

Maskeliya Plantations PLC

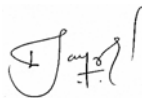
Interim Financial Statements

**FOR THE NINE MONTHS ENDED
31 DECEMBER 2011**

BALANCE SHEET

| | As at 31/12/11 Rs. ' 000 | As at 31/12/10 Rs. ' 000 | As at 31/03/11 Rs. ' 000 |
|---|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Leasehold Property | 209,868 | 216,103 | 214,498 |
| Immovable estate assets on finance lease (other than leasehold property) | 134,524 | 145,644 | 142,512 |
| Tangible assets other than immature/mature plantations | 697,129 | 748,538 | 730,205 |
| Immature/Mature Plantations | 1,566,673 | 1,348,817 | 1,397,377 |
| | <u>2,608,194</u> | <u>2,459,102</u> | <u>2,484,592</u> |
| CURRENT ASSETS | | | |
| Inventories | 473,045 | 489,786 | 493,007 |
| ACT Recoverable | 47,926 | 47,926 | 47,926 |
| VAT Receivable | 21,036 | 20,923 | 20,995 |
| Trade and other Receivables | 98,046 | 106,547 | 170,424 |
| ESC Recoverable | 18,481 | 10,332 | 14,726 |
| Amount due from Related Parties | 4,765 | 9,010 | 7,906 |
| Cash and Bank balances | 7,275 | 7,493 | 8,664 |
| | <u>670,574</u> | <u>692,017</u> | <u>763,648</u> |
| TOTAL ASSETS | <u>3,278,768</u> | <u>3,151,119</u> | <u>3,248,240</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) | (417,634) | 87,678 | 118,622 |
| TOTAL EQUITY | <u>472,366</u> | <u>977,678</u> | <u>1,008,622</u> |
| NON CURRENT LIABILITIES & DEFERRED INCOME | | | |
| Interest Bearing Loans & Borrowings | 424,999 | 169,100 | 210,869 |
| Retiring Benefit Obligations | 1,023,523 | 707,470 | 747,984 |
| Deferred Income | 250,922 | 254,103 | 252,798 |
| Net liability to lessor payable after one year | 121,469 | 123,212 | 122,787 |
| | <u>1,820,913</u> | <u>1,253,885</u> | <u>1,334,438</u> |
| CURRENT LIABILITIES | | | |
| Trade & Other payables | 409,097 | 398,900 | 423,707 |
| Dividend payable | 2,009 | 2,028 | 2,028 |
| Amount due to Related parties | 201,828 | 239,821 | 185,869 |
| Interest Bearing Loans & Borrowings | 370,793 | 277,045 | 291,814 |
| Net liability to lessor payable within one year | 1,762 | 1,762 | 1,762 |
| | <u>985,489</u> | <u>919,556</u> | <u>905,180</u> |
| TOTAL EQUITY AND LIABILITIES | <u>3,278,768</u> | <u>3,151,119</u> | <u>3,248,240</u> |
| | Rs. | Rs. | Rs. |
| Net Assets Per Share | 17.51 | 36.24 | 37.39 |

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



L.C. Herath (Mrs.)
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Maskeliya Plantations PLC.



