WORLD TEXTILE AWARDS WINNER

INTERNATIONAL TEXTILE FIRM
— OF THE YEAR —

Yards Ahead

ANNUAL REPORT 2014/15

textured jersey

Textures of Perfection

Yards Ahead

SINCE INCEPTION, OUR VISION TO BECOME THE LEADING FABRIC MILL IN SOUTH ASIA HAS BOTH INSPIRED AND CHALLENGED US. THIS HAS BEEN KEY TO OUR SUCCESS AND A DRIVING FORCE WHICH CONSTANTLY KEPT US REACHING BEYOND THE POSSIBLE. THIS YEAR, AS WE CELEBRATE OUR GLOBAL RECOGNITION WITHIN THE INDUSTRY, WE HAVE RAISED THE BAR EVEN FURTHER. WE HAVE SHARPENED OUR FOCUS ON BECOMING A LARGER AND BROADER ENTITY, SEEKING TO OFFER UNPARALLELED PRODUCTS AND SERVICES WITHIN THE REGION, **AS WE CONTINUE TO SET THE PACE FOR THE FUTURE YARDS AHEAD, TO DELIVER OUTSTANDING VALUE TO ALL OUR STAKEHOLDERS.**

textured jersey
Textures of Perfection

Yards Ahead on a Global Scale

TEXTURED JERSEY LANKA WAS AWARDED 'THE INTERNATIONAL TEXTILE FIRM OF THE YEAR' AT THE RECENTLY CONCLUDED WORLD TEXTILE AWARDS, POSITIONING THEM AS THE BEST IN THE WORLD.

Sriyan de Silva Wijeyeratne
Managing Director

WORLD TEXTILE AWARDS WINNER

This is an incredibly exciting award for us to win, and reflects the passion and dedication of the entire team. We have made it our vision to build a firm of global significance. Winning this prestigious title from the World Textile Awards is wonderful recognition of our efforts, and we are thankful to them for the honour. It certainly inspires us to reach greater heights. We will continue to draw from our rich heritage, our strong competencies, and our globally strong shareholders, to continue to bring excitement and satisfaction to all our customers and partners, in a sustainable manner, through innovative high quality fabrics."

THE WIN WAS OVER TOP INDUSTRIALISTS REPRESENTING FIBER, SPINNING, DYEING AND FINISHING, WEAVING, AND GARMENT MAKING, FROM ALL OVER THE WORLD.

TJL ALSO WON THE " DYER AND FINISHER OF THE YEAR" TITLE.

THIS IS THE FIRST TIME A LOCAL MANUFACTURING COMPANY HAS ACHIEVED THIS HONOUR , PLACING SRI LANKA'S BACK END SUPPLY CHAIN AT THE TOP OF THE WORLD.

Contents

Our financial performance was reinforced by the capacity expansions that came into effect from the third quarter. Our net profit margin expanded to 9.7% from 9.1% in the previous year and our gross profit grew from LKR 1.46 Bn to LKR 1.62 Bn an increase of 11.3%. This profit increase was driven by strong control of costs and overheads, and efficiency improvements in our production processes.

These are exciting times for your Company, where the platform for our future regional growth strategy is being laid.

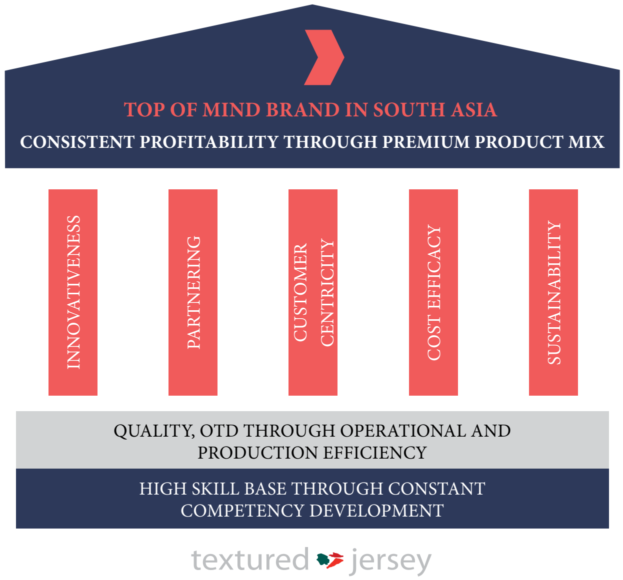
With the strong performance during the year there was a growth resulting in earnings where EPS grew from LKR 1.76 to LKR 2.02. ROA grew from 14.14% to 15.51% and ROCE improved from 18.40% to 19.76% during the year, thereby greatly increasing shareholder value.

We have aligned our sustainability approach with the overall issues faced by the industry and aim to address these issues through coherent and consistent efforts each year. This keeps us Yards Ahead.

This innovative culture has been instrumental in propelling TJL to be 'Yards Ahead' in the domestic textile industry.

Unravelling Textured Jersey

Our Philosophy and Direction



At TJL, we aspire to become a top of the mind brands in South Asia. These lofty aspirations are built upon some fundamental pillars which we hold dear as we journey ahead. At the heart of everything, we believe in developing a deep customer centric understanding of global fashion trends and the required value propositions, which we consciously strive to deliver at the desired expectations. The journey to bring inspiration and value to our stakeholders, can only be through engaging in ethical business practices. For us, respecting and protecting the environment we operate in, is essential, and so sustainability has become a way of life. Environmental consciousness is ingrained into the conduct of our business. To these ends, and in our efforts to deliver operational excellence, quality and on time delivery, we will keep growing and developing our team competencies and skill sets.

At the core, we believe in bringing cutting edge innovation to the selected customers we focus on. We continue to invest and bring organizational alignment to support this thrust, with the hope of bringing excitement and prosperity to the entire industry. Partnerships are things we actively seek, and we drive our resources to harvest these combined synergies. Continued investment in technology and active focus on process improvements and wastage reduction, lie at the core of our efforts to continually deliver cost efficacy.

This is the new identity of TJL. Modern and futuristic, yet embracing the goodness of a rich heritage, it is built upon shared values, discussion and consultation. These collective energies will help us journey towards becoming a top of the mind brands in South Asia.

Yards we traveled

Milestones

2000
Textured Jersey Lanka is incorporated

2001
Commercial production commences

2004
Pacific Textile Holdings enters as a joint venture partner with Textured Jersey UK exiting the joint venture

2006
First Phase of expansion
100% of capacity

2007
Changes to the shareholding structure of the Company with Pacific Textiles owning 60% and Brandix Lanka owning 40% of the Company

2008
Second Phase of Expansion
100% of Capacity

Introduction of energy saving equipment and launch of "Green Initiatives" in line with our commitment to sustainability

2011
Textured Jersey Lanka is listed on the main board of the Colombo Stock Exchange

2014
Third expansion
10 – 12 % of capacity

Textured Jersey Lanka PLC (TJL) has developed a solid reputation within the Sri Lankan textile manufacturing industry as the leading supplier of weft knitted fabrics. Our strong competencies in product development, manufacturing and customer service have been instrumental in bringing significant business, accolades and new customers to the textile industry and even to the apparel industry as a whole.

We employ over 1,100 associates across our manufacturing locations in Sri Lanka and even provide customers with R&D facilities to complement our best in class Knitting, Dyeing, Finishing and Quality processes. Our group-wide initiatives to achieve manufacturing excellence, received a stamp of recognition when we became the recipient of not one but two internationally acclaimed awards at the recently concluded World Textile Awards – 'International Textile Firm of the Year' and 'Dyer and Finisher of the Year'. We have one of the best preforming shares within the Colombo Stock Exchange and easily outperformed the ASPI for 2013/14 in terms of returns. As a LMD Top 50 company TJL is the textile mill with the highest turnover in Sri Lanka, and indeed the most profitable. We have operated with ISO certification since 2008; and been awarded the Global Organic Textile Standards (GOTS) since 2013, for our environmentally friendly organic cotton textiles. We are also fair trade compliant. Winning the best green report for three consecutive years and winning many more accolades for sustainability initiatives have been inspirational for us on our journey in creating a better world as we lead the green frontier of the fabric industry. Using our strengthened capabilities through infrastructure modernization and acquisitions, our priority, both in Sri Lanka and internationally, would be to consolidate our position as a leading international manufacturer, towards which we will accelerate our operating model. We will continue to develop a world class talent pool, further nurturing our skills in key strategic areas through exposure to our international operations and through world class training. Whilst we expect the international apparel market to remain highly competitive, we will deliver growth through a focus on quality and innovations which keep our customers at the center of our efforts. As the market leader we will tread this path with vision, responsibility, and care for all our stakeholders and society at large.

Financial Highlights

(All amounts in Sri Lankan Rupees Thousands)

	2015	2014	Charge %
Operations			
Turnover	13,678,462	12,724,715	7.50%
Profit from operations	1,201,046	1,063,937	12.89%
Net finance income	57,809	90,453	(36.09%)
Profit after taxation	1,332,159	1,152,772	15.56%
Statement of Financial Position			
Non current assets	3,415,789	3,107,846	9.91%
Current assets	5,329,871	5,327,337	0.05%
Current liabilities	1,464,724	1,869,999	-21.67%
Non current liabilities	246,285	194,316	26.74%
Capital and reserves	7,034,651	6,370,868	10.42%
Per Share Data (Rs.)			
Earnings per share	2.02	1.76	14.78%
Closing market value per share	24.10	15.80	52.53%
P/E Ratio	11.92	8.95	33.18%
Net assets per share	10.65	9.73	9.50%
Ratios			
Gross profit margin	11.85%	11.52%	
Net profit margin	9.74%	9.06%	
Return on equity	19.87%	19.02%	
Return on assets	15.51%	14.14%	
Return on capital employed	19.76%	18.40%	
Total debt : equity	0.32%	0.81%	
Current ratio	3.64	2.85	

FINANCIAL SUMMARY

(All amounts in Sri Lankan Rupees Thousands)

Five Year Financial Summary	31 Mar 11	31 Mar 12	31 Mar 13	31 Mar 14	31 Mar 15
Trading Results					
Turnover	9,284,583	12,363,531	10,951,455	12,724,715	13,678,462
Profit before Taxation	705,851	661,972	1,014,333	1,193,087	1,361,544
Current Taxation	(21,119)	(33,041)	1,710	(40,315)	(29,385)
Profit after Taxation	684,732	628,931	1,016,043	1,152,772	1,332,159
Statement of Financial Position					
Stated Capital	1,597,229	2,797,229	2,797,229	2,797,229	2,849,899
ESOP Fund	Nil	Nil	Nil	19,473	19,473
Revenue Reserves	1,177,916	1,695,425	2,044,071	2,461,922	2,925,111
Other Reserves	194,105	991,335	908,971	1,092,244	1,240,168
	2,969,250	5,483,989	5,750,271	6,370,868	7,034,651
Non Current Assets	2,677,212	2,752,474	2,490,879	3,107,846	3,415,789
Net Current Assets	391,564	2,858,358	3,382,224	3,457,338	3,865,147
Long Term Deferred Liabilities	(99,526)	(126,843)	(122,832)	(194,316)	(246,285)
	2,969,250	5,483,989	5,750,271	6,370,868	7,034,651
Key Indicators					
Annual Growth in Turnover	11.17%	33.16%	-11.42%	16.19%	7.50%
Gross Profit Margin	11.73%	10.32%	11.59%	11.52%	11.85%
Net Profit to Turnover	7.37%	5.09%	9.28%	9.06%	9.74%
Gearing ratio	3.24%	11.77%	6.26%	0.81%	0.32%
Earning per Share (LKR)	1.19	1.00	1.55	1.76	2.02
Dividend per Share (LKR)	Nil	0.48	1.24	1.30	1.30
Net Assets per Share at year end (LKR)	5.16	8.35	8.78	9.73	10.65
Dividend pay out	Nil	47.95%	79.94%	73.87%	64.36%
Return on Equity	25.37%	14.88%	18.09%	19.02%	19.87%
Return on Assets	10.80%	8.50%	13.16%	14.14%	15.51%

Yards
Ahead from
where we
began...

Guided by a vision that transcends geographic boundaries, driven by a pioneering spirit to innovate and improve, and nurtured by a business philosophy of sustainable development, we have sped ahead in leaps and bounds. At the heart of this endeavor lie our customers and partners. They have inspired and transformed us and we are constantly driven to deliver excellence to ensure their success and innovativeness . With them we have set the trends of growth within the country and without and every year we will accelerate this pace.

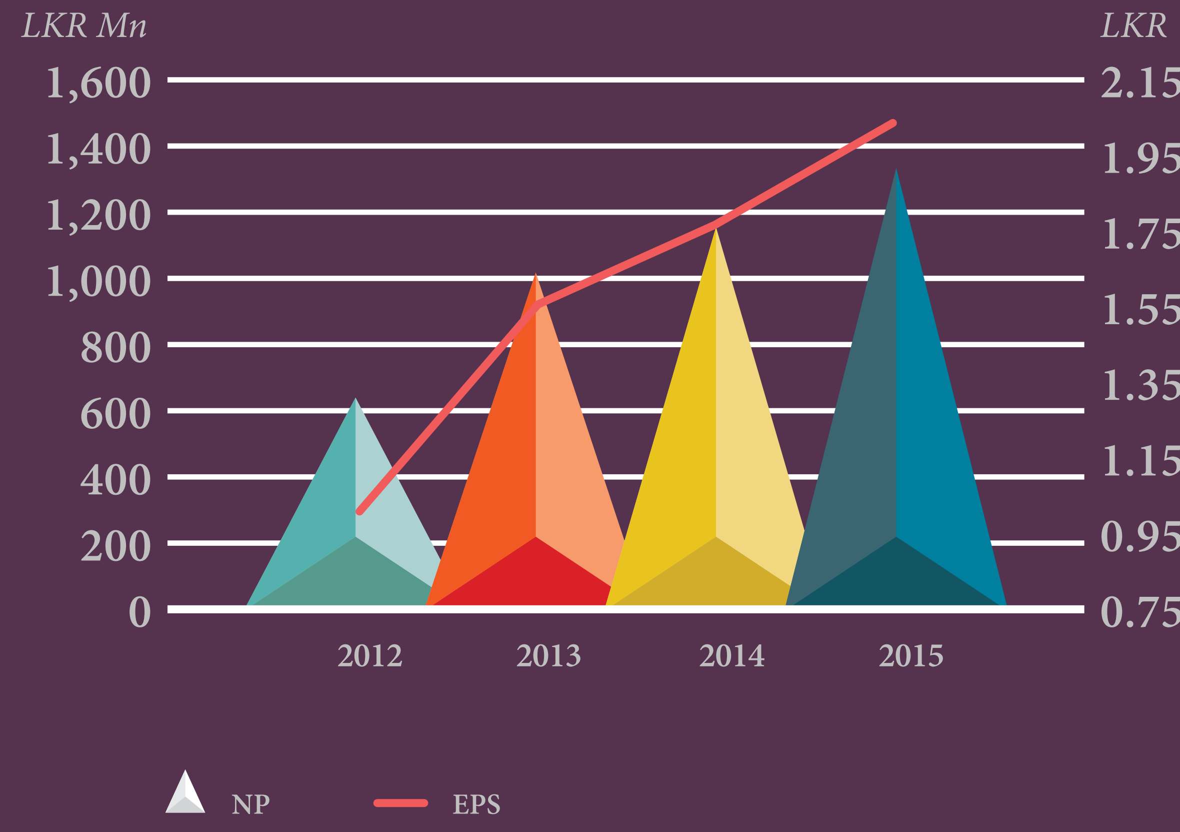
SHAREHOLDER VALUE

52.53% Share Price Growth

64.36% Dividends Payout Ratio

15.51% ROA

PROFITABILITY



7.50% Revenue Growth

15.56% NP Growth

14.77% EPS Growth

Born at the turn of the millennium, TJL has strived to become the most sustainable and successful mill in the country. The foundation of TJL's success is built on a belief in customer partnerships, delivering stakeholder expectation and developing a competent and motivated workforce. Thus it keeps weaving its success story to remain Yards Ahead in the local, regional and global apparel industry. While maintaining interest in our stakeholder satisfaction, and our collective growth and profitability, a key priority of TJL's production initiatives remain in environmental sustainability. Among its workforce, within day to day operations, TJL consciously promotes the knowledge of environmentally sustainable practices and the challenges emerging in the future within the industry, due to environmental changes. These efforts and the growth and success achieved amidst challenges, have helped TJL weave itself to the top of the industry, and the belief in sustainability and innovativeness have paid off as reflected in its net profit this year which exceeded LKR 1.3 Bn. The years in retrospect will reflect this constant build up and remarkable journey.

Chairman's Message

"THE COMPANY'S STRONG LEADERSHIP POSITION, FUSED TOGETHER WITH A COMPETENT AND DEDICATED TEAM WHO CREATE A SOLID CUSTOMER VALUE PROPOSITION, AUGMENTED WITH RELIABLE SERVICE QUALITY, SAW TJL THROUGH TO RECORD A NET PROFIT OF OVER USD 10 MILLION (LKR 1.33 BN) FOR THE FINANCIAL YEAR 2015. DURING THE YEAR TJL HARNESSED 10-12% CAPACITY EXPANSION, PROCESS MODERNIZATION AND IMPROVEMENTS-KEY CONTRIBUTORS WHICH INITIATED A NEW CHAPTER IN OUR GROWTH."

Chairman's Message

It gives me great pleasure to review the year gone by against a backdrop where Textured Jersey Lanka PLC (TJL) has been crowned the 'International Textile Firm of the Year' at the recently concluded World Textile Awards in London. This is indeed a remarkable feat, considering that this is the top award and competitors are at a global level in multiple related industries. In addition we also won the 'Dyer and Finisher of the Year' title. TJL has brought pride and honour to the apparel industry of Sri Lanka, while reinforcing on a global platform that it is the undisputed leader and trend setter in the local fabric domain. As we traverse the Yards Ahead, and years ahead, and look beyond the immediate horizons, we hope we can keep fulfilling the aspirations of our energetic team by pushing boundaries and reaching new frontiers. TJL remains committed towards constantly reinventing itself, setting new standards, and leading the transformation of the fabric industry.

FINANCIAL PERFORMANCE

The Company's strong leadership position, fused together with a competent and dedicated team who create a solid customer value proposition, augmented with reliable service quality, saw TJL through to record a net profit of over USD 10 Million (LKR 1.33 Bn) for the financial year 2015. During the year TJL harnessed 10% capacity expansion, process modernization and improvements-key contributors which initiated a new chapter in our growth. TJL recorded commendable growth of 15.5% on net profit and 7.5% on revenue over the past year.

Our financial performance was reinforced by the capacity expansions that came into effect from the third quarter. Our net profit margin expanded to 9.7% from 9.1% in the previous year and our gross profit grew from LKR 1.46 Bn to LKR 1.62 Bn an increase of 11.3%. This profit increase was driven by strong control of costs and overheads, and efficiency improvements in our production processes.

TJL closed the year with a zero debt balance sheet and cash reserves of LKR 1.91 Bn, achieved through stringent working capital management during the year. On the basis of this strong financial performance, we are pleased to have been able to declare a final dividend of LKR 0.80, bringing the total dividend for the year to LKR 1.30 per share. This represents 64.4% of our annual net profits, and demonstrates our continued commitment towards a high profit percentage payout to our shareholders.

DEMAND AND MARKET CONDITIONS

Sri Lankan apparel exports to the EU and the US increased by 10.9% per cent and 8.8%, respectively, against 2013 calendar year and strong demand was sustained in the first quarter of 2015. Knit garment exports from Sri Lanka increased by 11.7% while exports of woven apparel increased by 7.1% in 2014 calendar year. The knit manufacturing segment is showing growth potential, with many countries looking at Sri Lanka as a potential manufacture for this range of garments.

A significant development during the year was the commencement of negotiations to regain the Generalised Scheme of Preferences plus (GSP+) facility for Sri Lanka. If re-instated, the GSP+ facility will provide concessionary access for Sri Lankan apparel, into the EU and will enhance the growth potential of the entire apparel industry. The concessions will make sourcing fabric within Sri Lanka more attractive and will also make the cost of imports from Sri Lanka into EU countries, reduce, thereby making apparel more competitive in the European markets.

FUTURE DIRECTION-THE YARDS AHEAD

TJL remains very positive about the future prospects and ongoing developments in the industry. The recent acquirement of Quenby Lankan Prints Private Limited (QPL), which is Sri Lanka's leading fabric printer, broadens the service solutions offered by TJL to their buyers. With this facility added to their arsenal, TJL will explore many new dimensions with existing and new customers, as print has become one of the most exciting and fashionable attributes related with clothing in the modern world. We are confident that this will become yet another of the key drivers of our business in the near future.

In October 2013, we entered into a Technical Service and Management Agreement with Ocean India

Private Limited (OCI), a knit fabric manufacturer located in India. During the past two years, this technical agreement has enhanced our regional experiences and contributed towards our knowledge of business operations within the region. The TJL management team has transformed this entity into a world class production facility which now caters to some of the most demanding customers around the globe. In line with our acquisition driven growth strategy, we have recently announced that we are in advanced discussions for a potential acquisition of this entity.

IN CONCLUSION

I wish to express my gratitude to the Board of Directors, the Management, and the Employees of the Company for their support and untiring dedication respectively in helping us achieve financial and operational resilience during this year. The Company is on a strong growth trajectory and the joint synergies of our combined strengths, I believe, will enable us to steer the Company to the forefront of success. Our customers continue to be our "raison d' etre", and we thank them for their partnership and belief in us over the year. We look forward to being of value to them in the years ahead, and forging even stronger partnerships as we move forward.

Wing Tak Bill Lam
Chairman

25 June 2015

Chief Executive Officer's Message

"TJL ROSE A FEW RANKING NOTCHES AND CONTINUES TO BE THE ONLY FABRIC MILL WITHIN THE SRI LANKAN LMD TOP 50 ENTITIES. WE ARE ALSO AMONG THE MOST RESPECTED ENTITIES IN SRI LANKA. OUR RELENTLESS COMMITMENT TOWARDS SUSTAINABILITY FOUND RECOGNITION THROUGH A FEW MORE AWARDS. THESE INCLUDED THE NATIONAL PRODUCTIVITY AWARDS WHERE WE WERE THE NATIONAL WINNER IN MANUFACTURING, TEXTILES, APPARELS AND LEATHER PRODUCTS CATEGORY AND THE NATIONAL RUNNERS-UP – EXCELLENCE IN ENVIRONMENT SUSTAINABILITY."

CEO/Managing Director's Message

The past year has been a tremendously exciting one, and also my first full year at TJL. I enjoyed becoming part of a high energy team, and the work to craft our future aspirations and strategies, has seen good progress. The team has once again demonstrated resilience and character, to overcome challenges in terms of tough market conditions, intense competition globally and locally, and price pressures which are being exerted. Last year we decided to build our future growth upon key pillars such as innovation, sustainability, customer centricity and cost efficacy. Shrinking margins meant we had to keep innovating with new products and better processes. Our customers saw value in our propositions. Thanks to our production and execution excellence, we were able to deliver premium products with a promise of timely delivery and quality. A combination of these factors saw your Company delivery 15.5% profit growth year on year, and achieve a full year profit of LKR 1.33 billion (US$10 million), which was the highest in our history. Our revenue grew by 7.5.%, despite a global slump in Q1. The expanded capacity of around 10%, came into full effect by mid-year. Our marketing team did a tremendous job in retaining and growing our customer base and keeping our order book healthy. Against inflationary pressure, we managed to limit our overall selling and administration cost increases to 6.7%. Our profit growth was also despite a reduction in interest income. An operational cash inflow of over LKR 1.18 Bn and a strong virtually debt free balance sheet with over LKR 1.91 Bn in cash reserves, demonstrate a healthy, well managed business overall.

Our first quarter was very challenging due to overseas market conditions, and we envision similar challenges in the forthcoming year as well. The overall apparel industry is undergoing rapid transformation as we speak. Prices are being reduced due to options such as Bangladesh, and newer markets from African and other regions are also entering the fray. Lead times are being crashed to enable faster response time to changes in consumer fashion, and to reduce the inventory levels. The role of information technology is becoming more prominent as it helps bring out more insights, faster data and info availability, and integration across functions, companies and borders. TJL in turn has also made several new process improvements to reduce development and delivery lead times. We have also embraced technology a lot more although this is a continuous journey.

