

TEXTURED JERSEY LANKA PLC

Interim Financial Statements

1st Half 2011-12



CHAIRMAN'S REVIEW

Dear Shareholder,

Your Company performed well amidst a number of global economic uncertainties and has reported growth in turnover and net profits during the First Half (1H) of FY2011/12.

The top line grew by 36.1% to Rs.6.1 billion during the 1H, compared to a turnover of Rs.4.5 billion in the corresponding period of the previous year. The turnover growth was supported by both price and volume increases. High cotton prices in the global market, compared to last year, resulted in increased selling prices, as the company was successful in passing on a significant portion of the raw material cost increases to its customers. Meanwhile, business volumes also improved during the period under review. This was due to further penetration into its key customers. The second quarter (2Q) alone recorded a 38.8% growth in revenue to Rs.3.4 billion, compared to the 2Q of the previous year, confirming the strong momentum in business growth.

Gross profit increased by 16.5% to Rs.449 million during the 1H of FY2011/12, compared to Rs.385 million in the 1H of FY2010/11. Global cotton prices fell sharply during 1Q of FY2011/12 and your Company had to reduce its selling prices to accommodate this trend. This was consistent with our policy to increase selling prices when cotton prices were on an upward trend. As the Company was carrying inventory purchased 2 – 3 months prior to the quarter, at a relatively higher price, profit margin during the 2Q was impacted compared to last year, same quarter. As the cotton price volatility eases off, the Company expects profit margins to improve from the current levels.

Selling and Administration costs for 1H fell to 3.5% as a percentage of revenue, compared to 4.1% last year, due to tight controls adopted by the Company. Operating profits grew by 17.8% and net profit grew by 14% during the 1H compared to 1H of FY2010/11, supported by top line growth and better control of overhead costs.

Looking ahead, 3Q order book remains strong and the management team is consciously working towards executing the orders to drive performance. Sri Lanka's Apparel exports have increased 42% over the first 8 months of 2011, indicating that Sri Lanka is still gaining market share. The top line momentum during the 2H of FY 2011/12 should continue. Cost pressures remain challenging, but the management team remains confident of improving the performance to strengthen the fundamental value of the Company.

Ashroff Omar
Chairman

INCOME STATEMENT

(all amounts are in Rs. 000's)

	Company				
	Quarter ending 30th Sep		Six Months ending 30th Sep		
	2011 Unaudited	2010 Unaudited	2011 Unaudited	2010 Unaudited	%
Sales	3,366,750	2,426,247	6,074,373	4,463,065	36.1%
Cost of sales	(3,169,442)	(2,201,749)	(5,625,328)	(4,077,523)	38.0%
Gross profit	197,308	224,498	449,045	385,542	16.5%
Other operating income	Nil	Nil	Nil	Nil	
Selling and Admin. expenses	(116,767)	(87,769)	(212,413)	(184,725)	15.0%
Operating profit	80,541	136,729	236,632	200,817	17.8%
Non operating income	Nil	Nil	Nil	Nil	
Net Finance Costs	(2,419)	(2,762)	(14,539)	(6,000)	142.3%
Profit before tax	78,122	133,967	222,093	194,817	14.0%
Tax	Nil	Nil	Nil	Nil	
Net profit	78,122	133,967	222,093	194,817	14.0%

Earnings per share (EPS) in Rs. 0.13 0.23 0.38 0.34

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 09th November 2011

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Director

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Director

BALANCE SHEET*(all amounts are in Rs.000's)*

	Company		
	Unaudited 30 Sep 2011	Unaudited 30 Sep 2010	Audited 31 March 2011
ASSETS			
Non-current assets			
Property, plant and equipment	2,366,548	2,723,125	2,473,360
Capital work-in-progress	14,064	14,160	71,527
Intangible assets	47,896	63,020	50,871
Receivables and prepayments	80,141	85,157	81,454
	2,508,649	2,885,462	2,677,212
Current assets			
Inventories	2,729,064	1,734,946	3,215,671
Receivables and prepayments	1,542,672	1,256,389	1,310,853
Short-term investment	1,200,000	-	-
Cash and cash equivalents	47,476	157,662	22,357
	5,519,212	3,148,997	4,548,881
Total assets	8,027,861	6,034,459	7,226,093
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	2,751,818	1,597,229	1,597,229
Exchange equalisation reserve	205,959	265,702	194,105
Retained earnings	1,400,009	688,001	1,177,916
	4,357,786	2,550,932	2,969,250
Non-current liabilities			
Borrowings	-	1,557,399	2,301
Deferred tax liabilities	43,181	23,384	43,071
Defined benefit obligations	67,887	51,899	54,154
	111,068	1,632,682	99,526
Current liabilities			
Trade and other payables	1,891,885	1,171,186	1,897,909
Borrowings	1,667,122	679,659	2,259,408
	3,559,007	1,850,845	4,157,317
Total liabilities	3,670,075	3,483,527	4,256,843
Total equity and liabilities	8,027,861	6,034,459	7,226,093
Net Asset Per Share (Rs.)	7.41	4.44	5.16

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 09th November 2011

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Director.....
Director

CASH FLOW*(all amounts are in Rs 000's)***Company**

Period ending 30th Sep

Operating Activities

Profit before tax

222,093 194,847

Adjustments for non cash movements

233,661 224,589

Changes in working capital

270,132 (569,572)

Cash (used in) / generated from operations**725,886 (150,136)**

Interest received

- -

Interest paid

(14,539) (6,000)

Defined benefit obligations paid

(1,071) (11,317)

Net cash from operating activities**710,276 (167,453)****Investing Activities**

Additions to capital work-in-progress

- (8,947)

