



INTERIM FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
30th SEPTEMBER 2018**

**TESS AGRO PLC
87, New Nuge Road,
Kelaniya**



Balance Sheet

As At 30th September 2018

| | Un-Audited Period Ended 30 th Sep. 2018 Rs. | Un-Audited Period Ended 30 th Sep. 2017 Rs. | Audited Period Ended 31 st Mar. 2018 Rs. |
|---------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property , Plant & Equipment Net | 348,968,715 | 312,276,142 | 354,928,404 |
| Leasehold Property | 123,457,064 | 167,732,328 | 123,350,624 |
| Intangible Assets | 1,035,203 | 1,181,891 | 1,127,138 |
| Differed Tax Assets | 18,888,211 | 16,973,814 | 12,863,350 |
| Biological Assets | 1,779,715 | - | 1,324,454 |
| Other Non Current Financial Assets | 10,319,542 | 10,337,877 | 10,319,542 |
| | 504,448,450 | 508,502,052 | 503,913,512 |
| CURRENT ASSETS | | | |
| Inventories | 1,802,439 | 1,802,439 | 1,802,439 |
| Trade and Other Receivables Net | 20,726,243 | 21,730,438 | 11,564,180 |
| Amount Due From Related Parties | 14,678,343 | 20,375,446 | 17,031,040 |
| Other Current Assets | 22,821,608 | 19,768,146 | 22,970,655 |
| Current Investments | 2,017,236 | 2,128,515 | 1,804,565 |
| Cash & Cash Equivalents | 2,193,634 | 12,223,380 | 2,253,374 |
| | 64,239,504 | 78,028,364 | 57,426,253 |
| TOTAL ASSETS | 568,687,954 | 586,530,417 | 561,339,765 |
| EQUITY & LIABILITIES | | | |
| Stated Capital | 407,805,528 | 356,967,698 | 356,967,698 |
| Other Components of Equity | 97,583,836 | 99,922,216 | 99,600,471 |
| Reserves | (278,837,336) | (248,228,184) | (274,503,376) |
| Total Equity | 226,552,028 | 208,661,730 | 182,064,793 |
| NON CURRENT LIABILITIES | | | |
| Deferred Tax Liability | 18,888,211 | 16,973,814 | 18,888,211 |
| Interest Bearing Loans & Borrowings | 159,516,848 | 125,379,758 | 118,151,790 |
| Retirement Benefit Obligations | 1,899,851 | 1,638,180 | 1,899,851 |
| | 180,304,910 | 143,991,752 | 138,939,852 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 28,069,411 | 27,238,270 | 31,288,485 |
| Interest Bearing Loans & Borrowings | 63,935,319 | 143,880,964 | 147,155,263 |
| Amount Due To Related Parties | 19,721,727 | 13,770,851 | 22,265,754 |
| Other Current Liabilities | 4,665,688 | 3,112,641 | 1,794,274 |
| Bank Overdrafts | 45,438,870 | 45,874,208 | 37,831,345 |
| | 161,831,015 | 233,876,934 | 240,335,121 |
| TOTAL EQUITY & LIABILITIES | 568,687,954 | 586,530,416 | 561,339,765 |

| | | | |
|----------------------------------------------------------|-------------|-------------|-------------|
| No of Ordinary Voting & Non Voting Shares | 389,797,287 | 320,000,000 | 320,000,000 |
| Net assets value per share | 0.58 | 0.65 | 0.57 |
| Market value per share Voting - Qtr.- Highest | 0.70 | 1.50 | 1.70 |
| - Lowest | 0.40 | 1.10 | 0.80 |
| - Closing | 0.50 | 1.20 | 1.10 |
| Market value per share Non Voting - Qtr.- Highest | 0.60 | 1.30 | 1.50 |
| - Lowest | 0.40 | 1.00 | 0.80 |
| - Closing | 0.50 | 1.10 | 1.10 |

The above figures are provisional and subject to audit

S.F. Fernando

S.F Fernando
Chairperson

D.Fernando

D.Fernando
Director/ CEO

Date 13.11.2018

Figures in the brackets indicate deductions.

