

**WATAWALA PLANTATIONS PLC**  
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Three Months Ended 30th June 2008  
(all amounts in Sri Lankan Rupees Thousands)

**Income Statements**

Group	Company
Audited year ended	Audited year ended
31.03.2008	31.03.2008
<b>4,313,604</b>	<b>4,313,604</b>
(3,502,284)	(3,502,284)
<b>811,320</b>	<b>811,320</b>
84,563	86,121
(128,232)	(127,854)
(148,084)	(148,084)
(405)	(405)
(75,427)	(75,427)
<b>543,735</b>	<b>545,671</b>
(87,902)	(87,902)
<b>455,833</b>	<b>457,769</b>
(51,879)	(51,879)
<b>403,954</b>	<b>405,890</b>
404,438	405,890
484	
<b>403,954</b>	<b>405,890</b>

<b>Revenue</b>
Cost of sales
<b>Gross profit</b>
Other operating income
Administrative expenses
Distribution costs
Other operating expenses
Management fees
<b>Operating profit</b>
Finance costs
<b>Profit before income tax expense</b>
Income tax expense
<b>Profit for the year</b>
<b>Profit attributable to:</b>
Equity holders of the Company
Minority interests

Group		
For the three months		For the three months  Change + / (-)
Unaudited three months ended	Unaudited three months ended	
30.06.2008	30.06.2007	
<b>1,098,237</b>	<b>917,311</b>	<b>180,926</b>
(932,753)	(796,259)	(136,494)
<b>165,484</b>	<b>121,052</b>	<b>44,432</b>
16,122	6,146	9,976
(40,145)	(28,362)	(11,783)
(46,015)	(33,359)	(12,656)
-	-	-
(14,094)	(10,521)	(3,573)
<b>81,352</b>	<b>54,956</b>	<b>26,396</b>
(16,111)	(19,620)	3,509
<b>65,241</b>	<b>35,336</b>	<b>29,905</b>
(6,000)	(300)	(5,700)
<b>59,241</b>	<b>35,036</b>	<b>24,205</b>
59,347	35,036	24,311
106		106
<b>59,241</b>	<b>35,036</b>	<b>24,205</b>

Company		
For the three months		For the three months  Change + / (-)
Unaudited three months ended	Unaudited three months ended	
30.06.2008	30.06.2007	
<b>1,098,237</b>	<b>917,311</b>	<b>180,926</b>
(932,753)	(796,259)	(136,494)
<b>165,484</b>	<b>121,052</b>	<b>44,432</b>
16,547	6,146	10,401
(40,145)	(28,362)	(11,783)
(46,015)	(33,359)	(12,656)
(14,094)	(10,521)	(3,573)
<b>81,777</b>	<b>54,956</b>	<b>26,821</b>
(16,111)	(19,620)	3,509
<b>65,666</b>	<b>35,336</b>	<b>30,330</b>
(6,000)	(300)	(5,700)
<b>59,666</b>	<b>35,036</b>	<b>24,630</b>
59,666	35,036	24,630
<b>59,666</b>	<b>35,036</b>	<b>24,630</b>

17.09

17.15

Earnings per share (Rs)

2.51

1.48

2.52

1.48

**WATAWALA PLANTATIONS PLC**  
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Three Months Ended 30th June 2008

(all amounts in Sri Lankan Rupees Thousands)

