

# TEXTURED JERSEY LANKA PLC

## Interim Financial Statements

Period ended 30th September 2012

## CHAIRMAN'S REVIEW

In spite of market conditions remaining challenging as expected, Textured Jersey Lanka PLC (TJL) reported a Rs.157mn net profit for the quarter ended 30 September 2012 (2Q FY2012/13), an extremely encouraging 101% increase compared to the corresponding quarter in the last financial year.

Improved production efficiencies, stricter management of overhead expenses, lower yarn costs and the depreciation of the Sri Lankan rupee, saw an increase in gross profit margins in 2Q FY2012/13. Gross profits for the quarter reached Rs.210mn, a 7% year-over-year increase, and gross profits for the first half (1H) of FY2012/13 reached Rs.495mn, growing 10% year-over-year. The positive growth was achieved despite a combination of lower sales volumes and marginally lower average selling prices, causing revenue to decline 29% year-on-year to Rs.2.4bn for the quarter.

Stricter cost controls and a reversal of provisions saw a 49% decrease in administrative expenses while selling and distribution expenses declined 43% for 2Q FY2012/13 compared to the same period in the last financial year. This contributed to an operating profit of Rs.150 mn in 2Q FY 2012/13, up 86% year-on-year.

The Company recorded a finance income of Rs.7.1 mn for the quarter compared with a finance expense of Rs.2.4mn during the same period in the last financial year. These positive results were brought about due to the complete settlement of long-term borrowings, and a significant reduction in short-term borrowings to Rs.178mn as at 30 September 2012 from Rs.1.7bn as at 30 September 2011. The company continued to maintain its strong working capital and liquid cash management and retained a healthy cash balance of Rs.1.7bn at the end of the period.

Higher operating profits and a strong cash position allowed TJL to record a net profit of Rs.157mn for 2Q FY2012/13, up 101%, compared with the same period in the last financial year. This also resulted in 1H FY2012/13 net profits reaching Rs.329mn, growing 48% year-over-year.

Even though market conditions are likely to remain challenging next quarter, management is confident of a boost in sales volume owing to a strong order book with renewed interest from TJL's top clients, which include Victoria's Secret, Marks & Spencer, Intimissimi and Decathlon. The continued diligent management of operating costs and overheads, will keep TJL on a strong profit growth trajectory for the next quarter as well.

Looking at the longer term, the conceptual designs and regulatory approvals for TJL's multi fuel boiler have been finalised and the construction phase is expected to commence in 3Q FY2012/13; once in operation, this boiler will reduce TJL's energy cost substantially. Acquiring of a fabric mill within the region as a part of TJL's expansion strategy is also moving forward according to schedule. Given the positive outcome thus far, the Management of TJL remain confident that with the current diligent planning, process streamlining and efficient controls in place, the company will continue to enhance shareholder value and deliver strong results in the coming quarter as well.

**Ashroff Omar**  
Chairman

## INCOME STATEMENT

(all amounts are in Sri Lanka Rupees 000's)

	Company					Audited 31 March 2012
	Quarter ending 30 Sep		Period ending 30 Sep			
	2012 Unaudited	2011 Unaudited	2012 Unaudited	2011 Unaudited	Variance %	
Sales	2,381,372	3,366,750	4,990,559	6,074,373	-17.8%	12,236,724
Cost of sales	(2,170,923)	(3,169,442)	(4,495,374)	(5,625,328)	-20.1%	(10,906,806)
<b>Gross profit</b>	<b>210,449</b>	<b>197,308</b>	<b>495,185</b>	<b>449,045</b>	<b>10.3%</b>	<b>1,329,918</b>
Other operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Administrative expenses	(46,320)	(91,435)	(142,793)	(167,723)	-14.9%	(408,413)
Distribution cost	(14,560)	(25,332)	(38,758)	(44,690)	-13.3%	(93,462)
Operating profit	149,569	80,541	313,634	236,632	32.5%	828,043
Non operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	7,161	(2,419)	15,037	(14,539)	-203.4%	(166,973)
Profit before tax	156,730	78,122	328,671	222,093	48.0%	661,070
Tax	Nil	Nil	Nil	Nil	0.0%	(33,041)
<b>Net profit</b>	<b>156,730</b>	<b>78,122</b>	<b>328,671</b>	<b>222,093</b>	<b>48.0%</b>	<b>628,029</b>
Earnings per share (EPS) in Rs.	0.24	0.13	0.50	0.38		1.00

TEXTURED JERSEY LANKA PLC

**BALANCE SHEET**

(all amounts are in Sri Lanka Rupees 000's)