For the Period Ended 30th September 2018

| | Un-audited Three Months Period Ended 30 th Sep. 2018 Rs. | Un-audited Three Months Period Ended 30 th Sep. 2017 Rs. | Un-audited Six Months Period Ended 30 th Sep. 2018 Rs. | Un-audited Six Months Period Ended 30 th Sep. 2017 Rs. | Audited Period Ended 31 st Mar. 2018 Rs. | Change % |
|-------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------|-------------|
| Turnover | 77,718,525 | 98,063,645 | 141,251,570 | 165,950,890 | 310,605,504 | (21) |
| Cost of Sales | (65,558,245) | (90,927,337) | (116,587,987) | (149,286,305) | (272,449,415) | - |
| Gross Profit | 12,160,280 | 7,136,308 | 24,663,583 | 16,664,585 | 38,156,089 | 70 |
| Other Operating Income | - | 716,018 | - | 1,143,148 | - | (100) |
| Selling & Distribution Expenses | (1,024,304) | (1,900,003) | (1,709,009) | (5,428,366) | (13,625,579) | 46 |
| Administrative Expenses | (5,731,016) | (10,135,291) | (11,798,176) | (21,658,383) | (33,544,330) | 43 |
| Other Operating Expenses | (5,267,690) | - | (8,568,611) | - | (8,761,937) | - |
| Profit from Operations | 137,270 | (4,182,967) | 2,587,787 | (9,279,016) | (17,775,757) | (103) |
| Dividend Income | 1,414 | 1,416 | 12,446 | 13,465 | 19,109 | (0) |
| Profit before Interest | 138,684 | (4,181,551) | 2,600,234 | (9,265,551) | (17,756,648) | (103) |
| Finance Income | 106,336 | 5,632 | 212,672 | 55,100 | 185,137 | 100 |
| Finance Expenses | (7,120,541) | (5,591,237) | (13,063,204) | (11,257,261) | (26,292,001) | (27) |
| Profit /(Loss) before Tax | (6,875,520) | (9,767,155) | (10,250,298) | (20,467,711) | (43,863,511) | 30 |
| Provision for Taxation | - | - | - | - | (6,056,757) | - |
| Net Profit/(Loss) after Tax | (6,875,520) | (9,767,155) | (10,250,298) | (20,467,711) | (49,920,268) | 30 |
| Profit available for Appropriation | (6,875,521) | (9,767,155) | (10,250,298) | (20,467,711) | (49,920,268) | 30 |
| Earnings Per Share | (0.02) | (0.03) | (0.03) | (0.06) | (0.16) | 6 |

Figures in the brackets indicate deductions.

For the Period Ended 30th September 2018

| | Un-audited Three Months Period Ended 30 th Sep.2018 Rs. | Un-audited Three Months Period Ended 30 th Sep.2017 Rs. | Un-audited Six Months Period Ended 30 th Sep.2018 Rs. | Un-audited Six Months Period Ended 30 th Sep.2017 Rs. | Audited Period Ended 31 st Mar. 2018 Rs. | Change % |
|--------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------|-------------|
| Profit / Loss for the Period / Year | (6,875,520) | (9,767,155) | (10,250,298) | (20,467,711) | (49,920,268) | 30 |
| Other Comprehensive Income | - | - | - | - | - | - |
| | (6,875,520) | (9,767,155) | (10,250,298) | (20,467,711) | (49,920,268) | 30 |
| Revaluation of Property Plant & Equipment | | | | | - | |
| Net change in fair Value - | | | | | - | |
| Available for sale financial assets | - | - | - | - | - | - |
| Other Comprehensive Income for the year net of tax | - | - | - | - | - | - |
| Other Comprehensive Income for the Period /Year | (6,875,520) | (9,767,155) | (10,250,298) | (20,467,711) | (49,920,268) | 30 |

Figures in the brackets indicate deductions.



