



# **TEXTURED JERSEY LANKA PLC**

**Condensed Interim Financial Statements  
Third Quarter Ended 31 December 2013**

## TEXTURED JERSEY LANKA PLC

### Chairman's Review

Textured Jersey Lanka PLC (TJL) recorded net profit of Rs. 805mn for the nine month period ended 31st December 2013, up 16.0% year on year supported by strong growth in turnover. Net profit for the quarter ended 31st December 2013 (3Q FY2013/14) was Rs. 301mn, representing a decline of 17.4% year on year, compared to the above average corresponding quarter last year. 3Q results in the previous year were significantly above average due to benefits from lower yarn prices, depreciation of the Sri Lankan rupee and a reversal in stock provisions.

During the quarter under review, TJL continued to record higher sales volumes as compared to the previous year. This resulted in sales for 3Q FY2013/14 reaching Rs. 3.4bn, 16.7% higher than that of last year, placing the FY2013/14 nine month period cumulative sales figure at Rs. 9.5bn, up 19.7% year on year.

TJL's gross profit for the nine month period ended 31st December 2013 was at Rs. 1.1bn, a healthy 15.0% increase over the corresponding period last year. The reported gross margin for 3Q FY2013/14 slid to 10.6% due to an increase in outsourced business. While outsourced business generates incremental value, it impacts the overall profit margin due to a lower level of in-house value addition. The gross margin excluding outsourced business is 11.9%, which is on par with the FY2012/13 average gross margin of 11.6%. It must be noted that due to one off gains from lower yarn prices, depreciation in the Sri Lankan rupee and reversal in stock provisions, gross margin in 3Q last year experienced a temporary spike to 15.7%.

Continuous enforcement of strict cost controls enabled TJL to maintain its 3Q FY2013/14 distribution and administrative expenses at Rs. 19mn and Rs. 82mn, respectively, the same level as the corresponding quarter last year. The cumulative operating profit for the nine months ended 31<sup>st</sup> December 2013 was Rs. 766mn, an increase of 14.7% year over year.

Owing to a near debt-free balance sheet and a healthy cash position throughout the period, TJL was able to record Rs. 22mn in net finance income for 3Q FY2013/14, representing a substantial 95.1% growth year on year. As at 31st December 2013, the company had no borrowings and a strong cash position of Rs. 2.3bn.

TJL recorded a net profit of Rs. 301mn for 3Q FY2013/14, down 17.4% year over year. Net profit for the nine month period ended 31st December 2013 remained strong at Rs. 805mn, up 16.0% compared to the corresponding period last year. TJL's order book for the fourth quarter remains healthy and the management is confident of surpassing last year's bottom line milestone of Rs. 1.0bn, despite the above average performance last year.

TJL management has kicked off a few key strategic initiatives in order to enter the next phase of growth. The capacity expansion and modernization project is currently underway and is expected to be completed in March 2014. The initiative is aimed at increasing capacity by 10-12%, which will enable TJL to reduce its outsourced orders and improve margins, as well as take on new customer orders which are currently refused due to capacity constraints. In addition, the construction of TJL's multi-fuel boiler plant is progressing with amendments to timelines compared to the original plan. The plant is expected to reduce TJL's energy cost substantially when commissioned and reduce dependency on the national grid.

TJL entered into a Technical Service and Management Agreement with Ocean India Private Ltd, a knit fabric manufacturer located in India. This arrangement is expected to provide TJL with knowledge and experience in regional markets. Given the above factors, TJL management remains confident of maintaining growth and delivering value to shareholders on a continuous basis.

