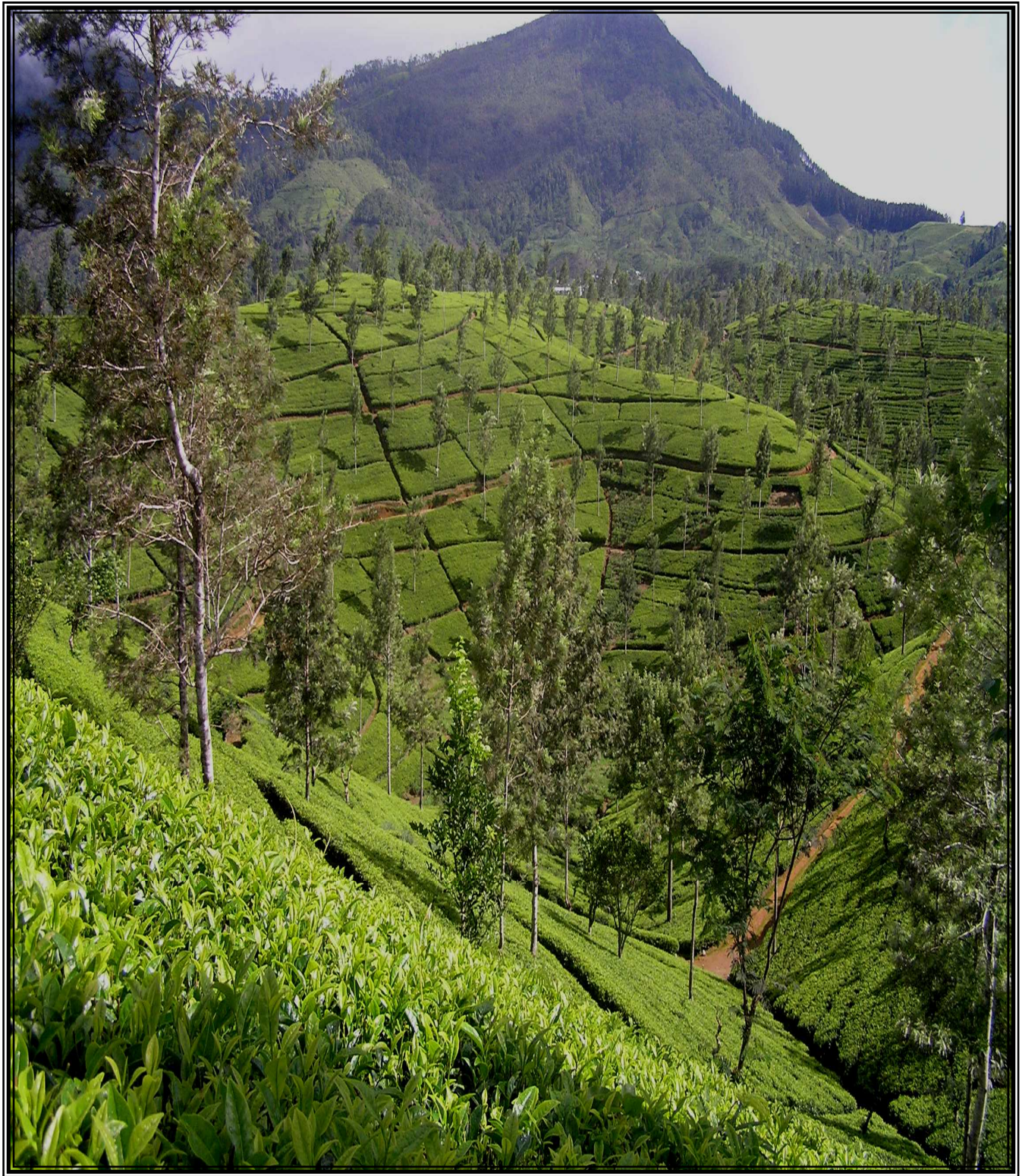


Maskeliya Plantations PLC

Interim Financial Statements



**FOR THE NINE MONTHS ENDED
31 DECEMBER 2013**

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	As at 31/12/13 Rs. ' 000	As at 31/12/12 Rs. ' 000	As at 31/03/13 Rs. ' 000
ASSETS			
NON CURRENT ASSETS			
Lease hold Property ,Plant and Equipment	309,151	327,463	322,013
Freehold Property, plant & equipment	617,690	655,794	646,215
Bearer Biological Assets	1,900,590	1,722,657	1,766,677
Consumable Biological Assets	528,465	472,169	528,465
	<u>3,355,896</u>	<u>3,178,083</u>	<u>3,263,370</u>
CURRENT ASSETS			
Inventories	534,322	466,760	426,732
ACT Recoverable	47,926	47,926	47,926
VAT Receivable	21,029	21,034	21,036
Trade and other Receivables	229,379	133,838	153,848
ESC Recoverable	36,765	27,976	32,800
Short Term Investment	-	-	300,000
Amount due from Related Parties	2,843	2,520	2,918
Cash and Bank balances	4,874	176,923	7,967
	<u>877,138</u>	<u>876,977</u>	<u>993,227</u>
TOTAL ASSETS	<u>4,233,034</u>	<u>4,055,060</u>	<u>4,256,597</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stated Capital - Note 02	673,721	673,721	673,721
General Reserve	540,000	540,000	540,000
Timber Reserves	485,714	429,857	485,714
Retained Earnings	(298,954)	(267,339)	(128,887)
TOTAL EQUITY	<u>1,400,481</u>	<u>1,376,239</u>	<u>1,570,548</u>
NON CURRENT LIABILITIES & DEFERRED INCOME			
Interest Bearing Loans & Borrowings	622,242	553,419	809,873
Retiring Benefit Obligations	872,794	850,425	776,574
Deferred Tax Liability	233,984	237,225	59,063
Deferred Income	59,062	26,625	239,889
Liability to make Lease Payment after one year	117,613	119,654	119,049
	<u>1,905,695</u>	<u>1,787,348</u>	<u>2,004,448</u>