Cash Flow Statement

For the Period Ended 30th September 2018

| | Company | | |
|---------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------|
| | Un-Audited Six Months Period Ended 30 th Sep. 2018 Rs. | Un-Audited Six Months Period Ended 30 th Sep. 2017 Rs. | Audited Period Ended 31 st Mar. 2018 |
| Cash Flow from Operating Activities | | | |
| Cash Receipts from Customers | 131,969,019 | 186,199,928 | 322,809,497 |
| Cash Paid to Suppliers & Employees | (111,867,244) | (204,970,098) | (325,237,253) |
| Cash Generated from Operations | 20,101,775 | (18,770,170) | (2,427,756) |
| Gratuity Paid | - | - | - |
| Interest Paid | (18,841,834) | (8,820,361) | (17,263,328) |
| Income Tax Paid | - | - | - |
| Net Cash flow from Operating Activities | 1,259,941 | (27,590,531) | (19,691,084) |
| Cash flow from Investing Activities | | | |
| Acquisition of Property, Plant & Equipment | (106,440) | - | (383,240) |
| Purchase of Intangible assets | - | - | - |
| Acquisition of Biological Assets | (455,000) | - | (604,402) |
| Acquisition of Investment | - | - | - |
| Interest Received | 212,672 | 60,733 | 185,137 |
| Dividend Received | 12,446 | 14,881 | 19,109 |
| Proceeds from Disposal of Property Plant and Equipment | - | - | - |
| Investment in Equity Shares | - | - | (4,040) |
| Exchange Gain / (Loss) | (2,444,987) | 1,143,149 | - |
| Investment in Fixed Deposits | - | - | (155,620) |
| Net Cash flow from Investing Activities | (2,781,309) | 1,218,763 | (943,056) |
| Cash flow from Financing Activities | | | |
| Repayment of Interest Bearing Borrowings | (140,973,662) | (95,910,740) | (123,166,035) |
| Proceeds from Share Issue | 50,837,830 | - | - |
| Proceeds from Long Term Loans | - | - | - |
| Proceeds from Interest Bearing Borrowings | 83,589,934 | 94,885,433 | 112,347,442 |
| Dividend Paid | - | - | - |
| Net Cash flow from Financing Activities | (6,545,898) | (1,025,307) | (10,818,593) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (8,067,266) | (27,397,075) | (31,452,734) |
| Cash & Cash Equivalents at the Beginning of the Year/Period | (35,577,970) | (4,125,238) | (4,125,238) |
| Cash & Cash Equivalents at the End of the Period | (43,645,236) | (31,522,313) | (35,577,972) |



Statement of Changes in Equity

| For the Period Ended 30 th September 2018 | Attributable to equity holders of the Company | | | | | Total |
|---------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------|------------------------------------------------|-----------------------------|--------------|
| | Stated Capital Rs. | Revaluation Surplus Rs. | Capital Reserves Rs. | Fair Value Change Equity Instruments Rs. | Retained Earnings Rs. | Rs. |
| Balance as at 31st March, 2017 | 356,967,698 | 97,771,076 | 1,747,443 | 403,697 | (227,760,472) | 229,129,442 |
| Net Profit/(Loss) for the period | - | - | - | | (10,700,554) | (10,700,554) |
| Other Comprehensive Income | | | | | - | - |
| Balance as at 30th June, 2017 | 356,967,698 | 97,771,076 | 1,747,443 | 403,697 | (238,461,026) | 218,428,888 |
| Net Profit/(Loss) for the period | | | | | (9,767,156) | (9,767,156) |
| Other Comprehensive Income | - | - | - | | - | - |
| Balance as at 30th September, 2017 | 356,967,698 | 97,771,076 | 1,747,443 | 403,697 | (248,228,182) | 208,661,732 |
| Net Profit/(Loss) for the period | - | - | - | | 1,303,032 | 1,303,032 |
| Other Comprehensive Income | - | - | - | | | - |
| Balance as at 31st December, 2017 | 356,967,698 | 97,771,076 | 1,747,443 | 403,697 | (246,925,150) | 209,964,764 |
| Net Profit/(Loss) for the period | - | - | - | | (24,352,627) | (24,352,627) |
| Other Comprehensive Income | | - | | (22,260) | - | (22,620) |
| Acturial gains (losses) on Employee benefit liabilities | | | | | (113,300) | (113,300) |
| Total Comprehensive Income | | | | (22,260) | (24,465,927) | (24,488,187) |
| Prior Year Adjustments - ESC | | | | | (116,480) | (116,480) |
| Prior Year Adjustments - Immature Plantation | | | | | 604,402 | 604,402 |
| Transferred from/to Retained Earnings | | (2,316,120) | | | 2,316,120 | - |
| Balance as at 31st March, 2018 | 356,967,698 | 95,454,956 | 1,747,443 | 381,437 | (268,587,035) | 185,964,499 |
| Net Profit/(Loss) for the period | - | - | - | | (3,374,778) | (3,374,778) |
| Other Comprehensive Income | - | - | - | | | - |
| Right Issues | 50,837,830 | | | | | 50,837,830 |
| Balance as at 30th June, 2018 | 407,805,528 | 95,454,956 | 1,747,443 | 381,437 | (271,961,813) | 233,427,551 |
| Net Profit/(Loss) for the period | - | - | - | | (6,875,521) | (6,875,521) |
| Other Comprehensive Income | - | - | - | | | - |
| Balance as at 30th September, 2018 | 407,805,528 | 95,454,956 | 1,747,443 | 381,437 | (278,837,336) | 226,552,028 |