Sgd

**Bill Lam**

**Chairman**

TEXTURED JERSEY LANKA PLC

Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Quarter Ended 31 December		Period Ended 31 December		Variance	Year Ended 31 March
	2013 Unaudited	2012 Unaudited	2013 Unaudited	2012 Unaudited		2013 Audited
Revenue	3,377,523	2,894,848	9,479,683	7,922,802	19.7%	10,951,455
Cost of sales	(3,018,312)	(2,441,325)	(8,426,132)	(7,006,718)	20.3%	(9,681,753)
<b>Gross profit</b>	<b>359,211</b>	<b>453,523</b>	<b>1,053,551</b>	<b>916,084</b>	<b>15.0%</b>	<b>1,269,702</b>
Other income	30,300	2,781	47,739	27,322	74.7%	29,097
Distribution expenses	(19,401)	(19,468)	(64,555)	(58,226)	10.9%	(78,544)
Administrative expenses	(82,010)	(83,144)	(271,053)	(217,854)	24.4%	(265,083)
<b>Results from operating activities</b>	<b>288,100</b>	<b>353,692</b>	<b>765,682</b>	<b>667,326</b>	<b>14.7%</b>	<b>955,172</b>
Finance income	22,033	20,092	64,199	54,435	17.9%	78,614
Finance costs	(10)	(8,806)	(191)	(28,112)	-99.3%	(19,453)
Net finance income	22,023	11,286	64,008	26,323	143.2%	59,161
<b>Profit before tax</b>	<b>310,123</b>	<b>364,978</b>	<b>829,690</b>	<b>693,649</b>	<b>19.6%</b>	<b>1,014,333</b>
Income tax	(8,733)	NIL	(24,724)	NIL		1,614
<b>Profit for the period</b>	<b>301,390</b>	<b>364,978</b>	<b>804,966</b>	<b>693,649</b>	<b>16.0%</b>	<b>1,015,947</b>
Basic earnings per share (LKR)	0.46	0.56	1.23	1.06		1.55

TEXTURED JERSEY LANKA PLC

Statement of Comprehensive Income

(all amounts in Sri Lankan Rupees thousands)

	Quarter Ended 31 December			Period Ended 31 December		Year Ended 31 March
	2013	2012	2013	2012	Variance	2013
	Unaudited	Unaudited	Unaudited	Unaudited		Audited
<b>Profit for the period</b>	<b>301,390</b>	<b>364,978</b>	<b>804,966</b>	<b>693,649</b>	16.0%	1,015,947
<b>Other comprehensive income</b>						
Actuarial gain on retirement benefit obligations	NIL	NIL	NIL	NIL		802
Currency translation differences	(137,991)	(203,001)	139,774	(158,805)	-188.0%	(82,364)
<b>Total other comprehensive income for the period</b>	<b>(137,991)</b>	<b>(203,001)</b>	<b>139,774</b>	<b>(158,805)</b>	<b>-188.0%</b>	<b>(81,562)</b>
<b>Total comprehensive income for the period</b>	<b>163,399</b>	<b>161,977</b>	<b>944,740</b>	<b>534,844</b>	<b>76.6%</b>	<b>934,385</b>

TEXTURED JERSEY LANKA PLC

Statement of Financial Position

(all amounts in Sri Lankan Rupees thousands)

	As at 31 December		As at 31 March
	2013 Unaudited	2012 Unaudited	2013 Audited
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant & equipment	2,228,956	2,310,891	2,288,643
Capital work-in-progress	216,369	9,808	67,758
Intangible assets	43,517	44,368	41,082
Lease rentals paid in advance	92,588	93,003	93,396
	<b>2,581,431</b>	<b>2,458,070</b>	<b>2,490,879</b>
<b>Current assets</b>			
Inventories	1,686,304	1,545,826	1,795,172
Trade and other receivables	1,407,438	1,093,021	1,382,736
Cash and cash equivalents	2,338,227	2,008,104	2,196,949
	<b>5,431,969</b>	<b>4,646,951</b>	<b>5,374,857</b>
<b>Total assets</b>	<b>8,013,400</b>	<b>7,105,021</b>	<b>7,865,736</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	2,797,229	2,797,229	2,797,229
Exchange equalisation reserve	1,048,745	832,530	908,971
Retained earnings	2,469,136	2,153,273	2,044,071
	<b>6,315,110</b>	<b>5,783,032</b>	<b>5,750,271</b>
<b>Non - current liabilities</b>			
Borrowings	NIL	NIL	NIL
Deferred tax liabilities	93,989	70,912	67,678
Retirement benefit obligations	69,786	61,462	55,154
	<b>163,775</b>	<b>132,374</b>	<b>122,832</b>
<b>Current liabilities</b>			
Trade and other payables	1,519,825	1,136,167	1,632,736
Borrowings	NIL	NIL	NIL
Bank overdrafts	14,690	53,448	359,897
	<b>1,534,515</b>	<b>1,189,615</b>	<b>1,992,633</b>
<b>Total liabilities</b>	<b>1,698,290</b>	<b>1,321,989</b>	<b>2,115,465</b>
<b>Total equity and liabilities</b>	<b>8,013,400</b>	<b>7,105,021</b>	<b>7,865,736</b>
<b>Net assets per share (LKR)</b>	<b>9.64</b>	<b>8.83</b>	<b>8.78</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  
**Ashroff Omar**  
 Director

