

Maskeliya Plantations PLC

Interim Financial Statements

**TWELVE MONTHS ENDED
31 MARCH 2012**

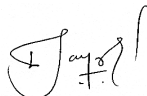
BALANCE SHEET

	As at 31/03/12 Rs. ' 000	As at 31/03/11 Rs. ' 000
ASSETS		
NON CURRENT ASSETS		
Leasehold Property	208,275	214,498
Immovable estate assets on finance lease (other than leasehold property)	131,255	142,512
Tangible assets other than immature/mature plantations	681,322	730,205
Immature/Mature Plantations	1,640,887	1,397,377
Biological Assets - Timber Plantation (Note 8)	613,208	542,689
	<u>3,274,947</u>	<u>3,027,281</u>
CURRENT ASSETS		
Inventories	432,673	493,007
ACT Recoverable	47,926	47,926
VAT Receivable	21,032	20,995
Trade and other Receivables	128,290	170,424
ESC Recoverable	23,673	14,726
Amount due from Related Parties	2,555	7,906
Cash and Bank balances	4,778	8,664
	<u>660,927</u>	<u>763,648</u>
	<u>3,935,874</u>	<u>3,790,929</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Stated Capital - Note 03	350,000	350,000
General Reserve	540,000	540,000
Accumulated Profit/(Loss)	290,929	661,311
TOTAL EQUITY	<u>1,180,929</u>	<u>1,551,311</u>
NON CURRENT LIABILITIES & DEFERRED INCOME		
Interest Bearing Loans & Borrowings	396,707	210,868
Retiring Benefit Obligations	882,848	747,984
Deferred Income	246,088	252,798
Net liability to lessor payable after one year	120,954	122,787
	<u>1,646,597</u>	<u>1,334,437</u>
CURRENT LIABILITIES		
Trade & Other payables	438,103	423,708
Dividend payable	2,009	2,028
Amount due to Related parties	209,437	185,869
Interest Bearing Loans & Borrowings	456,967	291,814
Net liability to lessor payable within one year	1,832	1,762
	<u>1,108,348</u>	<u>905,181</u>
	<u>3,935,874</u>	<u>3,790,929</u>

	Rs.	Rs.
Net Assets Per Share	43.78	57.51

The above figures are subject to audit

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

29 May 2012

INCOME STATEMENT

	Quarter Ended 31 March			Year Ended 31 March		
	2012 Rs. ' 000	2011 Rs. ' 000	Variance + / (-) %	2012 Rs. ' 000	2011 Rs. ' 000	Variance + / (-) %
Revenue	737,972	894,381	(17)	3,063,356	3,251,424	(6)
Cost of Sales (Note 7)	<u>(596,346)</u>	<u>(784,239)</u>	24	<u>(3,259,441)</u>	<u>(2,919,457)</u>	(12)
Gross Profit / (Loss)	141,626	110,142	29	(196,085)	331,967	(159)
Other Operating Income	6,600	546	1,109	16,688	8,074	107
Gain on Change in Fair Value of Biological Assets	70,519	-	100	70,519	-	-
Administration Expenses	(13,078)	(11,970)	(9)	(47,133)	(44,847)	(5)
Management Fee	(31,458)	(44,957)	30	(130,780)	(163,215)	20
Finance Cost	<u>(8,335)</u>	<u>(22,817)</u>	63	<u>(83,591)</u>	<u>(89,498)</u>	7
Profit / (Loss) before Taxation	165,874	30,944	436	(370,382)	42,481	(972)
Income Tax Expense	-	-	-	-	-	-
Net Profit/(Loss) for the period	<u>165,874</u>	<u>30,944</u>	436	<u>(370,382)</u>	<u>42,481</u>	(972)
	Rs.	Rs.		Rs.	Rs.	
Basic Earnings Per Share	6.15	1.15		(13.73)	1.57	