Rights Issue Proceeds Utilization

As At 30th Sep 2018

| Objective Number | Objective as per Shareholder Circular | Amount allocated as per Shareholder Circular in LKR | Proposed Date of Utilization as per Shareholder Circular | Amount allocated from proceeds in LKR [A] | % of Total Proceeds | Amount utilized in LKR [B] | % of Utilized against Allocation [B/A] | Clarification the all proceeds are fully utilized to settle all dues bills of all Suppliers and invested Whether lent to related party / parties etc). |
|------------------|-----------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------|---------------------|----------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Working Capital - Payment for Local Suppliers | 59.0 Million | April 2018 to Sep 2018 | 50.8 Million as at 21 st June 2018 | 100% | 50.8 Million as at 30 th Sep 2018 | 100% | Funds were held in the current account. |



Notes to the Financial Statements

1.Basis of Preparation

The interim financial statements of Tess Agro PLC have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) with effect from 1st January 2012.

2.Comparative Information

The accounting policies applied by the company are unless otherwise stated, consistent with those used in the previous year/Interim Financial statements . Previous interim Financial statements figures and pharases have been rearranged, wherever necessary, to confirm to the year /Interim financial statements to provide a better presentation.

3.Stated Capital

The stated capital of the company consists of 339,797,287 ordinary voting shares and 50,000,000 ordinary non voting shares issued as at 30th Sep 2018.

4.Contingent Liabilities

There is no change in the nature of contingent assets ot liabilities as at 30th Sept 2018 as compared to the contingent liabilities and assets which were disclosed in the accounts for the year ended 31st March 2018

5.Event Subsequent to the Interim Period

There have been no other event subsequent to the interim period , which require to disclosure in the provisional Financial Statements.



Investor Information

1 Directors' Shareholdings - Voting

| | |
|-----------------------|---------|
| 1 Mrs.S.F.Fernando | 482,865 |
| 2 Mr.Shiran Fernando | 400,028 |
| 3 Mr.Roshan Fernando | 400,028 |
| 4 Mr.Dilshan Fernando | 633,895 |

2 Shares held by Public 58.73%

3 Number of Public Shareholders 4,644

| Major Shareholders | No. of Shares | % |
|-------------------------------------------------------|---------------|--------|
| 1 TESS (PRIVATE) LIMITED | 105,791,456 | 31.42% |
| 2 GAJANTHAN K. MR. | 31,239,467 | 9.28% |
| 3 FERNANDO S.A MRS. | 25,200,094 | 7.49% |
| 4 TROPIC FROZEN FOODS LTD | 7,940,733 | 2.36% |
| 5 WEERAPURA J.L.MR. | 6,750,000 | 2.01% |
| 6 EGLOBAL SERVICES (PVT) LTD | 5,000,000 | 1.49% |
| 7 TRANZ DOMINION,L.L.C. | 4,500,045 | 1.34% |
| 8 ANANDAWANSA W.L.T. MR. | 3,200,000 | 0.95% |
| 9 DE SILVA G.A.C. DR.MRS. | 3,125,000 | 0.93% |
| 10 OSEER M.R. MR. | 3,001,310 | 0.89% |
| 11 PIYASIRI P.G. MR. | 3,000,000 | 0.89% |
| 12 AYNKARAN S.MR. | 2,900,000 | 0.86% |
| 13 WALDOCK MACKENZIE LTD/MR.S.A.GULAMHUSEIN | 2,741,641 | 0.77% |
| 14 JAYASINGHE D.R. MR. | 2,583,385 | 0.71% |
| 15 MOHAMED A.R.DR. | 2,504,944 | 0.59% |
| 16 DIALOG FINANCE PLC/M.R.A.P.C.THUSHARA | 2,355,210 | 0.56% |
| 17 PEIRIS T.A.MR. | 2,162,475 | 0.52% |
| 18 KIRIMETIYAWA P.M.R.K. MR. | 2,062,071 | 0.51% |
| 19 BANSEI SECURITIES CAPITAL (PVT) LTD/M.A.U. GNANATI | 2,000,483 | 0.48% |
| 20 DE SILVA G.R.U. MR. | 2,000,000 | 0.45% |