J H P Ratnayake
Director



S P Jayakoddy
Director

02 February 2012

INCOME STATEMENT

| | Quarter Ended 31st December | | | Nine Months Ended 31st December | | |
|---|--------------------------------|----------------------|--------------------------|------------------------------------|----------------------|--------------------------|
| | 2011 Rs. ' 000 | 2010 Rs. ' 000 | Variance + / (-) % | 2011 Rs. ' 000 | 2010 Rs. ' 000 | Variance + / (-) % |
| Revenue | 825,560 | 863,460 | (4) | 2,325,384 | 2,357,043 | (1) |
| Cost of Sales (Note 7) | <u>(768,375)</u> | <u>(728,010)</u> | (6) | <u>(2,663,095)</u> | <u>(2,135,218)</u> | (25) |
| Gross Profit / (Loss) | 57,185 | 135,450 | (58) | (337,711) | 221,825 | (252) |
| Other Operating Income | 2,840 | 2,387 | 19 | 10,088 | 7,528 | 34 |
| Administration Expenses | (11,213) | (11,912) | 6 | (34,055) | (32,877) | (4) |
| Management Fee | (35,421) | (45,168) | 22 | (99,322) | (118,258) | 16 |
| Finance Cost | <u>(27,952)</u> | <u>(23,483)</u> | (19) | <u>(75,256)</u> | <u>(66,681)</u> | (13) |
| Profit / (Loss) before Taxation | (14,561) | 57,274 | (125) | (536,256) | 11,537 | (4,748) |
| Income Tax Expense | - | - | - | - | - | - |
| Net Profit/(Loss) for the period | <u>(14,561)</u> | <u>57,274</u> | (125) | <u>(536,256)</u> | <u>11,537</u> | (4,748) |
| | Rs. | Rs. | | Rs. | Rs. | |
| Basic Earnings Per Share | (0.54) | 2.12 | | (19.88) | 0.43 | |

CASH FLOW STATEMENT

| For the Nine months ended | 31/12/2011 | 31/12/2010 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | Rs. ' 000 | Rs. ' 000 |
| Net Profit before Taxation | (536,255) | 11,537 |
| ADJUSTMENTS FOR | | |
| Depreciation/Amortization | 76,851 | 76,096 |
| Provision for Defined Benefit Plan Cost | 324,570 | 48,984 |
| Amortisation of Grants | (7,470) | (7,470) |
| Profit on Disposal of Property, Plant & Equipment | (1,225) | - |
| Finance Costs | 75,256 | 66,681 |
| Operating Profit before Working Capital changes | (68,273) | 195,828 |
| (Increase)/Decrease in Trade and other receivables | 74,583 | 69,279 |
| (Increase)/Decrease in Inventories | 19,962 | (124,418) |
| Increase/(Decrease) in Trade and other payables | (28,046) | 106,657 |
| Increase/(Decrease) in amounts due to Related Parties | 15,960 | 133,060 |
| (Increase)/Decrease in amounts due from Related Parties | 3,142 | 3,030 |
| Cash Generated from Operations | 17,328 | 383,436 |
| Finance Costs Paid | (56,320) | (48,288) |
| Defined Benefit Plan Costs paid | (49,031) | (47,945) |
| Tax Paid | (6,002) | (5,821) |
| Net Cash from Operating Activities | (94,025) | 281,382 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Grants Received | 5,594 | 39,372 |
| Proceed from Sale of Property, Plant & Equipment | 1,225 | - |
| Field Development Expenditure | (190,434) | (125,844) |
| Purchase of Property, Plant & Equipment | (10,019) | (115,680) |
| Net Cash used in Investing Activities | (193,634) | (202,152) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends Paid | (19) | - |
| Payment of Government lease rentals | (6,821) | (19,662) |
| Proceeds from loans | 345,000 | - |
| Payment of loans | (161,632) | (113,007) |
| Net Cash from Financing Activities | 176,528 | (132,669) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (111,131) | (53,439) |
| A. Cash & Cash Equivalents at the beginning of the period | (88,261) | (51,887) |
| B. Cash & Cash Equivalents at the end of the period | (199,392) | (105,326) |
| NOTE A | | |
| Cash & Cash Equivalents at the beginning of the period | | |
| Call Deposit | - | 32,000 |
| Cash & Bank Balances | 8,664 | 6,821 |
| Bank Overdrafts | (96,925) | (90,708) |
| | (88,261) | (51,887) |
| NOTE B | | |
| Cash & Cash Equivalents at the end of the period | | |
| Call Deposit | - | - |
| Cash & Bank Balances | 7,275 | 7,493 |
| Bank Overdrafts | (206,667) | (112,819) |
| | (199,392) | (105,326) |

