

TEXTURED JERSEY LANKA PLC

Interim Financial Statements

Quarter ended 30th June 2012

TEXTURED JERSEY LANKA PLC

CHAIRMAN'S REVIEW

Despite the slowdown in the global economy, Textured Jersey Lanka (TJL) PLC recorded a 19.4% growth in net profits during the 1st quarter (1Q) of financial year 2012/13 (FY2012/13).

TJL posted a turnover of Rs.2.6 bn during the 1Q of FY2012/13, a drop of 3.6% compared to Rs.2.7bn recorded during the corresponding period of the previous financial year. While the selling price remained almost flat in rupee terms, sales volumes dropped marginally, compared to Q1 FY2011/12. Conscious management of yarn costs prevented the gross margins from being adversely impacted. The depreciation of the currency and the conscientious management of factory overheads has contributed to the reduction in the cost of sales by 5.4% year on year. As a result the gross profit grew by a healthy 13.1% to Rs. 284.7mn and the gross profit margin improved to 10.9% from 9.3% during the quarter under review when compared to the same quarter in the previous year.

Administrative expenses increased to 3.7% of revenue during the quarter in comparison to 2.8% during the same quarter of the previous year. Distribution expenses too recorded an increase year on year to Rs. 24.2mn. This came about primarily due to most of these expenses being fixed in nature thereby not being affected by turnover fluctuations. However the strong growth in gross profits enabled the company to record an operating profit growth of 5.1% to Rs. 164mn during the quarter under review.

Finance income for the quarter stood at Rs. 7.8mn in comparison to a finance expense of Rs. 12.1mn during the same quarter of the previous year. This was achieved by the significant reduction in short term borrowings to Rs. 182.7mn from Rs.1.96 bn as at 30th June 2011, completely eliminating the long term borrowing of the Company through strong cash flow generated from operations, better working capital management and prudent investment of its liquid cash. The company maintains a healthy cash balance in excess of Rs. 1.7bn, even after the debt repayment, which translates to over Rs. 2.60 per share.

Net profit grew by a robust 19.4% to Rs. 171.9mn for the quarter in comparison to Rs. 143.9mn during the same quarter of the previous year.

While the top line growth would continue to come under pressure due to the challenging global economic environment, management is cautiously looking at better managing the operating costs to ensure that the company maintains healthy growth in its bottom line. Management has progressed well in its endeavour to set up a coal/bio mass boiler to generate steam and electricity, in order to offset the negative impact of the recent furnace oil price increase. Evaluations are underway to look at options for inorganic growth in our business by expanding within the region via an acquisition of an existing facility. Management remains confident to deliver strong results during the coming quarter and enhance shareholder value.

Ashroff Omar
Chairman

TEXTURED JERSEY LANKA PLC

INCOME STATEMENT

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

	Company			Audited 31 March 2012
	Quarter ending 30 June			
	2012 Unaudited	2011 Unaudited	Variance %	
Sales	2,609,187	2,707,623	-3.6%	12,236,724
Cost of sales	(2,324,451)	(2,455,885)	-5.4%	(10,906,806)
Gross profit	284,736	251,738	13.1%	1,329,918
Other operating income	Nil	Nil	0.0%	Nil
Administrative expenses	(96,473)	(76,289)	26.5%	(408,413)
Distribution cost	(24,198)	(19,358)	25.0%	(93,462)
Operating profit	164,065	156,091	5.1%	828,043
Non operating income	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	7,877	(12,120)	-165.0%	(166,973)
Profit before tax	171,942	143,971	19.4%	661,070
Tax	Nil	Nil	0.0%	(33,041)
Net profit	171,942	143,971	19.4%	628,029
Earnings per share (EPS) in Rs.	0.26	0.25		1.00