CURRENT LIABILITIES			
Trade & Other payables	437,071	436,363	373,362
Dividend payable	2,009	2,009	2,009
Amount due to Related parties	76,681	274,759	53,326
Interest Bearing Loans & Borrowings	409,191	176,580	250,998
Liability to make Lease Payment within one year	1,906	1,762	1,906
	<u>926,858</u>	<u>891,473</u>	<u>681,601</u>
TOTAL EQUITY AND LIABILITIES	<u>4,233,034</u>	<u>4,055,060</u>	<u>4,256,597</u>
	Rs.	Rs.	Rs.
Net Assets Per Share	25.96	25.51	29.11

The above figures are subject to audit


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



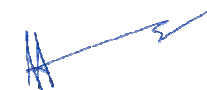
Jagath Dissanayake
Group Chief Financial Officer

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.



S S Poholiyadde
Director



J H P Ratnayake
Director

10 February 2014

INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ended 31st December			Nine Months Ended 31st December		
	2013 Rs. ' 000	2012 Rs. ' 000	Variance + / (-) %	2013 Rs. ' 000	2012 Rs. ' 000	Variance + / (-)
Revenue	902,355	809,154	12	2,497,995	2,571,847	(3)
Cost of Sales	(795,417)	(658,088)	(21)	(2,478,421)	(2,249,424)	(10)
Gross Profit / (Loss)	106,938	151,066	(29)	19,574	322,423	(94)
Other Operating Income	6,655	11,598	(43)	22,776	22,426	2
Gain on Change in Fair Value of Biological Assets	-	-	-	-	-	-
Administration Expenses	(9,959)	(8,708)	(14)	(31,571)	(32,706)	3
Management Fee	(51,728)	(53,994)	4	(123,938)	(140,879)	12
Finance Cost	(16,516)	(29,011)	43	(56,908)	(97,026)	41
Profit / (Loss) before Taxation	35,390	70,951	(50)	(170,067)	74,238	(329)
Income Tax Expense	-	-	-	-	-	-
Net Profit / (Loss) for the period	35,390	70,951	(50)	(170,067)	74,238	(329)
	Rs.	Rs.		Rs.	Rs.	
Basic Earnings Per Share	0.66	2.11		(3.15)	2.21	