**Balance Sheets**

	<b>Group</b>		<b>Company</b>		<b>Group</b>	<b>Company</b>
	Unaudited as at 30.06.2008	Unaudited as at 30.06.2007	Unaudited as at 30.06.2008	Unaudited as at 30.06.2007	Audited as at 31.03.2008	Audited as at 31.03.2008
<b>ASSETS</b>						
<b>Non-current assets</b>						
Leasehold right to bare land of JEDB/SLSPC estates	260,029	259,169	260,029	259,169	261,788	261,788
Immovable estate assets on finance lease (other than bare land)	260,650	273,090	260,650	273,090	265,062	265,062
Tangible fixed assets other than immature/mature plantations	873,741	720,720	867,883	720,720	885,477	879,626
Immature / mature plantations	1,200,382	1,015,741	1,200,382	1,015,741	1,168,364	1,168,364
Investments on subleasing of assets	-	202,214	-	202,214	-	-
Investment in subsidiary	-	-	10,781	-	-	10,781
	<b>2,594,802</b>	<b>2,470,934</b>	<b>2,599,725</b>	<b>2,470,934</b>	<b>2,580,691</b>	<b>2,585,621</b>
<b>Current assets</b>						
Inventories	503,853	396,914	494,400	396,914	540,488	534,023
Trade and other receivables	468,708	406,103	470,796	406,103	439,337	441,303
Cash and cash equivalents	119,278	88,418	114,976	88,418	90,434	86,134
	<b>1,091,839</b>	<b>891,435</b>	<b>1,080,172</b>	<b>891,435</b>	<b>1,070,259</b>	<b>1,061,460</b>
<b>Total assets</b>	<b>3,686,641</b>	<b>3,362,369</b>	<b>3,679,897</b>	<b>3,362,369</b>	<b>3,650,950</b>	<b>3,647,081</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital &amp; reserves</b>						
Stated capital	310,000	310,000	310,000	310,000	310,000	310,000
General reserve	150,000	150,000	150,000	150,000	150,000	150,000
Investment reserve	-	145,082	-	145,082	-	-
Retained earnings	1,196,755	768,006	1,198,526	768,006	1,137,408	1,138,860
	<b>1,656,755</b>	<b>1,373,088</b>	<b>1,658,526</b>	<b>1,373,088</b>	<b>1,597,408</b>	<b>1,598,860</b>
Minority interest	<b>3,003</b>				<b>3,110</b>	
<b>Non-current liabilities</b>						
Borrowings	294,506	204,578	294,506	204,578	303,168	303,168
Obligations under finance lease	370,599	387,899	370,599	387,899	380,896	380,896
Retirement benefit obligations	423,900	357,711	423,900	357,711	420,624	420,624
Deferred income and capital grants	158,995	139,703	158,995	139,703	156,618	156,618
Deferred income tax	10,000	-	10,000	-	10,000	10,000
	<b>1,258,000</b>	<b>1,089,891</b>	<b>1,258,000</b>	<b>1,089,891</b>	<b>1,271,306</b>	<b>1,271,306</b>
<b>Current liabilities</b>						
Trade and other payables	461,991	399,885	456,481	399,885	486,962	484,751
Borrowings	306,892	499,505	306,890	499,505	292,164	292,164
	<b>768,883</b>	<b>899,390</b>	<b>763,371</b>	<b>899,390</b>	<b>779,126</b>	<b>776,915</b>
<b>Total liabilities</b>	<b>2,026,883</b>	<b>1,989,281</b>	<b>2,021,371</b>	<b>1,989,281</b>	<b>2,050,432</b>	<b>2,048,221</b>
<b>Total equity and liabilities</b>	<b>3,686,641</b>	<b>3,362,369</b>	<b>3,679,897</b>	<b>3,362,369</b>	<b>3,650,950</b>	<b>3,647,081</b>
Net asset value per share (Rs)	70.00	58.02	70.08	58.02	67.50	67.56
Market value per share (Rs)						
Highest	88.50	67.50	88.50	67.50	107.00	107.00
Lowest	73.00	50.00	73.00	50.00	45.00	45.00
Last traded price	81.00	62.75	81.00	62.75	86.00	86.00

**Notes to the Financial Statements**

- 1 / These interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31/03/2008.
- 2 / The figurers in these interim financial statements are provisional and subject to audit.
- 3 / No circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the financial statements.
- 4 / The previous periods figurers have been reclassified to confirm with the current presentations.
- 5 / All amounts in Sri Lankan Rupees Thousands.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act no 7 of 2007.

(N.A.L.Cooray)  
Chief Financial Officer

Signed on behalf of the Board of Directors of Watawala Plantation PLC.

