

TEXTURED JERSEY LANKA PLC

Interim Financial Statements

Period ended 31st December 2012

Textured Jersey Lanka PLC (TJL) reported Rs.365mn in net profit for the quarter ended 31st December 2012 (3Q FY2012/13), an impressive 95% growth compared to the corresponding quarter in the last financial year. TJL's strong profit growth trajectory has allowed the company to surpass last year's full year profit in the just the first 9 months of the current financial year, an impressive feat, given the challenging market conditions.

Innovative and responsive product realignment strategies came into fruition in 3Q FY2012/13, leading to much higher sales volumes. Higher volumes, combined with industry-leading production efficiencies, lower yarn costs and the depreciation of the Sri Lankan rupee, caused a substantial increase in TJL's gross profit margins in 3Q FY2012/13. Gross profits for the quarter reached Rs.460mn, a 26% year-over-year increase. Higher sales volumes also compensated for the lower average selling prices, enabling TJL to maintain revenue at Rs.2.86bn for 3Q FY2012/13, a mere 7% lower than the corresponding quarter in the previous financial year.

Stricter cost controls saw a 23% decrease in administrative expenses, while selling and distribution expenses declined 24% in 3Q FY2012/13 compared to the same period in the last financial year. This contributed to an operating profit of Rs.354mn in 3Q FY2012/13, a significant 55% increase year-on-year.

TJL also maintained its strong balance sheet position as at 31 December 2012, with zero long-term borrowings, Rs.53mn in short-term borrowings compared with Rs.1.42bn as at 31 December 2011, and a healthy cash balance of Rs.2bn. This resulted in the company recording a finance income of Rs.11mn for the quarter, compared with a finance expense of Rs.40mn during the same period in the last financial year.

Higher operating profits and a strong cash position allowed TJL to record a net profit of Rs.365mn for 3Q FY2012/13, up 95% compared with the same period in the last financial year. This also resulted in net profits reaching Rs.694mn for the 9 months ended 31st December 2012, an 69% year-over-year increase, which even surpassed the FY2011/12 full year profit of Rs.628mn.

With a strong order book driven by encouraging results from new product lines and continued interest from TJL's top clients, which include Victoria's Secret, Marks & Spencer, Intimissimi and Decathlon, management is confident of maintaining sales volumes for the next quarter as well. This, combined with diligent management of operating costs and overheads, will keep TJL on track to record strong results for 4QFY2012/13 and the full financial year.

On strategic initiatives, the construction phase of TJL's multi-fuel boiler plant commenced during the quarter. The plant, which will reduce TJL's energy cost substantially, is scheduled to be commissioned during 2H FY2013/14. TJL's expansion strategy is also moving forward according to schedule. Given the positive outcome thus far, TJL's management remains confident that the company will continue to enhance shareholder value and deliver strong results in the coming quarter and end the financial year on an impressive note.

Bill Lam
Chairman

INCOME STATEMENT

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

	Company					Audited 31 March 2012
	Quarter ending 31 Dec		Period ending 31 Dec			
	2012 Unaudited	2011 Unaudited	2012 Unaudited	2011 Unaudited	Variance %	
Sales	2,855,396	3,072,401	7,845,955	9,146,774	-14.2%	12,236,724
Cost of sales	(2,395,089)	(2,705,888)	(6,890,463)	(8,331,216)	-17.3%	(10,906,806)
Gross profit	460,307	366,513	955,492	815,558	17.2%	1,329,918
Other operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Administrative expenses	(87,147)	(113,350)	(229,940)	(281,073)	-18.2%	(408,413)
Distribution expenses	(19,468)	(25,685)	(58,226)	(70,375)	-17.3%	(93,462)
Operating profit	353,692	227,478	667,326	464,110	43.8%	828,043
Non operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	11,286	(40,208)	26,323	(54,747)	-148.1%	(166,973)
Profit before tax	364,978	187,270	693,649	409,363	69.4%	661,070
Tax	Nil	Nil	Nil	Nil	0.0%	(33,041)
Net profit	364,978	187,270	693,649	409,363	69.4%	628,029
Earnings per share (EPS) in Rs.	0.56	0.31	1.06	0.67		1.00

TEXTURED JERSEY LANKA PLC

BALANCE SHEET

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

ASSETS

Non-current assets

Property, plant and equipment
Capital work-in-progress
Intangible assets
Receivables and prepayments

Current assets

Inventories
Receivables and prepayments
Cash and cash equivalents

Total assets

EQUITY AND LIABILITIES

Capital and reserves

Stated capital
Exchange equalisation reserve
Retained earnings

Non-current liabilities

Borrowings
Deferred tax liabilities
Defined benefit obligations

Current liabilities

Trade and other payables
Borrowings

Total liabilities

Total equity and liabilities

Net Asset Per Share (Rs.)