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

For the Nine Months ended	31/12/2013	31/12/2012
CASH FLOWS FROM OPERATING ACTIVITIES	Rs. ' 000	Rs. ' 000
Net Profit before Taxation	(170,067)	74,238
ADJUSTMENTS FOR		
Depreciation/Amortization	77,421	79,459
Provision for Defined Benefit Plan Cost	162,625	57,849
Amortisation of Grants	(9,000)	(7,470)
Profit on Disposal of Property, Plant & Equipment	-	
Finance Costs	56,908	97,027
Operating Profit before Working Capital changes	117,887	301,103
(Increase)/Decrease in Trade and other receivables	(73,204)	3,557
(Increase)/Decrease in Inventories	52,368	(43,103)
Increase/(Decrease) in Trade and other payables	(159,884)	(409)
Increase/(Decrease) in amounts due to Related Parties	43,841	77,164
(Increase)/Decrease in amounts due from Related Parties	35,198	35
Cash Generated from Operations	16,206	338,347
Finance Costs Paid	(34,302)	(76,401)
Defined Benefit Plan Costs paid	(66,405)	(90,272)
Tax Paid	(6,286)	(6,189)
Net Cash from Operating Activities	(90,787)	165,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants Received	3,094	(1,393)
Proceed from Sale of Property, Plant & Equipment		
Field Development Expenditure	(162,091)	(148,025)
Purchase of Property, Plant & Equipment	(7,855)	(8,796)
Proceeds from Issued of Ordinary Shares	-	323,721
Net Cash used in Investing Activities	(166,852)	165,507
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid	-	-
Payment of Government lease rentals	(16,016)	(35,173)
Proceeds from loans	-	300,000
Payment of loans	(143,289)	(101,670)
Net Cash from Financing Activities	(159,305)	163,157
Net Increase/(Decrease) in Cash & Cash Equivalents	(416,944)	494,149
A. Cash & Cash Equivalents at the beginning of the period	243,803	(317,226)
B. Cash & Cash Equivalents at the end of the period	(173,141)	176,923
NOTE A		
Cash & Cash Equivalents at the beginning of the period		
Call Deposit	300,000	-
Cash & Bank Balances	7,967	4,778
Bank Overdrafts	(64,164)	(322,004)
	243,803	(317,226)
NOTE B		
Cash & Cash Equivalents at the end of the period		
Call Deposit	-	-
Cash & Bank Balances	4,874	176,923
Bank Overdrafts	(178,015)	
	(173,141)	176,923

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. ' 000	General Reserve Rs. ' 000	Retained Earnings Rs. ' 000	Timber Reserve Rs. ' 000	Total Equity Rs. ' 000
Balance as at 31 March 2012	350,000	540,000	(341,577)	429,857	978,280
Right Issue	323,721				323,721
Net profit/ (Loss) for the period			74,238		74,238
Balance as at 31 December 2012	673,721	540,000	(267,339)	429,857	1,376,239
Balance as at 31 March 2013	673,721	540,000	(128,887)	485,714	1,570,548
Net profit/(Loss) for the period	-	-	(170,067)	-	(170,067)
Balance as at 31st December 2013	673,721	540,000	(298,954)	485,714	1,400,481