Sri Lankan apparel exports to Europe and America have shown growth the past year, and our portfolios too, have reflected the same. New customers such as LIDL from Europe and new innovations within the David Gandy range with M&S have ensured that we keep a balanced mix of innovation and volume. Our close partnership with Intimissimi from Italy, continues to flourish and deepen, and we keep adding new innovative fabrics to their collection regularly. We have also begun embracing synthetic fabrics and body-size tubular fabric manufacturing, and several customers have expressed strong desire to work closely with us on these new initiatives. These will provide a much wider platform for TJL to use as a springboard during its future growth initiatives.

The completion timelines on our multi fuel boiler project were not met unfortunately, primarily due to technical and social challenges and considerations. Modifications and changes have since resulted in the project being very near completion, and we hope to enjoy the cost savings from this initiative by the second quarter of the financial year 2016. Rising labour costs continue to challenge Sri Lankan manufacturing, and we will leverage technology, and our regional presence as we move forward.

We exposed almost 40 key managers to high quality training through the Centre for Creative Leadership, which is one of the top five institutions in worldwide executive education. We will continue to make major investments in people, with emphasis on developing a world class workforce, as we pursue our regional growth aspirations. We are at an early stage of evolving our new marketing strategy, and deepening our focus on our brand, our core values, and our positioning. Much more work will unfold in the coming year. Partnering continues to be a core pillar, and most recently we signed a MOU in the presence of H.E. the President, with the Wildlife and Nature Protection Society, to widen our scope of sustainability initiatives. Limited Brands also recently adjudged TJL to be the only mill in the island and one of the very few in South Asia to be recognized for the best practices implementations and sharing towards the ZDHC – zero discharge of hazardous chemicals and also for chemical management. We continue to leverage on our other prior MOU's, and the annual fashion event done jointly with the Department of Textile and Clothing Technology, of the University of Moratuwa, was a resounding success.

This year, the team enhanced our service offering to Ocean India, which resulted in added revenue, and further reiterated the belief in our team's technical and business abilities. TJL rose a few ranking notches and continues to be the only fabric mill within the Sri Lankan LMD Top 50 entities. We are also among the Most Respected Entities in Sri Lanka. Our relentless commitment towards sustainability found recognition through a few more awards. These included the National Productivity Awards where we were the National Winner in Manufacturing, Textiles, Apparels and Leather Products category and the National Runners-up – Excellence in Environment Sustainability. We were recognized for the third consecutive year for Sri Lanka's best Green Report conducted by Ministry of Environment. These are great examples of how and why we are regarded as the leading fabric mill in our country. Our speed propositions, consistent quality and on time delivery, innovative and customized solutions approach, and deep domain competencies, are some of the reasons why the best brands and garment manufacturers have made TJL one of their most strategic suppliers in this region.

I owe a debt of gratitude to our Chairman Bill Lam, to Ashroff Omar, and to the other members of our Board, for their constant support and guidance. I am privileged to lead the TJL team who demonstrate nothing but a passion for excellence, and an unwavering commitment in everything they do, day in day out, and I thank them sincerely.

During the year under review we intimated our interest in making some acquisitions as part of our growth strategy. At the time of writing, it is a pleasure to share that we have already acquired Quenby Lanka Prints, which will enhance our ability to innovate, and provide more integrated options and solutions to customers. Due diligence is also ongoing on Ocean India, which is another fabric mill based in Visakapatnam. These are exciting times for your Company, where the platform for our future regional growth strategy is being laid. The potential future benefits of GSP Plus are also very encouraging. We are therefore hopeful that we can continue to deliver exceptional value to our customers, partners and our shareholders in the years ahead, in a similar vein to the year gone by.

Sriyan de Silva Wijeyeratne
CEO/Managing Director

25 June 2015

Board of Directors

Wing Tak Bill Lam
Chairman / Non-Executive Director

Mr. Lam is the CEO of Pacific Textiles. Mr. Lam is responsible for Sales and Marketing and the formulation of the overall Corporate Direction and Business Strategies for the whole group. He carries an experience of over 38 years in the textile industry. He holds a MBA from the University of Macau and a Bachelor of Business Administration from The Chinese University of Hong Kong. Mr. Lam is Vice Chairman of the Board of Trustee of the New Asia College and is a Honorary Fellow of the Chinese University of Hong Kong.

Sriyan de Silva Wijeyeratne
Managing Director/Chief Executive Officer

Mr. Wijeyeratne is the Managing Director/ Chief Executive Officer of Textured Jersey Lanka PLC. Prior to joining TJL, Mr. Wijeyeratne has served as the Country Manager of Microsoft for Sri Lanka and Bangladesh, and was responsible for setting up and growing the Microsoft footprint in Sri Lanka. He previously held the post of Director Marketing and Sales of Suntel Limited and was a Brand Manager of Nestle Lanka Limited.

His key skills include driving growth and business expansion amidst competitive conditions, and multi dimensional challenges, both locally and in overseas markets. He has several academic and business awards to his credit, and is a frequent speaker at leading forums locally and globally. He was previously named the CIMA Business Manager of the Year, and is involved in many business chambers, and in several local and global charities. He is a Board Member of Youth Business International, UK, and an Independent Director of Abans PLC.

Mr. Wijeyeratne possesses a Master's Degree in Management from the University of Sri Jayawardenapura, and holds a First Class Special Degree in Business Administration from the same University. Additionally he is a Fellow Member (FCMA) of the Chartered Institute of Management Accountants (CIMA) UK, and is also a member of the Chartered Global Management Accountants (CGMA). He is an old boy of St. Peter's College, Colombo.

Board of Directors contd.

Ashroff Omar
Non-Executive Director

Mr. Omar is a Director of Phoenix Ventures Limited, Chief Executive Officer of Brandix Lanka Ltd and serves as a Director on many of it's subsidiary companies.

He was the founder Chairman of the Joint Apparel Association Forum (JAAF) and former Chairman of the Sri Lanka Apparel Exporters Association. He serves as a Non-Executive Director on the Board of John Keells Holdings PLC, Director of Sri Lanka Institute of Nanotechnology (SLINTEC), Board of Directors of the United States-Sri Lanka Fulbright Commission, Chairman of the Advisory Committee on Garments - Export Development Board (EDB) and serves as a Committee Member of the Ceylon Chamber of Commerce.

He is the Hon. Consul General of the Republic of Finland. A Chartered Member of The Textile Institute International, United Kingdom and a Senior Member of the Society of Plastics Engineers, Connecticut, USA.

Hasitha Premaratne
Non-Executive Director

Mr. Premaratne is currently the Chief Financial Officer Brandix Lanka Ltd, one of the largest apparel exporters with a consolidated turnover of US$ 675 million. He leads the Group Finance Team with responsibilities in Group Investments, Investor Relations, Cross Boarder Investments, Corporate Planning, Group Financial Reporting, Funding, Treasury Operations and Group Financial Strategy. He is a Director of many subsidiaries of the Brandix Group and is a member of the Corporate Leadership Team of Brandix.

He was formally the Head of Research at HNB Stockbrokers (Pvt) Ltd and possesses plenty of experience in the fields of Capital Markets, Economics, Strategic Finance, Management and Research. He holds an MBA in International Finance and a B.Sc in Computer Science. He is a Fellow Member of The Chartered Institute of Management Accountants (CIMA - UK), The Association of Chartered Certified Accountants (ACCA-UK), and the Institute of Certified Management Accountants (CMA - SL). He is also a Chartered Global Management Accountant (CGMA).

His lecturing experience expands for 11 years, both locally and overseas and has produced many prize winners. Mr. Premaratne was the winner of the “Tutor of The Year Award” at CIMA Global Financial Management Awards 2009 held in London. He was the Winner and Gold Medalist of the prestigious “CIMA Star of the Year” award in 2012 and the Winner of “Young CIMA Star of the Year” award, in 2006.

Board of Directors contd.

Prof. Malik Ranasinghe
Independent Non-Executive Director

Prof. Ranasinghe is a Senior Professor in Civil Engineering at the University of Moratuwa, Chartered Engineer and International Professional Engineer, Fellow of the Institution of Engineers - Sri Lanka, National Academy of Sciences - Sri Lanka, Institute of Project Managers - Sri Lanka and Independent Non-Executive Director of Sampath Bank PLC and Access Engineering PLC. He is the immediate past Vice-Chancellor of the University of Moratuwa, past Chairman of the Committee of Vice-Chancellors and Directors (CVCD) of Sri Lanka, former Council Member of the Association of Commonwealth Universities (ACU), former Fellow of the National University of Singapore, and former Non-Executive Director of the Colombo Stock Exchange, Hemas Power PLC and Lanka IOC PLC.

Prof. Ranasinghe obtained his PhD in 1990 from the University of British Columbia, Vancouver, Canada as a Canadian Commonwealth Scholar. He was honored with the Education Leadership Award 2013 at the 4th Asia's Best B-School Awards, Singapore, the Award for Outstanding Contribution to Education at the World Education Congress 2012, India, the Most Outstanding Senior Researcher in Technology and related Sciences award in 2012 by the Committee of Vice-Chancellors and Directors (CVCD) of Sri Lanka, the Trinity Prize for Engineering in 2004 for outstanding Contributions made to his chosen profession and with the Sri Lanka Association for the Advancement of Science (SLAAS) General Research Committee Award for Outstanding Contribution to Sri Lankan Science in 1999.

Amitha Gooneratne
Independent Non-Executive Director

Mr. Gooneratne has held several senior positions at Commercial Bank of Ceylon PLC and served as the Managing Director from 1996 to April 2012. He is a Fellow Member of the Institute of Chartered Accountants, United Kingdom and Wales and a Fellow member of the Institute of Chartered Accountants, Sri Lanka. He was the Founder Chairman of the Financial Ombudsman Sri Lanka (Guarantee) Ltd., and former Chairman of Sri Lanka Banks' Association (Guarantee) Ltd. He was the former Chairman of the Sri Lanka Banks' Association (Guarantee) Ltd. He was also the Managing Director of Commercial Development Company PLC, a Public Quoted Company listed in the CSE and was the Chairman of Commercial Insurance Brokers (Pvt) Limited. He was also nominated to the Board of Sri Lankan Air Lines during 2002–2004 by the Government of Sri Lanka.

On his retirement, Mr. Gooneratne, assumed duties as Managing Director of Melstacorp Limited, which is the strategic investment arm of the Distilleries Company of Sri Lanka PLC. He is the Chairman of Melsta Regal Finance Limited and Melsta Logistics (Pvt) Limited; board member of Periceyl (Pvt) Limited, Balangoda Plantation PLC, Lanka Bell Limited, Telecom Frontier (Pvt) Limited, Bell Solutions (Pvt) Limited, Bellvantage (Pvt) Limited, Timpex (Pvt) Limited, Texpro Industries Limited, Continental Insurance Limited and Browns Beach Hotel, which are subsidiary companies of Melstacorp Limited.

He is an Independent Director of Lanka IOC and Commercial Development Company Limited. He is also the Alternate Director to Mr N.de S. Deva Aditiya on the Board of Distilleries Company of Sri Lanka and Aitken Spence PLC.

Board of Directors contd.

Not Pictured

Wai Loi Wan
Non - Executive Director

Mr. Wai Loi Wan, is the Chairman of Pacific Textiles. Mr. Wan is responsible for Production and formulation of the overall Corporate Direction and Business Strategies of the whole group. Mr. Wan has over 42 years of experience in the textile industry. He obtained a Bachelor of Science Degree in Chemical Engineering from Taiwan National Cheng Kung University.

Not Pictured

Kang Po Tsang
Non - Executive Director

Mr. Tsang, is an Executive Director and the Vice Chairman of Pacific Textiles Holdings Limited, listed on the Hong Kong Stock Exchange. Mr. Tsang is responsible for Sales and Marketing and the formulation of the overall Corporate Direction and Business Strategies for the group. Mr. Tsang has over 36 years of experience in the textile industry.

Mr. Tsang obtained a MBA degree from the Open University of Hong Kong and a Master of Science in Business Economics from the Chinese University of Hong Kong. Mr. Tsang joined the group in 1997 and was appointed as a Director in 2004. He is also a founder and Director of various subsidiaries of the group.

Executive Committee

1. SRIYAN DE SILVA WIJEYERATNE

Managing Director/ Chief Executive Officer

Mr. Wijeyeratne is the Managing Director/ Chief Executive Officer of Textured Jersey Lanka PLC (Refer page 21 for the full profile).

2. ZHU HUA JEFF

Senior General Manger – Dyeing and Finishing

Mr. Jeff has a total work experience of over 25 years in the industry of which he has spent 16 years in managerial positions.

Prior to joining the company Mr. Jeff was a Factory Manager at Ocean Lanka (Pvt) Ltd and Pacific (Panyu) Textiles Limited, China.

3. PUBUDU DE SILVA

Chief Operating Officer - Operations

Mr. De Silva has over 24 Years' experience in apparel and textile industry of which 11 years is on manufacturing experience in the textile industry. Prior to joining TJL he was the Head of Planning at Slimline - Pannala. He holds a Masters in Business Administration from University of Lincoln (UK), Masters in Manufacturing Management from the University of Colombo and a Diploma in Business Administration – University of Colombo. Currently he is responsible for the entire manufacturing process including Engineering, Warehouse, Quality Assurance, Innovation and Development departments in TJL as well giving technical support for Ocean India. He further trained in Six Sigma Black Belt at the National Institute of the Business management.

4. RODNEY ARLAND

Chief Operating Officer - Marketing, Business Development, Supply Chain and Planning

Mr. Arland has total experience of 18 years in the industry of which he has spent seven years in managerial positions. He joined TJL in 2001 and is responsible in overlooking Marketing, Business Development and Merchandising, Planning and Supply Chain Operations. He is holding a Post – Graduate Degree in Marketing and has won an ISO recognition award. Prior to joining the Company he was a Senior Merchandiser at Bangkok Phaisarn Textiles.

5. SANJAYA BASNAYAKE

General Manager - Production, Dyeing & Finishing

Mr. Basnayake has total work experience of over 20 years in the industry of which he has spent over 12 years in managerial positions. He is responsible for the knitting, dyeing, finishing and color lab functions of the Company. Prior to joining the Company he was a senior executive at Hayley's-MGT Textiles PLC. He has an NDT in Textile & Clothing Technology from the University of Moratuwa, a Diploma in Management from Open University of Sri Lanka, and he is a Chartered Member of the Textile Institute International, United Kingdom. He has expertise in technology of dyeing, finishing and knitting and implementation of cost reduction projects. He is a gold medal award winner from Textile Institute (UK).

6. SALMAN NISHTAR

Chief Financial Officer

Mr. Nishtar holds over nine years of professional experience in the field of Finance.

Overall Financial Management, Annual Strategic Planning and Working Capital Management are among his key responsibilities within the TJL structure. He launched his career at Ernst & Young Chartered Accountants, Sri Lanka and continued to take up position as Chief Financial Officer at American & Efird Bangladesh.

Mr. Nishtar is an Associate Member of Chartered Management Accountants-United Kingdom, Institute of Chartered Accountants - Sri Lanka and Chartered Global Management Accountants (CGMA). He is an old boy of S. Thomas' College, Mount Lavinia.

Executive Committee contd.

Sriyan de Silva Wijeyeratne
Managing Director/Chief Executive Officer

Zhu Hua Jeff
Senior General Manager –
Dyeing & Finishing

Pubudu De Silva
Chief Operating Officer – Operations

Rodney Arland
Chief Operating Officer – Marketing,
Business Development Planning and Supply Chain

Sanjaya Basnayaka
General Manager –
Production, Dyeing & Finishing

Salman Nishtar
Chief Financial Officer

Management Team

Prabhash Hettiarachchi
Head of Human Resources

Kosala Gunawardena
Head of Energy Projects

Janaka Senarathne
Manager, Engineering

Samantha Morawatta
Manager, Colour Technology and Printing

Luxman Warnasiri
Manager, Dyeing Operations

Indunil Nimalaruwan
Manager, Quality Operations

Samadhi Weerakoon
Manager, Business Development

Kapila Wijesekara
Manger, Supply Chain

Linkesh Rathnasamy
Manager, Information Technology

Lalith Athapaththu
Manager, Planning

Randeer Mendis
Manager, Inventory Control

Faahira Jaleel
Manager, Merchandising

Shamil Fernando
Manager, Customer Care

Somasiri Manage
Manager, Quality Assurance and Development

Kolitha Thilakarathne
Manager, Finishing

Upul Nallaperuma
Manager, Knitting Operations

Hemantha Mannapperuma
Chief Internal Auditor

Manjula Thushara
Manager, Finance

Prabhash Hewage
Manager, Dyeing Technical

Chamila Bakmeewewa
Manager, Procurement

Janaka Jayasena
Account Manager, Marks & Spencer

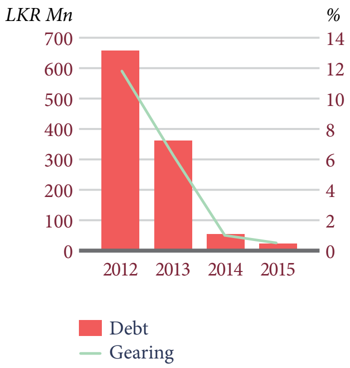
Aruni De Mel
Account Manager, Emerging Brands

Bimal De Silva
Manager, Special Projects

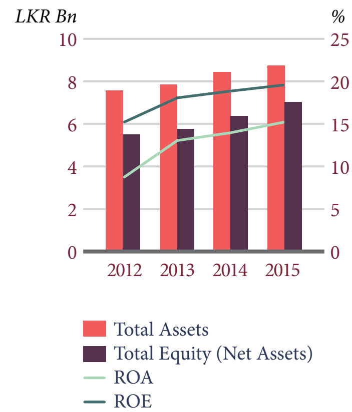
Harean Hettiarachchi
Manager, Strategic Business Initiatives

Management Discussion and Analysis

Liquidity



Return on Assets and Equity



Over the course of the current financial year, Textured Jersey Lanka PLC worked towards consolidating its existing business base through capacity expansion and enhancement of internal processes and systems. The company's differentiation strategy of customised solutions was fine-tuned to retain its competitive edge in an ever increasing cost competitive environment. TJL closed the financial year on a high note. Its profits exceeded LKR 1.33 Bn (US$ 10 Mn) supported by record production output over the year's second quarter and onwards. This led to the year ending positively with a strong balance sheet despite continuous volatilities in market price and demand fluctuations. Progress towards expanding our foot print locally and globally commenced with valuations being carried out by Ernst & Young for two entities that were identified as prospects for acquisition.

Ocean India Private Limited (OCI) - Our team was able to closely observe and understand the operations of OCI and the environment it operates in, thanks to the Management Agreement we have with them. This will pave the way for us to integrate OCI into the TJL family seamlessly, should the transaction go through.

Quenby Lanka Prints Private Limited - The TJL team works closely with this entity. This integration will enable the increase of our product portfolios and the solutions provided to our customers. As of June 2015 we have been successful in acquiring the company and we are enroute to improve and expand operations.

Through these efforts, TJL is firmly poised to enter into an exciting new phase of growth, innovation, broader solution provision and global reach within the new financial year. The Yards Ahead may become the most exciting ones yet for TJL.

BUSINESS REVIEW

Industry Review

As a textile manufacturer, TJL is directly impacted by demand from domestic apparel manufacturers and foreign retailers. Over the calendar year the Sri Lankan apparel industry expanded at the rate of 9.8%, on the back of 8.8% and 10.9% demand growth from the US and EU apparel markets. The US and EU accounted for 89% of total apparel exports from Sri Lanka over the year 2014-15. The knit apparel sector, which is TJL's immediate market, grew by 11.7% in the calendar year, as against the 7.1% increase in woven apparel imports. The industry growth and TJL's own customer portfolio being predominantly US and European based, strategically positions TJL to leverage its capabilities to ensure a strong growth trajectory

The wider political and economic currents of Sri Lanka may usher in the reinstatement of the EU GSP+. The GSP+ would allow duty free exports of Sri Lankan apparel into the EU block, thus reducing the cost of Sri Lankan exports into the EU. Given the highly competitive global apparel industry, a price differential such as the offering in GSP+ will significantly boost European demand for Sri Lankan apparel. Predictably, such an advantage will indirectly increase global demand for Sri Lankan textile products.

Capacity and Energy

The Company's 4 Mn USD capacity expansion project was successfully concluded in the current financial year. This expansion added 10%-12% more to existing capacity. The additional manufacturing capacity came to fruition towards the latter part of the second quarter. This expansion coupled with a successful sales and marketing drive, raised production volumes to record levels. This growth in output is reflected in the P&L of the Company with profits trending sharply upwards in the third quarter from 9.9% to 13.6% in quarter four.

TJL initiated the construction of a multi-fuel boiler which is in the final testing phase and will be fully operational in the coming financial year. This project will bolster the Company's ability to control one of the its major costs which is Utilities, Over the long term, having an energy source within TJL's control will guarantee flexibility in operations during the coming years.

Supply Chain and Cost

The current financial year saw an oversupply of cotton, leading the industry to witness falls in global cotton commodity prices. Despite this global trend, TJL maintained a position of not being too directly impacted by the volatility in cotton prices. This was possible as the Company does not hedge against cotton prices but opts to quote prices according to the movement of cotton yarn. TJL further maintains minimum inventory for leaner operations. However despite these policies, the fall in cotton prices created one of the largest challenges faced by the Company over the year. The heart of the challenge was balancing the customer's demand of price reductions of TJL fabrics based on the downward movement of cotton prices. The timing difference between cotton crop and yarn consumption complicates this issue.

Further to this situation, fabric dye prices increased by 20% thus pushing up the cost of production and creating additional challenges on pricing. These upward push in costs was mitigated primarily through internal adjustments in processes to increase efficiency and minimise wastages.

On a positive note, electricity and furnace oil prices were reduced during the fourth quarter of the year under the National Budget proposals. However, energy costs in Sri Lanka remain higher than the rest of the South Asian region making it a key challenge when competing in the global trade of apparel.

DRIVING INNOVATION : Different Paths

In the fiscal year reviewed, innovative product re-engineering played a significant role in TJL's financial performance. Modifications and improvements in machinery and products assisted in increasing the volume of business thus boosting profitability.

The R&D team of TJL worked with existing brands to improve and enhance its product range. Due consideration was paid over the research and development process to the evolving requirements of existing clients and newer potential retailers. As a result, many exciting products were adopted by our customers throughout this year.

Collaboration in research with external institutes paved the path for potential practical outcomes that could be applied to commercial production.

CUSTOMER OUTLOOK – Services

The global textile industry is coming under increasing pressure to increase efficiency. The reasons for this include apparel brands demanding lower costs, shorter lead times and greater value additions. In responding to this external dynamic, TJL has been effective through its development of innovative solutions tailored to customer needs. The Company's differentiation strategy of developing customised value propositions has created a competitive advantage and positioned TJL as specialised supply chain solutions provider, instead of merely a textile mill.

Ranging from speed models to customised quality levels, TJL has been able to strengthen and fine tune its internal systems to provide solutions to customers consistently. The innovative use of technology, production techniques and supply chain management has enabled the Company to cater to premium products, specialised product solutions and also new offerings on printing and special finishes. Process engineering has contributed significantly towards containing operating costs and enabling competitive pricing coupled with the high standards of quality expected.

Management Discussion and Analysis contd.

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CALZEDONIA

The Calzedonia Group is TJL's largest customer. Since its inception in 2005, business between the companies has witnessed significant growth. Over the current financial year, business with Calzedonia has progressed significantly compared to the previous year.

TJL's consistent emphasis on quality, while offering cutting edge solutions, customized products and services including innovation in all aspects have positioned it strategically in the region and the world. It is currently the largest men's wear supplier in the South Asian region for the brand Intimissimi and is the largest knit supplier for the Omega group.

TJL is the leading supplier for the Intimissimi men's and easy wear product offering, in both men and women's categories, while been the number one supplier to many core products and the value range for the Tezenis collection.

MARKS & SPENCER

MARKS & SPENCER

The Marks & Spencer (M&S)-Textured Jersey Lanka (TJL) business partnership spanning over a decade, remains a positive time weathered one. M&S holds a special place in TJL's story as it was the first retail brand to bring its business to TJL. Additionally, M&S contributes a large percentage to TJL's top line.

TJL continues to play a prominent role in M&S business in the South Asian region. It has secured its global and regional position due to its adaptability to accommodate new product requirements. It also keenly supports and factors into its partnership, the M&S sustainability initiative called PLAN A. TJL remains a leading textile supplier for M&S, offering up-to-date innovations somewhat ahead of the industry. It further is a key supplier of sustainable fabrics in line with PLAN A. To date, M&S remains the second largest revenue generator for TJL.

