



**TEEJAY LANKA PLC**  
Condensed Interim Financial Statements  
Period Ended 30 September 2018



## TEEJAY LANKA PLC

### Chairman's Review

Teejay Group continued its Revenue and Net Profit growth for the fourth consecutive quarter recording revenue of LKR 7.6 Bn, 25% YOY growth and Net Profit of LKR 425 Mn a 15% YoY Growth for 2nd Quarter of the financial year. Despite the challenges faced in cotton prices which inhibited performance, expanded capacity in the group and a strong order book prevailing from GSP facilities that the group enjoys resulted in the continued growth into the 4th consecutive quarter. Revenue for the 1st Half was recorded LKR 14.4 Bn compared to the previous year of LKR 11.5 Bn an increase of 25%, whilst the Net Profit was recorded at LKR 704 Mn compared to the previous year of LKR 560 Mn a 20% increase over the last year.

The Gross profit for the group recorded 859 Mn for Q2 an increase of 15% YOY despite the impacts stemming from Raw Material price hikes that prevailed during quarter. However, the margin for the 2nd quarter has improved to 11.3% compared to the 10.2% on a QoQ basis as a result of better loading and an improved mix with both US and EU business units increasing sales volumes. Gross profit improvement was due to improved capacity utilisation across the Group, depreciating currency, despite absorbing higher utility and RM costs. However, Gross margin was impacted due to RM and Utility cost increase during the quarter.

Distribution and Administration expenses saw an increase of 7% and 18% respectively and has been maintained at lower level as a percentage of sales for quarter 2. Cost control measures throughout the group stabilized costs and the depreciation of currency had a favourable impact on OH whilst expansion related costs and performance related expenses that were built are reflected in the increased numbers. Income tax is liable in all entities and was maintained with a marginal decline, whilst interest income has increased due financing of the expansion through borrowings.

Teejay Group continues with a strong balance sheet from the previous quarter with a cash balance of LKR 3.4 Bn despite the dividend payment of LKR 631Mn. The increase in working capital was driven by inventories to support expanded capacity and a strong order book in the coming quarters which have been historically the groups peak numbers.

The overall market remains competitive with the price swings and high demand for low cost products which posed challenges on selling prices and margins. However, cotton price volatility is expected to ease out during the end of third quarter impacting yarn prices in quarter 4 whilst, increases in utility and dyes and chemicals are projected to increase. Amidst these challenges the Group is gearing up for its peak quarters with the GSP benefit, where potential surge in EU business is expected, a strengthened the Customer portfolio, within the EU, US and Asian regions. The Group is optimistic of the new plans formulated to bring in more business into this area and fully yield expansion in India for the 2 half of the financial year.

Whilst implementing the combinations of acute and strategic plans, the group will stay on course for stringent overhead management, output and efficiency increase through process improvement, whilst continuously focusing on meeting customer required quality and timely delivery throughout the Group.

Sgd  
Bill Lam

Chairman

TEEJAY LANKA PLC

Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Group						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
Revenue	7,630,892	6,094,068	25%	14,434,563	11,502,278	25%	24,647,488
Cost of sales	(6,771,759)	(5,344,708)	27%	(12,878,277)	(10,148,849)	27%	(21,736,289)
<b>Gross profit</b>	<b>859,133</b>	<b>749,360</b>	<b>15%</b>	<b>1,556,286</b>	<b>1,353,429</b>	<b>15%</b>	<b>2,911,199</b>
Other income	71,645	45,063	59%	132,928	76,149	75%	237,537
Distribution expenses	(39,724)	(37,211)	7%	(77,379)	(71,078)	9%	(138,423)
Administrative expenses	(372,133)	(315,454)	18%	(739,189)	(614,365)	20%	(1,199,471)
<b>Results from operating activities</b>	<b>518,921</b>	<b>441,758</b>	<b>17%</b>	<b>872,646</b>	<b>744,135</b>	<b>17%</b>	<b>1,810,842</b>
Non Operating Income	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Finance income	14,919	23,452	-36%	35,342	28,547	24%	106,297
Finance costs	(33,634)	(15,717)	114%	(59,403)	(31,982)	86%	(99,423)
<b>Net finance income</b>	<b>(18,715)</b>	<b>7,735</b>	<b>-342%</b>	<b>(24,061)</b>	<b>(3,435)</b>	<b>600%</b>	<b>6,874</b>
<b>Profit before tax</b>	<b>500,206</b>	<b>449,493</b>	<b>11%</b>	<b>848,585</b>	<b>740,700</b>	<b>15%</b>	<b>1,817,716</b>
Income tax	(74,706)	(79,411)	-6%	(143,737)	(150,913)	-5%	(221,602)
<b>Profit for the period</b>	<b>425,500</b>	<b>370,082</b>	<b>15%</b>	<b>704,848</b>	<b>589,787</b>	<b>20%</b>	<b>1,596,114</b>
<b>Attributable to:</b>							
Equity holders of the parent	425,500	370,082	15%	704,848	589,787	20%	1,596,114
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>425,500</b>	<b>370,082</b>	<b>15%</b>	<b>704,848</b>	<b>589,787</b>	<b>20%</b>	<b>1,596,114</b>
<b>Basic earnings per share (LKR)</b>	<b>0.61</b>	<b>0.53</b>		<b>1.00</b>	<b>0.84</b>		<b>2.28</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in Sri Lankan Rupees thousands)