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
RECONCILIATION OF EQUITY AS AT 31ST DECEMBER 2012

	Notes	SLFRS/LKAS As at 31/12/2012 Rs.	Remeasurements Rs.	SLAS As at 31/12/2012 Rs.
ASSETS				
Non Current Assets				
Leasehold Property Plant & Equipment		327,463		327,463
Freehold Property, plant & equipment	C	655,794	8,541	647,253
Bearer Biological Assets	D	1,722,657	(42,312)	1,764,969
Consumable Biological Assets	D	472,169	(141,039)	613,208
		<u>3,178,083</u>	<u>(174,810)</u>	<u>3,352,893</u>
Current Assets				
Inventories	E	466,760	(106,597)	573,357
ACT Recoverable		47,926	-	47,926
VAT Recoverable		21,034	-	21,034
Trade and Other Receivables		133,838	-	133,838
ESC Recoverable		27,976		27,976
Amounts due from Related Companies		2,520	-	2,520
Cash and Bank Balances		176,923	-	176,923
		<u>876,977</u>	<u>(106,597)</u>	<u>983,574</u>
TOTAL ASSETS		<u>4,055,060</u>	<u>(281,407)</u>	<u>4,336,467</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital		673,721		673,721
General Reserve		540,000		540,000
Timber Reserves	D	429,857	(183,351)	613,208
Retained Earnings	G	(267,339)	(124,681)	(142,658)
Total Equity		<u>1,376,239</u>	<u>(308,032)</u>	<u>1,684,271</u>
Non Current Liabilities & Deferred Income				
Interest Bearing Loans & Borrowings		553,419		553,419
Retiring Benefit Obligations		850,425		850,425
Deferred Income		237,225		237,225
Deferred Tax	F	26,625	26,625	-
Liability to make Lease Payment after one year		119,654		119,654
		<u>1,787,348</u>	<u>26,625</u>	<u>1,760,723</u>
Current Liabilities				
Trade and Other Payables		436,363		436,363
Dividends Payable		2,009		2,009
Amounts due to Related Companies		274,759		274,759
Interest Bearing Loans & Borrowings		176,580		176,580
Liability to make Lease Payment within one year		1,762		1,762
		<u>891,473</u>	<u>-</u>	<u>891,473</u>
		<u>2,678,821</u>	<u>26,625</u>	<u>2,652,196</u>
TOTAL EQUITY AND LIABILITIES		<u>4,055,060</u>	<u>(281,407)</u>	<u>4,336,467</u>

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS
RECONCILIATION OF TOTAL COMPREHENSIVE INCOME
for the Nine months ended 31.12.2012

		SLFRS/LKAS	Remeasurements	SLAS
		Rs.	Rs.	Rs.
Revenue	A	2,571,847	(151,071)	2,722,918
Cost of Sales	B	(2,249,424)	45,687	(2,295,111)
Gross Profit / (Loss)		322,423	(105,384)	427,807
Gain on Change in Fair Value of Biological Assets	D	-	-	-
Other Operating Income		22,426	-	22,426
Administration Expenses		(32,706)	-	(32,706)
Management Fee		(140,879)	-	(140,879)
Finance Cost		(97,026)	-	(97,026)
Profit /(Loss) before Taxation		74,238	(105,384)	179,622
Income Tax Expense	F	-	-	-
Net Profit/(Loss) for the period		74,238	(105,384)	179,622
Other Comprehensive Income		-	-	-
Total Comprehensive Income for the period		74,238	(105,384)	179,622

The above figures are subject to audit

-

INTERIM FINANCIAL STATEMENTS SEGMENT INFORMATION

Geographical Segment
For the Nine months ended 31 December 2013

	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Revenue	644,831	727,111	927,527	968,340	404,922	500,635	520,715	375,760	2,497,995	2,571,846
Revenue Expenditure	(560,593)	(565,462)	(791,837)	(741,655)	(372,280)	(386,178)	(513,667)	(419,405)	(2,238,377)	(2,112,700)
Depreciation/ Amortization	(22,151)	(22,289)	(22,523)	(22,677)	(14,830)	(16,260)	(17,916)	(17,648)	(77,420)	(78,874)
Gratuity	(40,596)	(14,378)	(59,728)	(20,789)	(25,602)	(8,952)	(36,698)	(13,730)	(162,624)	(57,849)
Segment Results	21,491	124,982	53,439	183,219	(7,790)	89,245	(47,566)	(75,023)	19,574	322,423
Other Income									22,776	22,426
Administration Expenses									(31,571)	(32,706)
Management Fees									(123,938)	(140,879)
Finance Cost									(56,908)	(97,026)
Income Tax expenses										-
Profit /(Loss)for the period									(170,067)	74,238

The above figures are subject to audit

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1 Notes to the reconciliation of financial position as at 31 December 2012 and Total Comprehensive Income ("CI") for the quarter ended 31 December 2012

A Revenue

Profit & Loss of the perennial crop has been recognized in the financial period of harvesting in terms of SLAS 32. Thus the unsold stocks were treated as a part of revenue. The scope of revenue recognition was changed to LKAS 18. Accordingly, the revenue is recognized based on the date of auction where the recognition criteria are met and therefore the quantity sold at auction is treated as sales.