VICTORIA'S SECRET

Being position as a key innovator for M&S men's intimate apparel plus positioned as key supplier to M&S's prestige David Gandy range, is attestation of TJL's standards in the industry. TJL's successful involvement with brands of prominence in the global industry has contributed toward building strong relationships with leading fellow Sri Lankan apparel manufacturers, such as Brandix, MAS, Crystal Martin and Hirdaramani and buying teams of M&S. Such ties remain a competitive advantage in attracting future further business.

TJL ensures a high level of service to these vendors together with customized solutions such as speed and innovations to catering to dynamic diverse segments.

VICTORIA'S SECRET

Limited Brands has been one of the largest retailer within TJL customer portfolio for the last decade and will

continue to be a key contributor in the equation.

TJL has been instrumental in establishing Brands' Unique Selling Proposition USP "Speed' by partnering through the inception of Speed models and continue to partner across all speed initiatives. Instant order models introduced by local vendors and TJL for panty and yoga categories revolutionized the concept of speed for both the brand and apparel industry in the region. Now the model is being adopted across different categories of the brand driving steady market share through the years. TJL can be called a proud partner of the supply chain and drives the initiative through years.

Armed by "Instant" model TJL continuous to be the largest supply partner for Pink Yoga category globally. Following market trends of synthetic business shift synthetic towards would be the key focus on the category to

remain and retain the position of number one supply partner to the business.

LIDL

A new entrant to TJL's customer portfolio, Lidl Stiftung & Co. KG is a German global discount supermarket chain. It was TJL's fastest growing business.

Having initiated business with TJL with a single product range, within one year, the Lidl product portfolio has expanded over multiple categories and is expected to consolidate during the new financial year. As a discount brand, Lidl required a lower cost supply model to meet the brands cost structures and quality requirements.

A new system was developed by TJL tailor-made to Lidl's production requirements. In response to the expectations of Lidl, TJL has taken pride in being able to go beyond customer expectations in maintaining standards throughout the value chain.

EMERGING BRANDS BUSINESS

The Emerging Brands Division of TJL came to fruition in 2011-2012. It was created with the aim of attracting newer business to TJL. As an overall business contingency strategy, emerging brands such as the sportswear brand Decathlon, have played the supportive role to help maintain a consistent flow of production.

Despite its role in the wider TJL business model, business volumes from emerging brands have grown significantly to date DB Apparel- an intimate apparel maker from Europe initiated business with TJL as an emerging brand. Today however, TJL has established the position of number one knit fabric supplier to DB Apparel.

Management Discussion and Analysis contd.

Over the current financial year, the strategic focus of the division was shifted toward value for money business. The division has been highly successful in attracting and retaining such customers, as evidenced by Calvin Klein (CK). Within two years of establishing successful business ties, CK now offers a big opportunity for innovative growth through the product and service offering in its men's wear range. TJL commits to continue to offer raw material solutions by strengthening the network with domestic vendor partners, brand representation and the head quarters of CK in New York offering premium product categories while consolidating its current position with the brand. Polo Ralph Lauren is another key brand the Company is working on.

FINANCIAL PERFORMANCE REVIEW

Revenue

TJL's top line continued its upward trajectory in the financial year 2014-15 with total revenue increasing 7.5% year-on-year to LKR 13.68 Bn.

However, Revenue during the year was affected by lower demand in the first quarter and declining selling prices, due to declining cotton prices, that were experienced during the year.

The revenue growth was mainly due to expansion of capacity during the year that allowed TJL to accommodate larger volumes of business with the plant running at an almost full capacity throughout the last two quarters of the year.

Revenues continued to climb between the last 3 quarters of the year despite a slow start. TJL saw revenues rise by 29.0% from the first quarter to second quarter, from LKR 2.68 Bn to 3.45 Bn, as first quarter demand being supressed as a result of the cold weather patterns experienced in the US. Third quarter revenue grew by 9.03% over the second quarter to LKR 3.78 Bn and the fourth quarter ended with revenue of LKR 3.79 Bn. The revenue remained almost stagnant over the fourth quarter while production output increased. The sustained higher revenue during the latter two quarters were mainly owing to capacity enhancements done.

GROSS PROFIT

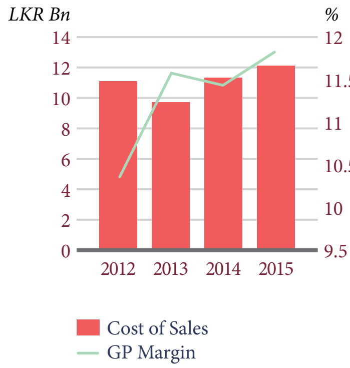
TJL's gross profit improved by 11.3% against the previous year. The upward trend from LKR 1.46 Bn to LKR 1.62 Bn was derived by the efficiency drive, controls on overheads implemented through the year, and expanded capacity contributing directly towards improving the GP margin. The changes in the product mix also played a role in the increased margins with value added product ranges being expanded within our customer base and bolstering margins to higher levels throughout the year.

SELLING, DISTRIBUTION AND ADMINISTRATION EXPENSES

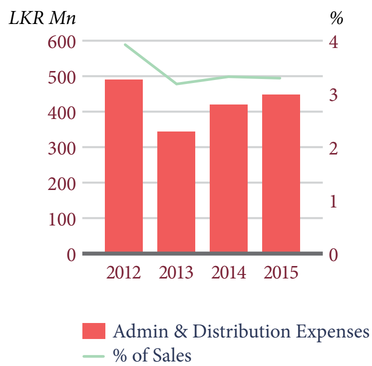
Distribution expenses reduced to LKR 83.98 Mn, from LKR 86.79 Mn over

Revenue vs NP Margin

Cost of Sales vs GP Margin



Admin & Distribution Expenses



the year. However, administrative expenses grew by 9.7% from LKR 331.97 Mn to LKR 364.45 Mn. This increase in administrative expenses was primarily due to investments in people within the workforce. During the year, the Company increased bench strength through new recruitment and investments in skills development. The enhancement of the TJL workforce was mainly facilitated through training and development workshops and programmes. An investment of such a nature was necessary in enhancing the skills of its workforce to support TJL's expansion plans. Investment in such training and skills development will ensure on the long run that employees within TJL are adequately skilled to deliver increasingly higher quality products and take up new challenges in their own stride as and when they arise.

NON-OPERATING INCOME

Non-operating income increased by 111.3% in the current financial year, from LKR 48.59 Mn to LKR 102.68 Mn. This was primarily a result of growth in fees from services rendered to Ocean India and Ocean Mauritius. The full year's contract with Ocean India came into effect during the year and a range of additional services to OCI generated further incomes.

NET FINANCE INCOME

Net finance income for the year declined from LKR 90.45 Mn, to LKR 57.81 Mn as a result of lower interest rates that prevailed compared to the previous year. Net finance income was further affected by the reduction of cash balances due to the investments in the coal project and capacity expansion. However, by 31st March 2015 TJL was able to re-build a reserve of LKR 1.91 Bn on par with the previous year. This re-building was supported by the growth in profits during the second half. Thus, TJL ended its financial year with a near debt free balance sheet.

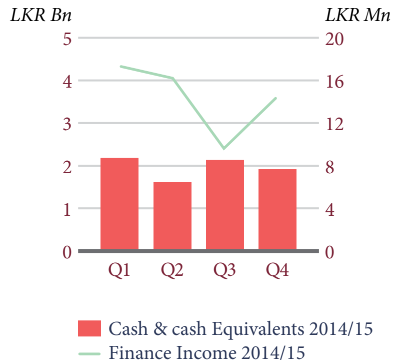
FINANCE COST

Cost of finance increased by to LKR 3.7 Mn for the year, due to bank overdrafts obtained to counter short term cash shortages and currency devaluation loss that occurred during the year.

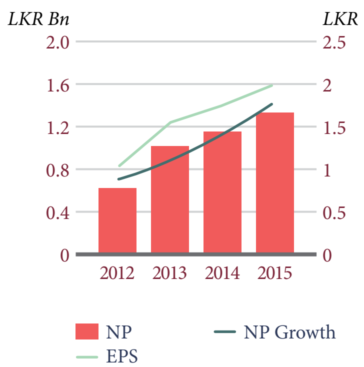
NET PROFIT

TJL achieved a record net profit of LKR 1.33Bn. surpassing the USD 10 Mn mark for the first time in its history. In rupee terms this is a 15.5% growth year-on-year from the net profit of LKR 1.15 Bn in the previous year. Looking at the quarter wise performance, in the first quarter of the year TJL achieved a single

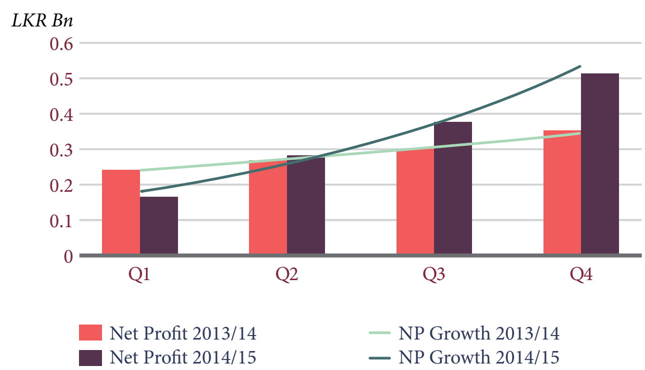
Net Finance Income - Quarterly



Net Profit vs EPS



NP Analysis - Quarterly



Management Discussion and Analysis contd.

digit net profit margin of 6.1% or LKR 164.05 Mn. The Second quarter saw the margin increase to 8.2% or LKR 281.78 Mn which was a Quarter on Quarter (QoQ) increase of 71.8%. The third quarter profits saw net profit margin of 9.9% or LKR 376.09 Mn which was a QoQ increase of 33.5% as a result of the impact of the capacity expansion bearing fruit. By the final quarter, the combined impact of capacity expansion, process re-engineering, changes in the product mix and an increase in non-operating income enabling a net profit margin of 13.6%, or LKR 578 Mn which was a QoQ increase of 36.2%. The Company closed the year with the net profit margin improving to 9.7%, up from 9.1% the previous year.

SHAREHOLDER VALUE

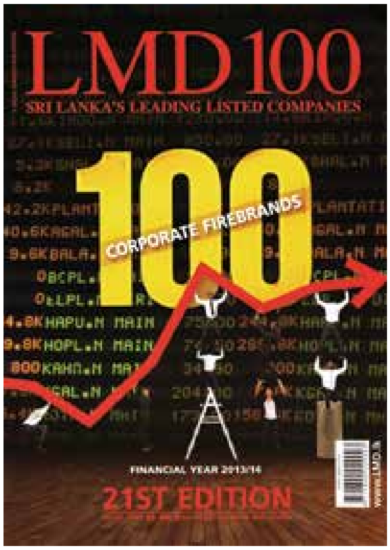
With the strong performance during the year there was a growth resulting in earnings where EPS grew from LKR 1.76 to LKR 2.02. ROA grew from 14.14% to 15.51% and ROCE improved from 18.40% to 19.76% during the year, thereby greatly increasing shareholder value.

Share price movement since IPO

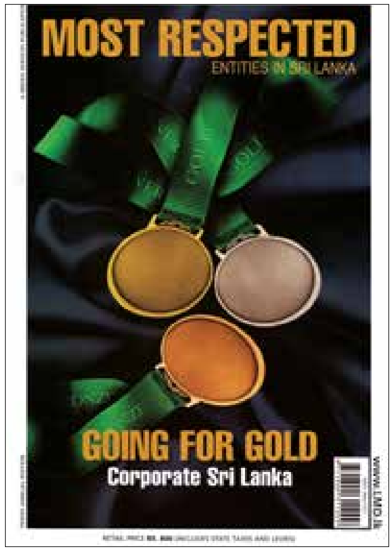
AWARDS AND RECOGNITION

With the many strides that were taken during the year TJL was recognised as the National Winner-Manufacturing Textiles Apparels and Leather Products Category at the National Business Excellence awards conducted by the National Chamber of Commerce of Sri Lanka. This was another feather in our cap to complement the many local and global awards that TJL was recognised for during the year.

With the strategies that were executed successfully during the year, TJL is poised to maintain its position as the leader of weft knit fabric and is en-route to maintain its growth trajectory whilst enhancing its foot print within the region.



Ranked among LMD 100



Respected among "LMD Most Respected Entities - Sri Lanka"

National Winner – Manufacturing, Textiles, Apparels and Leather Products - Awarded by National Chamber of Commerce, Sri Lanka (Duel Awards with Env. Sustainability Award)

Yards Ahead of the pack…

TJL has always been ahead of the curve in many aspects of the business and it is an attribute which has been a great part of our success story. From our financial stability to our expansion, from the strength of our people to the unique nature of our innovations, we have revolutionized the industry like no other, with continuous partnerships with our stakeholders and society.

INTERNATIONAL TEXTILE FIRM OF THE YEAR – 2014 AWARDED BY WORLD TEXTILE AWARDS IN LONDON

01 DYER AND FINISHER OF THE YEAR – 2014 AWARDED BY WORLD TEXTILE AWARDS IN LONDON

02 NATIONAL WINNER – MANUFACTURING, TEXTILES, APPARELS AND LEATHER PRODUCTS - AWARDED BY NATIONAL CHAMBER OF COMMERCE, SRI LANKA

03 NATIONAL RUNNERS UP - EXCELLENCE IN ENVIRONMENT SUSTAINABILITY - AWARDED BY NATIONAL CHAMBER OF COMMERCE, SRI LANKA

04 NATIONAL AWARD OF BEST VIDEO FOR SOCIAL DIALOGUE – AWARDED BY DEPARTMENT OF LABOUR

05 SOCIAL DIALOGUE AND WORK PLACE COOPERATION 2014 AWARDED BY DEPARTMENT OF LABOUR

06 ENERGY GLOBE – 2014

07 NATIONAL GREEN REPORT SYSTEM - BEST GREEN REPORT OF THE COUNTRY AWARDED BY MINISTRY OF ENVIRONMENT

08 CERTIFICATE OF ACHIEVEMENT – LIMITED BRANDS, CHEMICAL MANAGEMENT PERFORMANCE

09 CERTIFICATE OF MERIT FOR ENVIRONMENT SUSTAINABILITY – JESTICA AWARDS

10 NATIONAL GREEN AWARDS 2014 – GOLD AWARD

Our achievements speak for themselves and are evidence of our standards that are setting the bar not just at home but internationally. The many awards and accolades embellishing our work are symbolic of triumphs that transcend mere numbers and growth.

Over the years we have developed and strengthened a sustainable business model that ensures partnership and harmonious growth with society and nature.

As we look to a future of new opportunities and challenges, we are confident our philosophy of sharing and caring will steer us to success.

Sustainability Report

YEAR IN REVIEW

Highlights 2014-2015

BEST GREEN REPORT IN THE COUNTRY	>300 TREES PLANTED IN LINE WITH WORLD ENVIRONMENT DAY	LARGEST AWARENESS CAMPAIGN FOR EARTH HOUR IN THE COUNTRY
ISO 9001 CERTIFIED	**GOTS** CERTIFIED	ENERGY SAVED
5% ELECTRICITY SAVED	BETTER COTTON %	NBEA NATIONAL RUNNERS-UP EXCELLENCE IN ENVIRONMENT SUSTAINABILITY
5% WATER SAVINGS - AFTER EXPANSION	>50% TOTAL WASTE REUSED	**ZDHC** - KEY MILL FOR THE REGION
GOLD AWARD AT NATIONAL GREEN AWARDS	JASTECA ENVIRONMENT AND SUSTAINABILITY AWARD	60+ EARTH HOUR
	World Environment Day 2015 Seven Billion Dreams. One Planet. Consume with Care. June 5	

We're on a journey to create a more sustainable business. While Textured Jersey has experienced tremendous growth since 2001 – our values and strong business ethics continue to be the foundation for our business success. Reducing consumption of energy and resources as well as novel initiatives from the people ensures lowers costs for the company and minimizes the impact on the environment. We therefore place sustainability at the core of our business strategy. We have aligned our sustainability approach with the overall issues faced by the industry and aim to address these issues through coherent and consistent efforts each year. This keeps us Yards Ahead.

The relentless drive for sustainability is infused into every aspect of TJL's business, from its people, to the fabrics it manufactures. TJL has re-engineered it's value-chain to match the dynamism of the fashion world in which sustainability plays a huge role. Buoyed by the recent capacity expansion, and the investment in Sri Lanka's first multi fuel boiler this year, we continue to innovate, collaborate and partner with suppliers and customers to identify ways to continue to reduce impacts across our value chain. This is very evident in our recent success on the world stage regarding the work we did for ZDHC (Zero Discharge for Hazardous Wastes) initiative for L Brands.

TJL's commitment to corporate sustainability is interwoven with our focus on environmental excellence. Excellence in execution comes only through a great deal of hard work, patience, adherence to process, and a constant search for performance improvement and personal growth. We're privileged to share that TJL was awarded the Gold award in the Textile category at the National Green Awards, and were the country award winner at the Energy Globe Awards. TJL also has earned its place among Sri Lanka's Most Respected Entities and produced and published the first Greenhouse Gas Emission Report in accordance with ISO 14064-1. TJL was awarded the only award related to environment and sustainability at the JASTECA awards. We were placed National Winner for Manufacturing, Textiles, Apparels and Leather Products and National Runners-up for Excellence in Environment Sustainability at the National Business Excellence Awards (NBEA) 2014. We were placed among the Top 50 Listed Companies in Sri Lanka as per the LMD listing, and placed among the top three shares for 2013/14 in terms of returns on the Colombo Stock Exchange. We are the textile mill with the highest turnover in Sri Lanka which is one example of the company being Yards Ahead in economic sustainability. We are an ISO 9001 certified company since 2008 and maintain better systems for processes and practices throughout the company. We obtained GOTS certification for the process and best practices maintained with Organic cotton products and with minimal damage to the environment. TJL is also in compliance with the Fairtrade standards since 2013.

Our efforts are not focused towards awards and titles. We're not solely focused on short term results, but instead we're looking at the Yards Ahead. We believe that creating societal and environmental value is integral to sustaining long-term shareholder value. TJL is ambitious to decouple growth from carbon footprint; reduce our carbon footprint while driving business growth and profitability, enabling us to do more with less: less energy, less carbon, less waste and less use of resources. We focus on improving the energy efficiency of our network, using renewable energy where viable and developing innovative solutions that enable our enterprise customers to significantly reduce their own carbon footprint.

CREATING A GREEN CULTURE

People and collaboration are key to our success. TJL develops and retains a highly talented and diverse workforce within a safe and healthy workplace, to foster a winning and inclusive green culture. We set environmental and safety targets annually across the company. These are supported by improvement plans, monthly performance reviews and monthly sustainability meetings. A green culture can only be fostered through persistent practice, knowledge sharing and team building. We inspire our staff by promoting internal awareness campaigns and regular email circulations about environmental initiatives. Prominent events include a series of activities under the theme TJL Environmental Week scheduled in June 2014 . It included an internal awareness program, tree planting and a solid waste cleanup. The award winning "to earth with love" program was the key activity during the said period which involved a number of schools in the Hanwella Area. In commemoration of the Earth Hour, for the 3rd consecutive time, more than

Sustainability Report contd.

80 staff members engaged in a record breaking public awareness campaign. It is the largest earth hour campaign of this nature in the country initiate by a single entity. The movement reached a broad audience in Kurunagela and it was a step towards positively influencing climate change.

INNOVATION, WATER, ENERGY, WASTE AND RECYCLING

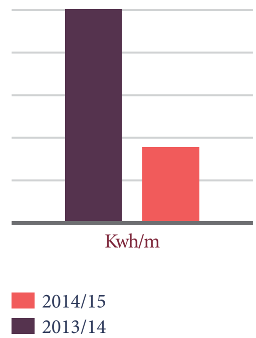
TJL has pioneering initiatives and customer centric innovations that have inspired both industry and corporates. The new capacity expansion costing USD 3.1 million brought significant energy and water savings. Our water saving efforts focus on both innovation and encouraging the right behaviors.

Aged machines were replaced with higher efficiency machines with a lower liquor ratio. Modification were done in some machines enable reusing of water that minimized the specific water consumption by 5% after expansion. Process improvements were made to enhance the effluent discharge water quality standards. Our energy solutions for the year under review brought many savings. We achieved a 5% reduction in specific energy consumption subsequent to the capacity expansion through number of initiatives such as installation of inverters to conserve energy in pumps and in thermic boilers, optimized running of machinery and the initiative to stop day lighting by skylights continued in the year under review. However, LPG and furnace oil increased due to acquisition of the new LPG stentor and increase in pre-setting plus product mix. We are committed to reducing and recycling the waste on site. For many years we have operated a robust waste recycling program based on raising awareness, monitoring waste data and separating waste at source. In addition, the following key measures made a positive impact on water, energy and waste, and these are but a few of many initiatives,

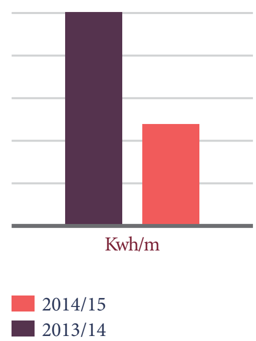
- Installation of fabric scanners in the quality department which gained a calculated reduction in wastage by 0.4%.
- Efficiency was improved by about 2% with the installation of down time monitoring system
- Inspection free process implemented which resulted in cost reduction, increase consistency of the fabric, and unnecessary product movement reductions.
- Machine modification which was primarily synchronizing of some motors, led to an Electricity saving of more than 5,000 Kwh/yr and decrease wearing.
- Savings in chemical usage resulted post alteration to the chemical intensive machine cleaning process.
- The alterations in the PFD bio polish process resulted in remarkable saving in time and subsequently reductions in electricity, water, furnace oil, chemical consumption and also the effluent discharge amounts.

The substantial reduction in water and electricity was evident from the records despite the expansion which took place in 2014 where new machines were introduced to the system.

Specific Electricity Usage



Specific Water Consumption



Category	Our Commitments to the future
Waste Management	Zero solid waste to landfill
Water Use and Sludge Management	Efficient effluent treatment methods to reduce sludge accumulation and chemical reductions
Water Use	Reuse more water and harvest Rain water and further reduce the water usage by another 5%
Employee Awareness	Engage more employees and public in environmental initiatives
Partnerships	Partnering with local organizations to conserve the environment.
Emission Control	Reduce specific GHG emissions by 5%
Energy Management	Further reduce specific Electricity by 5%


Awareness Campaign for Earth Hour 2015 - Kurunegala

Certificate of Merit for Environment Sustainability, JESTICA Awards - 2014

"Best Green Report in the Country" for the 3rd consecutive year

National Runners Up - Excellence in Environment Sustainability, Awarded by National Chamber of Commerce, Sri Lanka

People's Climate March 2014



"To Earth with Love" Program at Hanwella Central College on 'World Environment Day'


Promoting Bio-Degradable Products

People and Community

TEAM TJL

Collective dynamism, passion and professionalism lead to synergies that invigorate performance, delivering customer value and been well ahead of competition. These are the strengths embodied in Team TJL. The human resource management function of TJL has adopted a holistic approach of developing individuals by focusing on the four key aspects - organizational, functional, individual and societal and to be always a benchmark in the industry. 'Learning for All' is our stratagem, championed by the TJL Academy, with a comprehensive HRD plan that takes into account individual talents and skills, collective dynamism, passion and overall alignment to company goals and objectives. TJL uses these characteristics to motivate the team to reach up and beyond, despite a competitive operating environment. This powerful resource differentiates TJL from the rest in the industry.

DIVERSITY OF PEOPLE

Diversity is no longer just about ethnicity, it is about age, gender, physical and mental ability, religion, culture, mindset, nationality and politics. It is about a vast array of differences and how embracing those differences is ultimately good for business. TJL believes in this diversity and encourages it in the forms of recruitment and rewards. Transparent, non-discriminatory methods are used in evaluation processes giving all employees equal opportunity to shine on their own merits.

RETAINING TALENT

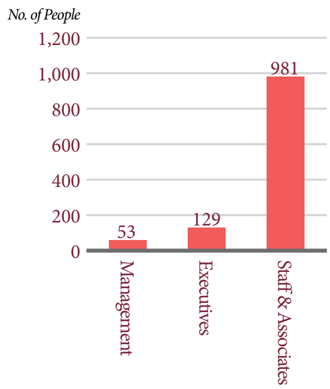
A key aspect of the Company's success is the ability to develop and retain talent. Our effectiveness in this regard is evidenced in our retention rates that are well above textile industry averages in Sri Lanka. The Company's successful retention rates can be seen in the number of employees with long term service of five years and above.