	Group						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
<b>Profit for the period</b>	<b>425,500</b>	<b>370,082</b>	<b>15%</b>	<b>704,848</b>	<b>589,787</b>	<b>20%</b>	<b>1,596,114</b>
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	24,795
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(4,997)
Net movement on cash flow hedges	Nil	Nil	0%	Nil	Nil	0%	9,673
Currency translation differences	792,546	(23,997)	-3403%	1,019,803	(66,197)	-1641%	131,673
<b>Total other comprehensive income for the period</b>	<b>792,546</b>	<b>(23,997)</b>	<b>-3403%</b>	<b>1,019,803</b>	<b>(66,197)</b>	<b>-1641%</b>	<b>161,144</b>
<b>Total comprehensive income for the period</b>	<b>1,218,046</b>	<b>346,085</b>	<b>252%</b>	<b>1,724,651</b>	<b>523,590</b>	<b>229%</b>	<b>1,757,258</b>
<b>Attributable to:</b>							
Equity holders of the parent	1,218,046	346,085	252%	1,724,651	523,590	229%	1,757,258
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>1,218,046</b>	<b>346,085</b>	<b>252%</b>	<b>1,724,651</b>	<b>523,590</b>	<b>229%</b>	<b>1,757,258</b>

TEEJAY LANKA PLC

Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Company						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
Revenue	4,321,416	4,163,374	4%	8,400,701	7,632,273	10%	15,911,022
Cost of sales	(3,797,191)	(3,731,234)	2%	(7,521,035)	(6,896,413)	9%	(14,201,758)
<b>Gross profit</b>	<b>524,225</b>	<b>432,140</b>	<b>21%</b>	<b>879,666</b>	<b>735,860</b>	<b>20%</b>	<b>1,709,264</b>
Other income	127,781	110,789	15%	257,997	202,161	28%	608,862
Distribution expenses	(29,292)	(32,089)	-9%	(57,987)	(58,806)	-1%	(106,280)
Administrative expenses	(201,848)	(170,193)	19%	(394,997)	(328,719)	20%	(635,534)
<b>Results from operating activities</b>	<b>420,866</b>	<b>340,647</b>	<b>24%</b>	<b>684,679</b>	<b>550,496</b>	<b>24%</b>	<b>1,576,312</b>
Finance income	16,177	28,884	-44%	38,234	37,212	3%	110,342
Finance costs	(256)	(325)	-21%	(330)	(550)	-40%	(12,870)
<b>Net finance income</b>	<b>15,921</b>	<b>28,559</b>	<b>-44%</b>	<b>37,904</b>	<b>36,662</b>	<b>3%</b>	<b>97,472</b>
<b>Profit before tax</b>	<b>436,787</b>	<b>369,206</b>	<b>18%</b>	<b>722,583</b>	<b>587,158</b>	<b>23%</b>	<b>1,673,784</b>
Income tax	(42,744)	(44,349)	-4%	(77,155)	(70,645)	9%	(144,969)
<b>Profit for the period</b>	<b>394,043</b>	<b>324,857</b>	<b>21%</b>	<b>645,428</b>	<b>516,513</b>	<b>25%</b>	<b>1,528,815</b>
<b>Attributable to:</b>							
Equity holders of the parent	394,043	324,857	21%	645,428	516,513	25%	1,528,815
Non-controlling interest	Nil	Nil		Nil	Nil		Nil
	<b>394,043</b>	<b>324,857</b>	<b>21%</b>	<b>645,428</b>	<b>516,513</b>	<b>25%</b>	<b>1,528,815</b>
<b>Basic earnings per share (LKR)</b>	0.56	0.46		0.92	0.74		2.18