	Company		
	Unaudited 30 Sep 2012	Unaudited 30 Sep 2011	Audited 31 March 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,468,581	2,366,548	2,592,635
Capital work-in-progress	6,821	14,064	16,646
Intangible assets	54,130	47,896	45,017
Receivables and prepayments	90,638	80,141	91,729
	<b>2,620,170</b>	<b>2,508,649</b>	<b>2,746,027</b>
<b>Current assets</b>			
Inventories	1,628,506	2,729,064	1,949,075
Receivables and prepayments	965,959	1,542,672	1,471,222
Cash and cash equivalents	1,673,963	1,247,476	1,279,261
	<b>4,268,428</b>	<b>5,519,212</b>	<b>4,699,558</b>
<b>Total assets</b>	<b>6,888,598</b>	<b>8,027,861</b>	<b>7,445,585</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	2,749,266	2,751,818	2,749,266
Exchange equalisation reserve	1,033,043	205,959	992,849
Retained earnings	1,820,215	1,400,009	1,727,345
	<b>5,602,524</b>	<b>4,357,786</b>	<b>5,469,460</b>
<b>Non-current liabilities</b>			
Borrowings	Nil	Nil	Nil
Deferred tax liabilities	73,362	43,181	72,772
Defined benefit obligations	76,895	67,887	72,454
	<b>150,257</b>	<b>111,068</b>	<b>145,226</b>
<b>Current liabilities</b>			
Trade and other payables	958,037	1,891,885	1,173,698
Borrowings	177,780	1,667,122	657,201
	<b>1,135,817</b>	<b>3,559,007</b>	<b>1,830,899</b>
<b>Total liabilities</b>	<b>1,286,074</b>	<b>3,670,075</b>	<b>1,976,125</b>
<b>Total equity and liabilities</b>	<b>6,888,598</b>	<b>8,027,861</b>	<b>7,445,585</b>
<b>Net Asset Per Share (Rs.)</b>	<b>8.55</b>	<b>7.41</b>	<b>8.35</b>

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 8th November 2012

Sgd  
Director

Sgd  
Director

# TEXTURED JERSEY LANKA PLC

## CASH FLOW

(all amounts are in Sri Lanka  
Rupees 000's)

Company		
Period ending 30 Sep		
Unaudited 2012	Unaudited 2011	
<b>Operating Activities</b>		
Profit before tax	328,671	222,093
Adjustments for non cash movements	227,605	233,661
Changes in working capital	578,096	270,132
<b>Cash generated from operations</b>	<b>1,134,372</b>	<b>725,886</b>
Interest received	34,343	Nil
Interest paid	(5,065)	(14,539)
Defined benefit obligations paid	(7,636)	(1,071)
<b>Net cash from operating activities</b>	<b>1,156,014</b>	<b>710,276</b>
<b>Investing Activities</b>		
Additions to capital work-in-progress	(32,325)	(40,263)
Purchase of property, plant and equipment	Nil	Nil
<b>Net cash used in investing activities</b>	<b>(32,325)</b>	<b>(40,263)</b>
<b>Financing Activities</b>		
Net movement in borrowings	(608,644)	(548,245)
Proceed from Issue of shares (Net of cost of issue)	Nil	1,154,589
Dividend paid	(235,801)	Nil
<b>Cash used in financing activities</b>	<b>(844,445)</b>	<b>606,344</b>
<b>Increase in cash and cash equivalents</b>	<b>279,244</b>	<b>1,276,357</b>
<b>Movement in cash and cash equivalents</b>		
At the beginning of the period	1,216,268	(391,577)
Increase	279,244	1,276,357
<b>At the end of the period (Note A)</b>	<b>1,495,512</b>	<b>884,780</b>
<b>Note A</b>		
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents	1,673,963	1,247,476
Bank overdraft	(178,451)	(362,696)
<b>At the end of the period</b>	<b>1,495,512</b>	<b>884,780</b>