INDUSTRIAL RELATIONS AND WORK PLACE SAFETY

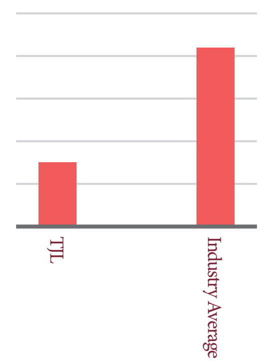
TJL didn't report any disputes or industrial action during the year under review, and did not face any litigation under national labor regulations during the year. While our employees are not unionized, we ensured labor rights through the mechanism of a Joint Consultative Council (JCC) that has management and employee representation. The JCC meets regularly to discuss employee related topics. This process has enabled transparent and cordial communications between management and employees of all grades.

TJL maintains internationally recognized safety standards, ensuring the safety of all employees. These safety standards include fire safety, chemical handling and other requirements of work place safety. Employees are trained and equipped to be proactive and effective during an emergency.

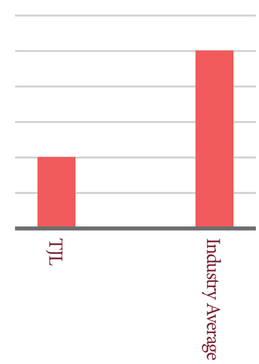
Total Manning



Employee Turnover 2014/15



Absenteeism 2014/15



NURTURING LEARNING CULTURE

- Developing a World Class Talent

Training is an integral aspect of TJL's operations as a means of ensuring continuous improvement of skills and capabilities. Regular training contributes directly towards building TJL's competitiveness by providing employees with the tools and knowledge to outperform competition. Over the last two years the investment in training has increased by nearly 200% and the investment for 2015/16 on human capital development, is budgeted at a further 33% growth in spend. The 'TJ Academy', the training arm of TJL is equipped and design to conduct regular training programs conducted by in-house or external resource personnel, designed for all categories of employees. In addition, external programs are sourced on a regular basis. The Company has evaluated its talent base and identified a list of Top and Critical Talents (TACT). Based on the TACT list, an exclusive development programme, extending over 18 – 24 months, has been launched. Nearly 100% of TJL staff were exposed to training during the current financial year through general and specialized training events. The overall hours of training were 38 hours on average for executive and above grades, and 17 hours, on average, for staff and associates.

EMPLOYEE TRAINING HOURS

Employee category	Training hours 2014/15	Training hours 2013/14
Executive and above	38	39
Non exec	17	14

Partnering with Excellence – Centre for Creative Leadership

TJL has partnered with the Centre for Creative Leadership in Singapore, a global specialist in developing leadership skills, to introduce international standard management skills and management systems into the Company, with the intention of supporting future growth aspirations. In collaboration with CCL, customized training programs have been developed based on the TACT assessment. During the current financial year management personnel and executives participated in 3 training programs at CCL in Singapore. Further, TJL got down trainers from CCL Singapore to Sri Lanka and the Leadership module -Executive Education Program LEAD (Leadership Exploration And Development) has already been completed under this training calendar covering 35 TACT (Top and Critical Talent), introducing new leadership concepts into the organization.

Joint Consultative Council (JCC) Election 2014

Joint Consultative Council (JCC) Election 2014

CCL Training, Management Team

CCL Training

People and Community contd.

Leadership Training

Investing in developing the next generation of leaders by equipping them with required knowledge and skills to think and act strategically in an increasingly unpredictable environment is a core function of TJL. Coaching, mentoring and training sessions, are used to guide young people to contribute towards the long term objectives of TJL.

Professional Training

The professional development process at TJL is focused on developing soft skills of the individual, making them an all-round individual and a well-rounded professional, having the ability to adapt and adopt to varied thinking strategies and business environment.

Technical Training

Educating employees how to bridge the knowledge gap between current technical know-how and the desired level of performance, enhancing the effectiveness and efficiency of their performance. We facilitate overseas training for technical and other staff, with the intention of enhancing their knowledge of the industry. During the current financial year over 20 TJL personnel, from operator grade to top management, were exposed to technical skill development through activities in association with the Ocean India plant in India.

Outbound Training Program - Kithulgala

First Aid Training Session

Fire Training Session

Inspiring, Motivating Empowering the Work Force

TJL provides many benefits to employees that contribute towards a comfortable and happy work environment. Some of these programmes are described below.

- **Reach LIVE scheme:** The Reach LIVE (Leadership Innovative Value added Enterprise) appreciation scheme was introduced during the financial year 2014/15. This scheme, which is operational at all times allows the recognition and appreciation of good work, at any time, or day, at work. The introduction of this programme has contributed towards a performance based culture, where all levels of employees feel appreciated. Winners from each department are rewarded every month, and annual ceremony will be conducted at the end of the year, to formally recognize the "Employees of the Year" from all grades of employees and the "Department of the Year".

- **Long Service awards:** TJL conducts long service awards in recognition of the loyalty and commitment of employees that have served the Company for a period more than 5 and 10 years respectively. Service over 5 years is rewarded with half a gold sovereign, while 10 years of service is rewarded with a gold sovereign.

- **AIM scheme:** The 'All Ideas Matters' scheme is a mechanism to encourage all levels of employees to contribute towards the growth and development of the Company. Any employee can submit suggestions for improvements, of any aspect of the business. Any gains and savings through the implementation of AIM ideas are distributed among the employees. The best ideas are recognized through quarterly and annually. It is noteworthy that to date, many ideas that contributed towards the growth of the Company, originated from employees at different levels.

- **Reach Beyond:** This assistance programme provides financial support to staff. In addition to other benefits such as death donations and critical illness assistance, any person employed in the Company is eligible to request for funds under this scheme.

SUPPORTING EMPLOYEE FAMILIES

As an organization that values the importance of family, TJL has always been mindful in extending its support towards the families of its team in order to create a happy and holistic work environment in which productivity is at its peak. Therefore in addition to providing a range of employee welfare facilities, TJL maintains a critical illness fund and death donation fund that would assist their loved ones during difficult circumstances.

Empowering Talent

Achievers' Awards 2014/15

School Books Distribution for staff children - 1st January 2015

TJL Family Day

People and Community contd.

Management Team Welcoming Staff - 1st January 2015

Blessings for New Year - 1st January 2015

Coffee with CEO/MD

Pirith Ceremony at TJL

Annual Excursion - At Hotel Berjaya Mount Royal

Annual Get-together

Tea-Break Session

TJPL 2014 - Annual Inter Department Cricket Tournament

Celebrating Vesak - 2014

Wasantha Udanaya - Annual Musical Event

Celebratiing X'mas - The Carols

ACHIEVING MOMENTUM IN SPORTS

Team TJL participated in a number of sporting events during the year and displayed true TJL colors with pride. The key highlight was winning the 2014 All Island Mercantile Volley ball Champions in the super league category. This was a remarkable achievement by the TJL volleyball team. Suraj Hasantha Perera wining the Best Player and Sujeewa Jayathunga winning for the Best Setter were all remarkable feats during this tournament.

Volley ball :

- The 2014 Mercantile Volleyball champions in the Super League category
- 1st runners-up of the Independence Trophy Tournament, 2015 in Avissawella

Cricket

- Champions of the cricket tournament organized by the United Sports Club of Horana
- Champions of the Next Sourcing 2015 Softball Six-a-Side Cricket Tournament

Dancing

- A dance team comprising TJL employees were brought together. Their talents won them the Rasadiya NarthanaTharu Bronze award this year.

AWARDS AND ACCOLADES

During the year TJL's continuous efforts in supporting its work base and developing a closer culture was recognized by the Government of Sri Lanka. TJL was the bronze award winner, of the 'Social Dialogue and Workplace Co-operation Award 2014', in the Apparel sector large scale category, organized by the Department of Labor.

CSR ACTIVITIES

TJL employees spear head many programs to support those in need and to assist the less privileged in our society. The first of January, heralds the New Year in and it is also the day when the TJL team visits the Jayaviru home for the mentally handicapped. The team interacts with the residents giving them a memorable time. TJL donated over 200 pints of blood towards needy patients through the TJL blood donation campaign during the year, continuing the program for the ninth consecutive year. In giving a supportive hand for needy schools in the area, a number of computers were donated to the President's College Awissawella and the Arukgammana Junior School, Kotiyakumbura to familiarize the students with the usage of computers. Refurbishment of a number of hospital buildings at Avissawella Base Hospital took place during the year.

'Social Dialogue and Work Place Co-operation Award 2014' - Awarded by the Department of Labor

Champions of the cricket tournament organized by the United Sports Club of Horana

Champions of 2014 Mercantile Volleyball Tournament - Super League Category

"Rasadiya Narthana Tharu" - Bronze Award

People and Community contd.


At Jayaviru Home - 1st January 2015


Blood Donation Program 2014

Avissawella Base Hospital Painting


Community Development

Innovation

Often, the only way to get ahead is to have a great plan. TJL's approach to innovation is not limited to the ad hoc development of new products; Instead, the Company attempts to integrate new thinking into the entire business model and the people; this places them 'ahead of the pack'. As in any successful company, TJL encourages new ideas and improvements in streamlining existing systems which are put forward by the staff. Training and development programs help the transition of new, modern, concepts and technologies into the existing system. Therefore, continuous innovation, in terms of new products, processes and new technologies is woven into the tapestry of TJL's business model. This innovative culture has been instrumental in propelling TJL to be 'Yards Ahead' in the domestic textile industry. Some of the key initiatives were as follows:

RE-ENGINEERING THE MANUFACTURING PROCESS

TJL's systems and processes were re-engineered during the year to improve profitability of lower performing products, redefine weak processes and to enhance overall efficiencies of the manufacturing process.

ADAPTING NANO TECHNOLOGY

Nano technology has been termed as the 'future'. TJL partnered with the Sri Lanka Institute of Nano Technology(SLINTEC) during 2014. This fusion has seen the development of a new nano solution to enhance the performance of our main auxiliaries in the finishing process.

Research on this project spanned over a year, however the result is now ready to pay dividends. The new nano technology based solution not only enhances performance efficiency but also generates cost savings.

NanoTechnology

ADAPTING NATURAL DYES FOR COMMERCIAL USE

While natural dyes are commonly used in cottage industries, to date these dyes have not been used in large scale or commercial fabric manufacturing processes. Nevertheless, natural dyes, extracted from plants, are environmentally friendly and contain no chemical substances, making them less likely to pose health and safety risks. Natural dyes are also highly respected and sought after by leading clothing brands, which coincides with their 'green' footprint. In the financial year 2014/15, TJL's R&D team worked with the Indian Institute of Technology to identify suitable natural dyes and develop a natural dyeing process for weft knitted fabrics at a commercial manufacturing scale. During the initial application, the natural dyeing process performed extremely well, indicating high potential in commercialization. Currently the R&D Team is working closely with the Indian scientists in expanding this new application to meet the requirements of international clothing brands.

Innovation contd.

CREATING LUXURY FABRICS

A major achievement during the year was the launch of Marks & Spencer's, David Gandy collection. This product range of luxury underwear, is manufactured using TJL's signature finer gauge fabrics, that are among the softer and most luxurious fabrics in the world, to date. This fabric was developed through the use of the latest finer gauge machinery and a special manufacturing process perfected by TJL. CK and Intimissimi are some of the other prominent brands using this finer gauge fabrics for similar luxury products.

DESIGNING FOR CK

TJL added yet another laurel to its customer portfolio with the brand CK. Deemed as 'the most prestigious and luxurious brand, setting the tone of elegance and modern sophistication' CK has set the stands when it comes to style and comfort. TJL's product range for CK includes their regular, value addition and premium collections. More significantly, TJL's Team's designs received high recommendation from CK with nearly 80% of the submitted collection being tagged for CK's future selections.

LEVIS LINEN COLLECTION

Levis' new product collection, Linen C,is solely manufactured by TJL. Made of sustainable fabrics these products are natural looking and extremely comfortable. This product range has been well received in the retail market and the TJL R&D Team is working continuously to develop the product and support the brand.

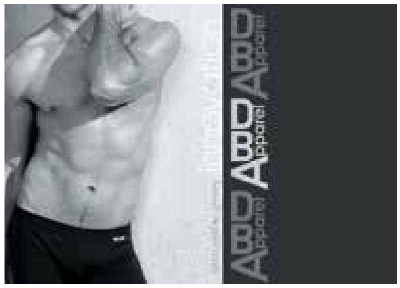
SEASONAL COLLECTIONS

The customized seasonal collections continued during this financial year as well . The business was able to win new business with these new products.

UNIVERSITY OF MORATUWA -AFFILIATION

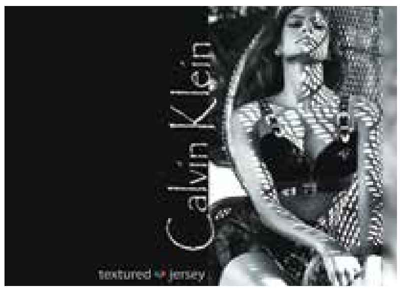
The affiliation established with the University of Moratuwa got stronger and reached new heights during the year under review as both parties entered in to different new ventures. For the 3rd consecutive year TJL sponsored the annual graduation fashion show where a glimpse of our future talent was seen. One of the key highlights of this year's event was TJL unravelling the products it sold to different leading international brands, in front of the public for the first time. With new ventures with QPL and OCI and our continuing partnership with leading academia and technological institutes it is certain that the innovation arm at TJL will play a key role in shaping the future growth of not just the company but the industry as well.

Seasonal Collection for Intimissimi



Collection for DBA Apparel

Collection for UNIQLO



Collection for Calvin Klein

Overall Title Winner, Graduation Fashion Show 2015 - University of Moratuwa



Textured Jersey Fashion Collection, Graduation Fashion Show 2015 - University of Moratuwa



Student Fashion Collection, Graduation Fashion Show 2015 - University of Moratuwa

Yards
Ahead into
the future...

With our future expansion strategy gaining momentum, we are well positioned internationally with our indisputably high quality standards, and ideally poised for exponential growth. We will redefine our markets to expand beyond the traditional realm, into new destinations in Europe and Asia, by meeting the demand for greater customer value.

THE LARGE AND PROGRESSIVE ASIAN CONTINENT IN PARTICULAR AFFORDS LUCRATIVE GROWTH OPPORTUNITIES THAT TJL IS WELL POSITIONED TO LEVERAGE. THIS PROCESS IS HASTENED BY THE RAPID GROWTH IN THE CUSTOMER PORTFOLIO WITH MANY INTERNATIONAL BRANDS CONTRACTING NEW BUSINESS PARTNERSHIPS WITH US. AS WE CONTINUE TO PROVIDE INNOVATIVE SUPPLY SOLUTIONS TO CREATE MAXIMUM CUSTOMER VALUE WITH SPEED, SUPERIOR QUALITY AND SUSTAINABILITY.

Yards Ahead to the Future

FUTURE STRATEGY

Subsequent to the IPO, TJL took a different view on its expansion strategy, moving away from its original organic growth plans and deciding to look towards the South Asian region to grow by way of an acquisition. This decision to go for a regional expansion strategy was arrived at by taking in to account;

1. Regional macro-economic trends
2. Regional supply chain diversification needs of major customers
3. TJLs product diversification strategy

To meet the above objective TJL identified two entities for potential acquisition, in the form of Quenby Lanka Prints (QPL) and Ocean India (OCI), which is a cotton based fabric mill. These steps would align the capability enhancement and product diversification strategy with the capacity strategy that TJL has. QPL can be considered the best print solution provider in the island based on the ratings of the main vendors. The execution and quality standards have been undisputed and it is a very good strategic fit for TJL. TJL has been closely working with QPL as its print partner for almost a decade and has a strong working relationship which will help the two companies integrate at a faster pace. Further, QPL is located in close proximity to the TJL's Avissawella facility providing an added logistical advantage. In the context of identifying regional macro-economic trends and meeting diversification needs of some of our major customers, TJL got into a technical services agreement with OCI, to provide technical/management assistance to OCI. This also allowed TJL to understand OCI's operations thoroughly and get a head start on the business integration process. The business understanding coupled with OCI's infrastructure availability paved the way for TJL to consider OCI as a potential option for an acquisition.
During the year TJL decided to engage E&Y to carry out independent valuation of both entities, to create the initial platform to take the conversation forward with all the stakeholders.
In June 2015 TJL was successful in acquiring Quenby Lanka Prints and this marriage enhances TJL' capability in solutions that are provided to our customers both on service and product portfolio. This will also enable both entities to benefit from synergies during the foreseeable future. At the time of writing, the acquisition discussions with OCI are at an advanced stage.

Future Market Strategy

Future Growth

TJL embarked on a journey three years back on building new global brands and looking at new geographical destinations for its business growth under the emerging brand business unit which now had major progress. Apart from the main three brands of TJL, the Emerging brands business accounts for close to 25% of the overall business.

Future Markets

The future focus will always be to tap into new markets within Europe and in Asia as the market potential continues to grow in demand. TJL has made initiatives in aggressively looking at the Asian market with a few brands where TJL would be able to offer product and service solutions and build long term partnerships. Asia clearly shows huge potential for growth and the consumers in such markets show big interest for global and premium products. This creates a huge opportunity for TJL to make its presence supporting the needs of these brands within Asia. Apart from that, TJL also works with global brands where the brand presence is not confined only to either Europe / US or Asia, but globally. Having a spread of this would always minimize the risk of over depending on one region and would help to mitigate the negative impacts that can occur due to seasonal sales fluctuations and changes in demand. TJL would also focus a lot more on some selected brands to grow both on volume and value within the European Union and UK as there is huge potential on untapped markets and brands. Along the lines of GSP being a hot topic, TJL would continue to strengthen the partnerships and presence on Europe and UK with new brands and untapped market opportunities.

Future looks bright for our current Partners

CALZEDONIA

TJL is geared to support the Calzedonia Group with more value for money product solutions in the future ,through their partnership with Ocean India. Innovative systems and solutions will be developed to control costs while ensuring the required quality is maintained. As Calzedonia Group's main manufacturing base is located in Sri Lanka, TJL is geared to keep ahead of the competition while keeping pace with the company's plans and expectations, by offering a highly specialized service.

LIDL

TJL's future expansion plans through Ocean India, will support LIDL's own expansion plans within the South East Asian region, by enabling cost effective and quality conscious solutions. TJL's priorities in successfully serving this brand include ensuring profitability within the brand's value for money model, and facilitating business growth. As a volume driver LIDL will continue to be a key customer for both TJL and Ocean India.

M&S

The future looks promising in strengthening the TJL-M&S relationship. TJL's regional expansion plans will facilitate more value for money product solutions for M&S. While Ocean India would become the core production point with higher cost advantages, TJL will be positioned to provide innovative solutions for value additions. Ocean India's strategic proximity to large scale apparel manufacturers such as Brandix, and Quantum will further sustain top and bottom line growth. TJL will continue to focus on value addition and profitability through innovations. During the new fiscal year TJL is looking into entering in to the men's nightwear and Autograph ranges. As always TJL will continue to support M&S in its highly commendable sustainability drive.

LIMITED BRANDS

TJL will forefront the role of regional solution provider to support brand in speed/ design initiatives by partnering with a number of supply chain partners across value chain, OCI/PTL to name few. Introduction of synthetic products, lace printing through OCI, and synthetic printing through QPL will be areas of value addition for the year which would ensure growth on regional business and retain TJL as a key player in L Brands global supply chain.

L Brands will remain to be a key brand of TJL portfolio and strive to be the preferred supply chain partner by strengthening capability, service levels and the innovation engine. Future with the brand looks extremely promising and exciting with all the solutions TJL could offer to meet customer expectations and beyond.

EMERGING BRANDS BUSINESS

Future

TJL's regional expansion plan offers the Emerging Brands division tremendous growth potential, particularly as TJL has been ear-marked to become a global knit supplier for HBI Brands. The strategy for the Emerging Brands Divisions' future growth is based on its versatility in handling diverse categories and retailers, while growing business from leading Sri Lankan vendors . With the entrant into the synthetics fabric market, TJL will be contender in the active wear market; while expanding their intimate apparel portfolio. Hence, the Emerging Brands division is forecasted to become the fastest growing business unit within TJL during the next two years. The division will continue to focus on value for money brands, while offering regional solutions and specialised services.

Future Product Strategy

In terms of product, TJL will continue to grow it's capability on the cellulosic product ranges offering faster and better solutions to the brands through offering value added products. TJL in this journey would work very closely with our value chain partners globally to be able to offer a complete product solution which would not only be an offer of a phenomenal product, but solutions around design, speed and price which will be extremely attractive in the eyes of the new brands we intend to work with. TJL also have taken its initial steps on the synthetic product ranges, which again open doors to many new business opportunities within our existing brands and also to our new markets. The intent is to be able to offer complete product solutions both on cellulosic value added and synthetic products. Into the future we trust this ideal combination of products will be the kind of solution global brands would always look for in Asia and specially in our part of the

Yards Ahead to the Future contd.

region as this would complete their needs to replicate a European or far East Asian product solution within this region.

Other Solutions

Apart from the complete product solutions, TJL would also lead solutions such as Design-end-to-end (Bringing the value chain partners together), speed to match market expectation from any manufacturing destination and offering value for money through scale on core product ranges. In addition TJL would also diversify its product offerings from solids, prints, yarn dyes, lace dying, heathers, on both open width and tubular, creating the presence of a manufacturing hub through combining different capabilities of manufacturing. TJL pioneered speed in the region for Limited Brands and our next step to the future is to penetrate more and more into this proposition and this will become a key service element in defining the services for all our retailers. Our ultimate objective of all the plans we have would be to create the presence in the minds of brands both existing and new, to be able to look at TJL as their most preferred solution provider for their needs both on products and its solutions and to be the 'one stop shop' during the coming years.

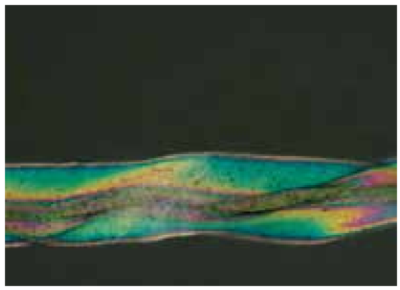
INNOVATING FOR THE FUTURE

TJL's R&D team is fronting an exciting future in which R&D applications will have a wider geographic scope. TJL's synergy with Ocean India and QPL, will expand the Company's R&D role into 'a regional solutions provider', within the next two years. In anticipation of this evolution, the R&D division has been strengthened with new investments in technologies and continuous training, to become the leading textile industry solutions provider in the South Asian region.

Future plans for the R&D team:

1. **Ensure utilization of all manufacturing facilities:**
   The final objective is to become the total solutions provider, with a range of textiles such as solid, marl, yarn dye, and prints, in one package. This will encourage designers to select products immediately and will enhance their confidence in TJL.

2. **Synthetic fabric:**
   The R&D Team is in the process of introducing a synthetic fabric range to their product portfolio. This setup will be completed within the next two years. The addition of synthetic fabrics will expand business opportunities by allowing TJL to



cater to all requirements of clothing brands. TJL is content to report that many strategic partners of reputed brands are highly supportive of plans to expand into synthetic fabrics and are working with TJL's R&D and marketing teams to facilitate speedy implementation.

3. Economical and fast solutions:
Many leading brands are scouting for lower cost products with quicker delivery options. TJL is currently testing these waters; the R&D team is in the process of developing a 'value range' of offerings that are competitively priced and require a shorter turnaround time. This range will allow them to successfully compete in this emerging market.

3. Vertical solutions:
Vertical integration enables greater flexibility in developing customer solutions and permits greater control of the business. TJL has fused the need for vertical integration through strategic partnerships in the areas of raw materials, chemicals, technical consultations and design institutes. This strategy has paid rich dividends with TJL's Supply chain and R&D arms standing out and been recognised by many international brands.

4. Value addition:
Value addition is a key requirement to win business and attract business leads into the region. TJL has plans to add two key programs which will be deemed as value additions. The success of these strategies could be monitored by the interest shown by their customers.

5. Technical R&D solutions:
The R&D team is focusing on new technologies to enhance profitability and productivity. The Company has entered into partnerships with specialized institutions to facilitate technology inflows and a significant investment has been made towards technology improvements in 2015/16.

With a new modern identity stemming from a rich heritage TJL is ready to embark on its next journey into the future, creating new paradigms for the apparel and textile industry not only on a local but global scale, with a mission to deliver continues value to all its stakeholders.