Sgd  
**Hasitha Premarathne**  
 Director

**Date**

TEXTURED JERSEY LANKA PLC

Statement of Changes In Equity

(all amounts in Sri Lankan Rupees thousands)

	Quarter Ended 31 December			
	Stated capital	Exchange equalisation reserve	Retained earnings	Total
<b>Balance as at 1 April 2012</b>	<b>2,797,229</b>	<b>991,335</b>	<b>1,695,425</b>	<b>5,483,989</b>
Profit for the year	NIL	NIL	1,015,947	<b>1,015,947</b>
Other comprehensive income	NIL	(82,364)	802	<b>(81,562)</b>
<b>Total comprehensive income</b>	<b>NIL</b>	<b>(82,364)</b>	<b>1,016,749</b>	<b>934,385</b>
<b>Transactions with owners</b>				
Final dividend paid - 2011/12	NIL	NIL	(235,801)	(235,801)
Interim dividend paid - 2012/13	NIL	NIL	(432,302)	(432,302)
<b>Balance as at 31 March 2013</b>	<b>2,797,229</b>	<b>908,971</b>	<b>2,044,071</b>	<b>5,750,271</b>
<b>Balance as at 1 April 2013</b>	<b>2,797,229</b>	<b>908,971</b>	<b>2,044,071</b>	<b>5,750,271</b>
Profit for the period	NIL	NIL	804,966	804,966
Other comprehensive income	NIL	139,774	NIL	139,774
<b>Total comprehensive income</b>	<b>NIL</b>	<b>139,774</b>	<b>804,966</b>	<b>944,740</b>
<b>Transactions with owners</b>				
Final dividend paid - 2012/13	NIL	NIL	(379,901)	(379,901)
<b>Balance as at 31 December 2013</b>	<b>2,797,229</b>	<b>1,048,745</b>	<b>2,469,136</b>	<b>6,315,110</b>
<b>Balance as at 1 April 2012</b>	<b>2,797,229</b>	<b>991,335</b>	<b>1,695,425</b>	<b>5,483,989</b>
Profit for the period	NIL	NIL	693,649	<b>693,649</b>
Other comprehensive income	NIL	(158,805)	NIL	<b>(158,805)</b>
<b>Total comprehensive income</b>	<b>NIL</b>	<b>(158,805)</b>	<b>693,649</b>	<b>534,844</b>
<b>Transactions with owners</b>				
Final dividend paid - 2011/12	NIL	NIL	(235,801)	(235,801)
<b>Balance as at 31 December 2012</b>	<b>2,797,229</b>	<b>832,530</b>	<b>2,153,273</b>	<b>5,783,032</b>

TEXTURED JERSEY LANKA PLC

Cash Flow Statement

(all amounts in Sri Lankan Rupees thousands)

	Quarter Ended	
	31 December	
	2013 Unaudited	2012 Unaudited
<b>Cash flows from operating activities</b>		
Cash generated from operations	1,114,946	1,578,932
Finance income received	64,199	54,435
Finance cost paid	(42)	(5,050)
Retirement benefit obligations paid	(3,685)	(8,083)
<b>Net cash generated from operating activities</b>	<b>1,175,418</b>	<b>1,620,234</b>
<b>Cash flows from investing activities</b>		
Additions to capital work - in - progress	(270,295)	(16,692)
Purchase of intangible assets	(21,002)	(23,344)
<b>Net cash used in investing activities</b>	<b>(291,297)</b>	<b>(40,036)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(379,901)	(235,801)
Repayments of borrowings	NIL	(606,008)
<b>Net cash used in financing activities</b>	<b>(379,901)</b>	<b>(841,809)</b>
<b>Net increase in cash and cash equivalents</b>	<b>504,220</b>	<b>738,389</b>
Cash and cash equivalents at the beginning of the period	1,837,052	1,216,268
<b>Cash and cash equivalents at the end of the period</b>	<b>2,341,272</b>	<b>1,954,657</b>

## TEXTURED JERSEY LANKA PLC

### Notes to the Financial Statements

#### 1. Corporate Information

Textured Jersey 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, C V Gooneratne Seethawaka International Industrial Park, Avissawella.