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in Sri Lankan Rupees thousands)

	Company						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
<b>Profit for the period</b>	394,043	324,857	21%	645,428	516,513	25%	1,528,815
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	31,427
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(4,400)
Net movement on cash flow hedges	Nil	Nil	0%	Nil	Nil	0%	9,673
Currency translation differences	701,984	(21,387)	-3382%	904,103	(59,093)	-1630%	116,890
<b>Total other comprehensive income for the period</b>	<b>701,984</b>	<b>(21,387)</b>	<b>-3382%</b>	<b>904,103</b>	<b>(59,093)</b>	<b>-1630%</b>	<b>153,590</b>
<b>Total comprehensive income for the period</b>	<b>1,096,027</b>	<b>303,470</b>	<b>261%</b>	<b>1,549,531</b>	<b>457,420</b>	<b>239%</b>	<b>1,682,405</b>
<b>Attributable to:</b>							
Equity holders of the parent	1,096,027	303,470	261%	1,549,531	457,420	239%	1,682,405
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>1,096,027</b>	<b>303,470</b>	<b>261%</b>	<b>1,549,531</b>	<b>457,420</b>	<b>239%</b>	<b>1,682,405</b>

**TEEJAY LANKA PLC**

**Statement of Financial Position**

(all amounts in Sri Lankan Rupees thousands)

	Group			Company		
	As at 30 September		As at 31 March	As at 30 September		As at 31 March
	2018	2017	2018	2018	2017	2018
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
<b>ASSETS</b>						
<b>Non - current assets</b>						
Property, plant & equipment	8,362,970	7,414,609	7,534,180	4,094,924	3,522,285	3,549,403
Capital work-in-progress	262,502	352,186	444,541	149,884	177,770	349,528
Intangible assets	53,602	65,673	54,458	33,172	39,437	33,029
Goodwill	55,521	50,244	51,112	Nil	Nil	Nil
Investment in Subsidiaries	Nil	Nil	Nil	2,896,204	2,748,323	2,666,214
Lease rentals paid in advance	239,088	231,394	227,820	96,794	91,864	86,941
Deferred tax assets	77,681	180,505	125,070	Nil	Nil	Nil
	<b>9,051,364</b>	<b>8,294,611</b>	<b>8,437,181</b>	<b>7,270,978</b>	<b>6,579,679</b>	<b>6,685,115</b>
<b>Current assets</b>						
Inventories	4,762,933	3,532,886	4,091,207	3,055,548	2,405,473	2,817,004
Trade and other receivables	4,164,443	3,387,822	3,494,456	2,652,586	2,446,797	2,149,360
Other financial assets	1,839,936	1,354,881	789,378	1,247,250	638,199	620,214
Derivative financial instruments	10,664	Nil	9,817	10,664	Nil	9,817
Cash and cash equivalents	1,562,031	1,375,347	2,742,897	1,311,767	1,025,689	2,126,727
	<b>12,340,007</b>	<b>9,650,936</b>	<b>11,127,755</b>	<b>8,277,815</b>	<b>6,516,158</b>	<b>7,723,122</b>
<b>Total assets</b>	<b>21,391,371</b>	<b>17,945,547</b>	<b>19,564,936</b>	<b>15,548,793</b>	<b>13,095,837</b>	<b>14,408,237</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Stated capital	4,056,683	4,056,790	4,056,683	4,056,683	4,056,790	4,056,683
Share option scheme	85,505	63,746	85,505	85,505	63,746	85,505
Exchange equalisation reserve	3,597,482	2,379,810	2,577,679	3,387,716	2,307,630	2,483,613
Retained earnings	5,044,969	4,437,127	4,971,882	3,784,064	3,222,438	3,770,397
Hedging reserve	9,673	Nil	9,673	9,673	Nil	9,673
	<b>12,794,312</b>	<b>10,937,473</b>	<b>11,701,422</b>	<b>11,323,641</b>	<b>9,650,604</b>	<b>10,405,871</b>
<b>Non - current liabilities</b>						
Borrowings	1,001,880	1,162,540	1,106,784	Nil	Nil	Nil
Deferred tax liabilities	354,498	375,086	318,004	308,985	263,100	276,106
Retirement benefit obligations	251,389	219,325	207,666	206,443	186,721	171,132
	<b>1,607,767</b>	<b>1,756,951</b>	<b>1,632,454</b>	<b>515,428</b>	<b>449,821</b>	<b>447,238</b>
<b>Current liabilities</b>						
Trade and other payables	4,442,726	3,550,218	4,486,958	2,771,902	2,153,360	2,780,269
Current tax liability	117,440	78,886	14,647	73,202	54,004	Nil
Borrowings	2,429,126	1,622,019	1,729,455	864,620	788,048	774,859
	<b>6,989,292</b>	<b>5,251,123</b>	<b>6,231,060</b>	<b>3,709,724</b>	<b>2,995,412</b>	<b>3,555,128</b>
<b>Total liabilities</b>	<b>8,597,059</b>	<b>7,008,074</b>	<b>7,863,514</b>	<b>4,225,152</b>	<b>3,445,233</b>	<b>4,002,366</b>
<b>Total equity and liabilities</b>	<b>21,391,371</b>	<b>17,945,547</b>	<b>19,564,936</b>	<b>15,548,793</b>	<b>13,095,837</b>	<b>14,408,237</b>
<b>Net Asset per share</b>	<b>18.23</b>	<b>15.58</b>	<b>16.67</b>	<b>16.13</b>	<b>13.75</b>	<b>14.82</b>

