

PROVISIONAL FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30TH JUNE 2006

	For the three months		For the three months	Audited year ended 31.03.2006
	Unaudited three months ended 30.06.2006	Unaudited three months ended 30.06.2005		
	Rs'000	Rs'000	Change +/-) Rs'000	Rs'000
Revenue	801,556	760,083	41,473	2,855,036
Cost of sales	(690,969)	(667,421)	(23,548)	(2,390,569)
Gross profit	110,587	92,662	17,925	464,467
Other operating income	13,359	11,610	1,749	55,101
Administrative expenses	(27,419)	(24,298)	(3,121)	(86,322)
Distribution costs	(23,009)	(15,994)	(7,015)	(71,702)
Management fees	(11,554)	(12,351)	797	(60,702)
Operating profit	61,964	51,629	10,335	300,842
Finance costs	(16,157)	(19,268)	3,111	(89,819)
Amortisation of negative goodwill	1,968	1,968	-	7,870
Profit before taxation	47,775	34,329	13,446	218,893
Taxation	(3,389)	-	(3,389)	(14,458)
Net profit for the period	44,386	34,329	10,057	204,435
Earnings per share (Rs)	1.88	1.45		8.64

	STATEMENT OF CHANGES IN EQUITY						Total
	Share capital	Share premium	Negative goodwill	General reserve	Retained earnings	Investment reserve	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1st April 2005	236,667	73,333	100,347	150,000	279,441	-	839,788
Net profit for the period	-	-	-	-	34,329	-	34,329
Dividend paid	-	-	-	-	-	-	-
Amortization of negative goodwill	-	-	(1,968)	-	-	-	(1,968)
Balance at 30th June 2005	236,667	73,333	98,379	150,000	313,770	-	872,149
Balance at 1st April 2006	236,667	73,333	92,477	150,000	483,876	147,926	1,184,279
Net Profit for the period	-	-	-	-	44,386	-	44,386
Dividend paid	-	-	-	-	(29,583)	-	(29,583)
Amortization of negative goodwill	-	-	(1,968)	-	-	-	(1,968)
Investment reserve	-	-	-	-	-	-	-
Balance at 30th June 2006	236,667	73,333	90,509	150,000	498,679	147,926	1,197,114

PROVISIONAL FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30TH JUNE 2006

	Unaudited as at 30.06.2006	Unaudited as at 30.06.2005	Audited as at 31.03.2006
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets			
Leasehold right to bare land of JEDB/SLSPC estates	266,049	281,132	267,756
Immovable estate assets on finance lease (other than bare land)	292,069	317,960	296,958
Tangible fixed assets other than immature/mature plantations	658,824	618,664	656,823
Immature / mature plantations	893,352	889,259	884,880
Investments on subleasing of assets	205,820	-	205,820
	2,316,114	2,107,015	2,312,237
Current assets			
Inventories	264,137	278,974	260,926
Trade and other receivables	382,948	329,147	331,426
Current tax receivables	5,491	-	8,880
Cash and cash equivalents	71,272	57,427	66,148
	723,848	665,548	667,380
Total assets	3,039,962	2,772,563	2,979,617
EQUITY AND LIABILITIES			
Capital & reserves			
Ordinary shares	236,667	236,667	236,667
Share premium	73,333	73,333	73,333
Negative goodwill	90,509	98,379	92,477
General reserve	150,000	150,000	150,000
Investment reserve	147,926	-	147,926
Retained earnings	498,679	313,770	483,876
	1,197,114	872,149	1,184,279
Non-current liabilities			
Borrowings	208,357	265,024	225,056
Obligations under finance lease	389,025	390,056	390,170
Retirement benefit obligations	289,645	280,524	288,034
Deferred income and capital grants	137,890	132,109	136,790
	1,024,917	1,067,713	1,040,050
Current liabilities			
Trade and other payables	370,129	341,313	388,022
Borrowings	447,802	491,388	367,266
	817,931	832,701	755,288
Total liabilities	1,842,848	1,900,414	1,795,338
Total equity and liabilities	3,039,962	2,772,563	2,979,617
Net asset value per share (Rs)	50.66	36.85	50.04
Market value per share (Rs)			
Highest	54.00	19.00	43.00
Lowest	43.00	7.00	16.00
Last traded price	53.00	18.25	39.75

