

Maskeliya Plantations PLC

**Provisional Financial
Statements**

**FOR THE NINE MONTHS ENDED
31ST DECEMBER 2009**

Maskeliya Reports Rs.141 Million Profits for the Quarter

Maskeliya Plantations PLC recorded a turnover of Rs.938m and a Profit before Tax of Rs.141m for the quarter ending 31st December 2009. The turnover for the nine months ending 31st December 2009 was Rs.2.3bn resulting in a Loss before tax amounting to Rs.102m. The reported results have fully absorbed a Rs.376m hit on account of gratuity provisioning (Rs.249m) and back-wages (Rs.127m) consequent on a wage increase in the Plantation Sector in September 2009. If not for this impact which had to be absorbed in September 2009, the Company would have recorded a Profit before Tax amounting to Rs.274m for the nine months ended on 31st December 2009.

The Company had a successful quarter notwithstanding the fact that it had to absorb a 42% wage increase with effect from 1st April 2009. The period under review saw shortfalls in budgeted harvest due to adverse weather conditions experienced in all three elevations of Tea. Despite this the rise in the prices for tea which was attributed to the global supply shortages and effective management of costs contributed positively towards the profitability and the Company.

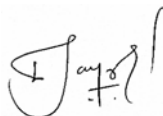
Highlights

	9 Months Ended 31st December	
	2009 Rs.Mn	2008 Rs.Mn
Turnover	2,333	1,882
Profit/(Loss) before tax, gratuity and back wages impact	274	(29)
Profit/(Loss) before tax but after gratuity and back wages impact	(102)	(29)

BALANCE SHEET

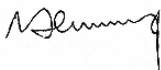
	As at 31/12/09 Rs. ' 000	As at 31/12/08 Rs. ' 000	As at 31/03/09 Rs. ' 000
ASSETS			
NON CURRENT ASSETS			
Leasehold Property	222,384	228,673	227,100
Immovable JEDB/SLSPC Estate assets on finance lease (other than leasehold property)	157,258	169,122	165,710
Tangible assets other than immature/mature plantations	635,022	607,756	630,888
Immature/Mature Plantations	1,219,520	1,120,599	1,134,581
	<u>2,234,184</u>	<u>2,126,150</u>	<u>2,158,279</u>
CURRENT ASSETS			
Inventories	468,178	398,279	294,222
ACT Recoverable	47,926	47,926	47,926
VAT Receivable	18,015	22,404	18,979
Trade and other Receivables	152,342	151,601	168,664
ESC Recoverable	7,268	697	6,776
Short Term Deposit	20,000	2,625	2,625
Amount due from Related Parties	11,902	6,610	10,888
Cash and Bank balances	15,956	6,432	4,321
	<u>741,587</u>	<u>636,574</u>	<u>554,401</u>
TOTAL ASSETS	<u>2,975,771</u>	<u>2,762,724</u>	<u>2,712,680</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital - Note 03	350,000	350,000	350,000
General Reserve	540,000	540,000	540,000
Accumulated Profit/(Loss)	7,807	204,576	112,963
SHARE HOLDERS FUND	<u>897,807</u>	<u>1,094,576</u>	<u>1,002,963</u>
NON CURRENT LIABILITIES			
Interest Bearing Loans & Borrowings	354,503	135,207	171,452
Retiring Benefit Obligations	724,249	454,439	470,785
Deferred Income	203,905	184,235	200,555
Net liability to lessor payable after one year	124,971	126,708	126,243
	<u>1,407,628</u>	<u>900,589</u>	<u>969,035</u>
CURRENT LIABILITIES			
Trade & Other payables	398,986	286,764	294,566
Dividend payable	2,155	2,454	2,307
Amount due to Related parties	126,706	73,783	34,706
Interest Bearing Loans & Borrowings	140,795	402,992	407,474
Net liability to lessor payable within one year	1,694	1,566	1,629
	<u>670,336</u>	<u>767,559</u>	<u>740,682</u>
TOTAL EQUITY AND LIABILITIES	<u>2,975,771</u>	<u>2,762,724</u>	<u>2,712,680</u>
	Rs.	Rs.	Rs.
Net Assets Per Share	33.28	40.57	37.18

These Financial Statements are in Compliance with the requirements of the Companies Act No. 07 of 2007.