Company		
Unaudited 31 Dec 2012	Unaudited 31 Dec 2011	Audited 31 March 2012
2,310,891	2,353,975	2,592,635
9,808	20,834	16,646
44,368	43,779	45,017
86,720	82,462	91,729
2,451,787	2,501,050	2,746,027
1,545,826	1,986,568	1,949,075
1,099,304	1,464,488	1,471,222
2,008,104	1,495,848	1,279,261
4,653,234	4,946,904	4,699,558
7,105,021	7,447,954	7,445,585
2,749,266	2,749,266	2,749,266
830,660	420,341	992,849
2,185,193	1,587,279	1,727,345
5,765,119	4,756,886	5,469,460
Nil	Nil	Nil
70,912	44,765	72,772
79,375	75,253	72,454
150,287	120,018	145,226
1,136,167	1,154,636	1,173,698
53,448	1,416,414	657,201
1,189,615	2,571,050	1,830,899
1,339,902	2,691,068	1,976,125
7,105,021	7,447,954	7,445,585
8.80	7.82	8.35

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 5th February 2013

SGD
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Director

SGD
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Director

TEXTURED JERSEY LANKA PLC

CASH FLOW STATEMENT

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

Operating Activities

Profit before tax
Adjustments for non cash movements
Changes in working capital
Cash generated from operations

Interest received
Interest paid
Defined benefit obligations paid
Net cash from operating activities

Investing Activities

Additions to capital work-in-progress
Purchase of property, plant and equipment
Net cash used in investing activities

Financing Activities

Net movement in borrowings
Proceed from Issue of shares (Net of cost of issue)
Dividend paid
Cash used in financing activities

Increase in cash and cash equivalents

Movement in cash and cash equivalents
At the beginning of the period
Increase
At the end of the period (Note A)

Note A

Analysis of cash and cash equivalents
Cash and bank balances
Bank overdraft
At the end of the period

Company	
Period ending 31 Dec	
Unaudited 2012	Unaudited 2011
693,649	409,363
222,447	491,528
662,847	416,740
1,578,943	1,317,631
54,435	46,236
(5,050)	(65,063)
(8,083)	(3,718)
1,620,245	1,295,086
(40,037)	(47,880)
Nil	(7,785)
(40,037)	(55,665)
(606,018)	(750,937)
Nil	1,152,037
(235,801)	Nil
(841,819)	401,100
738,389	1,640,521
1,216,267	(391,577)
738,389	1,640,521
1,954,656	1,248,944
2,008,104	1,495,848
(53,448)	(246,904)
1,954,656	1,248,944

STATEMENTS OF CHANGES IN EQUITY
Period ending 31 December

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

	Stated Capital	Exchange Equalisation Reserve	Retained Earnings	Total
Balance at 1 April 2011	1,597,229	194,105	1,177,916	2,969,250
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(47,963)	Nil	Nil	(47,963)
Interim Dividend Paid - 2011/12	Nil	Nil	(78,600)	(78,600)
Profit for the period	Nil	Nil	628,029	628,029
Effect of movement in foreign exchange rates	Nil	798,744	Nil	798,744
Balance at 31 March 2012	2,749,266	992,849	1,727,345	5,469,460
Balance at 1 April 2012	2,749,266	992,849	1,727,345	5,469,460
Profit for the period	Nil	Nil	693,649	693,649
Final Dividend Paid - 2011/12	Nil	Nil	(235,801)	(235,801)
Effect of movement in foreign exchange rates	Nil	(162,189)	Nil	(162,189)
Balance at 31 December 2012	2,749,266	830,660	2,185,193	5,765,119
Balance at 1 April 2011	1,597,229	194,105	1,177,916	2,969,250
Profit for the period	Nil	Nil	409,363	409,363
Issue of shares	1,200,000	Nil	Nil	1,200,000
Cost of issue of shares	(47,963)	Nil	Nil	(47,963)
Effect of movement in foreign exchange rates	Nil	226,236	Nil	226,236
Balance at 31 December 2011	2,749,266	420,341	1,587,279	4,756,886

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 2012, and also in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

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

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

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

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

	Highest (Rs)	Lowest (Rs)
(6) Market Price per share		
Quarter ended 31 st December 2012	10.10	8.00
Last Traded Price (on 31 st December 2012)	8.90	

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

	<i>Period ended 31 Dec 2012</i>	<i>Period ended 31 Dec 2011</i>
<u>Profitability Ratios</u>		
Net Profit Margin	8.84%	4.48%
Asset to Turnover	1.47	1.64
Debt:Equity*	0.01	0.01
Return on Assets (ROA)	12.71%	7.44%
Return on Equity (ROE)	16.46%	14.13%
<small>* total interest bearing liabilities divided by shareholders' equity</small>		
<u>Investor Ratios</u>		
Earnings per share (EPS) (Rs)	1.06	0.67
Net Book Value per Share (Rs)	8.80	7.82
Price/Earning (PE Ratio)	6.30	11.37
Price to Book value Ratio	1.01	1.30
<small>(PE and PBV Ratios are based on market price of Rs. 8.90/- per share close 31/12/2012)</small>		