Investor Information

1 Directors' Shareholdings - Non Voting

| | |
|-----------------------|--------|
| 1 Mrs.S.F.Fernando | 54,926 |
| 2 Mr.Shiran Fernando | 33,708 |
| 3 Mr.Roshan Fernando | 33,708 |
| 4 Mr.Dilshan Fernando | 62,941 |

2 Shares held by Public 71.09%

3 Number of Public Shareholders 844

| Major Shareholders | No. of Shares | % |
|---------------------------------------------------|---------------|--------|
| 1 COMMERCIAL BANK OF CEYLON PLC/P.L.S. PETER | 8,121,180 | 16.26% |
| 2 DAYARATNE K.D.D.H MR. | 6,135,018 | 12.28% |
| 3 DE SARAM W.A.S.P MR. | 2,344,288 | 4.69% |
| 4 PETER P.L.S.MR. | 1,440,547 | 2.88% |
| 5 KAMIL M.H.A.MR. | 1,337,213 | 2.68% |
| 6 GOONATILAKE P.C.L. DR. | 1,323,484 | 2.65% |
| 7 WEERAMAN A.B.K. MR. | 1,312,500 | 2.63% |
| 8 MORAWAKE I.S.V. MR. | 1,059,139 | 2.12% |
| 9 FERNANDO S.A.MRS | 1,024,992 | 2.05% |
| 10 PEOPLE'S LEASING & FINANCE PLC/K.L.UDAYANANDA | 1,000,000 | 2.00% |
| 11 RIYAD M.A.M MR. | 914,441 | 1.83% |
| 12 MOHAMED A.R.DR. | 731,745 | 1.46% |
| 13 TRANZ DOMINION,L.L.C. | 650,000 | 1.30% |
| 14 SUMANAWATHIE E.A.MISS. | 648,234 | 1.30% |
| 15 RUPADEWA G.MR. | 625,375 | 1.25% |
| 16 WIJESINGHE K.G.A.N.MR. | 579,200 | 1.16% |
| 17 RANASINGE H.A.W.C.D MR. | 542,500 | 1.09% |
| 18 LAKSHMAN M.P.MR | 529,659 | 1.06% |
| 19 FERNANDO P.S.E.MRS. | 509,693 | 1.02% |
| 20 PEOPLE'S LEASING & FINANCE PLC/MR.D.G.SANJEEWA | 507,203 | 1.02% |



Corporate Information

| | | |
|--------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| NAME OF COMPNAY | : | TESS AGRO PLC |
| REGISTERED OFFICE | : | 87, New Nuge Road, Kelaniya |
| TELEPHONE NO | : | 2910859 |
| FAX NO | : | 2910615 |
| E-MAIL ADDRESS | : | tess@slt.lk |
| WEB ADDRESS | : | www.tess.lk |
| DATE, PLACE AND THE AUTHOR : OF INCORPORATION | : | 20 May 1992, Colombo Companies Act No.17 of 1982 Companies Act No.07 of 2007 PB 689 PQ |
| BOARD OF DIRECTORS | : | Mrs. S.F. Fernando Mr. Shiran Fernando Mr. Roshan Fernando Mr. Dilshan Fernando Prof. Arthur H. DE O. Bamunuarachchi Mr. A.M.A Cader |
| SECRETARIES TO THE COMPANY: | : | Prestige Secretaries & Consultants (Pvt) Ltd No. 20 D, Guilford Crescent, Colombo 07. |
| AUDITORS | : | Sarma & Co., Chartered Accountants 60 / 2 / 2, Pradeepa Mawatha, Colombo 10. |
| LAWYERS | : | F J & G De Saram Corporate Law Office 60/2/2 Pradeepa Mawatha Colombo 10. |
| BANKERS TO THE COMPANY | : | Commercial Bank of Ceylon PLC. National Development Bank PLC. Seylan Bank PLC. Hatton National Bank PLC. |