TEXTURED JERSEY LANKA PLC

BALANCE SHEET

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

	Company		
	Unaudited 30 June 2012	Unaudited 30 June 2011	Audited 31 March 2012
ASSETS			
Non-current assets			
Property, plant and equipment	2,628,759	2,388,201	2,592,635
Capital work-in-progress	14,147	86,907	16,646
Intangible assets	40,459	45,755	45,017
Receivables and prepayments	94,787	80,857	91,729
	2,778,152	2,601,720	2,746,027
Current assets			
Inventories	1,982,202	3,482,409	1,949,075
Receivables and prepayments	1,353,908	1,528,557	1,471,222
Cash and cash equivalents	1,758,355	231,775	1,279,261
	5,094,465	5,242,741	4,699,558
Total assets	7,872,617	7,844,461	7,445,585
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	2,749,266	1,597,229	2,749,266
Exchange equalisation reserve	1,232,945	199,890	992,849
Retained earnings	1,899,287	1,321,887	1,727,345
	5,881,498	3,119,006	5,469,460
Non-current liabilities			
Borrowings	Nil	1,171	Nil
Deferred tax liabilities	75,948	43,157	72,772
Defined benefit obligations	74,914	61,274	72,454
	150,862	105,602	145,226
Current liabilities			
Trade and other payables	1,657,528	2,661,053	1,173,698
Borrowings	182,729	1,958,800	657,201
	1,840,257	4,619,853	1,830,899
Total liabilities	1,991,119	4,725,455	1,976,125
Total equity and liabilities	7,872,617	7,844,461	7,445,585
Net Asset Per Share (Rs.)	8.98	5.42	8.35

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 14th August 2012

Sgd
Director

Sgd
Director

TEXTURED JERSEY LANKA PLC

CASH FLOW STATEMENT

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

Company	
Quarter ending 30 June	
Unaudited 2012	Unaudited 2011
Operating Activities	
Profit before tax	171,942
Adjustments for non cash movements	191,447
Changes in working capital	598,253
Cash generated from operations	961,642
Interest received	19,576
Interest paid	(4,513)
Defined benefit obligations paid	(6,392)
Net cash from operating activities	970,313
Investing Activities	
Additions to capital work-in-progress	(4,948)
Purchase of property, plant and equipment	Nil
Net cash used in investing activities	(4,948)
Financing Activities	
Net movement in borrowings	(450,991)
Cash used in financing activities	(450,991)
Increase in cash and cash equivalents	514,374
Movement in cash and cash equivalents	
At the beginning of the period	1,216,267
Increase	514,374
At the end of the period	1,730,641
	397,989
	(391,577)
	397,989
	6,412

TEXTURED JERSEY LANKA PLC

STATEMENTS OF CHANGES IN EQUITY
Quarter ending 30 June

(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)
Dividend Paid	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	171,942	171,942
Effect of movement in foreign exchange rates	Nil	240,096	Nil	240,096
Balance at 30 June 2012	2,749,266	1,232,945	1,899,287	5,881,498
Balance at 1 April 2011	1,597,229	194,105	1,177,916	2,969,250
Profit for the period	Nil	Nil	143,971	143,971
Effect of movement in foreign exchange rates	Nil	5,785	Nil	5,785
Balance at 30 June 2011	1,597,229	199,890	1,321,887	3,119,006

TEXTURED JERSEY LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

- (1) The Quarterly financial statements of the Company have been prepared in accordance with the accounting policies set out in the Audited Financial Statements for the year ended 31 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 01 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 1 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 31 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 31 March 2012.

(6) Market Price per share	Highest (Rs)	Lowest (Rs)
Quarter ended 30 June 2012	8.50	7.00
Last Traded Price (on 29 June 2012)	8.00	

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

<u><i>Profitability Ratios</i></u>	<i>Quarter ended 30 June 2012</i>	<i>Quarter ended 30 June 2011</i>
Net Profit Margin	6.59%	5.32%
Asset to Turnover	1.33	1.38
Debt:Equity	0.34	1.52
Return on Assets (ROA)	8.98%	7.64%
Return on Equity (ROE)	12.12%	18.92%

Investor Ratios

Earnings per share (EPS) (Rs)	0.26	0.25
Net Book Value per Share (Rs)	8.98	5.42
Price/Earning (PE Ratio)	7.62	N/A
Price to Book value Ratio	0.89	N/A