- (8) 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

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

(11) List of the 20 Largest Shareholders

PACIFIC TEXTURED JERSEY HOLDINGS LTD	262,001,464	40.00%
BRANDIX LANKA LTD	197,000,976	30.08%
INDRA TRADERS (PVT) LTD.	15,956,500	2.44%
EMPLOYEES PROVIDENT FUND	13,813,200	2.11%
MELSTACORP LIMITED	12,622,428	1.93%
MAS CAPITAL (PRIVATE) LIMITED	5,966,322	0.91%
J.B. COCOSHELL (PVT) LTD	4,385,779	0.67%
HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC)	3,694,100	0.56%
MCBRIDGE BLUE (PRIVATE) LIMITED	3,119,300	0.48%
FERGASAM GARMENT INDUSTRIES (PVT) LTD.	2,811,100	0.43%
TIMEX GARMENTS (PVT) LTD	2,791,100	0.43%
INDRA PROPERTY DEVELOPMENT (PVT) LTD	2,694,100	0.41%
PERICEYL (PRIVATE) LIMITED A/C NO. 03	2,694,100	0.41%
LHLMP HARADASA	2,503,496	0.38%
DEE INVESTMENTS (PVT) LTD	2,443,400	0.37%
DP PIERIS	2,081,400	0.32%
NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	2,050,900	0.31%
HERAYMILA INVESTMENTS LIMITED	2,050,900	0.31%
DST JAYAWARDENA	2,031,400	0.31%
CLASSIC VENTURE SECURITY (PRIVATE) LIMITED	2,031,400	0.31%
NAWALOKA PILING PRIVATE LIMITED	2,031,400	0.31%
MCSEN RANGE PRIVATE LIMITED	2,031,400	0.31%
MR. J.D.N. KEKULAWALA	2,031,400	0.31%
TARRA FUND	2,031,400	0.31%
SOUTH ASIAN INVESTMENT (PVT) LTD	2,031,400	0.31%

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

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

INCOME STATEMENT

(all amounts are in United State Dollars)

	Company					Audited 31 March 2012
	Quarter ending 31 Dec		Period ending 31 Dec			
	2012 Unaudited	2011 Unaudited	2012 Unaudited	2011 Unaudited	Variance %	
Sales	21,943,928	27,569,816	59,961,441	82,911,296	-27.7%	109,393,204
Cost of sales	(18,413,995)	(24,268,546)	(52,659,246)	(75,518,638)	-30.3%	(97,504,078)
Gross profit	3,529,933	3,301,270	7,302,195	7,392,658	-1.2%	11,889,126
Other operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Administrative expenses	(669,498)	(1,019,439)	(1,757,280)	(2,547,798)	-31.0%	(3,651,097)
Distribution expenses	(149,730)	(230,759)	(444,982)	(637,912)	-30.2%	(835,531)
Operating profit	2,710,705	2,051,072	5,099,933	4,206,948	21.2%	7,402,498
Non operating income	Nil	Nil	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	86,620	(363,799)	201,173	(496,264)	-140.5%	(1,492,696)
Profit before tax	2,797,325	1,687,273	5,301,106	3,710,684	42.9%	5,909,802
Tax	Nil	Nil	Nil	Nil	0.0%	(295,379)
Net profit	2,797,325	1,687,273	5,301,106	3,710,684	42.9%	5,614,423

BALANCE SHEET*(all amounts are in United State Dollars)***ASSETS****Non-current assets**

Property, plant and equipment	18,484,168	20,667,029	20,207,598
Capital work-in-progress	78,449	182,918	129,744
Intangible assets	354,892	384,363	350,875
Receivables and prepayments	693,652	723,991	714,955
	19,611,161	21,958,301	21,403,172

Current assets

Inventories	12,364,630	17,441,332	15,191,544
Receivables and prepayments	8,793,026	12,436,561	11,467,043
Cash and cash equivalents	16,062,262	13,132,993	9,970,860
	37,219,918	43,010,886	36,629,447

Total assets**56,831,079** **64,969,187** **58,032,619****EQUITY AND LIABILITIES****Capital and reserves**

Stated capital	28,203,841	28,203,841	28,203,841
Retained earnings	17,909,735	13,138,763	14,396,354
	46,113,576	41,342,604	42,600,195

Non-current liabilities

Borrowings	Nil	Nil	Nil
Deferred tax liabilities	567,203	393,017	567,203
Defined benefit obligations	634,899	660,700	564,723
	1,202,102	1,053,717	1,131,926

Current liabilities

Trade and other payables	9,087,884	10,137,281	9,178,118
Borrowings	427,517	12,435,585	5,122,380
	9,515,401	22,572,866	14,300,498

Total liabilities**10,717,503** **23,626,583** **15,432,424****Total equity and liabilities****56,831,079** **64,969,187** **58,032,619**

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 5th February 2013

SGD

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Director

SGD

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Director