

# TEXTURED JERSEY LANKA PLC

## Provisional Financial Statements

Twelve months ended 31st March 2012

# TEXTURED JERSEY LANKA PLC

## CHAIRMAN'S REVIEW

Textured Jersey Lanka PLC (TJL) has enjoyed a positive final quarter in FY 11/12, enabling the company to close the year on a satisfactory note, despite a lack of clarity on the direction of a number of western economies as well as a few domestic setbacks.

Revenue for the full year was Rs. 12.2bn in comparison with Rs. 9.3bn for the previous year, a growth of 31.8%. The final quarter recorded revenue of Rs. 3.1bn, up 21.1% over the corresponding quarter of 2010-11. The policy of strengthening the company's customer base has been beneficial for TJL whilst its longstanding relationships with key customers have also been a valuable asset in uncertain times.

Gross profit margins for the quarter improved to 16.7%, a significant growth from 12.9% over the 4<sup>th</sup> quarter of the previous year. A sharp drop in cotton prices during the latter part of the financial year and effective inventory management enabled this improvement in gross profit. Gross profit for the year closed at Rs. 1.3bn, a growth of 22.7%, compared to the previous financial year.

Selling and Administrative overheads stood at 4.1% of sales for the full year in comparison to 3.9% during the previous financial year. The strong performance in revenue during the period enabled a 13% growth in operating profit for the full year to Rs. 828 mn and a substantial 44% growth to Rs. 364mn for the final quarter.

Net finance costs for the quarter stood at Rs. 112mn up from Rs. 8mn over the same quarter of the previous year. The figure for the full year was Rs. 167mn as against Rs. 25mn in FY 10/11. These costs were largely due to an unrealised exchange loss of Rs. 110mn for the quarter and Rs. 152mn for the year, arising from the sharp depreciation of the Sri Lanka Rupee during the last quarter of FY 11/12. Excluding this adverse impact, net finance costs recorded a reduction year on year. Total current borrowings of the company declined from Rs. 2.3bn in FY 10/11 to Rs. 0.7bn at the close of the year whilst the cash balance at the close of the year was Rs. 1.2bn in comparison with Rs. 22mn in FY 10/11.

Consequently, net profit for the year, excluding unrealised exchange losses, grew by 14% to Rs. 780mn for FY 11/12 and by 47% to Rs. 328mn for the final quarter. Cumulative reported net profit for the year after unrealised exchange losses stood at Rs. 628mn, a drop of 8% from the previous financial year.

The previous green-field expansion plans of the company are now being looked at in a different light, and management is currently actively pursuing its policy of inorganically expanding within the region via an acquisition of an existing facility. Acquisition of operational facilities, which may be now available at a reasonable price following last year's industry upheavals, should provide a faster return than organic expansion. Management is also actively looking at setting up a coal/bio mass boiler in order to offset the negative impact of the recent furnace oil price increase. With cotton prices falling to their lowest levels since February 2010, effective inventory management will also remain a priority for the company. Management remains confident of delivering positive results during the new financial year.

**Ashroff Omar**  
Chairman

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

	Company				
	Quarter ending 31 March		Year ending 31 March		
	2012 Unaudited	2011 Unaudited	2012 Unaudited	2011 Audited	%
Sales	3,089,950	2,551,275	12,236,724	9,284,583	31.8%
Cost of sales	(2,575,590)	(2,221,801)	(10,906,806)	(8,200,576)	33.0%
Gross profit	514,360	329,474	1,329,918	1,084,007	22.7%
Other operating income	Nil	7,859	Nil	7,889	-100.0%
Selling and Admin. expenses	(150,427)	(84,712)	(501,874)	(361,072)	39.0%
Operating profit	363,933	252,621	828,044	730,824	13.3%
Non operating income	Nil	Nil	Nil	Nil	0.0%
Net Finance Costs	(112,226)	(8,257)	(166,973)	(24,973)	568.6%
Profit before tax	251,707	244,364	661,071	705,851	-6.3%
Tax	(33,042)	(21,119)	(33,042)	(21,119)	56.5%
Net profit	218,665	223,245	628,029	684,732	-8.3%
Earnings per share (EPS) in Rs.	0.33	0.39	1.00	1.19	