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

Sgd

**Salman Nishtar**  
Chief Financial Officer

Sgd

**Shrihan Perera**  
Chief Executive Officer

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

Sgd  
**Ashroff Omar**  
Director

Sgd  
**Hasitha Premaratne**  
Director

30-Oct-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	Other components of equity	Total
<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>Nil</b>	<b>11,177,224</b>
Profit for the period	Nil	Nil	Nil	1,596,114	Nil	1,596,114
Other comprehensive income	Nil	Nil	131,673	19,798	9,673	161,144
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>131,673</b>	<b>1,615,912</b>	<b>9,673</b>	<b>1,757,258</b>
Issue of shares under Employee Share Option Scheme	113,997	Nil	Nil	Nil	Nil	113,997
<b>Transactions with owners</b>						
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,446)	Nil	(877,446)
Interim dividend paid - 2017/18	Nil	Nil	Nil	(491,370)	Nil	(491,370)
Share option scheme	Nil	21,759	Nil	Nil	Nil	21,759
<b>Balance as at 31 March 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>2,577,679</b>	<b>4,971,882</b>	<b>9,673</b>	<b>11,701,422</b>
<b>Balance as at 1 April 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>2,577,679</b>	<b>4,971,882</b>	<b>9,673</b>	<b>11,701,422</b>
Profit for the period	Nil	Nil	Nil	704,848	Nil	704,848
Other comprehensive income	Nil	Nil	1,019,803	Nil	Nil	1,019,803
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>1,019,803</b>	<b>704,848</b>	<b>Nil</b>	<b>1,724,651</b>
<b>Transactions with Owners</b>						
Final dividend paid - 2017/18	Nil	Nil	Nil	(631,761)	Nil	(631,761)
<b>Balance as at 30 September 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>3,597,482</b>	<b>5,044,969</b>	<b>9,673</b>	<b>12,794,312</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>Nil</b>	<b>11,177,224</b>
Profit for the period	Nil	Nil	Nil	589,787	Nil	589,787
Other comprehensive income	Nil	Nil	(66,197)	Nil	Nil	(66,197)
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>(66,197)</b>	<b>589,787</b>	<b>Nil</b>	<b>523,590</b>
Issue of shares under Employee Share Option Scheme	114,104	Nil	Nil	Nil	Nil	114,104
<b>Transactions with Owners</b>						
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,446)	Nil	(877,446)
<b>Balance as at 30 September 2017</b>	<b>4,056,790</b>	<b>63,746</b>	<b>2,379,809</b>	<b>4,437,127</b>	<b>Nil</b>	<b>10,937,472</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	Other components of equity	Total
<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>Nil</b>	<b>9,956,526</b>
Profit for the period	Nil	Nil	Nil	1,528,815	Nil	1,528,815
Other comprehensive income	Nil	Nil	116,890	27,027	9,673	153,590
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>116,890</b>	<b>1,555,842</b>	<b>9,673</b>	<b>1,682,405</b>
Issue of shares under Employee Share Option Scheme	113,997	Nil	Nil	Nil	Nil	113,997
<b>Transactions with owners</b>						
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,446)	Nil	(877,446)
Interim dividend paid - 2017/18	Nil	Nil	Nil	(491,370)	Nil	(491,370)
Share option scheme	Nil	21,759	Nil	Nil	Nil	21,759
<b>Balance as at 31 March 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>2,483,613</b>	<b>3,770,397</b>	<b>9,673</b>	<b>10,405,871</b>
<b>Balance as at 1 April 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>2,483,613</b>	<b>3,770,397</b>	<b>9,673</b>	<b>10,405,871</b>
Profit for the period	Nil	Nil	Nil	645,428	Nil	645,428
Other comprehensive income	Nil	Nil	904,103	Nil	Nil	904,103
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>904,103</b>	<b>645,428</b>	<b>Nil</b>	<b>1,549,531</b>
<b>Transactions with Owners</b>						
Final dividend paid - 2017/18	Nil	Nil	Nil	(631,761)	Nil	(631,761)
<b>Balance as at 30 September 2018</b>	<b>4,056,683</b>	<b>85,505</b>	<b>3,387,716</b>	<b>3,784,064</b>	<b>9,673</b>	<b>11,323,641</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>Nil</b>	<b>9,956,526</b>
Profit for the period	Nil	Nil	Nil	516,513	Nil	516,513
Other comprehensive income	Nil	Nil	(59,093)	Nil	Nil	(59,093)
<b>Total comprehensive income</b>	<b>Nil</b>	<b>Nil</b>	<b>(59,093)</b>	<b>516,513</b>	<b>Nil</b>	<b>457,420</b>
Issue of shares under Employee Share Option Scheme	114,104	Nil	Nil	Nil	Nil	114,104
<b>Transactions with Owners</b>						
Final dividend paid - 2016/17	Nil	Nil	Nil	(877,446)	Nil	(877,446)
<b>Balance as at 30 September 2017</b>	<b>4,056,790</b>	<b>63,746</b>	<b>2,307,630</b>	<b>3,222,438</b>	<b>Nil</b>	<b>9,650,604</b>