NOTES TO THE FINANCIAL STATEMENTS

- There have been no events subsequent to the interim period , which require disclosure in the provisional financial statements
- The above figurers are provisional and subject to audit
- Previous period figurers have been reclassified where necessary to confirm with current period presentation.
- 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 31st March 2006.
- All values are in Rupees thousands

Signed on behalf of the Board of Directors of Watawala Plantations Limited

(Sgd.) [Vish Govindasamy]
Director/ Chief Executive Officer
Colombo
21/08/2006

(Sgd.) [D.S. Ratnasingham]
Director/ Chief Operating Officer
Colombo
21/08/2006

CASH FLOW STATEMENT

Rs ' 000

	Unaudited three months ended 30.06.2006	Unaudited Three months ended 30.06.2005	Audited year ended 31.03.2006
Cash generated from operations			
Net profit	44,386	34,329	218,893
Adjusted for :			
Depreciation	29,253	24,191	105,236
Profit on sale of property, plant and equipment			(3,218)
Provision for retirement benefit obligations	8,344	8,326	34,907
Amortisation of lease hold right to bare land	1,707	1,755	6,931
Amortisation of negative goodwill	(1,969)	(1,968)	(7,870)
Amortisation of capital grants	-	-	(5,576)
Interest expenses	16,157	19,268	89,819
Net cash inflow from operations before working capital changes	97,878	85,901	439,122
Changes in working capital			
Inventories	(3,211)	(52,428)	(34,380)
Trade and other receivables	(48,133)	(34,354)	(44,156)
Trade and other payables	(17,894)	(8,936)	43,745
Cash generated from operations	28,640	(9,817)	404,331
Operating activities			
Interest paid	(16,498)	(19,433)	(91,868)
Retirement benefit obligations paid	(6,735)	(6,035)	(25,106)
Tax paid	-	-	(17,585)
Interest received	341	165	2,049
Net cash generated from operating activities	5,748	(35,120)	271,821
Investing activities			
Grants received	1,101	3,965	14,222
Field development expenditure	(16,594)	(10,860)	(67,634)
Purchase of property plant and equipment	(18,243)	(25,807)	(112,549)
Proceeds from sale of property plant and equipment	-	-	3,218
Net cash used in investing activities	(33,736)	(32,702)	(162,743)
Financing activities			
Dividend paid	(29,583)	-	-
Settlement of net liability to lessor	(1,145)	(4,474)	(4,200)
Changes in bank borrowings	(6,626)	(540)	(74,780)
Net cash used in financing activities	(37,354)	(5,014)	(78,980)
Net increase /(decrease) in cash & cash equivalent	(65,342)	(72,836)	30,098
Cash & Cash equivalent at the beginning of the period	(115,894)	(145,992)	(145,992)
Cash & Cash equivalent at the end of the period	(181,236)	(218,828)	(115,894)



WATAWALA PLANTATIONS LIMITED

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
30TH JUNE 2006

SEGMENTAL REPORTING - BUSINESS SEGMENTS

Rs ' 000

	Tea	Rubber	Other Crops	Export	Retail Marketing	Unallocated	Total - Three months ended 30/06/2006	Total - Three months ended 30/06/2005
Revenue	417,855	38,705	10,680	247,056	87,260		801,556	760,083
Operating profit/(loss)	(17,674)	10,038	2,996	57,210	(98)	9,492	61,964	51,629
Finance costs	(12,327)	(834)	(204)	(2,544)	(248)		(16,157)	(19,268)
Amortization of negative goodwill						1,968	1,968	1,968
Profit/(Loss) before taxation	(30,001)	9,204	2,792	54,666	(346)	11,460	47,775	34,329
Taxation	-	-	-	-	-	(3,389)	(3,389)	-
Net profit / (loss)	(30,001)	9,204	2,792	54,666	(346)	8,071	44,386	34,329