The turnover in the Statement of Comprehensive Income for the quarter ended 31 December 2012 was decreased by 152mn.

Nature of SLFRS/LKAS Adjustment	CI for year ended	
	31 December 2012	
	Rs.'000	
Removal of unsold stock which was part of Revenue	(513,121)	
Recognition of turnover of last year's stock	362,050	
Total	(151,071)	

B Cost of sales

Recognition of the cost of sales has been changed simultaneous to the changes to the revenue recognition. Thus, cost of sales consists of the directly attributable cost of the goods sold. Cost of opening stocks and the closing stocks were adjusted to the cost of production in arriving this. Further, the measurement of unsold tea stocks have been changed and also the depreciation charged for the quarter has been changed as a results of changes of the useful lives and residual values.

Nature of SLFRS/LKAS Adjustment	CI for year ended	
	31 December 2012	
	Rs. '000	
Cost of opening stock	364,144	
Cost of closing stock	(410,416)	
Effect on depreciation for the year by restatement of depreciation policy	585	
Total	(45,687)	

C Freehold Property, Plant & Equipment

The useful lives of the fully depreciated Colour Sorters & Driers were re-estimated from the date of acquisition. As a result, the depreciation in CI for period ended 31 December 2012 has been increased.

Nature of SLFRS/LKAS Adjustment	Net Asset as at		For quarter ended
	31 December 2012	31 March 2012	31 December 2012
	Rs'000	Rs'000	Rs'000
Accumulated Depreciation as per SLAS	990,400	720,206	270,194
Accumulated Depreciation as per SLFRS	981,859	711,080	270,779
Effect on depreciation for the period by restatement of depreciation policy			
Total	8,541	9,126	(585)

D Biological Assets

LKAS 41 applied for consumable biological assets thus the fair value of managed trees was ascertained by professionally qualified valuers. As a result, the net assets of opening Statement of Financial Position has been decreased by Rs. 183Mn.

Nature of SLFRS/LKAS Adjustment	Net Asset as at		For quarter ended
	31 December 2012	31 March 2012	31 December 2012
	Rs'000	Rs'000	Rs'000
Cost of managed timber classified as biological assets	(42,312)	(42,312)	-
Gain/(loss) on fair value of managed trees	(141,039)	(141,039)	-
Total	(183,351)	(183,351)	-

The gain or losses arising from biological transformation relating to the quarter ended 31 december 2012 have not been recognised in the interim accounts.

INTERIM FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Cont..)

E Inventory

The produce stock from biological assets i.e. tea was valued at estimated selling price or since realized price in terms of SLAS 32. With the conversion to new Accounting Standards, the agricultural products that are the result of processing after harvest from biological assets i.e tea is required to be carried at the lower of cost and estimated net realizable value in accordance with LKAS 2.

Nature of SLFRS/LKAS Adjustment	Net Asset as at		For quarter ended
	31 December 2012	31 March 2012	31 December 2012
	Rs'000	Rs'000	Rs'000
Change in Valuation of tea stock at lower of fair value or NRV	(104,798)	(1,799)	(106,597)
Total	(104,798)	(1,799)	(106,597)

F Deferred Tax Liability

The deferred tax effect is predominantly arises because of the taxable temporary difference as a result of changing depreciation policy and fair valuation of consumable biological assets.

Nature of SLFRS/LKAS Adjustment	Net Asset as at		For quarter ended
	31 December 2012	31 March 2012	31 December 2012
	Rs'000	Rs'000	Rs'000
Total deferred tax effect	(26,625)	(26,625)	-
Total	(26,625)	(26,625)	-

G Retained Earnings

The changes up to 31 december 2012 due to SLFRS/LKAS conversion adjusted through retained earnings.

Nature of SLFRS/LKAS Adjustment	Net Asset as at	
	31 December 2012	31 March 2012
	Rs'000	Rs'000
Gains and losses on fair value of consumable biological assets	(183,351)	(183,351)
Effect on depreciation for the year by restatement of depreciation policy	8,541	9,126
Valuation tea stocks at lower of cost or NRV	(106,597)	(1,799)
Total deferred tax effect on SLFRS/LKAS adjustments	(26,625)	(26,625)
Total	(308,032)	(202,649)
Accumulated	(105,383)	

2 Stated Capital of Maskeliya Plantations PLC amounts to 673,720,950 represented by 53,953,490 shares.

3 The Interim Financial Statements of the Company are unaudited and have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and are in compliance with Sri Lanka Accounting Standards 34-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

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 2013.