TEEJAY LANKA PLC

Cash Flow Statement

(all amounts in Sri Lankan Rupees thousands)

	Group		Company	
	Period Ended 30 September		Period Ended 30 September	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
<b>Cash flows from operating activities</b>				
Cash generated from operations	632,466	1,116,304	569,100	679,084
Finance income received	35,341	28,547	38,233	37,212
Finance cost paid	(59,401)	(31,982)	(330)	(550)
Retirement benefit obligations paid	(11,114)	(18,782)	(4,219)	(3,461)
Tax paid	(17,252)	Nil	Nil	Nil
<b>Net cash generated/(used) from operating activities</b>	<b>580,040</b>	<b>1,094,088</b>	<b>602,784</b>	<b>712,286</b>
<b>Cash flows from investing activities</b>				
Additions to capital work - in - progress	(543,159)	(1,037,811)	(271,544)	(202,478)
Investment in financial assets	(921,422)	(122,455)	(537,900)	349,031
<b>Net cash used in investing activities</b>	<b>(1,464,581)</b>	<b>(1,160,266)</b>	<b>(809,444)</b>	<b>146,553</b>
<b>Cash flows from financing activities</b>				
Issue of shares under Employee Share Option Scheme	Nil	114,104	Nil	114,104
Dividend paid	(631,761)	(877,446)	(631,761)	(877,446)
Proceeds from / (settlement of) borrowings	229,670	722,025	Nil	(4,400)
<b>Net cash used in financing activities</b>	<b>(402,091)</b>	<b>(41,316)</b>	<b>(631,761)</b>	<b>(767,742)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,286,632)</b>	<b>(107,495)</b>	<b>(838,421)</b>	<b>91,097</b>
Cash and cash equivalents at the beginning of the period	2,736,638	1,448,026	2,120,468	902,094
<b>Cash and cash equivalents at the end of the period</b>	<b>1,450,006</b>	<b>1,340,532</b>	<b>1,282,047</b>	<b>993,191</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 30 September 2018, 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 06 months ended 30 September 2018 were authorised for issue by the Board of Directors on 30 October 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 2018.