L.C. Herath
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



P D Samarasinghe
Director



S.P. Jayakoddy
Director

03rd February 2010

INCOME STATEMENT

	Quarter Ended 31st December			Nine Months Ended 31st December		
	2009	2008	Variance	2009	2008	Variance
	Rs. ' 000	Rs. ' 000	+ / (-) %	Rs. ' 000	Rs. ' 000	+ / (-) %
Turnover	938,236	492,533	90	2,332,853	1,881,601	24
Cost of Sales (Note 7)	<u>(732,846)</u>	<u>(537,809)</u>	(36)	<u>(2,230,555)</u>	<u>(1,735,341)</u>	(29)
Gross Profit / (Loss)	205,390	(45,276)	554	102,298	146,260	(30)
Other Operating Income	16,682	1,106	1,408	33,551	14,895	125
Administration Expenses	(22,769)	(11,624)	(96)	(55,473)	(35,975)	(54)
Management Fee	(48,018)	(21,152)	(127)	(107,478)	(94,467)	(14)
Finance Cost	<u>(10,686)</u>	<u>(17,821)</u>	40	<u>(75,054)</u>	<u>(59,675)</u>	(26)
Profit / (Loss) before Taxation	140,599	(94,767)	248	(102,156)	(28,962)	(253)
Income Tax Expense	(3,000)	(1,894)	(58)	(3,000)	(5,697)	47
Net Profit/(Loss) for the period	<u>137,599</u>	<u>(96,661)</u>	242	<u>(105,156)</u>	<u>(34,659)</u>	(203)
	Rs.	Rs.		Rs.	Rs.	
Basic Earnings Per Share	5.10	(3.58)		(3.90)	(1.28)	
Dividends per Share	-	-		-	-	

CASH FLOW STATEMENT

	Period Ended 31/12/2009	Period Ended 31/12/2008
CASH FLOWS FROM OPERATING ACTIVITIES	Rs. ' 000	Rs. ' 000
Net Profit before Taxation	(102,156)	(28,962)
ADJUSTMENTS FOR		
Depreciation/Amortization	73,114	74,714
Provision for Defined Benefit Plan Cost	297,556	39,387
Amortisation of Grants	(7,200)	(7,200)
Finance Costs	75,053	59,675
Provision for Bad & Doubtful Debts	24,000	-
Operating Profit before Working Capital changes	<u>360,367</u>	<u>137,614</u>
(Increase)/Decrease in Trade and other receivables	(2,519)	22,254
(Increase)/Decrease in Inventories	(173,955)	13,328
Increase/(Decrease) in Trade and other payables	104,420	12,260
Increase/(Decrease) in amounts due to Related Parties	92,000	64,357
(Increase)/Decrease in amounts due from Related Parties	(1,014)	9,221
Cash Generated from Operations	<u>379,299</u>	<u>259,034</u>
Finance Costs Paid	(59,384)	(45,777)
Defined Benefit Plan Costs paid	(44,092)	(43,917)
Income Tax Paid	(3,000)	(5,697)
Net Cash from Operating Activities	<u>272,823</u>	<u>163,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants Received	10,551	20,197
Field Development Expenditure	(104,049)	(77,039)
Purchase of Property, Plant & Equipment	(49,657)	(48,421)
Net Cash used in Investing Activities	<u>(143,155)</u>	<u>(105,263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	(153)	(26,397)
Payment of Government lease rentals	(16,876)	(15,061)
Proceeds from loans	193,155	-
Payment of loans	(127,822)	(140,976)
Net Cash from Financing Activities	<u>48,304</u>	<u>(182,434)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	177,972	(124,054)
A. Cash & Cash Equivalents at the beginning of the period	<u>(282,811)</u>	<u>(81,559)</u>
B. Cash & Cash Equivalents at the end of the period	<u>(104,839)</u>	<u>(205,613)</u>
NOTE A		
Cash & Cash Equivalents at the beginning of the period		
Cash & Bank Balances	6,945	16,174
Bank Overdrafts	(289,756)	(97,733)
	<u>(282,811)</u>	<u>(81,559)</u>
NOTE B		
Cash & Cash Equivalents at the end of the period		
Cash & Bank Balances	35,956	9,057
Bank Overdrafts	(140,795)	(214,670)
	<u>(104,839)</u>	<u>(205,613)</u>