4 The presentation and classification of figures for the corresponding period of the previous quarter have been amended, where relevant, for better presentation and to be comparable with those of the current quarter.

5 Other than contingent liabilities which may arise from the fair value adjustments, there has been no material changes in the nature of the contingent liabilities, what was disclosed in the Annual Report for the year ended 31 March 2013.

6 The Employers' Federation of Ceylon signed a Plantation Workers Wage Collective Agreement with Trade Unions increasing the daily wage rate and attendance incentive to Rs. 450/- and Rs. 140/- respectively with effect from 01 April 2013.

7 No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS SHAREHOLDER AND INVESTOR INFORMATION

For the Nine Months Ended 31 December	2013 Rs.	2012 Rs.	Year ended 31 March 2013 Rs.
Market Price per Share			
- Last Traded price (For the quarter)	10.50	12.70	12.10
- Highest (For the quarter)	13.90	20.80	21.00
- Lowest (For the quarter)	9.40	10.10	10.00

Twenty Largest Shareholders

	as at 31/12/2013		as at 31/03/2013	
	Number of Shares held	% of the Holding	Number of Shares held	% of the Holding
R.P.C Mangement Services (Pvt) Ltd	44,998,397	83.40	44,998,397	83.40
David Pieris Motor Company Ltd	1,158,806	2.15	539,547	1.00
Mr C.P De Silva	780,500	1.45	780,500	1.45
Amina Investment Ltd	650,000	1.20	600,000	1.11
Est of Late Mr.M. Radhakrishnan (Deceased)	260,600	0.48	260,600	0.48
Seylan Bank Ltd/Govindasamy Ramanan	251,529	0.47	336,480	0.62
HSBC International Nominees Ltd-SSBT-Deustche	141,600	0.26	141,600	0.26
DPMC Assetline Holdings (Pvt) Ltd - Account No. 03	134,334	0.25	-	-
Mr. D S J V Costa	112,896	0.21	-	-
Freudenberg Shipping Agencies Ltd	95,500	0.18	95,500	0.18
Dee Investment (Pvt) Ltd	84,100	0.16	84,100	0.16
Mr J. Asanath Priyantha	80,898	0.15	80,898	0.15
Mr R.R.S Ananda	80,000	0.15	80,000	0.15
Mr. S.P Jayakumar	65,266	0.12	-	-
Commercial Bank of Ceylon PLC - Mr D S J V Costa	60,100	0.11	-	-
Mr. N.W.M Jayasiri	60,000	0.11	-	-
Mr. C.P Malalanayaka	55,573	0.10	-	-
Confifi Management Services (Pvt) Ltd	50,200	0.09	50,200	0.09
Mr M A Junaid	47,063	0.09	-	-
Cocoshell Activated Carbon Company Ltd	44,100	0.08	-	-
	49,211,462	91.21		
Balance held by 16,747 shareholders (2012/13 -16,836 Shareholders)	4,742,028	8.79	5,063,559	9.39
Total no. of Shares	53,953,490	100.00	53,953,490	100.00

The percentage of shares held as at

	31/12/2013		31/03/2013	
	Number of Shares	%	Number of Shares	%
Public Holding	8,952,293	16.59	8,952,293	16.59
Other Holding	45,001,197	83.41	45,001,197	83.41
Total	53,953,490	100.00	53,953,490	100.00

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

As at	31/12/2013	31/03/2013
Dr.S Yaddhegige	-	-
J H P Ratnayake	-	-
S S Poholiyadde	-	-
Dr.H S D Soysa	2,800	2,800
E M M Boyagoda	-	-

INTERIM FINANCIAL STATEMENTS 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 Yaddhige - Chairman J H P Ratnayake - Deputy Chairman S S Poholiyadde Dr. H S D Soysa E M M Boyagoda
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 Ratnayake 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