*\*Net Finance Cost for the year of Rs. 166.97mn includes an unrealized exchange loss of Rs. 152.20mn*

*\*Net Finance Cost for fourth quarter of Rs. 112.23mn includes an unrealized exchange loss of Rs. 109.60mn*

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 24th May 2012

**Sgd**  
Director

**Sgd**  
Director

# TEXTURED JERSEY LANKA PLC

## BALANCE SHEET

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

	Company	
	Unaudited 31 March 2012	Audited 31 March 2011
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,592,635	2,473,360
Capital work-in-progress	16,646	71,527
Intangible assets	45,017	50,871
Receivables and prepayments	91,729	81,454
	<b>2,746,027</b>	<b>2,677,212</b>
<b>Current assets</b>		
Inventories	1,949,075	3,215,671
Receivables and prepayments	1,471,222	1,310,853
Cash and cash equivalents	1,279,261	22,357
	<b>4,699,558</b>	<b>4,548,881</b>
<b>Total assets</b>	<b>7,445,585</b>	<b>7,226,093</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Stated capital	2,749,266	1,597,229
Exchange equalisation reserve	992,849	194,105
Retained earnings	1,727,345	1,177,916
	<b>5,469,460</b>	<b>2,969,250</b>
<b>Non-current liabilities</b>		
Borrowings	Nil	2,301
Deferred tax liabilities	72,772	43,071
Defined benefit obligations	72,454	54,154
	<b>145,226</b>	<b>99,526</b>
<b>Current liabilities</b>		
Trade and other payables	1,173,698	1,897,909
Borrowings	657,201	2,259,408
	<b>1,830,899</b>	<b>4,157,317</b>
<b>Total liabilities</b>	<b>1,976,125</b>	<b>4,256,843</b>
<b>Total equity and liabilities</b>	<b>7,445,585</b>	<b>7,226,093</b>
<b>Net Asset Per Share (Rs.)</b>	<b>8.35</b>	<b>5.16</b>

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 24th May 2012

*Sgd*  
Director

*Sgd*  
Director

# TEXTURED JERSEY LANKA PLC

## CASH FLOW STATEMENT

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

<b>Company</b>	
<b>Period ending 31 March</b>	
<b>Unaudited 2012</b>	<b>Audited 2011</b>
<b>Operating Activities</b>	
Profit before tax	661,071
Adjustments for non cash movements	702,769
Changes in working capital	618,184
<b>Cash generated from / (used in) operations</b>	<b>1,982,024</b>
Interest received	72,626
Interest paid	(78,616)
Defined benefit obligations paid	(5,895)
<b>Net cash from / (used in) operating activities</b>	<b>1,970,139</b>
<b>Investing Activities</b>	
Additions to capital work-in-progress	(57,703)
Purchase of property, plant and equipment	(10,191)
Proceeds from property, plant and equipment	146
Investment in fixed deposit	Nil
<b>Net cash used in investing activities</b>	<b>(67,748)</b>
<b>Financing Activities</b>	
Net movement in borrowings	(1,367,982)
Dividend paid	(78,600)
Proceed from Issue of shares (Net of cost of issue)	1,152,037
<b>Cash generated from financing activities</b>	<b>(294,545)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,607,846</b>
<b>Movement in cash and cash equivalents</b>	
At the beginning of the period	(391,577)
Increase	1,607,846
<b>At the end of the period</b>	<b>1,216,269</b>
	<b>(391,577)</b>