#### 2. Condensed Interim Financial Statements

The financial statements for the period ended 31 December 2013, includes "the Company" referring to Textured Jersey Lanka PLC .

The Company has also presented the statement of comprehensive income and the statement of financial position in United State 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 2013 were authorised for issue by the Board of Directors on 24 January 2014.

#### 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 2013.

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. 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 2013.

#### 7. Events after the Reporting Period

No circumstances have arisen since the Statement of Financial Position date which would require adjustment to or disclosure in the Financial Statements.

#### 8. Key Ratios of the Company

	Period Ended 31 December	
	2013	2012
<b><u>Profitability Ratios</u></b>		
Net Profit Margin	8.49%	8.76%
Asset to Turnover	1.58	1.49
Debt : Equity	0.00	0.01
Return on Assets (ROA)	13.52%	12.71%
Return on Equity (ROE)	17.79%	16.42%

#### **Investor Ratios**

Earnings per Share (EPS) - LKR	1.23	1.06
Net Book Value per Share - LKR	9.64	8.83
Price / Earnings Ratio (PE Ratio)	9.28	6.30
Price to Book Value Ratio (PBV Ratio)	1.58	1.01

(PE and PBV Ratios are based on a market price of LKR 15.20 per share closed 31 December 2013)

#### 9. Number of shares representing the entity's Stated Capital - 655,002,440 Shares

#### 10. Directors' Interest in Shares of the Company

	No. of Shares	
Hasitha Premaratne	40,000	-



## TEXTURED JERSEY LANKA PLC

### Notes to the Financial Statements

#### 11. Market Price per Share

	Highest (LKR)	Lowest (LKR)
Quarter ended 31 December 2013	16.10	14.40
Last traded price (on 31 December 2013)	15.20	

#### 12. Public Shareholding 196,000,000 shares - 29.92%

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

	No. of Shares	
PACIFIC TEXTURED JERSEY HOLDINGS LTD	262,001,464	40.00%
BRANDIX LANKA LTD	197,000,976	30.08%
Y S H I SILVA	15,956,500	2.44%
EMPLOYEES PROVIDENT FUND	13,813,200	2.11%
MELSTACORP LIMITED	12,622,428	1.93%
J B COCOSHELL (PVT) LTD	10,172,846	1.55%
MAS CAPITAL (PRIVATE) LIMITED	5,466,322	0.83%
NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	5,187,900	0.79%
MCBRIDGE BLUE (PRIVATE) LIMITED	5,150,700	0.79%
CITI BANKNY S/A FORWARD SELECT EM DIVIDEND FUND	4,999,998	0.76%
SEYLAN BANK PLC/ARC CAPITAL (PVT) LTD	4,993,391	0.76%
PICTET & CIE	3,694,100	0.56%
HSBC INTL NOM LTD - BP2S SINGAPORE - BNP PARIBAS BANK AND TRUST CAYMAN LIMITED AS - TRUSTEE FOR HARVEST FUNDS	3,282,032	0.50%
FERGASAM GARMENT INDUSTRIES (PVT) LTD.	2,811,100	0.43%
TIMEX GARMENTS (PVT) LTD	2,791,100	0.43%
PERICEYL (PRIVATE ) LIMITED A/C NO. 03	2,694,100	0.41%
D P PIERIS	2,081,400	0.32%
SOUTH ASIAN INVESTMENT (PVT) LTD	2,054,565	0.31%
MCSEN RANGE (PRIVATE) LIMITED	2,031,400	0.31%
NAWALOKA PILING (PRIVATE) LIMITED	2,031,400	0.31%
J D N KEKULAWALA	2,031,400	0.31%
DEE INVESTMENTS (PVT) LTD	1,996,799	0.30%

TEXTURED JERSEY LANKA PLC

Income Statement

(all amounts in United State Dollars)