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. ' 000	General Reserve Rs. ' 000	Accumulated Profit/(Loss) Rs. ' 000	Total Rs. ' 000
Balance as at 31st March 2008	350,000	540,000	266,212	1,156,212
Net profit/ (Loss) for the period	-	-	(34,659)	(34,659)
Dividend Paid	-	-	(26,977)	(26,977)
Balance as at 31st December 2008	350,000	540,000	204,576	1,094,576
Balance as at 31st March 2009	350,000	540,000	112,963	1,002,963
Net profit/(Loss) for the period	-	-	(105,156)	(105,156)
Dividend Paid	-	-	-	-
Balance as at 31st December 2009	350,000	540,000	7,807	897,807

NOTES TO THE FINANCIAL STATEMENTS

For the Nine Months Ended 31st December 2009

- 1 Market Price per Share
- | | Nine Months
ended
31.12.2009
Rs. | Nine Months
ended
31.12.2008
Rs. |
|--|---|---|
| - Last Traded price (For the period) | 18.50 | 13.50 |
| - Highest (For the period) | 22.75 | 38.50 |
| - Lowest (For the period) | 13.25 | 13.00 |
- 2 There have been no material events occurring after the balance sheet date that require adjustment or disclosure in the financial statements.
- 3 Stated Capital of Maskeliya Plantations PLC amounts to 350,000,010 represented by 26,976,745 shares.
- 4 The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant to be comparable with those for current year.
- 5 The above figures are provisional and subject to Audit. The Interim Financial Statements of the Company has been prepared on the basis of the same accounting policies and methods applied for the year ended 31 st March 2009 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.
- 6 There are no material changes in contingent liabilities since the last Annual Report Balance Sheet date which require disclosure.
- 7 As per the new Collective Agreement, new wage rates were agreed upon in September 2009 with arrears payable for the period April to August. Total impact of the wage arrears and increase in gratuity provision arising from the increase in wage rate amounting to Rs. 376mn, was charged as Cost of Sales as at 30th September 2009.
50% of the said wage arrears was paid in October 2009 whilst 25% was paid in December 2009. Balance 25% is payable in January 2010. The Gratuity provision is subject to an Actuarial Valuation that will be carried out during the current financial year.

Break up of the Cost of Sale	Amount Rs'000
Cost of Manufacture	1,854,401
Arrears in wages	127,168
Adjustment to Opening Balance of Gratuity Provision	248,986
Total Cost of Sales	2,230,555

NOTES TO THE FINANCIAL STATEMENTS CONTD...

8 Twenty Largest Shareholders

	as at 31/12/2009		as at 31/03/2009	
	Number of Shares held	% of the Holding	Number of Shares held	% of the Holding
RPC Management Services (Pvt) Ltd	17,176,744	63.67	17,176,744	63.67
Freudenberg Shipping Agencies Ltd	595,500	2.21	595,500	2.21
Bank Of Ceylon A/c Ceybank Unit Trust	495,500	1.84	532,400	1.97
Sandwave Ltd	308,500	1.14	308,500	1.14
DPMC Financial Services (Pvt) Ltd. A/c No. 01	278,300	1.03	-	-
Mr.M. Radhakrishnan	260,600	0.97	260,600	0.97
Mr.S.A.O.A Abo Qamaz	173,000	0.64	-	0
Mr.S.N.C.W.M.B.C Kandegedara	162,300	0.60	127,200	0.47
Entrust Ltd	125,000	0.46	-	-
Mr.T.T Al-Nakib	110,000	0.41	-	-
First Capital Markets Ltd/Mr.L.K.N.K Kulawarde	107,200	0.40	-	-
Entrust Investments Ltd	105,000	0.39	-	-
Waldock Mackenzie Ltd/Ceylinco Shriram Capital.	100,400	0.37	100,400	0.37
Mr.M.M.Mohamed Makeen	100,000	0.37	-	-
CSCM/Mr.Halpawattege Geethal Ranjan Peiris	93,900	0.35	93,900	0.35
Mr.H.W.M. Woodward	90,300	0.33	88,600	0.33
Ceylinco Shriram Capital Management Services Co	79,900	0.30	79,900	0.30
Dr.N.J.W. Gunawardane	75,500	0.28	-	-
K.C. Amaradasa	75,000	0.28	-	-
HSBC International Nominees Ltd - SSBT - Deutsche Bank	70,800	0.26	-	-