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 2018.

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

	Group		Company	
	Quater Ended 30 September 2018	2017	Quater Ended 30 September 2018	2017
<b>Profitability Ratios</b>				
Net Profit Margin	5.58%	5.13%	9.12%	6.77%
Asset to Turnover	1.49	1.32	1.15	1.18
Debt : Equity	0.27	0.25	0.08	0.08
Return on Assets (ROA)	8.31%	6.77%	10.52%	7.96%
Return on Equity (ROE)	13.90%	10.67%	14.51%	10.54%

#### Investor Ratios

Earnings per Share (EPS) - LKR	0.61	0.84	0.56	0.74
Net Asset Value per Share - LKR	18.23	15.58	16.13	13.75
Price / Earnings Ratio (PE Ratio)	11.84	17.53	12.20	20.76
Price to Book Value Ratio (PBV Ratio)	1.58	2.50	1.79	2.84

(PE and PBV Ratios are based on a market price of LKR 28.80 per share closed 28 September 2018)

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

#### 10. Directors' Interest in Shares of the Company (As at 30 September 2018)

	No. of Shares	%
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 30 September 2018	33.00	27.60
Last traded price (on 28 September 2018)	28.80	

#### 12. Public Shareholding 271,571,926 shares - 38.69%

The percentage of shares held by the public as at 30 September 2018 was 38.69% (271,571,926 number of shares).

The number of public shareholders as at 30 September 2018 was 8,272 and a float adjusted market capitalisation of LKR 7,821,705,623. In terms of the rule 7.13.1 of the Listing Rules of the Colombo Stock Exchange, the Company Qualifies under option Five of the minimum public holding requirement.

#### 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
HSBC Intl Nom Ltd - BBH - Fidelity Funds	30,675,194	4.37
Citibank Newyork S/A Norges Bank Account 2	21,003,973	2.99
HSBC Intl Nom Ltd-BBH-Matthews Emerging Asia Fund	18,872,680	2.69
Bnymansv Re-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	16,000,000	2.28
HSBC Intl Nom Ltd-JPCMB NA-Fidelity Asian Values PLC	14,601,214	2.08
Melstacorp PLC	12,622,428	1.80
Union Assurance PLC/Account No. 05 (Unit-Linked Life Insurance Fund-Equity Fund)	5,723,542	0.82
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
J.B. Cocoshell (Pvt) Ltd	4,935,361	0.70
SEB AB-Fim Frontier Fund	4,172,470	0.59
Deutsche Bank AG-National Equity Fund	4,000,000	0.57
East India Holding (Pvt) Ltd	3,955,425	0.56
Pictet and CIE (EUROPE) S.A.S/A Ruffer SICAV-Ruffer Emerging Markets Fund	3,000,000	0.43
Union Assurance PLC/No-01A/C	2,782,495	0.40
Periceyl ( Private ) Limited A/C No. 03	2,694,100	0.38
Deutsche Bank AG As Trustee For Namal Acuity Value Fund	2,455,000	0.35
Nuwara Eliya Property Developers (Pvt) Ltd	2,285,200	0.33

#### 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 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
Revenue	48,322,286	40,281,303	20%	92,168,845	76,078,297	21%	162,721,908
Cost of sales	(42,877,782)	(35,327,803)	21%	(82,231,512)	(67,126,460)	23%	(143,502,268)
<b>Gross profit</b>	5,444,504	4,953,500	10%	9,937,333	8,951,837	11%	19,219,640
Other income	453,841	297,911	52%	848,785	503,667	69%	1,568,210
Distribution expenses	(251,420)	(245,958)	2%	(494,089)	(470,122)	5%	(913,867)
Administrative expenses	(2,354,427)	(2,085,030)	13%	(4,719,935)	(4,063,527)	16%	(7,918,870)
<b>Results from operating activities</b>	3,292,498	2,920,423	13%	5,572,094	4,921,855	13%	11,955,113
Finance income	94,510	155,095	-39%	225,671	188,815	20%	701,775
Finance costs	(213,689)	(103,880)	106%	(379,305)	(211,532)	79%	(656,387)
<b>Net finance income</b>	(119,179)	51,215	-333%	(153,634)	(22,717)	576%	45,388
<b>Profit before tax</b>	3,173,319	2,971,638	7%	5,418,460	4,899,138	11%	12,000,501
<b>Income tax</b>	(472,930)	(524,896)	-10%	(917,804)	(998,170)	-8%	(1,463,004)
<b>Profit for the period</b>	<b>2,700,389</b>	<b>2,446,742</b>	<b>10%</b>	<b>4,500,656</b>	<b>3,900,968</b>	<b>15%</b>	<b>10,537,497</b>
<b>Attributable to:</b>							
Equity holders of the parent	2,700,389	2,446,742	10%	4,500,656	3,900,968	15%	10,537,497
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>2,700,389</b>	<b>2,446,742</b>	<b>10%</b>	<b>4,500,656</b>	<b>3,900,968</b>	<b>15%</b>	<b>10,537,497</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in United States Dollars)