Corporate Governance

Corporate Governance refers to the framework through which the relationships between all stakeholders in a company, are maintained. The key stakeholders include the shareholders, directors, and management of a company, as defined by the corporate charter, bylaws, formal policy and rule of law. Also included are, community, customers, suppliers, employees and other related institutions, such as Customs, the Board of Investment (BOI), and other government entities.

Corporate Governance forms a core part of the corporate philosophy of Textured Jersey. For us, good governance is a pursuit that provides the framework for the sustainable growth of our business. We strive to ensure that the Company meets the highest ethical standards in corporate conduct.

The Board of Directors, led by the Chairman, is responsible for the good governance of the Company, its system of internal controls, and for reviewing the design and effectiveness of the same. There is a continuous process for identifying, evaluating the significance and managing significant risks, by way of elimination or mitigation of the same. This process is described in full under the Enterprise Risk Management section.

At Textured Jersey Lanka PLC, we have chosen to follow a collection of best practices on Corporate Governance, jointly issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC), issued in July 2008 and revised in 2011, the Colombo Stock Exchange (CSE) listing rules, the requirements of the BOI and statutory obligations. These best practices of Corporate Governance are being adopted and are being implemented/ inculcated into business processes. Employees are actively involved in planning and implementing the processes that are required to meet Corporate Governance best practices individually, and as teams, with clear roles and responsibilities. The compliance with statutes, is reported to the Audit Committee quarterly. At the date of this annual report, the Company was compliant with the Corporate Governance rules identified above.

Board meetings are held quarterly and Committee meeting are also held on the same day in most cases. The table below provides information on the Board of Directors during 2014/15, their positions and attendance at meetings during the period.

Board Member	Date of First Appointment to the Board	Board Position	Attendance at Board Meetings	Audit Committee Position	Attendance	Remuneration Committee Position	Attendance
Wing Tak Bill LAM	03.06.2004	Chairman	4/4	Member	4/6	-	-
Mohamed Ashroff OMAR	28.08.2000	Non-Executive Director	4/4	-	-	Member	1/1
Kulatilleke Arthanayake Malik Kumar RANASINGHE	15.04.2011	Independent Non-Executive Director	4/4	Member	6/6	Chairman	1/1
Amitha Lal GOONERATNE	15.04.2011	Independent Non-Executive Director	4/4	Chairman	6/6	Member	1/1
Hasitha PREMARATNE	01.08.2012	Non-Executive Director	3/4	-	-	-	-
Kang Po TSANG	31.03.2013	Non-Executive Director	0/4	-	-	-	-
Wai Loi WAN	06.08.2013	Non-Executive Director	0/4	-	-	-	-
Sriyan Joseph DE SILVA WIJEYERATNE	01.11.2013	Executive Director	4/4	-	-	-	-

Corporate Governance Contd.

Given below is the Company's compliance status with each of the Corporate Governance Principles identified in the Corporate Governance Best Practices of the ICASL and SEC, and the Corporate Governance Compliance Reporting Requirements under the CSE Listing Rules, section 7.10.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
A: DIRECTORS		
Principle A.1 - THE BOARD: Every public company should be headed by an effective Board, which should meet regularly, direct, lead and control the Company.	Compliant	TJL PLC is headed by an eight member Board of Directors, of which two are Independent Directors.
A1.1 Frequency of Board Meetings	Compliant	The Board meets at least once a quarter.
A1.2 The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.	Compliant	The Board provides leadership to the Company, monitors risk management and ensures that oversight is maintained over high risk areas.
Principle A.2 - CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO):There are two key tasks at the top of every public company – conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	Compliant	The Board provides the leadership and direction. The CEO is responsible for the day to day operations of the business.
Principle A.3 - CHAIRMAN'S ROLE: The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	Compliant	The Chairman facilitates effective discharging of Board functions.
Principle A.4 - FINANCIAL ACUMEN: The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	Compliant	Persons with financial acumen are available on the Board.
Principle A.5 - BOARD BALANCE: It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking process. CSE Rule 7.10.1 (a) -NON EXECUTIVE DIRECTORS: At least two Directors or one third of the Board of Directors,whichever is higher, should be Non-Executive Directors	Compliant	The Board consists of two Independent Non-Executive Directors and five Non Independent Non-Executive Directors and one Executive Director (CEO).

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
CSE Rule 7.10.1 (a) – INDEPENDENT NON EXECUTIVE DIRECTORS: Where the constitution of the Board of Directors includes only two Non-Executive Directors in terms of Rule 7.10.1.a above, both such Non-Executive Directors shall be 'independent'. In all other instances, two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'.	Compliant	Two of the seven Non-Executive Directors are independent.
CSE Rule 7.10.2.(b) – DECLARATION OF INDEPENDENCE BY NON-EXECUTIVE DIRECTORS: The Board shall require each Non-Executive Director to declare annually his/her independence against the specified criteria.	Compliant	All non-executive Directors have declared their independence in writing.
Principle A.6 - SUPPLY OF INFORMATION: The Board should be provided with timely information in a form and of a quality appropriate, to enable it to discharge its duties.	Compliant	The Board is provided with timely information seven days before each Board meeting.
Principle A.7 - APPOINTMENTS TO THE BOARD: There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Compliant	This is done as per the Articles of Association.
Principle A.8 - RE-ELECTION: All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.	Compliant	This is done as per the Articles of Association.
Principle A.9 -APPRAISAL OF BOARD PERFORMANCE: Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	Compliant	
Principle A.10 - DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS: Shareholders should be kept advised of relevant details in respect of Directors.	Compliant	Shareholders are advised of the relevant qualifications and details of Directors.
CSE Rule 7.10.3. (a,c) – DISCLOSURES RELATING TO DIRECTORS - Names of Independent Directors should be disclosed in the annual report. In addition to disclosures relating to the independence of a Director, set out above, the Board shall publish in its annual report a brief resume of each Director on its Board, which includes information on the nature of his/her expertise.	Compliant	Please refer section "Board of Directors".

Corporate Governance Contd.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
Principle A.11 -APPRAISAL OF CHIEF EXECUTIVE OFFICER (CEO):The Board should be required, at least annually, to assess the performance of the CEO.	Compliant	The Board assesses the performance of the CEO.
B: DIRECTORS' REMUNERATION AND 7.10.5. REMUNERATIONS COMMITTEE		
Principle B.1 - REMUNERATION PROCEDURE: Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration. CSE Rule 7.10.5. (a, b, c) - REMUNERATION COMMITTEE: A Listed Entity shall have a remuneration committee. The remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors. The annual report should set out; - Names of Directors comprising the Remuneration Committee - Statement of remuneration policy - Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	The Board consists of a Remuneration Committee which decides executive remuneration. The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. Please refer the Remuneration Committee report for information on the composition of the Remuneration Committee and remuneration policies. Please refer Note 7 to the financial statements for aggregate remuneration paid to Directors.
Principle B.2 - THE LEVEL AND MAKE UP OF REMUNERATION: Levels of remuneration of both Executive and Non-executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.	Compliant	The Company maintains a performance based incentive culture at all levels.
Principle B.3 - DISCLOSURE OF REMUNERATION: The Company's annual report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.	Compliant	The Remuneration Committee report in the annual report contains a statement on the Remuneration Policy and details of remuneration policy for Board members.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
C: RELATIONS WITH SHAREHOLDERS		
Principle C.1 - CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM): Boards should use the AGM to communicate with shareholders and should encourage their participation.	Compliant	AGM is held at a well recognized venue at a convenient time after giving due notice.
Principle C.2 - COMMUNICATION WITH SHAREHOLDERS: The Board should implement effective communication with shareholders.	Compliant	A contact person for all investor related matters is communicated through the annual report who is a member of the Board of Directors.
Principle C.3 - MAJOR AND MATERIAL TRANSACTIONS: Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into,would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.	Compliant	All contingencies and capital commitments for future periods are disclosed in the Notes No. 25 and 26, of Notes to the Financial Statements.
D: ACCOUNTABILITY AND AUDIT & AUDIT COMMITTEE		
Principle D.1 - FINANCIAL REPORTING: The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Compliant	An assessment of the financial position of the company is included in the annual report of the Board of Directors.
Principle D.2 - INTERNAL CONTROL: The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Compliant	The Board facilitates the risk management process and is collectively responsible for the control environment prevailing within the organization. Board oversight is achieved through the internal audit function.

Corporate Governance Contd.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
Principle D.3 –AUDIT COMMITTEE: The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's auditors. CSE Rule 7.10.6. (a) – AUDIT COMMITTEE: A listed company shall have an Audit Committee. The Audit Committee shall comprise; of a minimum of two independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. One Non-Executive Directors shall be appointed as Chairman of the committee by the Board of Directors. Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings. The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	The Board of Directors maintains a formal and a transparent relationship with the external auditors. The Board ensures that accounting policies are consistent with previous years, unless a change is required by changes to Financial Reporting Standards, in which case, changes are specifically stated in the Auditors' Report. Due to the requirement to meet SLFRS, comparative figure are provided where appropriate. The Audit Committee consists of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Audit Committee is an Independent Non-Executive Director who is a member of The Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants of England & Wales The Chief Executive Officer and Chief Financial Officer attend Audit Committee meetings by invitation.
CSE Rule 7.10.6. (b) – FUNCTION OF AUDIT COMMITTEE The Committee shall; • Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. • Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • Overseeing the processes to ensure that the entity's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards. • Make an assessment of the independence and performance of the entity's external auditors. • Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.		The Audit Committee, which meets the formulation requirements, is governed by an Audit Charter. The Audit Committee ensures that the Company complies with financial reporting requirements and information requirements of the Companies Act. It also oversees the risk management and internal control system of the organization, engages in continuous review of the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Please refer to the Audit Committee report for more information.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
Principle D.4 - CODE OF BUSINESS CONDUCT & ETHICS: Companies must adopt a Code of Business Conduct & Ethics for Directors and members of the senior management team and must promptly disclose any waivers of the Code for Directors or others.	Compliant	A Code of Business Conduct and Ethics are available and are followed by the Directors and the management.
Principle D.5 - CORPORATE GOVERNANCE DISCLOSURES: Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	Compliant	Adherences to corporate governance best practices are disclosed in this area.
E: INSTITUTIONAL INVESTORS		
Principle E.1 - SHAREHOLDER VOTING: Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	Compliant	
Principle E.2 - EVALUATION OF GOVERNANCE DISCLOSURES: When evaluating Companies' governance arrangements, particularly those relating to board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Compliant	
F: OTHER INVESTORS		
Principle F.1 - INVESTING/ DIVESTING DECISION: Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	Compliant	All individual shareholders are provided with adequate information on the performance of the Company, thereby encouraging them to analyse their investments adequately.
Principle F.2 - SHAREHOLDER VOTING: Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Compliant	All individual shareholders are sent due AGM notices well in advance, encouraging them to exercise their voting rights.

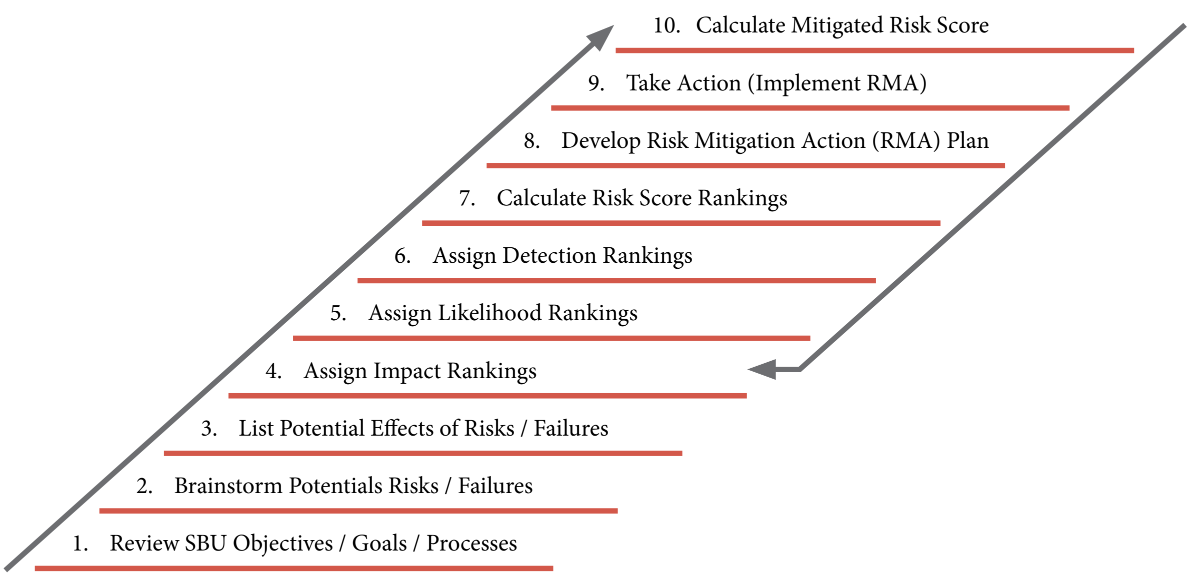
Corporate Governance Contd.

Corporate Governance Principle	Compliance Status	TJL PLC's Compliance
G: SUSTAINABILITY REPORTING		
Principle G.1 - PRINCIPLES OF SUSTAINABILITY REPORTING: The following principles will serve the entities in maintaining policies and procedures to develop a sustainable business environment and to make disclosures on sustainability. Principle 1 – Economic sustainability Principle 2 – The Environment Principle 3 – Labour Practice Principle 4 – Society Principle 5 – Product Responsibility Principle 6 – Stakeholder identification, engagement & effective communication Principle 7 – Sustainable reporting and disclosure should be formalized as part of the Company's reporting processes	Compliant	Sustainability reporting is achieved by reporting under the National Green Reporting System of Sri Lanka. Please refer the section on 'Sustainability' in this annual report, for further details on sustainability related initiatives.

Enterprise Risk Management

Enterprise Risk Management (ERM), is the process of understanding and managing risks that are faced by an entity in attempting to achieve its objectives. The process at TJL uses as input to the ERM process, the objectives set for the year as part of the development of the company plan for the year. Potential risks, or environmental conditions that may hinder the achievement of objectives, are evaluated and the significance of the risks are brainstormed. During this process, the team takes into account the potential monetary impact, the ability of the team and the systems to detect the occurrence, the controls that are established and the probability of occurrence of the event or risk under the prevailing circumstances. Thereafter, the team assigns impact, likelihood and detection rankings to each of the risks, to ascertain the significance of the risk. Based on the calculated risk score, the risks identified as requiring mitigation are addressed through suitable action plans to reduce the risk. The ERM model followed, is explained below.

The Company currently follows an ERM process of one of its parent companies, Brandix, through the implementation of the 10 step ERM process followed by the Brandix group of companies. The risk model, which is the outcome of the ERM process, is reviewed by the Audit Committee and other Board Directors. The 10 step ERM process practiced annually is given below.



Enterprise Risk Management Contd.

During the ERM process, the management attempts to understand the risk profile of each risk, through an assessment of the detectability of occurrence, likelihood of exposure and the impact of each risk in the context of the prevailing environment. Risks that would hinder the achievement of corporate objectives are identified and brainstormed to arrive at the possible impact ranking, likelihood of the occurrence (ranking) of the risk, and the probability of detection, which variable is negatively correlated to the detection ranking. Thereafter, the risk score is calculated, to rank the risk in order to prioritize risk mitigation actions. During execution of risk mitigation actions, once sufficient work had been done to reduce the impact or occurrence of the risk or improve detection, the relevant ranking is reduced so that the risk score is reduced.

In risk management, event identification plays a major role. The events and their probability of occurrence can vary from period to period. In order to keep track of these events, a review of the major risks, as well as brainstorming for new risk events, is also carried out quarterly. The risk model is updated with such significant risks, if identified. Risk assessments of all major projects are also carried out in the same manner, including subsequent identification of risk mitigation action and implementation of the same.

As part of establishing a suitable control environment to conduct business activities securely, the team conducts audits of key processes periodically, using internal and external resources. All weaknesses identified during such audits are followed up until the agreed remedial actions are implemented by the process owners. Any new processes to be implemented are also designed with due consideration for the underlying control environment, which ensures adequate controls are built into these processes.

As a result of the implementation of the ERM process, risks falling into risk categories listed below were identified as having high risk scores.

CORPORATE RISKS

Under corporate risks, the management has identified the following risks as significant for consideration and mitigation;

- Corporate Performance Risk: The risk of the Company failing to achieve corporate objectives whilst maintaining the corporate reputation.
- Stakeholder Reputation Risk: The risk of the Company failing to deliver stakeholder expectations.
- Competition /Industry Risk: The risk of threats to margins, loss of market share due to severe price competition and oversupply in the market. The risk of losing orders to regional plants due to supply chain considerations.
- Regulatory/Compliance Risk: The risk of generating negative goodwill, penalties or other action, due to non-compliance and the risk of failing to meet regulatory requirements.
- Investment Risk: The risk of not making adequate capacity related investments to expand capability and plant capacity and the risk of externalities affecting the realization of benefits of capital investment made in plant and machinery.

OPERATIONAL RISKS

Under operational risks, the management has identified the following risks as being significant for consideration;

- Capacity Risk: The risk of failing to accommodate customer requirements due to capacity constraints and the risk of failing to fill capacity
- Energy Cost Escalation Risk: The risk of increasing energy costs
- Socio Economic Risk: The risks associated with operating in the current socio-economic environment
- Political Risk: The risks associates with operating in the current political environment
- Environmental Risk: The risks associated with environmental emissions and the related risks due to regulations, perceived threats, etc.

- Business Risk : The risk of not being able to operate above BE capacity and generate planned profits
- Claims Risk : The risk of claims, penalties, rebates etc., due to operational issues, delays or failures
- Information Technology (IT) Systems Failure Risk: The risk of IT systems not being available to support the operation
- Human Resources Risk: The risk of employees not supporting the operations plan
- Fraud Risk : The risk of fraud resulting in losses
- Procurement Risk: The risk of procuring items that are not required, the risk of paying higher than normal prices, the risk of getting poor quality supplies, the risk of not using demand based procurement and the risk of excessive stock level that result in high write-offs
- Reputation Risk: The risk of generating negative perception due to operational issues
- Liquidity Risk: The risk of not being able to generate a positive cashflow
- Market Risk : The risks associated with the demand for the end product
- Inventory Risk: The risk of carrying FG inventory that is not saleable and RM or WIP inventory that is not usable or obsolete

The risks identified above, are managed perpetually through a system of internal controls and a set of risk mitigation action plans, where the Company had identified the need to eliminate, reduce or manage the risk. These risk mitigation action plans are implemented with the guidance of the Executive Committee. The company evaluates the risks quarterly and updates the risk scores where appropriate, to arrive at updated risk profile for the organization. These updated risk profiles are presented to the Audit Committee for review and guidance.

Internal control systems that include policies and standard operating procedures to ensure achievement of Company objectives of efficient business operations, safeguarding of assets, prevention and detection of fraud and errors, the accuracy and completeness of accounting records, compliance with laws and regulations, timely recording of all transactions and timely preparation of reliable financial information are in place, and form part of the ERM process.

Audit Committee Report

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to perform the Board oversight function in relation to the Financial Reporting process and its integrity as well as ensure the adequacy and the effectiveness of the internal control environment and the risk management system, monitoring of compliance with the standards, laws and regulations, ensure the independence of the external audit process and the adequacy and performance of the internal audit function of the organization.

PROCESS

Activities and operations of the Audit Committee are governed by the Internal Audit Charter, which is approved by the Board and which defines the purpose, objectives, responsibility and protocols, composition and frequency of meetings. It also spells out the independence of the internal audit function and the audit process. The key responsibility of the Audit Committee, according to the Charter, is the establishment and monitoring of the risk tolerance of the organization.

In fulfilling its duties, the Audit Committee evaluates the independence and the performance of internal and external auditors. The Audit Committee maintains free and open communications with the Chief Internal Auditor, the external auditors and the management of the Company.

COMPOSITION

The Audit Committee comprises three members, two of whom are Independent Non-Executive Directors, and one Non-Executive Director. One of the Independent Non-Executive Directors functions as the Chairman of the Audit Committee. Profiles of the members of the Audit Committee can be found under the section 'Board of Directors.'

Members of the Audit Committee (2014-15)

Mr. Amitha Gooneratne – FCA (SL), FCA (UK & Wales) - Chairman of the Audit Committee and Independent Non-Executive Director

Prof. Malik Ranasinghe–PhD (UBC-Vancouver) -Member of the Audit Committee and Independent Non-Executive Director

Mr. Wing Tak Bill Lam–MBA (Macau), BBA (HK) - Member of the Audit Committee and Non-Executive Director

ENGAGEMENT

The Audit Committee met six times during the year with participation of members as given in the table 'Attendance at Audit Committee Meetings' below. The Chief Internal Auditor, the Chief Financial Officer, Executive Committee members and other Directors participated in the Audit Committee meetings by invitation.

TABLE: ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Audit Committee Member	20th May 2014	14th July 2014	7th Aug 2014	2nd Oct 2014	25th Nov 2014	29th Jan 2015
Mr. Amitha Gooneratne	√	√	√	√	√	√
Prof. Malik Ranasinghe	√	√	√	√	√	√
Mr. Wing Tak Bill Lam	√	-	√	-	√	√

The Audit Committee monitored the enterprise risk management process and reviewed the key risks identified in the risk model, during a dedicated meeting in October 2014. Thereafter, the Audit Committee reviewed the changes to the key risks that the Company faced and the implementation of risk mitigation actions each quarter, during each subsequent Audit Committee meeting . The Audit Committee also provided guidance on internal controls, including areas to be audited. The Audit Committee reviewed the internal audit findings and the implementation of agreed remedial measures, to improve the control environment.

The Audit Committee reviewed the compliance status of the organization through formal written confirmation received from senior management of the Company on a quarterly basis with regards to applicable laws, regulations and standards.

An independent firm of accountants was engaged to conduct a special inventory review with full coverage of all inventory categories. The Audit Committee reviewed the results of this stock count, which the company plans to undertake every year.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed with management and the external auditors, the quarterly and annual financial statements of the Company, prior to publication, including the extent of compliance with the Sri Lanka Accounting Standards and the appropriateness of the Company's accounting policies and material judgment. The year under review is the third year the financial statement shave been presented in compliance with the new Sri Lanka Financial Reporting Standards (SLFRS/LKAS), which materially converge with the International Financial Reporting Standards(IFRS).

CONCLUSION

The Audit Committee is satisfied that the internal controls and enterprise risk management process in place to assess and manage risks, are adequate. It is of the view that the internal controls and procedures in place provide a reasonable assurance that the assets of the Company are safeguarded and the financial statements of the Company are compiled using reliable information. Based on compliance reporting, the Audit Committee has observed that, the Company has complied with standards, laws and regulations, during the period 2014/15 under review.

Mr. Amitha Gooneratne
FCA (SL), FCA (UK & Wales)
Chairman of the Audit Committee

Remuneration Committee Report

OBJECTIVE

The objective of the Remuneration Committee is to ensure that the Company follows appropriate remuneration policies in order to attract and retain employees with professional, managerial and operational expertise, who can assume leadership roles in the organization to achieve strategic and operational objectives.

COMPOSITION

The Remuneration Committee comprises two Independent, Non-Executive Directors, one of which is the Chairman of the Committee and one Non-Executive Director.

MEMBERS OF THE REMUNERATION COMMITTEE (2014-15)

Prof. Malik Ranasinghe – Chairman of the Remuneration Committee and Independent Non-Executive Director
Mr. Amitha Gooneratne – Member of the Remuneration Committee and Independent Non-Executive Director
Mr. Mohamed Ashroff Omar – Member of the Remuneration Committee and Non-Executive Director

REMUNERATION AND BENEFITS FOR EMPLOYEES

The employee remuneration package consists of a fixed component, which contains a basic salary and allowances, and a variable component which contains various incentives and an annual bonus. The employees enjoy other benefits, such as meals, medical insurance and common transport.

REMUNERATION OF BOARD OF DIRECTORS

No remuneration is paid to Non-Executive Directors, other than director's fees, which are paid based on their participation at board meetings and other committee meetings. Total fees and remuneration paid to Directors during the period are disclosed in Notes to the financial statements.

CONCLUSION

The Remuneration Committee is satisfied that the Company follows appropriate remuneration policies in order to attract and retain employees with professional, managerial and operational expertise, who can assume leadership roles in the organization to achieve strategic and operational objectives. The Remuneration Committee is of the view that the current performance appraisal, career development, rewards and recognition processes, provide a reasonable assurance that the Company's human capital is valued and appreciated.