20,583,444 **76.30**

Balance held by 17,080 shareholders

6,393,301 23.70

Total no. of Shares

26,976,745 **100.00**

The percentage of shares held as at 31st December 2009 as follows;

Number of Shares **%**

Public Holding

9,799,501 36.33

Other Holding

17,177,244 63.67

Total

26,976,745 **100.00**

9 Shareholding of Directors as at 31st March 2009 as follows;

	No. Shares
Dr.S.Yaddehige	-
J H P Ratnayeke	-
P D Samarasinghe	-
R.L. Kumararatne	-
Mr.S.P. Jayakoddy	500
Dr.A.Ekanayake	-
Dr.H.S.D. Soysa	1,400

SEGMENT INFORMATION

Geographical Segment

For the nine months ended 31st December 2009

	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Revenue										
Tea	582,770	480,041	861,196	738,518	411,739	314,605	477,148	348,437	2,332,853	1,881,601
Revenue Expenditure	(434,420)	(384,397)	(678,451)	(603,938)	(318,184)	(277,666)	(428,830)	(355,239)	(1,859,885)	(1,621,240)
Depreciation/ Amortization	(17,231)	(16,202)	(23,386)	(26,334)	(16,194)	(13,631)	(16,303)	(18,547)	(73,114)	(74,714)
Gratuity	(78,451)	(9,925)	(110,152)	(13,591)	(43,492)	(6,326)	(65,461)	(9,545)	(297,556)	(39,387)
Segment Results	52,668	69,517	49,207	94,655	33,869	16,982	(33,446)	(34,894)	102,298	146,260
Other Income									33,551	14,895
Unallocated Expenses									(55,473)	(35,975)
Management Fees									(107,478)	(94,467)
Finance Cost									(75,054)	(59,675)
Income Tax expenses									(3,000)	(5,697)
Profit /(Loss)for the period									(105,156)	(34,659)

CORPORATE INFORMATION

Name of Company	Maskeliya Plantations PLC
Legal Form	A Quoted Public Company with Limited Liability Incorporated in Sri Lanka.
Date of Incorporation	22nd June 1992
Company Registration	No P Q 134
Principal Business Activities	Cultivation, Manufacture and Sale of Tea, Planting and Cultivation of Timber.
Stock Exchange Listing	The Ordinary Shares are listed with the Colombo Stock Exchange of Sri Lanka.
Registered / Head Office .	310, High Level Road, Nawinna, Maharagama Sri Lanka
Ultimate Parent Enterprise	Richard Pieris & Company PLC
Board of Directors	Dr. Sena Yaddhige - Chairman J H P Ratnayake - Deputy Chairman P D Samarasinghe R L Kumararatne S P Jayakoddy Dr. A Ekanayake Dr. H S D Soysa
Secretaries	Richard Pieris Group Services (Private) Limited 310, High Level Road, Nawinna, Maharagama. Sri Lanka Telephone: +(94) 11-4310564
Auditors	Messrs Ernst & Young Chartered Accountants 201, De Saram Place, Colombo 10, Sri Lanka.
Bankers	Sampath Bank - Nawam Mawatha Branch Bank of Ceylon - Corporate Branch & Regional Branches Seylan Bank - Millennium Branch Hatton National Bank - City Office NDB Investment Bank NDB Bank
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