	Group						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
<b>Profit for the period</b>	2,700,389	2,446,742	10%	4,500,656	3,900,968	15%	10,537,497
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	163,698
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(32,990)
Net movement on cash flow hedges	Nil	Nil	100%	Nil	Nil	100%	63,862
<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>194,570</b>
<b>Total comprehensive income for the period</b>	<b>2,700,389</b>	<b>2,446,742</b>	<b>10%</b>	<b>4,500,656</b>	<b>3,900,968</b>	<b>15%</b>	<b>10,732,067</b>
<b>Attributable to:</b>							
Equity holders of the parent	2,700,389	2,446,742	10%	4,500,656	3,900,968	15%	10,732,067
Non-controlling interest	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>2,700,389</b>	<b>2,446,742</b>	<b>10%</b>	<b>4,500,656</b>	<b>3,900,968</b>	<b>15%</b>	<b>10,732,067</b>

TEEJAY LANKA PLC

Income Statement

(all amounts in United States Dollars)

	Company						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
Revenue	27,351,763	27,520,656	-1%	53,640,898	50,481,333	6%	105,044,049
Cost of sales	(24,025,499)	(24,663,865)	-3%	(48,023,977)	(45,614,214)	5%	(93,759,543)
<b>Gross profit</b>	<b>3,326,264</b>	<b>2,856,791</b>	<b>16%</b>	<b>5,616,921</b>	<b>4,867,119</b>	<b>15%</b>	<b>11,284,506</b>
Other income	808,194	732,341	10%	1,647,380	1,337,129	23%	4,019,683
Distribution expenses	(185,337)	(212,113)	-13%	(370,261)	(388,953)	-5%	(701,654)
Administrative expenses	(1,277,409)	(1,124,924)	14%	(2,522,169)	(2,174,210)	16%	(4,195,776)
<b>Results from operating activities</b>	<b>2,671,712</b>	<b>2,252,095</b>	<b>19%</b>	<b>4,371,871</b>	<b>3,641,085</b>	<b>20%</b>	<b>10,406,759</b>
Finance income	101,990	191,001	-47%	244,136	246,126	-1%	728,476
Finance costs	(1,630)	(2,149)	-24%	(2,110)	(3,635)	-42%	(84,972)
<b>Net finance income</b>	<b>100,360</b>	<b>188,852</b>	<b>-47%</b>	<b>242,026</b>	<b>242,491</b>	<b>0%</b>	<b>643,504</b>
<b>Profit before tax</b>	<b>2,772,072</b>	<b>2,440,947</b>	<b>14%</b>	<b>4,613,897</b>	<b>3,883,576</b>	<b>19%</b>	<b>11,050,263</b>
Income tax	(270,893)	(293,211)	-8%	(492,659)	(467,262)	5%	(957,081)
<b>Profit for the period</b>	<b>2,501,179</b>	<b>2,147,736</b>	<b>16%</b>	<b>4,121,238</b>	<b>3,416,314</b>	<b>21%</b>	<b>10,093,182</b>

TEEJAY LANKA PLC

Statement of Comprehensive Income

(all amounts in United States Dollars)

	Company						
	Quarter Ended 30 September			Period Ended 30 September			Year Ended 31 March
	2018 Unaudited	2017 Unaudited	Variance	2018 Unaudited	2017 Unaudited	Variance	2018 Audited
<b>Profit for the period</b>	2,501,179	2,147,736	16%	4,121,238	3,416,314	21%	10,093,182
<b>Other comprehensive income</b>							
Effect on remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	207,482
Deferred tax attributable to remeasurement of retirement benefit obligations	Nil	Nil	0%	Nil	Nil	0%	(29,047)
Net movement on cash flow hedges	Nil	Nil	0%	Nil	Nil	0%	63,862
<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>242,297</b>
<b>Total comprehensive income for the period</b>	<b>2,501,179</b>	<b>2,147,736</b>	<b>16%</b>	<b>4,121,238</b>	<b>3,416,314</b>	<b>21%</b>	<b>10,335,479</b>