The above figures are subject to audit

CASH FLOW STATEMENT

For the year ended	31/03/2012	31/03/2011
CASH FLOWS FROM OPERATING ACTIVITIES	Rs. ' 000	Rs. ' 000
Net Profit before Taxation	(370,382)	42,481
ADJUSTMENTS FOR		
Depreciation/Amortization	104,521	101,407
Provision for Defined Benefit Plan Cost	208,002	106,504
Amortisation of Grants	(12,304)	(8,775)
Finance Costs	83,591	89,498
Profit on Disposal of Property, Plant & Equipment	(1,225)	(1,225)
Gain on Change in Fair Value - Timber plantation	(70,519)	
Operating Profit before Working Capital changes	(58,316)	329,890
(Increase)/Decrease in Trade and other receivables	41,186	9,071
(Increase)/Decrease in Inventories	60,334	(127,639)
Increase/(Decrease) in Trade and other payables	(6,069)	137,194
Increase/(Decrease) in amounts due to Related Parties	23,568	79,108
(Increase)/Decrease in amounts due from Related Parties	5,351	(1,688)
Cash Generated from Operations	66,054	425,936
Finance Costs Paid	(58,066)	(65,762)
Defined Benefit Plan Costs paid	(73,138)	(64,951)
Tax Paid	(8,038)	(7,849)
Net Cash from Operating Activities	(73,188)	287,374
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants Received	5,594	39,372
Proceed from Sale of Property, Plant & Equipment	1,225	1,225
Field Development Expenditure	(268,373)	(178,694)
Purchase of Property, Plant & Equipment	(13,294)	(113,630)
Net Cash used in Investing Activities	(274,848)	(251,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
Unclaimed Dividends Paid	(19)	-
Payment of Government lease rentals	(6,821)	(31,445)
Proceeds from loans	350,000	119,000
Payment of loans	(224,089)	(159,576)
Net Cash from Financing Activities	119,071	(72,021)
Net Increase/(Decrease) in Cash & Cash Equivalents	(228,965)	(36,374)
A. Cash & Cash Equivalents at the beginning of the period	(88,261)	(51,887)
B. Cash & Cash Equivalents at the end of the period	(317,226)	(88,261)
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	4,778	8,664
Bank Overdrafts	(322,004)	(96,925)
	(317,226)	(88,261)

The above figures are subject to audit

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. ' 000	General Reserve Rs. ' 000	Retained Earnings Rs. ' 000	Comprehensive Income Revaluation surplus on Timber plantation 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	-	-	42,481	-	42,481
			-	-	-
Balance as at 31 March 2011 as previously stated	350,000	540,000	118,622	-	1,008,622
Adjustment Due to Revaluation of Biological Assets				542,689	542,689
Balance as at 01 April 2011 as Restated	350,000	540,000	118,622	542,689	1,551,311
Net profit/(Loss) for the period	-	-	(370,382)	-	(370,382)
Balance as at 31 March 2012	350,000	540,000	(251,760)	542,689	1,180,929

The above figures are subject to audit

NOTES TO THE FINANCIAL STATEMENTS

For the Quarter Ended 31 March	Year ended 31 March		
	2012 Rs.	2011 Rs.	2011 Rs.
1 Market Price per Share			
- Last Traded price (For the quarter)	17.10	28.10	28.10
- Highest (For the quarter)	21.30	33.90	35.80
- Lowest (For the quarter)	13.50	27.20	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. The Actuarial valuations had been carried out by Actuarial & Management Consultants (Pvt) Ltd, for retiring gratuity for all the employees of the Company as at 31 March 2012 is adjusted at Rs. 136 Mn, from its original provision for the year of Rs. 269 Mn.			

Details	Amount Rs "000"	Amount Rs "000"
Cost of Manufacture for the period		3,123,029
Add: Estimated Increase in Gratuity Provision	269,549	
Less: Over provision after the Actuarial Valuation	(133,137)	
Net Gratuity		136,412
Total Cost of Sales		3,259,441

NOTES TO THE FINANCIAL STATEMENTS CONTD...

- 8 The Company has changed the accounting policy for recognition of timber plantations in the Financial Statements of the Company from cost basis to fair value basis during the year.