(PE and PBV Ratios are based on market price of Rs. 8.00/- per share close 29/06/2012)

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

TEXTURED JERSEY LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

- (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 | 12,522,700 | 1.91% |
| J.B. COCOSHELL (PVT) LTD | 7,908,016 | 1.21% |
| MAS CAPITAL (PRIVATE) LIMITED | 4,415,484 | 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% |
| DEE INVESTMENTS (PVT) LTD | 2,443,400 | 0.37% |
| LHLMP HARADASA | 2,395,800 | 0.37% |
| ADL CAPITAL LTD | 2,377,300 | 0.36% |
| WATAPOTA INVESTMENTS PLC | 2,343,300 | 0.36% |
| VIDULLANKA PLC | 2,297,899 | 0.35% |
| DP PIERIS | 2,081,400 | 0.32% |
| HERAYMILA INVESTMENTS LIMITED | 2,050,900 | 0.31% |
- (12) No shares of the company are held by any of its Directors.
- (13) Public Shareholding - 196,000,000 shares, 29.92%

TEXTURED JERSEY LANKA PLC

INCOME STATEMENT

(all amounts are in United States Dollars)

	Company			Audited 31 March 2012
	Quarter ending 30 June			
	2012 Unaudited	2011 Unaudited	Variance %	
Sales	20,096,946	24,628,186	-18.4%	109,393,204
Cost of sales	(17,903,805)	(22,338,413)	-19.9%	(97,504,078)
Gross profit	2,193,141	2,289,773	-4.2%	11,889,126
Other operating income	Nil	Nil	0.0%	Nil
Administrative expenses	(743,070)	(693,912)	7.1%	(3,651,097)
Distribution expenses	(186,380)	(176,073)	5.9%	(835,531)
Operating profit	1,263,691	1,419,788	-11.0%	7,402,498
Non operating income	Nil	Nil	0.0%	Nil
Net Finance income/(cost)	60,669	(110,242)	-155.0%	(1,492,696)
Profit before tax	1,324,360	1,309,546	1.1%	5,909,802
Tax	Nil	Nil	0.0%	(295,379)
Net profit	1,324,360	1,309,546	1.1%	5,614,423

TEXTURED JERSEY LANKA PLC

BALANCE SHEET

(all amounts are in United States Dollars)

	Company		
	Unaudited 30 June 2012	Unaudited 30 June 2011	Audited 31 March 2012
ASSETS			
Non-current assets			
Property, plant and equipment	19,632,255	21,748,486	20,207,598
Intangible assets	302,159	416,672	350,875
Receivables and prepayments	707,894	736,336	714,955
Capital work-in-progress	105,651	791,435	129,744
	20,747,959	23,692,929	21,403,172
Current assets			
Inventories	14,803,601	31,713,037	15,191,544
Receivables and prepayments	10,111,337	13,920,018	11,467,043
Cash and cash equivalents	13,131,855	2,110,695	9,970,860
	38,046,793	47,743,750	36,629,447
Total assets	58,794,752	71,436,679	58,032,619
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	28,203,841	17,666,037	28,203,841
Retained earnings	15,720,714	10,737,668	14,396,354
	43,924,555	28,403,705	42,600,195
Non-current liabilities			
Borrowings	Nil	10,663	Nil
Deferred tax liabilities	567,203	393,017	567,203
Defined benefit obligations	559,474	557,998	564,723
	1,126,677	961,679	1,131,926
Current liabilities			
Trade and other payables	12,378,854	24,233,208	9,178,118
Borrowings	1,364,666	17,838,087	5,122,380
	13,743,520	42,071,296	14,300,498
Total liabilities	14,870,197	43,032,974	15,432,424
Total equity and liabilities	58,794,752	71,436,679	58,032,619

Signed on behalf of the Board of Directors of Textured Jersey Lanka PLC on 14th August 2012

Sgd
Director

Sgd
Director