Prof. Malik Ranasinghe
Chairman – Remuneration Committee

Annual Report of the Board of Directors

ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 MARCH 2015

The Board of Directors of Textured Jersey Lanka PLC ("the Company") has pleasure in presenting to the shareholders their report together with the audited financial statements of the Company for the year ended 31 March 2015.

Textured Jersey Lanka PLC is a public limited liability company incorporated as a private limited liability company in Sri Lanka on 12 July 2000, and subsequently listed in the main board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

The Board of Directors approved the financial statements on 27 May 2015.

NATURE OF THE BUSINESS OF THE COMPANY

The nature of the business of the Company is given in Note 1 to the financial statements on page 85 of the annual report.

FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 March 2015 which include the statements of income and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes to the financial statements are set out on pages 80 to 84 of the annual report.

INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report on the financial statements is given on page 79 of the annual report.

ACCOUNTING POLICIES

The accounting policies adopted by the Company have been consistently applied from previous year. The significant accounting policies including any new accounting standards adopted in the preparation of financial statements are given on page 85 to 120 of the annual report.

REVIEW OF BUSINESS

The state of affairs of the Company as at 31 March 2015 and the financial performance for the year ended 31 March 2015 set out in the statement of financial position and income statement on page 82 and page 80 of the annual report respectively.

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in Note 14 to the financial statements.

MARKET VALUE OF PROPERTIES

The Company does not own any freehold land. The details of the buildings are stated in Note 14 to the financial statements.

RESERVES

Total reserves and their composition are set out in the statement of changes in equity on page 83 of the financial statements.

DIRECTORS

The Board of Directors of the Company consists of eight Directors as at end of the financial year with wide financial and commercial knowledge and experience. The following were the Directors of the Company as at 31 March 2015:

Mr. Wing Tak Bill Lam
Chairman and Non-Executive Director
Mr. Sriyan Joseph de Silva Wijeyeratne
Managing Director / CEO
Mr. Mohamed Ashroff Omar
Non-Executive Director
Mr. Wai Loi Wan
Non-Executive Director
Mr. Kang Po Tsang
Non-Executive Director
Mr. Hasitha Premaratne
Non-Executive Director
Mr. Amitha Lal Gooneratne
Independent Non-Executive Director
Prof. Malik Kumar Ranasinghe
Independent Non-Executive Director

All the Directors held office for the whole of the year ended 31 March 2015.

INTEREST REGISTER

The Interest register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related entries were made in the interest register during the year under review.

Annual Report of the Board of Directors contd.

DIRECTOR'S INTEREST IN SHARES

Shareholding of the Directors as at 1 April 2014 and 31 March 2015 is as follows:-

Name	1 April 2014	31 March 2015
Mr. Wing Tak Bill Lam	Nil	Nil
Mr. Sriyan Joseph de Silva Wijeyeratne	Nil	Nil
Mr. Mohamed Ashroff Omar	Nil	Nil
Prof. Malik Kumar Ranasinghe	Nil	Nil
Mr. Amitha Lal Gooneratne	Nil	Nil
Mr. Kang Po Tsang	Nil	Nil
Mr. Wai Loi Wan	Nil	Nil
Mr. Hasitha Premaratne	40,000	40,000

DIRECTOR'S INTEREST IN TRANSACTIONS

The Directors of the Company have made general disclosures provided for in section 192 (2) of the Companies Act No. 07 of 2007. The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 31 to the financial statements.

DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The remuneration and other benefits of the Directors are given in Note 7 to the financial statements on page 97 of the annual report.

RISK MANAGEMENT

The Board has instituted an effective and comprehensive system of internal controls covering financial operations, compliance control and risk management required to carry on the business of the Company in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records.

CORPORATE GOVERNANCE

The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Company. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

STATED CAPITAL

The stated capital of the Company as at 31 March 2015 amounted to LKR 2,849,899,229 (USD 29,028,481) consisting of 660,752,465 ordinary shares. During the year, 5,750,025 ordinary shares amounting to LKR 52,670,229 (USD - 403,541) were issued to employees of the Company under the Employee Share Option Scheme.

DIVIDENDS

The Company paid a final dividend of LKR 528,601,972 (USD 4,059,603) representing LKR 0.80 per share approved by the shareholders at the Annual General Meeting held on 7 August 2014 in respect of the year ended 31 March 2014.

Further, the Company declared and paid an interim dividend of LKR 330,376,233 (USD 2,477,687) representing LKR 0.50 per share for the year ended 31 March 2015.

The Board of Directors recommend the payment of a final dividend of LKR 0.80 (cents 80) per share to the shareholders of the Company for the year ended 31 March 2015 subject to obtaining the approval of the shareholders at the forth coming Annual General Meeting.

SHAREHOLDING

As at 31 March 2015, there were 8,390 registered shareholders and the 20 largest shareholders of the Company with the corresponding shareholding percentages held are set out as follows;

	Number of shares	% of holding
Pacific Textured Jersey Holdings Limited	262,001,464	39.65%
Brandix Lanka Limited	197,000,976	29.81%
Y.S.H.I. Silva	24,035,136	3.64%
Melstacorp Limited	12,622,428	1.91%
Deutsche Bank Ag Singapore-Dss A/C Navis Yield Fund	11,132,219	1.68%
J.B. Cocoshell (Private) Limited	10,752,536	1.63%
Mcbridge Blue (Private) Limited	5,150,700	0.78%
National Savings Bank	3,672,190	0.56%
MAS Capital (Private) Limited	3,277,202	0.50%
Citi Bank NY S/A forward select em dividend fund	2,724,998	0.41%
Periceyl (Private) Limited - A/C No.03	2,694,100	0.41%
Employees Trust Fund Board	2,679,251	0.41%
AIA Insurance Lanka PLC A/C No.07	2,291,130	0.35%
South Asian Investment (Private) Limited	2,131,400	0.32%
MCSEN Range (Private) Limited	2,031,400	0.31%
Nawaloka Piling (Private) Limited	2,031,400	0.31%
Ms O.D.Gunewardene	2,000,000	0.30%
Mr. A.R.Gunasekara	1,960,700	0.30%
Mr. K.Balendra	1,691,200	0.26%
East India Holding (Private) Limited	1,640,000	0.25%

As at 31 March 2015 the public shareholding was 30.17 % (199,349,868 shares) held by 8,377 shareholders.

EMPLOYEE SHARE OPTION SCHEME

The Company established an Employee Share Option Plan ("ESOP") on 31 March 2011 to grant options to confer on such senior management personnel the right to subscribe to a total of 5,750,025 ordinary shares in the Company.

All of the options proposed to be granted under the ESOP were granted to identified employees on 5 February 2013. The number of employees to whom options were granted as aforesaid on 5 February 2013 was twenty (20).

The Company revised the exercise price and the exercise period of the options, with the approval of the shareholders by special resolution passed on 23 July 2013.

(a) the exercise price was revised from LKR. 15.00 per share to LKR. 9.16 per share; and

(b) the exercise period was revised from the period commencing on 31 May 2013 and ending on 30 November 2013 to the period commencing on 31 May 2014 and ending on 31 August 2014.

All of the options granted under the ESOP vested in the employees on 31 May 2014 and the employees exercised all of the options granted under the ESOP on 23 July 2014 at the exercise price of LKR 9.16 per share. The total number of shares issued to employees pursuant to the exercise of the options is 5,750,025.

The Company has not and did not provide, directly or indirectly, any financial assistance in respect of the ESOP.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of financial statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act

Annual Report of the Board of Directors contd.

No. 15 of 1995, Inland Revenue Act No. 30 of 2000 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

AUDITORS

The Audit Committee of the Company has recommended the re-appointment of Messrs PricewaterhouseCoopers Chartered Accountants as the auditors of the Company and a resolution relating to their re-appointment and authorising the Directors to fix their remuneration and to audit the financial statements for the accounting year ending 31 March 2016 will be proposed at the Annual General Meeting.

The remuneration payable by the Company to the independent auditors for statutory audit and non audit services are given in Note 7 to the financial statements.

The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company that would impair their independence.

STATUTORY PAYMENTS

All statutory payments due to the Government of Sri Lanka and on behalf of employees have been made or accrued for as at date of the statement of financial position.

ENVIRONMENTAL PROTECTION

After making adequate inquiries from management, the Directors are satisfied that the Company operates in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

DONATIONS

The Company has made donations amounting to LKR 660,428 during the year ended 31 March 2015 for charitable purposes (2014 - LKR 1,355,979).

GOING CONCERN

The financial statements are prepared on going concern principles. After making adequate inquires from management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Pursuant to disclosure made to Colombo Stock Exchange on 12 February 2015, the Board of Directors of the Company has decided to proceed with the acquisition of 100% of issued stated capital of Quenby Lanka Prints (Private) Limited for an agreed purchase consideration of USD 3.5 million (representing 25,611,820 shares at a purchase price of USD 0.14 per share). The entire consideration is due to be paid out in cash to the shareholders of Quenby Lanka Prints (Private) Limited in order to acquire shares of Quenby Lanka Prints (Private) Limited.

Except the matter as disclosed above, no events had occurred since the date of the statement of financial position which would require adjustments to, or disclosure in, the financial statements.

BY ORDER OF THE BOARD

Sriyan Joseph de Silva Wijeyeratne *Managing Director*	**Hasitha Premaratne** *Director*	**Corporate Services (Private) Limited** *Secretaries*

05 July 2015
Colombo

Financial Statements

FINANCIAL CALENDAR

Financial Year Ended	31-Mar-15
Announcement of Results	
First Quarter Ended	07-Aug-14
Second Quarter Ended	04-Nov-14
Third Quarter Ended	29-Jan-15
Fourth Quarter Ended	29-Apr-15
Notice of Annual General Meeting	10-Jul-15
Forth Annual General Meeting	06-Aug-15

Statement of the Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the financial statements of the Company, is set out in the following statement. The responsibility of the Auditors, in relation to the financial statements, prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 [" the Act"], is set out in the Independent Auditor's Report on page 79.

The financial statements comprise the:

- statements of income and other comprehensive income, which present a true and fair view of the results of the Company for the year ended 31 March 2015; and
- statement of financial position, which present a true and fair view of the state of affairs of the Company as at 31 March 2015,
- which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs / SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the Directors have as part of their responsibility ensured that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company, and to ensure that the financial statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The management and the Directors of the Company meets periodically with the independent statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent statutory auditors have full and free access to the members of the Board to discuss any matter of substance.

The Directors have ensured that the independent statutory auditors have been provided with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give an independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the date of the statement of financial position have been paid, or where relevant provided for.

BY ORDER OF THE BOARD,

Corporate Services (Private) Limited
Secretaries
Textured Jersey Lanka PLC

COLOMBO

Independent Auditor's Report

pwc

TO THE SHAREHOLDERS OF TEXTURED JERSEY LANKA PLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of Textured Jersey Lanka PLC, which comprise the statement of financial position as at 31 March 2015, and the statements of income, other comprehensive income, changes in equity and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out in pages 80 to 120.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and the presentation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion the financial statements give a true and fair view of the financial position of Textured Jersey Lanka PLC as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

5. These financial statements also comply with the requirements of Section 151(2) as appropriate of the Companies Act, No. 07 of 2007.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS

27 May 2015
COLOMBO

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Partners Y. Kanagasabai FCA, D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, N.R. Gunasekera FCA, S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA

Income Statement

(All amounts in Sri Lanka Rupees Thousands)

	Note	Year ended 31 March 2015	2014
Revenue	5	13,678,462	12,724,715
Cost of sales		(12,057,430)	(11,258,396)
Gross profit		1,621,032	1,466,319
Other income - net	6	26,936	16,386
Distribution expenses		(82,469)	(86,797)
Administrative expenses		(364,453)	(331,971)
Operating profit	7	1,201,046	1,063,937
Non operating income	8	102,689	38,697
Finance income	10	61,538	90,750
Finance costs	10	(3,729)	(297)
Net finance income	10	57,809	90,453
Profit before tax		1,361,544	1,193,087
Income tax expense	11	(29,385)	(40,315)
Profit for the year		**1,332,159**	**1,152,772**
Earnings per share			
Basic earnings per share (LKR)	12	2.02	1.76
Diluted earnings per share (LKR)	12	2.02	1.75

The notes on pages 85 to 120 form an integral part of these financial statements
Independent auditor's report is set out on page 79.

Statement of Comprehensive Income

(All amounts in Sri Lanka Rupees Thousands)

	Note	Year ended 31 March 2015	2014
Profit for the year		**1,332,159**	**1,152,772**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of retirement benefit obligations	23	(11,354)	(31,272)
Deferred tax attributable to re-measurement of retirement benefit obligations	11	1,362	3,753
		(9,992)	**(27,519)**
Items that may be subsequently reclassified to profit or loss			
Currency translation difference		147,924	183,273
Other comprehensive income for the year		**137,932**	**155,754**
Total comprehensive income for the year		**1,470,091**	**1,308,526**

The notes on pages 85 to 120 form an integral part of these financial statements.
Independent auditor's report is set out on page 79.

Statement of Financial Position

(All amounts in Sri Lanka Rupees Thousands)

		31 March	
	Note	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,408,567	2,178,992
Capital work-in-progress	15	864,434	779,820
Intangible assets	16	52,232	56,715
Lease rentals paid in advance	19 (f)	90,556	92,319
		3,415,789	3,107,846
Current assets			
Inventories	18	1,961,454	1,924,517
Trade and other receivables	19	1,453,786	1,280,945
Cash and cash equivalents	20	1,914,631	2,121,875
		5,329,871	5,327,337
Total assets		**8,745,660**	**8,435,183**
Equity and liabilities			
Capital and reserves			
Stated capital	27	2,849,899	2,797,229
Exchange equalisation reserve	28	1,240,168	1,092,244
Retained earnings		2,925,111	2,461,922
Share option scheme		19,473	19,473
		7,034,651	6,370,868
Non-current liabilities			
Deferred tax liabilities	24	114,316	95,927
Retirement benefit obligations	23	131,969	98,389
		246,285	194,316
Current liabilities			
Trade and other payables	21	1,441,994	1,818,093
Bank overdrafts	22	22,730	51,906
		1,464,724	1,869,999
Total liabilities		1,711,009	2,064,315
Total equity and liabilities		**8,745,660**	**8,435,183**

It is certified that financial statements comply with the requirements of the Companies Act No. 7 of 2007.

Salman Nishtar
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Signed on behalf of the board by,

Sriyan Joseph de Silva Wijeyeratne
Managing Director/ Chief Executive Officer

Hasitha Premaratne
Director

27 May 2015

The notes on pages 85 to 120 form an integral part of these financial statements
Independent auditor's report is set out on page 79.

Statement of Changes in Equity

(All amounts in Sri Lanka Rupees Thousands)

	Note	Stated capital	Exchange equalisation reserve	Retained earnings	Share option scheme	Total
Balance at 1 April 2013		2,797,229	908,971	2,044,071	Nil	5,750,271
Profit for the year		Nil	Nil	1,152,772	Nil	1,152,772
Other comprehensive income/(loss) for the year		Nil	183,273	(27,519)	Nil	155,754
Total comprehensive income for the year		Nil	183,273	1,125,253	Nil	1,308,526
Transactions with owners:						
Final dividend paid - 2012/13	13	Nil	Nil	(379,901)	Nil	(379,901)
Interim dividend paid - 2013/14	13	Nil	Nil	(327,501)	Nil	(327,501)
		Nil	Nil	(707,402)	Nil	(707,402)
Share option scheme	9	Nil	Nil	Nil	19,473	19,473
Balance at 31 March 2014		**2,797,229**	**1,092,244**	**2,461,922**	**19,473**	**6,370,868**
Balance at 1 April 2014		2,797,229	1,092,244	2,461,922	19,473	6,370,868
Issue of shares under Employee Share Option Scheme	27	52,670	Nil	Nil	Nil	52,670
Profit for the year		Nil	Nil	1,332,159	Nil	1,332,159
Other comprehensive income/(loss) for the year		Nil	147,924	(9,992)	Nil	137,932
Total comprehensive income for the year		Nil	147,924	1,322,167	Nil	1,470,091
Transactions with owners:						
Final dividend paid - 2013/14	13	Nil	Nil	(528,602)	Nil	(528,602)
Interim dividend paid - 2014/15	13	Nil	Nil	(330,376)	Nil	(330,376)
		Nil	Nil	(858,978)	Nil	(858,978)
Balance at 31 March 2015		**2,849,899**	**1,240,168**	**2,925,111**	**19,473**	**7,034,651**

The notes on pages 85 to 120 form an integral part of these financial statements
Independent auditor's report is set out on page 79.

Statement of Cash Flows

(All amounts in Sri Lanka Rupees Thousands)

	Note	Year ended 31 March 2015	2014
Cash flows from operating activities			
Cash generated from operations	30	1,183,246	1,754,598
Finance income received	10	61,538	87,450
Finance cost paid	10	(3,206)	(297)
Retirement benefit obligations paid	23	(3,134)	(4,019)
Net cash generated from operating activities		**1,238,444**	**1,837,732**
Cash flows from investing activities			
Additions or expenses incurred on capital work-in-progress	15	(610,327)	(897,438)
Proceeds from sale of property, plant and equipment		123	25
Net cash used in investing activities		**(610,204)**	**(897,413)**
Cash flows from financing activities			
Dividend paid	13	(858,978)	(707,402)
Proceeds received from share issue	27	52,670	Nil
Net cash used in financing activities		**(806,308)**	**(707,402)**
Net (decrease) / increase in cash and cash equivalents		**(178,068)**	**232,917**
Cash and cash equivalents at beginning of year		2,069,969	1,837,052
Cash and cash equivalents at end of year	20	**1,891,901**	**2,069,969**

The notes on pages 85 to 120 form an integral part of these financial statements
Independent auditor's report is set out on page 79.

Notes to the Financial Statements

(In the notes all amounts are shown in Sri Lanka Rupees Thousands unless otherwise stated)

1. GENERAL INFORMATION

Textured Jersey Lanka PLC is a public limited company incorporated in Sri Lanka on 12 June 2000, listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011. The registered office of the Company is located at Block D8-D14, C V Gooneratne Seethawaka International Industrial Park, Avissawella. The Company carries on the business of manufacturing and selling of weft knit fabrics. Further the Company earns management fees from related companies by providing technical support services in relation to manufacture and production of fabric.

These financial statements have been approved for issue by the Board of Directors on 27 May 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards (LKASs / SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards (LKASs / SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka.

These financial statements are prepared under the historical cost convention. The preparation of financial statements in conformity with LKASs / SLFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements are prepared and presented in United States Dollars (US$), in accordance with and comply with Sri Lanka Accounting Standards and the conversion to Sri Lanka Rupees is performed in accordance with the recommendations made in the Sri Lanka Accounting Standard (LKAS) 21; The Effects of Changes in Foreign Exchange Rates. The procedures followed are as follows:

(a) Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position.

(b) Income and expenses for each income statement (including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

The preparation and the presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Changes in accounting policy and disclosures

(a) New accounting standards, amendments and interpretations adopted in 2014

(i) Amendment to LKAS 1 'Financial Statement Presentation', regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(ii) SLFRS 13 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Sri Lanka Accounting Standards.

(b) New accounting standards, amendments and interpretations issued but not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these

Notes to the Financial Statements contd.

is expected to have a significant effect on the financial statements of the Company.

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

SLFRS 15, 'Revenue from Contracts with Customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces LKAS 18 and LKAS 11 and related interpretations. This standard will be effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted.

There are no other Standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.3 Foreign currency translation

(a) Functional and presentation currency

The financial statements are prepared and presented in United States Dollars (USD), the currency of the primary economic environment in which the entity operates. The Directors of the Company are of the opinion that the use of USD as the functional currency provides information about the Company that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company as:

i) It is the currency mainly influences sales prices for goods and services which are denominated and settled in USD.

ii) It is the currency mainly influences material costs of providing goods and services, the currency in which such costs are denominated and settled in USD.

Hence the Directors of the Company have decided to use United States Dollars as the functional currency from the date of incorporation.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the monthly average exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses are presented in the income statement within 'net finance income.

2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

(a) Cost

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one year.

All property, plant and equipment is initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Cost of long term capital projects are carried forward in capital work-in-progress until they are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation is calculated using the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from the date of acquisition, date available for use or date of commencement of use. On disposal of assets depreciation is calculated exclusive of the date on which disposal takes place.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold buildings	30 to 50 years
Plant, machinery & equipment installation	3 to 10 years
Fixtures, fittings & factory equipment	4 to 8 years
Office equipment	5 years
Computer & communication equipment	4 years
Motor vehicles	4 years

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

(c) Borrowing costs

Interest costs on borrowings to finance the construction of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

Gains / (losses) on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(d) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the income statement.

2.5 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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2.6 Intangible assets

Intangible assets wholly consists of cost of computer software. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.7 Accounting for leases by the lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of lease.

2.8 Financial instruments

2.8.1Financial assets

2.8.1.1 Classification

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investment or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. At the date of the statement of financial position and during the reporting period, there were no financial assets classified as fair value through profit or loss, held-to-maturity or available-for-sale.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

The Company classifies its financial assets as loan and receivables. Those financial assets include cash and cash equivalents and trade and other receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Note 2.10 and 2.11).

2.8.1.2 Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using effective interest method.

2.8.1.3 Derecognition

Loans and receivables are derecognised when:

(i) The rights to receive cash flows from the asset have expired / transferred or:

(ii) The Company has transferred substantially all the risks and rewards of ownership.

2.8.1.4 Impairment of financial assets

Assets carried at amortised cost (Loans and receivables)

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.8.2 Financial liabilities

2.8.2.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Company classifies its financial liabilities as other financial liabilities, based on the purpose for which the financial liabilities were issued. Other financial liabilities mainly include trade and other payables and bank overdraft.

2.8.2.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

2.8.2.3 De-recognition

The Company derecognises a financial liability when its contractual obligations are discharged or canceled or expired.

2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured

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at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

2.12 Stated capital

The ordinary shares are classified as equity.

2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

"Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Employee benefits

(a) Defined benefit plan - Gratuity

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983.

The liability recognised in the statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the date of statement of financial position. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds, as there is no deep market for high quality corporate bonds in Sri Lanka.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 23 to the financial statements.

(b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. The Company has no further payment obligations once the contributions have been paid. The Company and the employees are members of these defined contribution plans.

(c) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

(a) Current taxes

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

(b) Deferred income taxes

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The principal temporary differences arise from depreciation on property, plant and equipment, provisions for defined benefit obligations.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts.

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(a) Goods sold and services rendered
Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer which is the date of customer signing the proof of delivery. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income
Interest income is recognised using the effective interest method.

(c) Other income
Other income is recognised on an accrual basis.

2.20 Expenditure recognition
(a) Operating expenses
The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

(b) Net financing income
Net finance income comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

All interest and other costs incurred in connection with borrowings except for the acquisition or construction of qualifying assets as noted in 2.15 are expensed as incurred as part of net financing costs.

2.21 Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Share based payments
The Company operates an equity settled, share based compensation plan, under which the Company receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified conditions are to be satisfied.

At the end each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non market vesting conditions. The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital.

2.23 Segmental reporting
A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business segment) or in providing products or services within a particular economic environment (Geographical segment), which is subject to risk and rewards that are different from those of other segments.

However, there are no distinguishable components to be identified as segments for the Company.

2.24 Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. A summary of such changes is as follows:

- Employee cost relating to management consultancy service provided which is previously disclosed under cost of sales is now shown net of management consulting income under non operating income .

Management believes that the above re-classification gives a fair presentation.

3. FINANCIAL RISK MANAGEMENT
3.1 Financial risk factors
The principal financial instruments of the Company comprise of short term deposits and cash. The main purpose of these finance instruments is to raise and maintain liquidity for the Company's operations, and maximise returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables

and trade payables which arise directly from its business activities.

The Company is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on the economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time. The Company's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR). The Company's functional currency is USD in which most of the transactions are denominated. Foreign exchange risks arises from local expenses including salaries and wages and, assets and liabilities denominated in Sri Lanka Rupees.

Sensitivity analysis

At 31 March 2015, if the LKR had strengthened by 1% against USD in the financial year, profit after tax would have been decreased by LKR 25,839,041. The analysis assumes that all other variables, in particular interest rates, remain constant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates to primarily to the Company's short-term investments and bank overdraft rates. The Company manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

(iii) Price risk

Price risk represents the risk that the fair value of future cash flows of a financial statement will fluctuate because of a change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not directly exposed to commodity price risk.