BIOLOGICAL ASSETS - TIMBER PLANTATIONS

	2012 Rs.' 000	2011 Rs.' 000 Restated
Balance at the beginning of the year	542,689	-
Gain in fair value	70,519	-
Adjustment for adoption of new accounting policy	-	542,689
Balance at the end of the year	<u>613,208</u>	<u>542,689</u>

Timber trees of the Company were valued by Ariyatillake & Co. (Pvt) Ltd, independent Chartered Valuers (UK). Based on the Valuation Report, the timber plantations were valued at 01st April 2011 and 31st March 2012 as Rs. 542,689,300/= and Rs. 613,208,249/= respectively at a discount rate of 13%, which is the appropriate interest rate reflecting the risk associated with the timber plantations.

- 9 The Company incurred a loss of Rs.370,382,143/= for the year ended 31 March 2012. The Company's Current Liabilities exceeded the Current Assets by Rs. 447,420,582/=.

To mitigate this position during the month of May 2012 a medium term loan of Rs. 300 Mn was taken to refinance the short term borrowings.

The Company has also taken all endeavors to mitigate this situation with increased productivity with enhanced plucking norms and labour efficiencies, together with the enhanced capacities in some factories for dual manufacturing capability, which will cater to varying market demand between high grown types and leafy teas.

The Company hopes to generate approximately Rs. 25 Mn during the next year by harvesting timber and fuel wood trees for which approvals are being initiated.

NOTES TO THE FINANCIAL STATEMENTS CONTD...

10 Twenty Largest Shareholders

	as at 31/03/2012		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	19,823,844	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	610,081	2.26	410,300	1.52
4 Mr.M. Radhakrishnan	260,600	0.97	260,600	0.97
5 Amina Investment Ltd	187,000	0.69	155,000	0.57
6 Entrust Limited	110,000	0.41	110,000	0.41
7 Freudenberg Shipping Agencies Ltd	95,500	0.35	596,000	2.21
8 Mr J. Asanath Priyantha	89,400	0.33	79,400	0.29
9 Dee Investment(Pvt)Ltd	84,100	0.31	84,100	0.31
10 Mr R.R.S Ananda	80,000	0.30	80,000	0.30
11 Mrs T.N Kelly	75,309	0.28	-	-
12 Mr M.H Nassim Hussain	73,500	0.27	-	-
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 Mr R.A Kelly	47,566	0.18	-	-
20 Mr K.MA.R.K Almuhairi	38,000	0.14	-	-
	22,690,800	84.11		
Balance held by 16,703 shareholders (2010/11 - 16,874 Shareholders)	4,285,945	15.89	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

	31/03/2012		31/03/2011	
	Number of Shares	%	Number of Shares	%
Public Holding	7,146,801	26.49	7,798,501	28.91
Other Holding	19,829,944	73.51	19,178,244	71.09
Total	26,976,745	100.00	26,976,745	100.00

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

As at	31/03/2012	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 year ended 31 March 2012

	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Revenue	824,027	818,287	1,128,642	1,175,352	542,887	585,977	567,800	671,807	3,063,356	3,251,423
Revenue Expenditure	(734,437)	(641,757)	(1,062,236)	(942,750)	(504,987)	(463,545)	(645,259)	(663,493)	(2,946,919)	(2,711,545)
Depreciation/ Amortization	(27,740)	(28,883)	(31,321)	(30,718)	(22,233)	(20,497)	(23,226)	(21,309)	(104,520)	(101,407)
Gratuity	(58,065)	(26,426)	(78,729)	(37,009)	(27,545)	(15,691)	(43,663)	(27,378)	(208,002)	(106,504)
Segment Results	3,785	121,221	(43,644)	164,875	(11,878)	86,244	(144,348)	(40,373)	(196,085)	331,967
Other Income									16,688	8,074
Gain on Change in Fair Value of Biological Assets									70,519	-
Administration Expenses									(47,133)	(44,847)
Management Fees									(130,780)	(163,215)
Finance Cost									(83,591)	(89,498)
Income Tax expenses									-	-
Profit /(Loss)for the period									(370,382)	42,481

The above figures are subject to audit

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 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 Ratnayake Associates International Legal Consultants Solicitors and Attorneys-at-law No.59, Gregory's Road Colombo 07.
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