STATEMENT OF CHANGES IN EQUITY

| | Stated Capital Rs. ' 000 | General Reserve Rs. ' 000 | Accumulated Profit/(Loss) Rs. ' 000 | Total Rs. ' 000 |
|---------------------------------------|--------------------------------|---------------------------------|---|--------------------|
| Balance as at 31 March 2010 | 350,000 | 540,000 | 76,141 | 966,141 |
| Net profit/ (Loss) for the period | - | - | 11,537 | 11,537 |
| Balance as at 31 December 2010 | 350,000 | 540,000 | 87,678 | 977,678 |
| Balance as at 31 March 2011 | 350,000 | 540,000 | 118,622 | 1,008,622 |
| Net profit/(Loss) for the period | - | - | (536,256) | (536,256) |
| Balance as at 31 December 2011 | 350,000 | 540,000 | (417,634) | 472,366 |

NOTES TO THE FINANCIAL STATEMENTS

- | For the Nine Months Ended 31 December | Year ended
31 March | | |
|--|------------------------|-------------|-------------|
| | 2011 Rs. | 2010 Rs. | 2011 Rs. |
| 1 Market Price per Share | | | |
| - Last Traded price (For the period) | 20.00 | 27.80 | 28.10 |
| - Highest (For the period) | 31.00 | 35.80 | 35.80 |
| - Lowest (For the period) | 16.00 | 24.00 | 24.00 |
| 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 of current year. | | | |
| 5 The above figures are provisional and subject to Audit. The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31 March 2011 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting. Further, provisions of the Companies Act No.7 of 2007 have been considered in preparing the Interim Financial Statements of the Company. | | | |
| 6 There has been no significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 March 2011. | | | |
| 7 In June 2011, as per the Collective Agreement, wage rate was increased from Rs. 447/75 to Rs. 572/- with retrospective effect from April 2011. Arrears payment from April to May 2011 was paid in August 2011. Total impact of the actual wage arrears and increase in gratuity provision amounting to Rs.328 mn has been charged to Cost of Sales. | | | |

| Details | Amount Rs "000" |
|---|--------------------|
| Cost of Manufacture for the period | 2,334,296 |
| Arrears in wages | 59,250 |
| Adjustment to Opening Balance of Gratuity Provision | 269,549 |
| Total Cost of Sales | 2,663,095 |

These figures are subject to an Actuarial Valuation that will be carried out during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS CONTD...

8 Twenty Largest Shareholders

| | as at 31/12/2011 | | as at 31/03/2011 | |
|---|-----------------------|------------------|-----------------------|------------------|
| | Number of Shares held | % of the Holding | Number of Shares held | % of the Holding |
| 1 R.P.C Mangement Services (Pvt) Ltd | 19,823,644 | 73.48 | 19,172,144 | 71.07 |
| 2 Mr C.P De Silva | 780,500 | 2.89 | 250,000 | 0.93 |
| 3 David Pieris Motor Company Ltd | 410,300 | 1.52 | 410,300 | 1.52 |
| 4 Mr.M. Radhakrishnan | 260,600 | 0.97 | 260,600 | 0.97 |
| 5 Amina Investment Ltd | 175,000 | 0.65 | 155,000 | 0.57 |
| 6 Mr.M.H. Nassim Hussain | 161,800 | 0.60 | - | - |
| 7 Mr.M.T.T. Al-Nakib | 150,000 | 0.56 | 150,000 | 0.56 |
| 8 Entrust Limited | 110,000 | 0.41 | 110,000 | 0.41 |
| 9 Freudenberg Shipping Agencies Ltd | 95,500 | 0.35 | 596,000 | 2.21 |
| 10 Mr J. Asanath Priyantha | 89,400 | 0.33 | 79,400 | 0.29 |
| 11 Dee Investment(Pvt)Ltd | 84,100 | 0.31 | 84,100 | 0.31 |
| 12 Mr R.R.S Ananda | 80,000 | 0.30 | 80,000 | 0.30 |
| 13 HSBC International Nominees Ltd-SSBT-Deustche | 70,800 | 0.26 | 70,800 | 0.26 |
| 14 Commercial Bank of Ceylon PLC - Mr G. Ramanan | 65,400 | 0.24 | 65,400 | 0.24 |
| 15 Confifi Management Services (Pvt)Ltd | 50,100 | 0.19 | 50,100 | 0.19 |
| 16 Emerging Markets Investment Management (Pvt)Ltd | 50,000 | 0.19 | 50,700 | 0.19 |
| 17 Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd | 50,000 | 0.19 | - | - |
| 18 Cocoshell Activated Carbon Company Ltd | 49,100 | 0.18 | 51,100 | 0.19 |
| 19 S.K.M Lanka Holdings (Pvt) Ltd | 40,000 | 0.15 | - | - |
| 20 Mr. K.M.A.R.K Almuhaari | 38,000 | 0.14 | - | - |
| | 22,634,244 | 83.90 | | |
| Balance held by 16,746 shareholders (2010/11 - 16,874 Shareholders) | 4,342,501 | 16.10 | 5,031,701 | 18.65 |
| Total no. of Shares | 26,976,745 | 100.00 | 26,976,745 | 100.00 |