	Quarter Ended 31 December		Period Ended 31 December		Variance	Year Ended 31 March
	2013 Unaudited	2012 Unaudited	2013 Unaudited	2012 Unaudited		2013 Audited
Revenue	25,758,093	22,246,353	73,083,675	60,548,731	20.7%	84,443,330
Cost of sales	(23,020,718)	(18,769,064)	(64,961,314)	(53,547,707)	21.3%	(74,653,038)
<b>Gross profit</b>	<b>2,737,375</b>	<b>3,477,289</b>	<b>8,122,361</b>	<b>7,001,024</b>	<b>16.0%</b>	<b>9,790,292</b>
Other income	232,791	21,856	368,041	208,808	76.3%	224,356
Distribution expenses	(147,493)	(149,730)	(497,688)	(444,982)	11.8%	(605,631)
Administrative expenses	(623,552)	(638,711)	(2,089,687)	(1,664,918)	25.5%	(2,043,974)
<b>Results from operating activities</b>	<b>2,199,121</b>	<b>2,710,704</b>	<b>5,903,027</b>	<b>5,099,932</b>	<b>15.7%</b>	<b>7,365,043</b>
Finance income	167,932	154,390	494,943	416,009	19.0%	606,166
Finance costs	(78)	(67,769)	(1,470)	(214,835)	-99.3%	(149,998)
Net finance income	167,855	86,621	493,473	201,174	145%	456,168
<b>Profit before tax</b>	<b>2,366,975</b>	<b>2,797,325</b>	<b>6,396,500</b>	<b>5,301,106</b>	<b>20.7%</b>	<b>7,821,211</b>
<b>Income tax</b>	<b>(66,594)</b>	<b>NIL</b>	<b>(190,612)</b>	<b>NIL</b>		<b>12,446</b>
<b>Profit for the period</b>	<b>2,300,381</b>	<b>2,797,325</b>	<b>6,205,888</b>	<b>5,301,106</b>	<b>17%</b>	<b>7,833,657</b>

TEXTURED JERSEY LANKA PLC

Statement of Comprehensive Income

(all amounts in United State Dollars)

	Quarter Ended 31 December		Period Ended 31 December		Variance	Year Ended
	2013	2012	2013	2012		2013
	Unaudited	Unaudited	Unaudited	Unaudited		Audited
Profit for the period	2,300,381	2,797,325	6,205,888	5,301,106	17.1%	7,833,657
<b>Other comprehensive income</b>						
Actuarial gain on retirement benefit obligations	NIL	NIL	NIL	NIL		6,187
<b>Total other comprehensive income for the period</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>		<b>6,187</b>
<b>Total comprehensive income for the period</b>	<b>2,300,381</b>	<b>2,797,325</b>	<b>6,205,888</b>	<b>5,301,106</b>	<b>17%</b>	<b>7,839,844</b>

TEXTURED JERSEY LANKA PLC

Statement of Financial Position

(all amounts in United State Dollars)

	As at 31 December		As at 31 March
	2013 Unaudited	2012 Unaudited	2013 Audited
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant & equipment	17,184,152	18,484,168	18,057,781
Capital work-in-progress	1,668,100	78,449	534,624
Intangible assets	335,494	354,892	324,147
Lease rentals paid in advance	713,811	743,904	736,905
	<b>19,901,557</b>	<b>19,661,413</b>	<b>19,653,457</b>
<b>Current assets</b>			
Inventories	13,000,570	12,364,630	14,164,212
Trade and other receivables	10,850,653	8,742,773	10,910,017
Cash and cash equivalents	18,026,577	16,062,262	17,334,301
	<b>41,877,800</b>	<b>37,169,665</b>	<b>42,408,530</b>
<b>Total assets</b>	<b>61,779,357</b>	<b>56,831,078</b>	<b>62,061,987</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	28,624,940	28,624,940	28,624,940
Retained earnings	20,061,431	17,631,916	16,745,669
	<b>48,686,371</b>	<b>46,256,856</b>	<b>45,370,609</b>
<b>Non - current liabilities</b>			
Borrowings	NIL	NIL	NIL
Deferred tax liabilities	724,606	567,203	533,994
Retirement benefit obligations	538,019	491,618	435,175
	<b>1,262,625</b>	<b>1,058,821</b>	<b>969,169</b>
<b>Current liabilities</b>			
Trade and other payables	11,717,110	9,087,884	12,882,560
Borrowings	NIL	NIL	NIL
Bank overdrafts	113,251	427,517	2,839,649
	<b>11,830,361</b>	<b>9,515,401</b>	<b>15,722,209</b>
<b>Total liabilities</b>	<b>13,092,986</b>	<b>10,574,222</b>	<b>16,691,378</b>
<b>Total equity and liabilities</b>	<b>61,779,357</b>	<b>56,831,078</b>	<b>62,061,987</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

**Ashroff Omar**  
Director

Sgd

**Hasitha Premarathne**  
Director

Date