**STATEMENTS OF CHANGES IN EQUITY**  
**Period ending 30 Sep**

*(all amounts are in Sri Lanka Rupees 000's)*

	Stated Capital	Exchange Equalisation Reserve	Retained Earnings	Total
<b>Balance at 1 April 2011</b>	<b>1,597,229</b>	<b>194,105</b>	<b>1,177,916</b>	<b>2,969,250</b>
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(47,963)	Nil	Nil	(47,963)
Interim Dividend Paid - 2011/12	Nil	Nil	(78,600)	(78,600)
Profit for the period	Nil	Nil	628,029	628,029
Effect of movement in foreign exchange rates	Nil	798,744	Nil	798,744
<b>Balance at 31 March 2012</b>	<b>2,749,266</b>	<b>992,849</b>	<b>1,727,345</b>	<b>5,469,460</b>
<b>Balance at 1 April 2012</b>	<b>2,749,266</b>	<b>992,849</b>	<b>1,727,345</b>	<b>5,469,460</b>
Profit for the period	Nil	Nil	328,671	328,671
Final Dividend Paid - 2011/12	Nil	Nil	(235,801)	(235,801)
Effect of movement in foreign exchange rates	Nil	40,194	Nil	40,194
<b>Balance at 30 September 2012</b>	<b>2,749,266</b>	<b>1,033,043</b>	<b>1,820,215</b>	<b>5,602,524</b>
<b>Balance at 1 April 2011</b>	<b>1,597,229</b>	<b>194,105</b>	<b>1,177,916</b>	<b>2,969,250</b>
Profit for the period	Nil	Nil	222,093	222,093
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(45,411)	Nil	Nil	(45,411)
Effect of movement in foreign exchange rates	Nil	11,854	Nil	11,854
<b>Balance at 30 September 2011</b>	<b>2,751,818</b>	<b>205,959</b>	<b>1,400,009</b>	<b>4,357,786</b>

## NOTES TO THE FINANCIAL STATEMENTS

- (1) The Quarterly financial statements of the Company have been prepared in accordance with the accounting policies set out in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2012, and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 01st January 2012. However in accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on "Comparative Figures in the Interim Financial Statements", the Company has adopted the second alternative option as given in such ruling where by these Interim Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards which existed immediately prior to 1st January 2012. The Company is in process of adopting the new Sri Lanka Accounting Standards (SLFRS/LKAS) with effect from 1st April 2012 and the impact to the Statement of Comprehensive Income and Net Assets has not been determined yet due to the assessment in progress.

The Interim Financial Statements also provide information required by the Colombo Stock Exchange.

The interim condensed financial statements are presented in Sri Lankan Rupees and all values are rounded to the nearest thousand except when otherwise indicated.

- (2) Income statement and the Balance Sheet is presented in the same format used in the Audited Financial Statements for the year ended 31<sup>st</sup> March 2012.
- (3) The Company also presented the financial statement in United State Dollars (USD) since the functional currency of the enterprise is USD.
- (4) The figures for the corresponding period of the previous period/year have been re-arranged wherever necessary, to be comparable with those for the current period/year.
- (5) There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Financial Statements for the year ended 31<sup>st</sup> March 2012.

(6)	<b>Market Price per share</b>	<b>Highest (Rs)</b>	<b>Lowest (Rs)</b>
	Period ended 30 September 2012	10.50	7.60
	Last Traded Price (on 28th September 2012)	9.80	

- (7) **Key Ratio's for the Company**

	<i>Period ended 30 Sep 2012</i>	<i>Period ended 30 Sep 2011</i>
<b><u>Profitability Ratios</u></b>		
Net Profit Margin	6.59%	3.66%
Asset to Turnover	1.45	1.51
Debt: Equity	0.23	0.84
Return on Assets (ROA)	9.17%	5.82%
Return on Equity (ROE)	11.87%	12.12%
<b><u>Investor Ratios</u></b>		
Earnings per share (EPS) (Rs)	0.50	0.38
Net Book Value per Share (Rs)	8.55	7.41
Price/Earning (PE Ratio)	9.77	18.01
Price to Book value Ratio	1.15	1.84
(PE and PBV Ratios are based on market price of Rs. 9.80/- per share close 28/09/2012)		

- (8) There is no liability to management fees or any other similar expenditure that has not been provided for in the interim financial statements.

# TEXTURED JERSEY LANKA PLC

## NOTES TO THE FINANCIAL STATEMENTS

- (9) Number of shares representing the entity's stated capital - 655,002,440 shares
- (10) No circumstances have arisen since the Balance Sheet date which would require adjustment to or disclosure in the Financial Statements
- (11) List of the 20 Largest Shareholders
- |  |             |        |
|--|-------------|--------|
| PACIFIC TEXTURED JERSEY HOLDINGS LTD               | 262,001,464 | 40.00% |
| BRANDIX LANKA LTD                                  | 197,000,976 | 30.08% |
| INDRA TRADERS (PVT) LTD.                           | 15,956,500  | 2.44%  |
| EMPLOYEES PROVIDENT FUND                           | 13,813,200  | 2.11%  |
| MELSTACORP LIMITED                                 | 12,522,700  | 1.91%  |
| MAS CAPITAL (PRIVATE) LIMITED                      | 5,966,322   | 0.91%  |
| J.B. COCOSHELL (PVT) LTD                           | 5,204,191   | 0.79%  |
| HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC) | 3,694,100   | 0.56%  |
| MCBRIDGE BLUE (PRIVATE) LIMITED                    | 3,119,300   | 0.48%  |
| FERGASAM GARMENT INDUSTRIES (PVT) LTD.             | 2,811,100   | 0.43%  |
| TIMEX GARMENTS (PVT) LTD                           | 2,791,100   | 0.43%  |
| INDRA PROPERTY DEVELOPMENT (PVT) LTD               | 2,694,100   | 0.41%  |
| PERICEYL ( PRIVATE ) LIMITED A/C NO. 03            | 2,694,100   | 0.41%  |
| LHLMP HARADASA                                     | 2,503,496   | 0.38%  |
| DEE INVESTMENTS (PVT) LTD                          | 2,443,400   | 0.37%  |
| ADL CAPITAL LTD                                    | 2,377,300   | 0.36%  |
| WATAPOTA INVESTMENTS PLC                           | 2,343,300   | 0.36%  |
| DP PIERIS  | 2,081,400   | 0.32%  |
| NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD         | 2,050,900   | 0.31%  |
| HERAYMILA INVESTMENTS LIMITED                      | 2,050,900   | 0.31%  |
- (12) No shares of the company are held by any of its Directors or Officials
- (13) Public Shareholding - 196,000,000 shares, 29.92%