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 24th May 2012

*Sgd*  
Director

*Sgd*  
Director

# TEXTURED JERSEY LANKA PLC

## STATEMENTS OF CHANGES IN EQUITY For the period ending 31 March 2012

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

	Stated Capital	Exchange Equalisation Reserve	(Accumulated losses)/ Retained earnings	Total
<b>Balance at 1 April 2010</b>				
- As previously reported	1,597,229	314,215	516,790	2,428,234
- Effect of deferred tax provision	Nil	Nil	(23,384)	(23,384)
- Effect of movement in foreign exchange rates	Nil	222	(222)	-
- As restated	1,597,229	314,437	493,184	2,404,850
Profit for the period	Nil	Nil	684,732	684,732
Effect of movement in foreign exchange rates	Nil	(120,332)	Nil	(120,332)
<b>Balance as at 31 March 2011</b>	<b>1,597,229</b>	<b>194,105</b>	<b>1,177,916</b>	<b>2,969,250</b>
<b>Balance at 1 April 2011</b>	1,597,229	194,105	1,177,916	2,969,250
Profit for the period	Nil	Nil	628,029	628,029
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(47,963)	Nil	Nil	(47,963)
Dividend Paid	Nil	Nil	(78,600)	(78,600)
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 2010</b>				
- As previously reported	1,597,229	314,215	516,790	2,428,234
- Effect of deferred tax provision	Nil	Nil	(23,384)	(23,384)
- Effect of movement in foreign exchange rates	Nil	222	(222)	-
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Profit for the period	Nil	Nil	684,732	684,732
Effect of movement in foreign exchange rates	Nil	(120,332)	Nil	(120,332)
<b>Balance at 31 March 2011</b>	<b>1,597,229</b>	<b>194,105</b>	<b>1,177,916</b>	<b>2,969,250</b>

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 24th May 2012

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Director

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Director

# TEXTURED JERSEY LANKA PLC

## 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 2011, and also in compliance with Sri Lanka Accounting Standard 34 - Interim Financial Reporting.
- (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 2011.
- (3) 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.
- (4) 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 2011.

(5) <b>Market Price per share</b>	<b>Highest (Rs)</b>	<b>Lowest (Rs)</b>
Twelve months ended 31st March 2012	15.70	7.00
Last Traded Price (on 30th March 2012)	7.20	

(6) **Key Ratio's for the Company**

<u>Profitability Ratios</u>	<i>12 months to 31 March 2012</i>	<i>12 months to 31 March 2011</i>
Net Profit Margin	5.13%	7.37%
Asset to Turnover	1.64	1.28
Debt:Equity	0.36	1.43
Return on Assets (ROA)	8.56%	10.80%
Return on Equity (ROE)	14.88%	25.48%

Investor Ratios

Earnings per share (EPS) (Rs)	1.00	1.19
Net Book Value per Share (Rs)	8.35	5.16
Price/Earning (PE Ratio)	7.20	N/A
Price to Book value Ratio	0.86	N/A

(Per Share values are based on 575mn + 80 mn shares issued )

(PE and PBV Ratios are based on market price of Rs. 7.20/- per share close 30/03/2012)

- (7) 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

- (8) Number of shares representing the entity's stated capital - 655,002,440 shares
- (9) No circumstances have arisen since the Balance Sheet date which would require adjustment to or disclosure in the Financial Statements

- (10) List of the 20 Largest Shareholders

PACIFIC TEXTURED JERSEY HOLDINGS LTD	262,001,464	40.0%
BRANDIX LANKA LIMITED	197,000,976	30.1%
INDRA TRADERS (PVT) LTD.	15,956,500	2.4%
EMPLOYEES PROVIDENT FUND	13,813,200	2.1%
MELSTACORP (PRIVATE) LIMITED	8,276,300	1.3%
DISTILLERIES COMPANY OF SRI LANKA LIMITED	4,246,400	0.6%
PEOPLES BANK	3,755,800	0.6%
HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC)	3,694,100	0.6%
J.B. COCOSHELL (PVT) LTD	3,335,600	0.5%
MCBRIDGE BLUE (PRIVATE) LIMITED	3,119,300	0.5%
FERGASAM GARMENT INDUSTRIES (PVT) LTD.	2,811,100	0.4%
TIMEX GARMENTS (PVT) LTD	2,791,100	0.4%
INDRA PROPERTY DEVELOPMENT (PVT) LTD	2,694,100	0.4%
PERICEYL ( PRIVATE ) LIMITED A/C NO. 03	2,694,100	0.4%
VIDULLANKA PLC.	2,445,000	0.4%
DEE INVESTMENTS (PVT) LTD	2,443,400	0.4%
LHLMP HARADASA	2,393,300	0.4%
ADL CAPITAL LTD	2,377,300	0.4%
WATAPOTA INVESTMENTS PLC	2,343,300	0.4%
D.P. PIERIS	2,081,400	0.3%

- (11) No shares of the company are held by any of its Directors or Officials

- (12) Public Shareholding - 196,000,000 shares, 29.92%