(iv) Cash flow and fair value interest rate risk

As the Company has no long term interest bearing assets or liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

The credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table show the maximum risk positions.

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As at 31 March 2015	Trade and other receivables	Amounts due from related parties	Cash and cash equivalents	Total
Risk exposure				
Trade and other receivables				
(excluding prepayment and statutory receivables)	582,868	Nil	Nil	582,868
Amounts due from related parties (Note 19)	Nil	704,296	Nil	704,296
Cash and cash equivalents	Nil	Nil	1,914,131	1,914,131
	582,868	704,296	1,914,131	3,201,295

As at 31 March 2014	Trade and other receivables	Amounts due from related parties	Cash and cash equivalents	Total
Risk exposure				
Trade and other receivables				
(excluding prepayment and statutory receivables)	734,082	Nil	Nil	734,082
Amounts due from related parties (Note 19)	Nil	454,553	Nil	454,553
Cash and cash equivalents	Nil	Nil	2,121,375	2,121,375
	734,082	454,553	2,121,375	3,310,010

(c) Liquidity risk

The Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities at 31 March based on contractual undiscounted payments.

As at 31 March 2015	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 2 years	Total
Liabilities				
Bank overdrafts (Note 22)	22,730	Nil	Nil	22,730
Amounts due to related companies (Note 21)	728,691	Nil	Nil	728,691
Trade and other payables				
(excluding statutory liabilities and provisions)	698,590	Nil	Nil	698,590
Total liabilities	**1,450,011**	**Nil**	**Nil**	**1,450,011**

As at 31 March 2014	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 2 years	Total
Liabilities				
Bank overdrafts (Note 22)	51,906	Nil	Nil	51,906
Amounts due to related companies (Note 21)	1,046,279	Nil	Nil	1,046,279
Trade and other payables				
(excluding statutory liabilities and provisions)	758,241	Nil	Nil	758,241
Total liabilities	**1,856,426**	**Nil**	**Nil**	**1,856,426**

3.2 Fair value estimation
The Company's financial assets and liabilities include receivables, cash and cash equivalents, other payables and borrowings. The carrying amounts of these assets and liabilities approximate their fair values.

3.3 Capital management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company represents equity attributable to owner of the Company, comprising issued share capital and retained earnings.

As at 31 March 2015, the Company is fully funded by equity. The borrowing as at 31 March 2015 consist of a book overdraft.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

4.1 Critical accounting estimates and assumptions
(a) Estimated impairment of non-current assets
Management tests annually the indicators to ascertain whether non-current assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.5. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that any reasonably possible change in the estimated future cash flows of the operations on which the recoverable amounts of the cash-generating units is based would not cause the cash-generating units' carrying on amount to exceed its recoverable amount.

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(b) Defined benefit plan - Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

Management determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 23.

(c) Estimated useful lives of Property, Plant and Equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(d) Fair value of derivatives and other financial instruments

Certain financial instruments such as derivative financial instruments and certain elements of borrowings are carried on the statement of financial position at fair value, with changes in fair value reflected in the statement of comprehensive income.

The fair value of financial instruments are not traded in an active market is determined by using valuation techniques and valuation rates obtained from counterparty banks. The Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period.

(e) Provisions

The Company recognises provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each statement of financial position date and adjusted to reflect the Company's current best estimate.

4.2 Critical judgements in applying the entity's accounting policies

No judgements have been made in applying the entity's accounting policies.

5. REVENUE

	2015	2014
Exports	703,120	890,335
Indirect exports	12,893,579	11,787,465
Local sales	81,763	46,915
	13,678,462	**12,724,715**

The Company has declared the Revenue for Direct and Indirect Tax purposes in Sri Lanka.

6. OTHER INCOME - NET

Other income consists of scrap sales of LKR 36,301,725 (2014 - LKR 29,965,969) net of loss on disposal of property, plant and equipment of LKR 9,365,780 (2014 - LKR 13,579,159).

7. EXPENSES BY NATURE

The following items have been charged / (credited) in arriving at operating profit.

	2015	2014
Directors' emoluments	22,655	11,184
Auditors' remuneration - audit	1,743	1,750
Auditors' remuneration - non audit	547	107
	2,290	1,857
Depreciation (Note 14)	339,556	315,529
Provision / (reversal of provision) for slow and non moving inventories [Note 18(a)]	8,487	(7,309)
Reversal of provision for impairment of trade receivables [Note 19 (a)]	(360)	(389)
Amortisation of intangible assets (Note 16)	21,219	23,720
Amortisation of lease rentals paid in advance [Note 19 (f)]	3,710	3,911
Repair and maintenance expenditure	141,417	165,641
Reversal of previously written off ESC	(11,983)	(10,491)
Employee benefit expense (Note 9)	1,000,620	899,071

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8. NON OPERATING INCOME

	2015	2014
Management consultancy income [See Note (a)]	124,920	48,595
Cost incurred in relation to Consultants	(22,231)	(9,898)
	102,689	**38,697**

(a) Non operating income wholly consists of management consultancy income received from Ocean India (Private) Limited (LKR 39,542,392) and Ocean Mauritius Limited (LKR 85,377,500), the related companies, net of cost incurred in relation to Consultants. The Company provides technical support services in relation to manufacture and production of fabric of these companies.

9. EMPLOYEE BENEFIT EXPENSE

	2015	2014
Salaries, wages and other fringe benefits	902,024	798,286
Defined contribution plans	73,236	65,330
Retirement benefit obligations (Note 23)	25,360	15,982
Share options granted to directors and employees (Note 29)	Nil	19,473
	1,000,620	**899,071**

Average no of persons employed by the company during the year - full time	**1,166**	**1,145**

10. NET FINANCE INCOME

	2015	2014
Finance income:		
Net foreign transaction and translation gains	Nil	3,300
Interest income on short term deposits	61,538	87,450
	61,538	**90,750**
Finance costs:		
Net foreign transaction and translation losses	(523)	Nil
Interest expense		
- bank overdrafts	(3,206)	(297)
Total finance cost	(3,729)	(297)
Net finance income	**57,809**	**90,453**

11. INCOME TAX EXPENSE

	2015	2014
Current income tax:		
Current income tax on profits for the year	13,250	9,754
(Over)/Under provision for income tax in respect of prior year	(1,267)	737
Total current tax:	**11,983**	**10,491**
Deferred tax:		
Origination and reversal of temporary differences (Note 24)	17,402	29,824
Income tax expense	**29,385**	**40,315**
Deferred tax released to other comprehensive Income (Note 24)	(1,362)	(3,753)
Income tax charged to statement of comprehensive income	**28,023**	**36,562**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Company as follows:

	2015	2014
Profit before tax	1,361,544	1,193,087
Tax calculated at a tax rate of 12% (2014 -12%)	163,385	143,170
Income not subject to tax	(125,652)	(124,065)
Expenses not deductible for tax purposes	1,885	2,996
(Over)/Under provision for income tax in respect of prior year	(1,267)	737
Adjustments due to the estimated deferred tax base in previous years	(8,966)	17,477
Tax charge	**29,385**	**40,315**

In terms of the agreement with the Board of Investment of Sri Lanka, profit and income attributable to exports (direct and indirect) are exempted from income tax for a period of 15 years commencing from 12 September 2001.

The tax charge for the year represents the income tax on local sales and on interest income.

Further information about deferred tax is provided in Note 24.

Notes to the Financial Statements contd.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2015	2014
Profit attributable to equity holders of the Company	1,332,159	1,152,772
Weighted average number of ordinary shares [Note 27(b)]	658,957	655,002
Basic earnings per share - LKR	2.02	1.76

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. A weighted average number of 3,954,127 shares were added to the weighted average number of ordinary shares which were used in calculation of Basic earnings per share in arriving at the Weighted average number of ordinary shares for calculating diluted earnings per share.

	2015	2014
Profit attributable to equity holders of the Company	1,332,159	1,152,772
Weighted average number of ordinary shares for diluted earnings per share	658,957	658,957
Diluted earnings per share - LKR	2.02	1.75

13. DIVIDEND PER SHARE

	2015		2014	
	Per share LKR	LKR	Per share LKR	LKR
Declared and paid during the year				
Final Dividend [See note (a) below]	0.80	528,602	0.58	379,901
Interim Dividend	0.50	330,376	0.50	327,501
Total Dividend	**1.30**	**858,978**	**1.08**	**707,402**

(a) Previous years' final dividend paid in the current year.

(b) The Company has paid a final dividend of LKR 528,601,972 (USD 4,059,603) representing LKR 0.80 approved by the shareholders at the Annual General Meeting held on 7 August 2014 in respect of the year ended 31 March 2014. Further, the Company declared and paid an interim dividend of LKR 330,376,233 (USD 2,477,687) representing LKR 0.50 per share for the year ended 31 March 2015.The Board of Directors are yet to declare the final dividend for the year ended 31 March 2015 which is to be approved by the shareholders at the Annual General Meeting to be held on 6 August 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings on Leasehold land	Plant, machinery & equipment installation	Fixtures, fittings & factory equipment	Office equipment	Computer & communication equipment	Motor vehicles	Total
At 31 March 2013							
Cost	1,210,622	3,805,041	525,240	20,672	212,621	Nil	5,774,196
Accumulated depreciation	(169,634)	(2,753,876)	(358,668)	(17,270)	(186,105)	Nil	(3,485,553)
Net book amount	**1,040,988**	**1,051,165**	**166,572**	**3,402**	**26,516**	**Nil**	**2,288,643**
Year ended 31 March 2014							
Opening net book value	1,040,988	1,051,165	166,572	3,402	26,516	Nil	2,288,643
Transfers from capital work-in-progress (Note 15)	847	79,443	16,487	1,782	37,176	16,821	152,556
Disposals - cost	Nil	(41,548)	(9,331)	Nil	(22,430)	Nil	(73,309)
Disposals - accumulated depreciation	Nil	25,977	9,331	Nil	22,416	Nil	57,724
Effect of change in foreign exchange rates	31,593	31,310	4,943	106	887	68	68,907
Depreciation charge (Note 7)	(25,487)	(221,785)	(46,034)	(1,166)	(19,559)	(1,498)	(315,529)
Closing net book amount	**1,047,941**	**924,562**	**141,968**	**4,124**	**45,006**	**15,391**	**2,178,992**
At 31 March 2014							
Cost	1,248,343	3,958,992	548,425	23,092	233,910	16,896	6,029,658
Accumulated depreciation	(200,402)	(3,034,430)	(406,457)	(18,968)	(188,904)	(1,505)	(3,850,666)
Net book amount	**1,047,941**	**924,562**	**141,968**	**4,124**	**45,006**	**15,391**	**2,178,992**
Year ended 31 March 2015							
Opening net book value	1,047,941	924,562	141,968	4,124	45,006	15,391	2,178,992
Transfers from capital work-in-progress (Note 15)	Nil	479,836	28,260	3,006	17,104	Nil	528,206
Disposals - cost	Nil	(92,388)	(89)	(39)	(544)	Nil	(93,060)
Disposals - accumulated depreciation	Nil	83,040	69	28	434	Nil	83,571
Effect of change in foreign exchange rates	22,449	23,863	2,807	114	913	268	50,414
Depreciation charge (Note 7)	(26,245)	(239,881)	(46,417)	(1,511)	(21,254)	(4,248)	(339,556)
Closing net book amount	**1,044,145**	**1,179,032**	**126,598**	**5,722**	**41,659**	**11,411**	**2,408,567**
At 31 March 2015							
Cost	1,275,585	4,439,029	589,014	26,610	255,838	17,264	6,603,340
Accumulated depreciation	(231,440)	(3,259,997)	(462,416)	(20,888)	(214,179)	(5,853)	(4,194,773)
Net book amount	**1,044,145**	**1,179,032**	**126,598**	**5,722**	**41,659**	**11,411**	**2,408,567**

(a) Property, plant and equipment include fully depreciated assets still in use the cost of which as at 31 March 2015 amounted to LKR 2,312,298,159 (2014 - LKR 2,324,140,753).

(b) The Company has constructed nine buildings on four plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2015 are 36, 20, 23 and 23 years respectively (Note 26).

(c) Depreciation expense of LKR 324,474,036 (2014 - LKR 305,288,130) and LKR 15,082,001 (2014 - LKR 10,240,895) has been charged to cost of goods sold and administrative expenses respectively.

Notes to the Financial Statements contd.

15. CAPITAL WORK-IN-PROGRESS

	2015	2014
Balance at beginning of the year	779,820	67,758
Expenses incurred	610,327	897,438
Transferred to property, plant and equipment (Note 14)	(528,206)	(152,556)
Effect of change in foreign exchange rates	18,082	5,217
Transferred to intangible assets (Note16)	(15,589)	(38,037)
Balance at end of the year	**864,434**	**779,820**

(a) Capital work-in-progress as at 31 March 2015 mainly comprises with water treatment plant construction expenses which is related to the expansion project amounting to LKR 34,776,269 (2014 - LKR 338,358,088) and construction expenses incurred on multi fuel power project amounting to LKR 761,783,444 (2014 - LKR 415,397,592).

16. INTANGIBLE ASSETS

This intangible assets wholly consists of expenditure incurred on software development by the Company.

	Software Development
At 1 April 2013	
Cost	242,334
Accumulated amortisation	(201,252)
Net book amount	**41,082**
Year ended 31 March 2014	
Opening net book amount	41,082
Transferred from capital work-in-progress (Note 15)	38,037
Effect of change in foreign exchange rates	1,316
Amortisation charge (Note 7)	(23,720)
Closing net book amount	**56,715**
At 31 March 2014	
Cost	287,922
Accumulated amortisation	(231,207)
Net book amount	**56,715**
Year ended 31 March 2015	
Opening net book amount	56,715
Transferred from capital work-in-progress (Note 15)	15,589
Effect of change in foreign exchange rates	1,147
Amortisation charge (Note 7)	(21,219)
Closing net book amount	**52,232**
At 31 March 2015	
Cost	310,043
Accumulated amortisation	(257,811)
Net book amount	**52,232**

Amortisation charge amounting to LKR 21,218,936 (2014 - LKR 23,719,679) relating to the intangible assets are included in cost of sales.

Notes to the Financial Statements contd.

17. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets - Loans and receivables

	2015	2014
Trade receivables (Note 19)	561,992	584,698
Other receivables (excluding statutory receivables and advances)	20,876	149,384
Amounts due from related companies (Note 19)	704,296	454,553
Cash and cash equivalents (Note 20)	1,914,631	2,121,875
	3,201,795	**3,310,510**

(b) Financial liabilities - Other financial liabilities at amortised cost

	2015	2014
Trade payables (Note 21)	397,306	370,420
Accrued expenses (excluding non financial liabilities)	116,440	197,019
Other payables (excluding statutory payables and provisions)	55,632	82,374
Amount due to related companies (Note 21)	728,691	1,046,279
Bank overdrafts (Note 22)	22,730	51,906
	1,320,799	**1,747,998**

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:

Trade receivables and amount due from related parties:

	2015	2014
Export customers / overseas	86,129	69,559
Local customers	476,799	516,850
Related parties	696,018	450,603
	1,258,946	**1,037,012**

	2015	2014
Counterparties without external credit rating:		
Group 1	1,257,979	1,036,136
Group 2	967	876
Group 3	Nil	Nil
Total unimpaired trade and related party receivables	**1,258,946**	**1,037,012**

Group 1 – customers/related parties (less than 6 months).

Group 2 – customers/related parties (more than 6 months) with no defaults in the past.

Group 3 – customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Cash and cash equivalents:

	2015	2014
AAA	136,457	249,044
AA+	1,768,760	1,864,125
AA	6,873	4,348
A+	2,041	3,858
Cash in hand	500	500
	1,914,631	**2,121,875**

18. INVENTORIES

	2015	2014
Raw materials	695,453	618,062
Work-in-progress	560,977	521,030
Finished goods	171,370	350,324
Engineering spares, needles and sinkers	126,185	137,884
Effluent chemicals, fuel and consumables	115,545	46,577
Goods in transit	291,924	248,651
Scrap items	Nil	1,989
	1,961,454	**1,924,517**

(a) Inventories are stated after a provision for impairment of inventories and the total movement on the provision is as follows:

	2015	2014
Balance at the beginning of the year	189,270	190,801
Effect of change in foreign exchange rates	4,266	(5,778)
Provision / (reversal of provision) for slow and non moving inventories (Note 7)	8,487	(7,309)
Balance at the end of the year	**202,023**	**189,270**

Notes to the Financial Statements contd.

19. TRADE AND OTHER RECEIVABLES

	2015	2014
Current		
Trade receivables - external customers	562,928	586,409
Less - provision for impairment	(936)	(1,711)
	561,992	**584,698**
Trade receivable due from related companies [See Note 31 (v) a]	696,018	450,603
Less - provision for impairment	(734)	(282)
	695,284	**450,321**
Other receivables from related companies [See Note 31 (v) b]	9,012	4,232
	704,296	**454,553**
Prepayments	119,353	112,627
Other receivables [See Note (g) below]	158,701	221,386
	1,544,342	**1,373,264**
Less		
Non current portion of lease rentals paid in advance		
[See note (f) below]	(90,556)	(92,319)
Current portion	**1,453,786**	**1,280,945**

(a) The movements on the impairment provision on trade and other receivables are as follows:

	2015	2014
Balance at beginning of the year	1,993	2,313
Effect of change in foreign exchange rates	37	69
Reversal of provision for impairment of		
trade receivables (Note 7)	(360)	(389)
Balance at end of the year	**1,670**	**1,993**

As of 31 March 2015, trade receivables from external customers and related companies amounting to LKR 1,670,394 (2014 - LKR 1,992,695) were impaired. The amount of the reversal of provision was LKR 360,030 for the year ended 31 March 2015 (2014 - LKR 389,150). The ageing of these impaired receivables is as follows:

	2015	2014
3 to 6 months	660	1,993
Over 6 months	1,010	Nil
	1,670	**1,993**

19. TRADE AND OTHER RECEIVABLES (CONTD)

(b) Trade receivables from external customers and related companies by credit quality are as follows:

	2015	2014
Neither past due nor impaired	1,210,987	967,016
Past due but not impaired	46,289	68,003
Impaired	1,670	1,993
	1,258,946	**1,037,012**

(c) Trade receivables from external customers and related companies that are past due but not impaired relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2015	2014
Amount overdue:		
Up to 3 months	46,289	68,003
3 months to 6 months	Nil	Nil
	46,289	**68,003**

(d) The carrying amounts of trade and other receivables (current and non-current) are denominated in following currencies:

	2015	2014
US Dollars	1,436,151	1,300,930
LKR	108,191	72,334
	1,544,342	**1,373,264**

(e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

(f) The non-current portion of prepayments solely consists of the operating lease paid in advance for the lands occupied by the Company. The Company amortises the leasehold lands over the lease period, on a straight line basis. Current portion of prepayments on leasehold lands are included in prepayments under trade and other receivables - current. Reconciliation of the prepaid operating lease is as follows:

Notes to the Financial Statements contd.

	2015	2014
At beginning of the year	96,008	96,983
Effect of change in foreign exchange rates	2,035	2,936
Amortisation (Note 7)	(3,710)	(3,911)
At end of the year	**94,333**	**96,008**

Prepaid operating leases can be analysed as follows:

	2015	2014
Current (Not later than one year)	3,777	3,689
Non-current (Later than one year)	90,556	92,319
	94,333	**96,008**

(g) Other receivables mainly consists of advances to suppliers amounting to LKR 30,578,199 (2014 - LKR 71,634,231), ESC receivables amounting to LKR 95,708,472 (2014 - LKR 59,734,089) and interest receivables amounting to LKR 13,036,197 (2014 - LKR 22,788,786).

(h) As of 31 March 2015, trade receivables of LKR 1,210,986,954 (2014 - LKR 967,016,468) were fully performing.

(i) The other classes within trade and other receivables do not contain impaired assets.

20. CASH AND CASH EQUIVALENTS

	2015	2014
Short term bank deposits	1,742,106	1,828,400
Cash at bank and in hand	172,525	293,475
	1,914,631	**2,121,875**

The weighted average effective interest rate on short term deposits (USD) was 3.65% - 4.0% (year ended 31 March 2014 - 4% -5.5%).

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2015	2014
Cash and bank balances	1,914,631	2,121,875
Bank overdrafts (Note 22)	(22,730)	(51,906)
	1,891,901	**2,069,969**

21. TRADE AND OTHER PAYABLES

	2015	2014
Trade payables	397,306	370,420
Amounts due to related companies [Note 31 (vi)]	728,691	1,046,279
Accrued expenses [See Note (a) below]	245,651	305,447
Other payables	70,346	95,947
	1,441,994	**1,818,093**

(a) Accrued expenses mainly consists of accrued employee bonus of LKR 131,616,530 (2014 - LKR 112,061,591), electricity expenses of LKR 35,597,788 (2014 - LKR 30,044,399) and air freight expenses of LKR 17,420,430 (2014 - LKR 79,005,425).

22. BORROWINGS

	2015	2014
Current		
Bank overdrafts	**22,730**	51,906

(a) Bank overdrafts as of 31 March 2015 reflect a book overdrawn position.

(b) The interest rate exposure of the borrowings of the Company are as follows:

	2015	2014
Total borrowings:		
- at floating rates	**22,730**	51,906
Weighted average effective interest rates:		
- Bank overdrafts	**LIBOR + 1.25%**	LIBOR + 3.75 %

Notes to the Financial Statements contd.

23. RETIREMENT BENEFIT OBLIGATIONS - GRATUITY

	2015	2014
Statement of financial position obligations for:		
Gratuity benefits	131,969	98,389
Statement of comprehensive income charge:		
Gratuity benefits	25,360	15,982
Other comprehensive income:		
Remeasurement losses	11,354	31,272

(a) The movement in the defined benefit obligation over the year is as follows:

	2015	2014
At the beginning of the year	98,389	55,154
Current service cost	14,921	8,535
Interest cost	10,439	7,447
Remeasurement losses	11,354	31,272
Benefits paid	(3,134)	(4,019)
At the end of the year	**131,969**	**98,389**

The amounts recognised in the statement of comprehensive income are as follows:

	2015	2014
Current service cost	14,921	8,535
Interest cost	10,439	7,447
Total included in employee benefit expense (Note 9)	**25,360**	**15,982**

As stated in paragraph 2.17 (a) under summary of significant accounting policies, an actuarial valuation was carried out by an independent actuary, Messer Piyal S Goonetilleke and Associates, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2015. The provision for gratuity is not externally funded.

(b) The principal actuarial assumptions used in the calculation were as follows:

		2015	2014
Discount rate		10.00%p.a	10.61% p.a
Future salary increases	- non executive staff	10% p.a	10% p.a
	- executive staff	10% p.a	10% p.a
Staff turnover factor	- non executive staff	Age-related	Age-related
	- executive staff	Age-related	Age-related

In addition to the above, demographic assumptions such as mortality, disability and retirement age were considered for the actuarial valuation. GA 1983 Mortality Table was taken as the basis for the mortality assumption.

(c) The sensitivity of the gratuity to changes in the weighted principal assumptions is:

	Impact on retirement benefit obligations		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1%	Decrease by 13%	Increase by 16%
Future salary increase	1%	Increase by 16%	Decrease by 14%
Staff turnover factor	1%	Decrease by 5%	Increase by 5%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions the same method (present value of the retirement benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

(d) Maturity profile of the gratuity liability:

The weighted average duration of the gratuity obligation is 18.8 years. The expected maturity analysis of undiscounted retirement obligation:

	2015	**2014**
Less than 1 year	3,013	3,281
Between 1 – 2 years	6,054	3,013
Between 2 – 5 years	28,467	24,889
Over 5 years	157,721	132,353
Total	**195,255**	**163,536**

Notes to the Financial Statements contd.