## INCOME STATEMENT

*(all amounts are in United State Dollars)*

	Company					Audited 31 March 2012
	Quarter ending 30 Sep		Period ending 30 Sep			
	2012 Unaudited	2011 Unaudited	2012 Unaudited	2011 Unaudited	Variance %	
Sales	17,920,567	30,713,294	38,017,513	55,341,480	-31.3%	109,393,204
Cost of sales	(16,341,446)	(28,911,679)	(34,245,251)	(51,250,092)	-33.2%	(97,504,078)
<b>Gross profit</b>	<b>1,579,121</b>	<b>1,801,615</b>	<b>3,772,262</b>	<b>4,091,388</b>	<b>-7.8%</b>	<b>11,889,126</b>
Other operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Administrative expenses	(344,712)	(834,448)	(1,087,782)	(1,528,360)	-28.8%	(3,651,097)
Distribution expenses	(108,872)	(231,080)	(295,252)	(407,153)	-27.5%	(835,531)
Operating profit	1,125,537	736,087	2,389,228	2,155,875	10.8%	7,402,498
Non operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	53,884	(22,222)	114,553	(132,464)	-186.5%	(1,492,696)
Profit before tax	1,179,421	713,865	2,503,781	2,023,411	23.7%	5,909,802
Tax	Nil	Nil	Nil	Nil	0.0%	(295,379)
<b>Net profit</b>	<b>1,179,421</b>	<b>713,865</b>	<b>2,503,781</b>	<b>2,023,411</b>	<b>23.7%</b>	<b>5,614,423</b>

TEXTURED JERSEY LANKA PLC

**BALANCE SHEET**

(all amounts are in United State Dollars)

	<b>Company</b>		
	<b>Unaudited 30 Sep 2012</b>	<b>Unaudited 30 Sep 2011</b>	<b>Audited 31 March 2012</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19,085,984	21,539,531	20,207,598
Intangible assets	418,508	435,935	350,875
Receivables and prepayments	700,774	729,414	714,955
Capital work-in-progress	52,738	128,005	129,744
	<b>20,258,004</b>	<b>22,832,885</b>	<b>21,403,172</b>
<b>Current assets</b>			
Inventories	12,590,894	24,839,031	15,191,544
Receivables and prepayments	7,468,365	14,040,877	11,467,043
Cash and cash equivalents	12,942,349	11,354,111	9,970,860
	<b>33,001,608</b>	<b>50,234,019</b>	<b>36,629,447</b>
<b>Total assets</b>	<b>53,259,612</b>	<b>73,066,904</b>	<b>58,032,619</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	28,203,841	28,624,940	28,203,841
Retained earnings	15,112,411	11,038,171	14,396,354
	<b>43,316,252</b>	<b>39,663,111</b>	<b>42,600,195</b>
<b>Non-current liabilities</b>			
Borrowings	-	-	Nil
Deferred tax liabilities	567,203	393,017	567,203
Defined benefit obligations	594,519	617,891	564,723
	<b>1,161,722</b>	<b>1,010,908</b>	<b>1,131,926</b>
<b>Current liabilities</b>			
Trade and other payables	7,407,121	17,219,304	9,178,118
Borrowings	1,374,517	15,173,581	5,122,380
	<b>8,781,638</b>	<b>32,392,885</b>	<b>14,300,498</b>
<b>Total liabilities</b>	<b>9,943,360</b>	<b>33,403,793</b>	<b>15,432,424</b>
<b>Total equity and liabilities</b>	<b>53,259,612</b>	<b>73,066,904</b>	<b>58,032,619</b>

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 8th November 2012

Sgd  
Director

Sgd  
Director