TEEJAY LANKA PLC

Statement of Financial Position

(all amounts in United States Dollars)

	Group			Company		
	As at 30 September		As at 31 March	As at 30 September		As at 31 March
	2018	2017	2018	2018	2017	2018
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
<b>ASSETS</b>						
<b>Non - current assets</b>						
Property, plant & equipment	50,083,662	49,067,626	49,012,363	24,523,439	23,309,413	23,090,055
Capital work-in-progress	1,572,056	2,330,659	2,891,885	897,616	1,176,425	2,273,795
Intangible assets	321,007	434,606	354,267	198,656	260,984	214,860
Goodwill	332,502	332,502	332,502	Nil	Nil	Nil
Investment in Subsidiaries	Nil	Nil	Nil	17,344,614	18,187,567	17,344,614
Lease rentals paid in advance	1,431,834	1,531,293	1,482,044	579,676	607,925	565,582
Deferred tax Assets	465,209	1,194,528	813,619	Nil	Nil	Nil
	54,206,270	54,891,214	54,886,680	43,544,001	43,542,314	43,488,906
<b>Current assets</b>						
Inventories	28,523,971	23,379,564	26,614,663	18,298,889	15,918,688	18,325,551
Trade and other receivables	24,939,771	22,419,573	22,732,605	15,885,650	16,192,155	13,982,303
Other financial assets	11,018,900	8,966,193	5,135,170	7,469,455	4,223,407	4,034,698
Derivative financial instruments	63,862	Nil	63,862	63,862	Nil	63,862
Cash and cash equivalents	9,354,601	9,101,631	17,843,464	7,855,834	6,787,701	13,835,071
	73,901,105	63,866,961	72,389,764	49,573,690	43,121,951	50,241,485
<b>Total assets</b>	<b>128,107,375</b>	<b>118,758,175</b>	<b>127,276,444</b>	<b>93,117,691</b>	<b>86,664,265</b>	<b>93,730,391</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Stated capital	37,571,594	37,571,594	37,571,594	37,571,594	37,571,594	37,571,594
Share option scheme	599,657	456,004	599,657	599,657	456,004	599,657
Retained earnings	38,386,709	34,353,282	37,886,560	29,579,237	25,837,166	29,458,562
Hedging reserve	63,862	Nil	63,862	63,862	Nil	63,862
	76,621,822	72,380,880	76,121,673	67,814,350	63,864,764	67,693,675
<b>Non - current liabilities</b>						
Borrowings	6,000,000	7,693,333	7,200,000	Nil	Nil	Nil
Deferred tax liabilities	2,122,994	2,482,203	2,068,721	1,850,434	1,741,118	1,796,161
Retirement benefit obligations	1,505,501	1,451,426	1,350,935	1,236,332	1,235,660	1,113,270
	9,628,495	11,626,962	10,619,656	3,086,766	2,976,778	2,909,431
<b>Current liabilities</b>						
Trade and other payables	26,606,330	23,494,263	29,189,159	16,600,207	14,250,278	18,086,570
Current Tax Liabilities	703,318	522,041	95,275	438,385	357,382	Nil
Borrowings	14,547,410	10,734,029	11,250,681	5,177,983	5,215,063	5,040,715
	41,857,058	34,750,333	40,535,115	22,216,575	19,822,723	23,127,285
<b>Total liabilities</b>	<b>51,485,553</b>	<b>46,377,295</b>	<b>51,154,771</b>	<b>25,303,341</b>	<b>22,799,501</b>	<b>26,036,716</b>
<b>Total equity and liabilities</b>	<b>128,107,375</b>	<b>118,758,175</b>	<b>127,276,444</b>	<b>93,117,691</b>	<b>86,664,265</b>	<b>93,730,391</b>

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

Sgd

Salman Nishtar  
Chief Financial Officer

Sgd

Shrihan Perera  
Chief Executive Officer

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

Sgd

Ashroff Omar  
Director

Sgd

Hasitha Premaratne  
Director

30-Oct-2018