Purchase of property, plant and equipment

(40,263) (18,336)

Investment in fixed deposit

(1,200,000) -

Net cash used in investing activities**(1,240,263) (27,283)****Financing Activities**

Net movement in borrowings

(548,245) 154,409

Proceed from Issue of shares (Net of cost of issue)

1,154,589 -

Net cash used in financing activities**606,344 154,409****(Decrease)/increase in cash and cash equivalents****76,357 (40,327)****Movement in cash and cash equivalents**

At the beginning of the period

(391,577) 21,988

(Decrease)/increase

76,357 (40,327)

At the end of the period**(315,220) (18,339)**

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 09th November 2011

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Director.....
Director

STATEMENTS OF CHANGES IN EQUITY

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

	Stated Capital	Exchange Equalisation Reserve	(Accumulated losses)/ Retained earnings	Total
Balance at 1 April 2010				
- As previously reported	1,597,229	314,215	516,790	2,428,234
- Effect of deferred tax provision	Nil	Nil	(23,384)	(23,384)
- Effect of movement in foreign exchange rates	Nil	222	(222)	-
- As restated	1,597,229	314,437	493,184	2,404,850
Profit for the period	Nil	Nil	684,732	684,732
Effect of movement in foreign exchange rates	Nil	(120,332)	Nil	(120,332)
Balance as at 31 March 2011	1,597,229	194,105	1,177,916	2,969,250
	1,597,229	194,105	1,177,916	2,969,250
Profit for the period	Nil	Nil	222,093	222,093
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(45,411)	Nil	Nil	(45,411)
Effect of movement in foreign exchange rates	Nil	11,854	Nil	11,854
Balance at 30 Sep 2011	2,751,818	205,959	1,400,009	4,357,786
Balance at 1 April 2010				
- As previously reported	1,597,229	314,215	516,790	2,428,234
- Effect of deferred tax provision	Nil	Nil	(23,384)	(23,384)
- Effect of movement in foreign exchange rates	Nil	222	(222)	-
- As restated	1,597,229	314,437	493,184	2,404,850
Profit for the period	Nil	Nil	194,817	194,817
Effect of movement in foreign exchange rates	Nil	(48,735)	Nil	(48,735)
Balance at 30 Sep 2010	1,597,229	265,702	688,001	2,550,932

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 09th November 2011

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Director

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Director

NOTES TO THE FINANCIAL STATEMENTS

- (1) The Quarterly financial statements of the Company have been prepared in accordance with the accounting policies set out in the Audited Financial Statements for the year ended 31st March 2011, and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.
- (2) Income statement and the Balance Sheet is presented in the same format used in the Audited Financial Statements for the year ended 31st March 2011.
- (3) The figures for the corresponding period of the previous period/year have been re-arranged wherever necessary, to be comparable with those for the current period/year.
- (4) There has not been a significant change in the nature of the contingent liabilities which were disclosed in the Financial Statements for the year ended 31st March 2011.

(5) **Key Ratio's for the Group**

<u>Profitability Ratios</u>	<i>Six Months Ending 30th Sep 2011</i>	<i>Six Months Ending 30th Sep 2010</i>
Net Profit Margin	3.66%	4.37%
Asset to Turnover	0.76	0.74
Debt:Equity	0.84	1.37
Return on Assets (ROA)	5.82%	6.49%
Return on Equity (ROE)	12.12%	17.20%

Investor Ratios

Earnings per share (EPS) (Rs)	0.38	0.34
Net Book Value per Share (Rs)	7.41	4.44
Price/Earning (PE Ratio) - Annualised	18.01	N/A
Price to Book value Ratio	1.84	N/A

(Per Share values for 2011-12 are based on 575mn shares plus the weighted average of 80mn shares issued at IPO)

(PE and PBV Ratios are based on market price of Rs. 13.60 per share close 30/09/2011)

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

NOTES TO THE FINANCIAL STATEMENTS

(7) Number of shares representing the entity's stated capital - 655,002,440 shares

(8) No circumstances have arisen since the Balance Sheet date which would require adjustment to or disclosure in the Financial Statements

(9) List of the 20 Largest Shareholders

Pacific Textured Jersey Holdings Limited	262,001,464	40.0%
Brandix Lanka Limited	197,000,976	30.1%
Employees Provident Fund	13,813,200	2.1%
Y S H I K Silva	7,917,300	1.2%
Melstacorp (Pvt) Limited	6,889,500	1.1%
Disilleries Company of Sri Lanka Limited	4,246,400	0.6%
Indra Finance Limited	4,019,600	0.6%
Indra Traders (Pvt) Limited	4,019,600	0.6%
Peoples Bank	3,755,800	0.6%
McBridge Blue (Pvt) Limited	3,129,300	0.5%
Deutsche Bank Nominees (Jersey) Limited A/C No. 02	2,811,100	0.4%
Fergasm Garment Industries (Pvt) Limited	2,811,100	0.4%
Timex Garments (Pvt) Limited	2,791,100	0.4%
HSBC Intl Nom Ltd - UBS AG Singapore Branch (Ex SBC)	2,694,100	0.4%
Indra Property (Pvt) Limited	2,694,100	0.4%
Periceyl (Pvt) Limited A/C 03	2,694,100	0.4%
Seylan Bank PLC/RUREV Capital (Pvt) Limited	2,623,800	0.4%
Vidullanka PLC	2,567,000	0.4%
Dee Investments (Pvt) Limited	2,443,400	0.4%
ADL Capital Limited	2,377,300	0.4%

(10) Public Shareholding - 196,000,000 shares, 30%