,337,302</b>

**TEEJAY LANKA PLC**

**Income Statement**

(all amounts in United States Dollars)

	Company						
	Quarter Ended 31 December			Period Ended 31 December			Year ended 31 March
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	2017 Audited
Revenue	27,579,488	30,599,124	-10%	78,060,821	80,746,497	-3%	106,376,702
Cost of sales	(24,107,017)	(27,050,779)	-11%	(69,721,231)	(69,999,766)	0%	(93,325,877)
<b>Gross profit</b>	<b>3,472,471</b>	<b>3,548,345</b>	<b>-2%</b>	<b>8,339,590</b>	<b>10,746,731</b>	<b>-22%</b>	<b>13,050,825</b>
Other income	110,951	240,812	-54%	338,324	440,554	-23%	2,568,525
Distribution expenses	(190,466)	(229,212)	-17%	(579,419)	(645,013)	-10%	(730,189)
Administrative expenses	(1,139,806)	(1,079,696)	6%	(3,314,016)	(3,159,133)	5%	(4,094,276)
<b>Results from operating activities</b>	<b>2,253,150</b>	<b>2,480,249</b>	<b>-9%</b>	<b>4,784,479</b>	<b>7,383,139</b>	<b>-35%</b>	<b>10,794,885</b>
Non Operating Income/ (losses)	664,833	29,250	2173%	1,774,589	87,750	1922%	(22,374)
Finance income	111,387	84,920	31%	357,513	262,493	36%	411,833
Finance costs	(244)	(55,944)	-100%	(3,879)	(72,460)	-95%	(112,062)
Net finance income	111,143	28,976	284%	353,634	190,033	86%	299,771
<b>Profit before tax</b>	<b>3,029,126</b>	<b>2,538,475</b>	<b>19%</b>	<b>6,912,702</b>	<b>7,660,922</b>	<b>-10%</b>	<b>11,072,282</b>
Income tax	(408,277)	(384,657)	6%	(875,539)	(721,238)	21%	(916,334)
<b>Profit for the period</b>	<b>2,620,849</b>	<b>2,153,818</b>	<b>22%</b>	<b>6,037,163</b>	<b>6,939,684</b>	<b>-13%</b>	<b>10,155,948</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in United States Dollars)

	Company						
	Quarter Ended 31 December			Period Ended 31 December			Year ended 31 March
	2017 Unaudited	2016 Unaudited	Variance	2017 Unaudited	2016 Unaudited	Variance	2017 Audited
<b>Profit for the period</b>	2,620,849	2,153,818	22%	6,037,163	6,939,684	-13%	10,155,948
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	135,725
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(19,002)
<b>Total other comprehensive income for the period</b>	<b>Nil</b>	<b>Nil</b>	<b>0%</b>	<b>Nil</b>	<b>Nil</b>	<b>0%</b>	<b>116,723</b>
<b>Total comprehensive income for the period</b>	<b>2,620,849</b>	<b>2,153,818</b>	<b>22%</b>	<b>6,037,163</b>	<b>6,939,684</b>	<b>-13%</b>	<b>10,272,671</b>



**TEEJAY LANKA PLC**

**Statement of Financial Position**

(all amounts in United States Dollars)

	Group			Company		
	As at 31 December		As at 31 March	As at 31 December		As at 31 March
	2017	2016	2017	2017	2016	2017
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
<b>ASSETS</b>						
<b>Non - current assets</b>						
Property, plant & equipment	48,877,320	40,952,131	45,798,304	23,636,225	23,460,164	24,414,801
Capital work-in-progress	2,546,000	6,095,167	2,222,512	861,131	1,890,908	524,532
Intangible assets	408,362	420,924	433,139	236,649	193,309	224,053
Goodwill	332,502	332,502	332,502	Nil	Nil	Nil
Investment in Subsidiaries	Nil	Nil	Nil	18,187,567	18,187,567	18,187,567
Lease rentals paid in advance	1,506,375	1,605,795	1,581,064	600,816	629,065	622,080
Deferred tax Assets	765,459	789,769	1,594,102	Nil	Nil	Nil
	54,436,018	50,196,288	51,961,623	43,522,388	44,361,013	43,973,033
<b>Current assets</b>						
Inventories	20,742,922	20,327,844	18,932,441	13,580,255	14,800,649	13,430,038
Trade and other receivables	22,422,819	19,846,958	22,173,156	14,026,338	13,142,969	14,614,020
Other financial assets	20,030,771	16,102,296	8,156,262	16,814,930	13,530,696	6,531,938
Cash and cash equivalents	8,873,440	11,267,974	9,832,065	5,944,046	8,524,749	5,965,213
	72,069,952	67,545,072	59,093,924	50,365,569	49,999,063	40,541,209
<b>Total assets</b>	<b>126,505,970</b>	<b>117,741,360</b>	<b>111,055,547</b>	<b>93,887,957</b>	<b>94,360,076</b>	<b>84,514,242</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Stated capital	37,571,594	36,813,832	36,813,832	37,571,594	36,813,832	36,813,832
ESOP Fund	456,004	307,979	456,004	456,004	307,979	456,004
Retained earnings	37,612,986	37,534,906	36,269,344	28,458,014	29,550,406	28,237,934
	75,640,584	74,656,717	73,539,180	66,485,612	66,672,217	65,507,770
<b>Non - current liabilities</b>						
Borrowings	7,113,333	2,681,250	3,733,333	Nil	Nil	Nil
Deferred tax liabilities	2,302,980	2,380,824	2,351,924	1,816,295	1,589,866	1,631,241
Retirement benefit obligations	1,471,147	1,518,230	1,369,299	1,275,957	1,225,060	1,126,572
	10,887,460	6,580,304	7,454,556	3,092,252	2,814,926	2,757,813
<b>Current liabilities</b>						
Trade and other payables	23,078,585	21,661,836	20,025,788	13,580,034	14,456,787	11,218,664
Current Tax Liabilities	887,131	381,188	42,999	690,482	295,581	Nil
Borrowings	16,012,210	14,461,315	9,993,024	10,039,577	10,120,565	5,029,995
	39,977,926	36,504,339	30,061,811	24,310,093	24,872,933	16,248,659
<b>Total liabilities</b>	<b>50,865,386</b>	<b>43,084,643</b>	<b>37,516,367</b>	<b>27,402,345</b>	<b>27,687,859</b>	<b>19,006,472</b>
<b>Total equity and liabilities</b>	<b>126,505,970</b>	<b>117,741,360</b>	<b>111,055,547</b>	<b>93,887,957</b>	<b>94,360,076</b>	<b>84,514,242</b>

I certify that financial statements comply with the requirements of the Companies Act No. 07 of 2007.

sgd  
**Salman Nishtar**  
 Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

sgd  
**Sriyan Joseph de Silva Wijeyeratne**  
 Managing Director/Chief Executive Officer

sgd  
**Hasitha Premaratne**  
 Director

25-Jan-2018