24. DEFERRED INCOME TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method and are measured using a tax rate of 12% applicable on profit on the expiry of the tax exemption period in 2016. The movement on the deferred income tax account is as follows:

	2015	2014
At the beginning of the year	95,927	67,678
Charged to statement of comprehensive income (Note 11)	17,402	29,824
Effect of change in foreign exchange rates	2,349	2,178
Tax release relating to components of other comprehensive income (Note 11)	(1,362)	(3,753)
At end of the year	**114,316**	**95,927**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2015	2014
Deferred tax assets :		
- Deferred tax assets to be recovered after more than 12 months	(37,493)	(29,315)
Deferred tax liabilities :		
- Deferred tax liabilities to be recovered after more than 12 months	139,652	103,707
- Deferred tax liabilities to be recovered within 12 months	12,157	21,535
	151,809	125,242
Deferred tax liabilities (net)	**114,316**	**95,927**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation	Total
At 1 April 2013	101,967	101,967
Effect of change in foreign exchange rates	3,195	3,195
Charged to income statement	20,080	20,080
At 31 March 2014	125,242	125,242
Effect of change in foreign exchange rates	3,108	3,108
Charged to income statement	23,459	23,459
At 31 March 2015	**151,809**	**151,809**

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables	Tax losses	Total
At 1 April 2013	(8,815)	(22,897)	(277)	(2,300)	(34,289)
Charged to income statement	1,042	6,295	47	2,360	9,744
Effect of change in foreign exchange rates	(280)	(668)	(9)	(60)	(1,017)
Credited to directly to other comprehensive income	(3,753)	Nil	Nil	Nil	(3,753)
At 31 March 2014	(11,806)	(17,270)	(239)	Nil	(29,315)
(Credited) / charged to income statement	(2,350)	(3,750)	43	Nil	(6,057)
Effect of change in foreign exchange rates	(319)	(436)	(4)	Nil	(759)
Credited directly to other comprehensive income	(1,362)	Nil	Nil	Nil	(1,362)
At 31 March 2015	**(15,837)**	**(21,456)**	**(200)**	**Nil**	**(37,493)**

25. CONTINGENCIES

There were no material contingent liabilities outstanding as at the financial position date.

26. COMMITMENTS

Operating lease commitments

The Company obtained a land consisting of 18.18 acres on a 50 year lease for which the Company has a commitment to pay an annual fee of LKR 505,698 per acre, to the Board of Investment as lease rent. Further, the Company obtained another block of land on a 30 year lease during the financial year ended 31 December 2006 in order to construct residential facilities for the employees for which the Company has an additional commitment to pay an annual fee of LKR 1,450 per acre, on 3.063 acres.

Further, the Company obtained another 2 blocks of land on a 30 year lease on 23 March 2007 in order to facilitate the expansion of production capacity, for which the Company is committed to pay an annual fee of LKR 505,698 per acre, on 12.130 acres.

The future aggregate minimum lease payments under cancellable operating leases are as follows:

	2015	2014
No later than one year	15,573	15,240
Later than one year and no later than five years	62,291	60,961
Later than five years	401,809	408,468
	479,673	**484,669**

Notes to the Financial Statements contd.

Capital commitments

Capital expenditure contracted at the end of the reporting period, but not yet incurred is as follows:

	2015	2014
Property, plant and equipment	Nil	34,726

27. STATED CAPITAL

	No. of Shares	Amount (LKR)
At 31 March 2013	655,002,440	2,797,229
At 31 March 2014	655,002,440	2,797,229
Employee Share Option Scheme :		
- Proceeds from share issue	5,750,025	52,670
At 31 March 2015	660,752,465	2,849,899

(a) All issued shares are fully paid.

(b) For the purpose of calculation of diluted earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.

28. EXCHANGE EQUALISATION RESERVE

The exchange equalisation reserve at the statement on financial position date represents all exchange differences resulting from the translation of assets, liabilities, income, expenses and equity items as explained in Note 2.1 to the accounting policies.

29. SHARE-BASED PAYMENTS

Share options were granted to selected employees in 2013. The exercise price of the granted options was equal to the market price of the shares less 25% on the date of the grant. The options were exercisable starting eleven months from the grant date. The Company had no legal or constructive obligation to repurchase or settle the option in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price as per share option	No of options (thousands)	Average exercise price as per share option	No of options (thousands)
At the beginning of the year	9.16	5,750	Nil	Nil
Granted	Nil	Nil	9.16	5,750
Exercised	9.16	(5,750)	Nil	Nil
At the end of year	**Nil**	**Nil**	**9.16**	**5,750**

The fair value of the option amounting to LKR 19,473,190 (USD 149,794) was recognised as an employee benefits expenses and credited to a reserve.

All the outstanding options were exercised during the year and resulted in 5,750,025 shares being issued at a weighted average price of 9.16 which amounted to LKR 52,670,229 (USD 403,541). The related weighted average share price at the time of exercise was LKR 20.30 (2014: Nil) per share. Also see Note 31 (viii).

Notes to the Financial Statements contd.

30. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	2015	2014
Profit before tax	1,361,544	1,193,087
Adjustments for:		
Depreciation (Note 14)	339,556	315,529
Amortisation of intangible assets (Note 16)	21,219	23,720
Amortisation of lease rentals paid in advance [Note 19 (f)]	3,710	3,911
Provision / (reversal of provision) for impairment of inventories [Note 18 (a)]	8,487	(7,309)
Reversal of provision for impairment of trade receivables [Note 19 (a)]	(360)	(389)
Reversal of previously written off ESC (Note 7)	(11,983)	(10,491)
Interest income (Note 10)	(61,538)	(87,450)
Interest expense (Note 10)	3,206	297
Loss on disposal of property, plant and equipment (Note 6)	9,366	13,579
Effect of change in foreign exchange rates	78,683	62,014
Share based payment (Note 9)	Nil	19,473
Retirement benefit obligations (Note 23)	25,360	15,982
Changes in working capital:		
- inventories	(45,424)	(74,892)
- trade and other receivables	(172,481)	102,180
- trade and other payables	(376,099)	185,357
Cash generated from operations	**1,183,246**	**1,754,598**

31. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS

The directors of the Company are also directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Wing Tak Bill Lam	Sriyan Joseph de Silva Wijeyeratne	Mohamed Ashroff Omar	Wai Loi Wan	Tsang Kang Po	Hasitha Premaratne	Amitha Lal Gooneratne	Malik Kumar Ranasinghe
Pacific Textiles Limited	✓	-	-	-	✓	-	-	-
Pacific Overseas Textiles Macao Commercial Offshore Limited	-	-	-	✓	-	-	-	-
Brandix Lanka Limited	-	-	✓	-	-	-	-	-
Brandix Apparel Limited	-	-	✓	-	-	-	-	-
Quenby Lanka Prints (Private) Limited	-	-	✓	-	-	✓	-	-
Ocean India (Private) Limited	-	-	✓	-	-	✓	-	-
Ocean Mauritius Limited	-	-	✓	-	-	✓	-	-
Ocean Lanka (Private) Limited	-	-	-	-	-	✓	-	-

31. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD)

The following transactions were carried out with related parties under normal commercial terms:

(i) Sale of goods and services:

	2015	2014
Sale of goods:		
Brandix Apparel Limited	6,072,407	5,719,344
Quenby Lanka Prints (Private) Limited	202,814	477,432
Ocean India (Private) Limited	34,032	301,702
	6,309,253	**6,498,478**

(ii) Purchase of goods and services:

	2015	2014
Purchase of raw materials:		
Pacific Textiles Limited	1,084,203	1,163,133
Pacific Overseas Textiles Macao Commercial Offshore Limited	3,446,648	3,443,715
Quenby Lanka Prints (Private) Limited	237,310	174,302
Ocean India (Private) Limited	513,571	570,771
Ocean Lanka (Private) Limited	9,736	2,726
Brandix Apparel Limited	Nil	4,044
	5,291,468	**5,358,691**

(iii) Purchase of administrative and other services:

	2015	2014
Pacific Textiles Limited	28,698	18,174
Brandix Lanka Limited	9,526	17,010
Quenby Lanka Prints (Private) Limited	Nil	272
	38,224	**35,456**

(iv) Consultancy fees received / receivable for technical and other support services provided by the Company:

	2015	2014
Ocean India (Private) Limited	39,542	16,237
Ocean Mauritius Limited	85,378	42,257
	124,920	**58,494**

Notes to the Financial Statements contd.

31. DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS (CONTD.)

Outstanding balances arising from sale / purchase of goods / services:

(v) Receivables from related parties:

	2015	2014
(a) Trade receivables		
Brandix Apparel Limited	641,601	429,999
Ocean India (Private) Limited	54,417	20,131
Ocean Lanka (Private) Limited	Nil	473
	696,018	450,603
Less - provision for impairment of amounts due from related companies	(734)	(282)
	695,284	**450,321**
(b) Other receivable		
Brandix Lanka Limited	5,980	4,232
Ocean Mauritius Limited	3,032	Nil
	9,012	**4,232**

(vi) Payables to related parties:

	2015	2014
Pacific Textiles Limited	121,952	249,230
Pacific Overseas Textiles Macao Commercial Offshore Limited	604,248	786,227
Quenby Lanka Prints (Private) Limited	2,491	10,822
	728,691	**1,046,279**

(vii) Key Management compensation:

Key management includes the Board of Directors (executive and non-executive) and all members of Company's senior management. The compensation paid or payable to key management for employee services is shown below:

	2015	2014
Salaries and other benefits	95,597	64,894
Post-employment benefits	3,028	2,014
Share based payments	Nil	9,738
	98,625	**76,646**

(viii) Share based payment:

The Company has offered an Employee Share Option Plan ("ESOP") to the senior management personnel for a quantum of 1% of the issued shares as at 26 March 2011. The ESOP will be in the form of options with an exercise price of LKR 15.00 per share and the earliest exercise date for the options was 31 May 2013 with an expiration date of 30 November 2013. A special resolution was passed on 31 March 2011 by the shareholders approving the same. The Company was not required to provide, directly or indirectly, any financial assistance in respect of the said ESOP.

The terms of the Employee Share Option Scheme ("ESOP") were as follows:

(a) The price at which shares were to be issued upon the exercise of the share options granted ("exercise price") was LKR 15.00.

(b) The period during which the employees were to subscribe for the shares of the Company ("exercise period") is was the period commencing from 31 May 2013 to 30 November 2013.

(c) The total number of shares underlying to the share options was 1% of the issued shares of the Company as at 26 May 2011.

The Company revised the exercise price and the exercise period of the ESOP with the approval of shareholders being obtained bay way of special resolution passed at the Annual General Meeting held on 23 July 2013, as follows:

(a) revision of the exercise price from LKR 15.00 per share to LKR 9.16 per share, being the volume weighted average price of the shares of the Company for the thirty (30) day period prior to the grant of the share options, which took place on 5 February 2013; and

(b) revision of the exercise period from the period commencing on 31 May 2013 and ending on 30 November 2013 to the period commencing on 31 May 2014 and ending on 31 August 2014.

The aforesaid revision to the exercise price was proposed in order to accord with the provisions of Section 5.6 of the Listing Rules of the Colombo Stock Exchange that relate to the exercise price of employee share option schemes. The proposed revision to the exercise period as aforesaid was in order to provide the employees with adequate time to consider the revised terms and exercise the share options granted to them on such terms.

The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The weighted average fair value of options granted, determined using the Black-Scholes valuation model was LKR 3.39 per each share underlying options thereby the value of the options (consisting of 5,750,025 underlying shares) was LKR 19,473,190 as at 5 February 2013. The significant inputs into the model were weighted average share price of the Company LKR 12.20 at the grant date, proposed exercise price shown above, volatility of 32.2%, dividend yield of 7.93%, an expected option life of three months and an annual risk-free interest rate of 10.86%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last year.

All the outstanding options were exercised during the year resulting in 5,750,025 shares being issued at a weighted average price of LKR 9.16 which amounted to LKR 52,670,229 (USD 403,541). The related weighted average share price at the time of exercise was LKR 20.30 (2014: Nil) per share.

Notes to the Financial Statements contd.

32. EVENTS AFTER THE END OF REPORTING PERIOD

Pursuant to disclosure made to Colombo Stock Exchange on 12 February 2015, the Board of Directors of the Company has decided to proceed with the acquisition of 100% of issued stated capital of Quenby Lanka Prints (Private) Limited for an agreed purchase consideration of USD 3.5 million (representing 25,611,820 shares at a purchase price of USD 0.14 per share). The entire consideration is due to be paid out in cash to the shareholders of Quenby Lanka Prints (Private) Limited in order to acquire shares of Quenby Lanka Prints (Private) Limited.

Except the matter as disclosed above, no events had occurred since the date of the statement of financial position which would require adjustments to, or disclosure in, the financial statements.

TJL Real Estate Portfolio

BOI Agreement Number	Agreement Date	Lease Period	Area	Buildings		Square Feet	Net Book Value Rs '000	
				Description	No . Of Buildings		31.03.2015	31.03.2014
1) 168	24-Jan-02	50 Years	18.18 Acres	Production Buildings	12	554,847	982,541	984,880
2) 2393	07-Apr-05	30 Years	6 .00 Acres	Residency Buildings	5	25,203	61,605	63,061
3) 282	16-Mar-07	30 Years	2.13 Acres	Nil				
			10.00 Acres	Nil				
		Total	**36.31 Acres**			**580,050**	**1,044,146**	**1,047,941**

Shareholder Information

1. SHAREHOLDERS

The number of Shareholders as at 31 March 2015 was 8,390 (8,982 as at 31 March 2014)

	Residents			Non- Residents			Total		
Number of Shares Held	**No of Share Holders**	**No. of Shares**	**%**	**No of Share Holders**	**No. of Shares**	**%**	**No. of Share Holders**	**No. of Shares**	**%**
1-1,000	4,808	2,443,981	0.37	13	7,517	0.00	4,821	2,451,498	0.37
1,001-5,000	1,936	5,469,453	0.83	7	25,400	0.00	1,943	5,494,853	0.83
5,001-10,000	658	5,302,189	0.80	12	116,500	0.02	670	5,418,689	0.82
10,001-50,000	597	15,082,618	2.28	25	646,607	0.10	622	15,729,225	2.38
50,001-100,000	118	9,361,833	1.42	7	647,200	0.10	125	10,009,033	1.51
100,001-500,000	144	30,640,087	4.64	5	1,181,916	0.18	149	31,822,003	4.82
500,001-1,000,000	28	21,270,819	3.22	2	1,565,002	0.24	30	22,835,821	3.46
Over 1,000,000	26	289,536,770	43.82	4	277,454,573	41.99	30	566,991,343	85.81
Total	**8,315**	**379,107,750**	**57.38**	**75**	**281,644,715**	**42.62**	**8,390**	**660,752,465**	**100.00**

	31 March 2015			31 March 2014		
Categories Of Shareholders	**No. of Share Holders**	**No. of Shares**	**%**	**No. of Share Holders**	**No. of Shares**	**%**
Individuals	8,118	104,567,261	15.83	8,772	82,538,346	12.49
Institutions	272	556,185,204	84.17	210	572,464,094	86.64
Total	8,390	660,752,465	100	**8,982**	**655,002,440**	**100**

2. SHARE TRADING INFORMATION FROM 1 APRIL 2013 TO 31 MARCH 2015

	2014/15		2013/14	
Highest (Rs.)	25.10	13 Feb 2015	16.70	28 Jan 2014
Lowest (Rs.)	15.80	01 Apr 2014	9.80	01 Apr 2013
Closing (Rs.)	24.10	31 Mar 2015	15.80	31 Mar 2014
No. of transactions	30,914		20,490	
No. of shares traded	194,504,677		99,016,236	
Value of shares traded (Rs.)	3,996,250,763.80		1,394,099,998.20	

3. TOP TWENTY SHAREHOLDERS

		31 March 2015		31 March 2014	
No	Name of Shareholder	No of Shares	%	No of Shares	%
1	PACIFIC TEXTURED JERSEY HOLDINGS LIMITED	262,001,464	39.65	262,001,464	40.00
2	BRANDIX LANKA LTD-NUMBER 1 ACCOUNT	197,000,976	29.81	197,000,976	30.08
3	MR. Y.S.H.I.SILVA	24,035,136	3.64	15,956,500	2.44
4	MELSTACORP LIMITED	12,622,428	1.91	12,622,428	1.93
5	DEUTSCHE BANK AG SINGAPORE-DSS A/C NAVIS YIELD FUND	11,132,219	1.68	-	-
6	J.B. COCOSHELL (PVT) LTD	10,752,536	1.63	9,180,485	1.40
7	MCBRIDGE BLUE (PRIVATE) LIMITED	5,150,700	0.78	5,150,700	0.79
8	NATIONAL SAVINGS BANK	3,672,190	0.56	-	-
9	MAS CAPITAL (PRIVATE) LIMITED	3,277,202	0.50	5,466,322	0.83
10	CITI BANK NY S/A FORWARD SELECT EM DIVIDEND FUND	2,724,998	0.41	4,999,998	0.76
11	PERICEYL (PRIVATE) LIMITED A/C NO. 03	2,694,100	0.41	2,694,100	0.41
12	EMPLOYEES TRUST FUND BOARD	2,679,251	0.41	13,813,200	2.11
13	AIA INSURANCE LANKA PLC A/C NO.07	2,291,130	0.35	-	-
14	SOUTH ASIAN INVESTMENT (PVT) LTD	2,131,400	0.32	2,073,419	0.32
15	MCSEN RANGE PRIVATE LIMITED	2,031,400	0.31	2,031,400	0.31
	NAWALOKA PILING PRIVATE LIMITED	2,031,400	0.31	2,031,400	0.31
16	MS O.D.GUNEWARDENE	2,000,000	0.30	-	-
17	MR. A.R.GUNASEKARA	1,960,700	0.30	-	-
18	MR. K.BALENDRA	1,691,200	0.26	1,691,200	0.26
19	EAST INDIA HOLDING (PVT) LTD	1,640,000	0.25	-	-
20	MELLON BANK N.A-ACADIAN FRONTIER MARKETS EQUITY FUND	1,595,892	0.24	-	-

*Comparative shareholding of the 20 largest shareholders as at 31march 2015 as against the top 20 shareholding of 31 march 2014.

4. CHANGES IN SHAREHOLDINGS OF DIRECTORS

	31 March 2015		31 March 2014	
Director's Shareholding	No of Shares	%	No of Shares	%
WING TAK BILL LAM	-		-	
KANG PO TSANG	-		-	
MOHAMED ASHROFF OMAR	-		-	
WAI LOI WAN	-		-	
KULATILLEKE ARTHANAYAKE MALIK KUMAR RANASINGHE	-		-	
SRIYAN DE SILVA WIJEYERATNE	-		-	
AMITHA LAL GOONERATNE	-		-	
M.A.HASITHA PREMARATNE	40,000	0.01	40,000	0.01

5. PUBLIC SHAREHOLDING

As at 31 March	2015	2014
Number of Shares	199,349,868	194,494,166
%	30.17%	29.70%

Corporate Information

NAME
Textured Jersey Lanka PLC

LEGAL FORM
A public quoted Company with limited liability, incorporated on 12 July 2000.

COMPANY REGISTRATION NO.
PV 7617 PB/PQ

STOCK EXCHANGE LISTING
The issued Ordinary Shares of the Company was listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 09 August 2011.

REGISTERED OFFICE
Block D8 – D14, Seethawaka
International Industrial Park,
Avissawella

DIRECTOR
Mr. Wing Tak Bill Lam – Chairman
Mr. Sriyan Joseph de Silva Wijeyeratne – Managing Director / CEO
Mr. Mohamed Ashroff Omar
Mr. Hasitha Premaratne
Mr. Amitha Gooneratne
Prof. Malik Ranasinghe
Mr. Kang Po Tsang
Mr. Wai Loi Wan

SECRETARIES
Corporate Services (Private) Limited
216, de Saram Place,
Colombo 10.
Sri Lanka.

AUDITORS
PricewaterhouseCoopers,
Chartered Accountants

ATTORNEYS
F J & G de Saram
Attorneys-at-Law
216, de Saram Place,
Colombo 10.
Sri Lanka

BANKERS
Bank of Ceylon
Commercial Bank of Ceylon PLC
The Hongkong and Shanghai Banking Corporation
Standard Chartered Bank
People's Bank

INVESTOR RELATIONS
Kishan Gunawardena
Brandix Lanka Ltd.

optima Design & Concept by : OPTIMA DESIGNS (PVT) LTD.
Printed by : Softwave Printing and Packaging (Pvt) Ltd.

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Textured Jersey Lanka PLC will be held at 2.30 p.m. on 6 August 2015 at the Auditorium, 6 floor, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7 for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31st March 2015 together with the Report of the Auditors thereon.

2. To re-appoint Messrs. PricewaterhouseCoopers, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.

3. To declare a final dividend of LKR 0.80 (Cents 80) per share for the financial year ended 31st March 2015 as recommended by the Board.

4. To consider and if thought fit to pass the following as Special Resolutions:-

    i. issue of Thirty Five Million Thirteen Thousand Twenty One (35,013,021) ordinary voting shares in the Company, by way of a share swap, to the Selling Shareholders in consideration of the Selling Shareholders transferring Seventeen Million Eight Hundred and Fifteen Thousand (17,815,000) shares in Ocean Mauritius to the Company, the cash value of which is determined by the Board of Directors to be Sri Lankan Rupees One Billion Eight Million Three Hundred and Seventy Five Thousand (LKR 1,008,375,000) amounting to a consideration per each ordinary voting share of Sri Lankan Rupees Twenty Eight Cents Eighty (LKR 28.80); and

    ii. the issue of Thirty Five Million Thirteen Thousand Twenty One (35,013,021) ordinary voting shares in the Company to the Selling Shareholders pursuant to the share swap as aforesaid, without offering such new shares pro-rata to the existing shareholders of the Company so as to maintain their relative voting and distribution rights.

5. To authorize Directors to determine contributions to charities.

By order of the Board,

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries
TEXTURED JERSEY LANKA PLC

At Colombo, on this xx………… day of xx…………………, 2015.

Note:

(1) Any member entitled to attend and vote is entitled to appoint a proxy instead.

(2) A proxy need not be a member, instruments appointing proxies must be lodged with the registered office of the Company, Block D8 – D14, Seethawaka International Industrial Park, Avissawella not less than 48 hours before the time appointed for the holding of the meeting.

Notes

Notes contd.

Form of Proxy

*I/We ....

....

of ....
being a shareholder/shareholders of Textured Jersey Lanka PLC do hereby appoint

1. Mr Wing Tak Bill Lam or failing him,
2. Mr Sriyan de Silva Wijeyeratne or failing him,
3. Mr Mohamed Ashroff Omar or failing him,
4. Mr Hasitha Premaratne or failing him,
5. Mr Kang Po Tsang or failing him,
6. Mr Wai Loi Wan or failing him,
7. Mr Amitha Lal Gooneratne or failing him,
8. Prof Kulatilleke Arthanayake Malik Kumar Ranasinghe or failing him,

.... of

....

....

as *my/our Proxy to attend and vote at the Annual General Meeting of the Company to be held at the Auditorium, 6th floor, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, on 06th August 2015 at 2.30 p.m. and at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31st March 2015 together with the Report of the Auditors thereon.		
2. To re-appoint Messrs. PricewaterhouseCoopers as the auditors of the Company and to audit the financial statements for the ensuing year and authorize the Directors to fix their remuneration.		
3. To declare a final dividend of LKR 0.80 (Cents 80) per share for the financial year ended 31st March 2015 as recommended by the Board.		
4. To consider and if thought fit to pass the following as Special Resolutions:-		
i. issue of Thirty Five Million Thirteen Thousand Twenty One (35,013,021) ordinary voting shares in the Company, by way of a share swap, to the Selling Shareholders in consideration of the Selling Shareholders transferring Seventeen Million Eight Hundred and Fifteen Thousand (17,815,000) shares in Ocean Mauritius to the Company, the cash value of which is determined by the Board of Directors to be Sri Lankan Rupees One Billion Eight Million Three Hundred and Seventy Five Thousand (LKR 1,008,375,000) amounting to a consideration per each ordinary voting share of Sri Lankan Rupees Twenty Eight Cents Eighty (LKR 28.80); and		
ii. the issue of Thirty Five Million Thirteen Thousand Twenty One (35,013,021) ordinary voting shares in the Company to the Selling Shareholders pursuant to the share swap as aforesaid, without offering such new shares pro-rata to the existing shareholders of the Company so as to maintain their relative voting and distribution rights.		
5. To authorize the Directors to determine contributions to charities.		

Signed this .... day of 2015

....
Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

Form of Proxy contd.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and sign in the space provided. Please fill in the date of signature.

2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an 'X' in the space provided against each resolution, the manner in which you wish your vote to be cast.

3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.

4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.

5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.

6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Block D8 – D14, Seethawaka International Industrial Park, Avissawella not less than forty eight (48) hours before the appointed time for meeting

7. If there is any doubt as to the manner in which the proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the proxy holder will vote as she/he thinks fit.

8. A shareholder appointing a proxy (other than a director of the Company) to attend the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the proxy holder to bring his/her National Identity Card to the Meeting.