The percentage of shares held as at

| | 31/12/2011 | | 31/03/2011 | |
|----------------|-------------------|---------------|-------------------|---------------|
| | Number of Shares | % | Number of Shares | % |
| Public Holding | 7,147,001 | 26.49 | 7,798,501 | 28.91 |
| Other Holding | 19,829,744 | 73.51 | 19,178,244 | 71.09 |
| Total | 26,976,745 | 100.00 | 26,976,745 | 100.00 |

9 The number of shares held by the Board of Directors are as follows:

| As at | 31/12/2011 | 31/03/2011 |
|-------------------|------------|------------|
| Dr.S.Yaddehige | - | - |
| J H P Ratnayeke | - | - |
| Mr.S.P. Jayakoddy | 4,700 | 4,700 |
| Dr.A.Ekanayake | - | - |
| Dr.H.S.D. Soysa | 1,400 | 1,400 |

SEGMENT INFORMATION

Geographical Segment

For the nine months ended 31 December 2011

| | Maskeliya | | Upcot | | Talawakelle | | Bandarawela | | Total | |
|-------------------------------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|------------------|-----------------|------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 | Rs. ' 000 |
| Revenue | 622,149 | 570,248 | 865,084 | 854,581 | 419,224 | 422,640 | 418,927 | 509,574 | 2,325,384 | 2,357,043 |
| Revenue Expenditure | (564,064) | (466,667) | (817,223) | (700,239) | (397,155) | (345,836) | (483,232) | (497,396) | (2,261,674) | (2,010,138) |
| Depreciation/ Amortization | (21,030) | (19,684) | (22,804) | (28,518) | (16,749) | (14,049) | (16,268) | (13,845) | (76,851) | (76,096) |
| Gratuity | (78,904) | (11,820) | (118,484) | (18,280) | (53,214) | (7,432) | (73,968) | (11,452) | (324,570) | (48,984) |
| Segment Results | (41,849) | 72,077 | (93,427) | 107,544 | (47,894) | 55,323 | (154,541) | (13,119) | (337,711) | 221,825 |
| Other Income | | | | | | | | | 10,088 | 7,528 |
| Administration Expenses | | | | | | | | | (34,055) | (32,877) |
| Management Fees | | | | | | | | | (99,322) | (118,258) |
| Finance Cost | | | | | | | | | (75,256) | (66,681) |
| Income Tax expenses | | | | | | | | | - | - |
| Profit /(Loss)for the period | | | | | | | | | (536,256) | 11,537 |

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 | PQ 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 Yaddhegige - Chairman J H P Ratnayeke - Deputy Chairman 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 Bank |
| Legal Advisors | Paul Ratnayeke Associates International Legal Consultants Solicitors and Attorneys-at-law No.59, Gregory's Road Colombo 07. |
| Contact Details | Telephone : +(94) 11 4310888 Facsimile : +(94) 11 4310835 Internet : www.arpico.com E-mail : mpl.rpk@arpico.com |