(V.Govindasamy)  
Managing Director  
Colombo  
13.08.2008

(D.V. Seevaratnam)  
Director/CEO  
Colombo  
13.08.2008

**WATAWALA PLANTATIONS PLC**

Provisional Financial Statements for the Three Months Ended 30th June 2008  
(all amounts in Sri Lankan Rupees Thousands)

<b>Csh Flow Statements</b>	<b>Group - Unaudited</b>		<b>Company -Unaudited</b>		<b>Group - Audited</b>		<b>Company - Audited</b>	
	Unaudited three months ended	Unaudited three months ended	Unaudited three months ended	Unaudited three months ended	Audited Twelve months ended	Audited Twelve months ended	Audited Twelve months ended	Audited Twelve months ended
	30.06.2008	30.06.2007	30.06.2008	30.06.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
<b>Cash generated from operations</b>								
Net profit before tax	65,241	35,336	65,666	35,336	455,833	247,734	457,769	247,734
Adjusted for :								
Depreciation	34,047	29,853	34,047	29,853	123,777	117,126	123,777	117,126
Profit on sale of property, plant and equipment	-	-	-	-	(4,366)	(16,494)	(4,366)	(16,494)
Provision for retirement benefit obligations	13,710	10,265	13,710	10,265	100,868	96,937	100,868	96,937
Amortisation of lease hold right to bare land	1,759	1,759	1,759	1,759	6,880	6,828	6,880	6,828
Amortisation of investment reserve	-	(946)	-	(946)	-	(1,896)	-	(1,896)
Reversal of sub lease	-	-	-	-	4,031	-	4,031	-
Amortisation of capital grants	-	-	-	-	(7,391)	(12,496)	(7,391)	(12,496)
Interest on leases	-	-	-	-	28,233	26,875	28,233	26,875
Net interest expenses	16,111	19,620	16,111	19,620	59,669	56,217	59,669	56,217
<b>Net cash inflow from operations before working cap</b>	<b>130,868</b>	<b>95,887</b>	<b>131,293</b>	<b>95,885</b>	<b>767,534</b>	<b>520,831</b>	<b>769,470</b>	<b>520,831</b>
<b>Changes in working capital</b>								
Inventories	36,635	(103,997)	39,623	(103,997)	(247,571)	(31,991)	(241,106)	(31,991)
Trade and other receivables	(29,371)	(67,867)	(29,493)	(67,867)	(118,245)	(5,560)	(120,211)	(5,560)
Trade and other payables	(30,971)	62,325	(34,271)	62,326	128,263	(64,599)	126,052	(64,599)
<b>Cash generated from operations</b>	<b>107,161</b>	<b>(13,652)</b>	<b>107,153</b>	<b>(13,653)</b>	<b>529,981</b>	<b>418,681</b>	<b>534,205</b>	<b>418,681</b>
<b>Operating activities</b>								
Interest paid	(16,111)	(19,620)	(16,111)	(19,620)	(91,584)	(86,035)	(91,584)	(86,035)
Retirement benefit obligations paid	(10,434)	(10,093)	(10,434)	(10,093)	(37,782)	(27,433)	(37,782)	(27,433)
Tax paid	-	-	-	-	-	(10,361)	-	(10,361)
Interest received	-	-	-	-	3,682	2,943	3,682	2,943
Investment income from sublease of Lippekelle estate	-	-	-	-	-	(96)	-	(96)
<b>Net cash generated from operating activities</b>	<b>80,616</b>	<b>(43,365)</b>	<b>80,608</b>	<b>(43,366)</b>	<b>404,297</b>	<b>297,699</b>	<b>408,521</b>	<b>297,699</b>
<b>Investing activities</b>								
Transfer of assets to insurance recoverable	30,894	-	30,894	-	-	-	-	-
Grants received	2,377	71	2,376	71	24,377	15,338	24,377	15,338
Field development expenditure	(41,036)	(34,252)	(41,028)	(34,252)	(179,548)	(138,754)	(179,548)	(138,754)
Purchase of property plant and equipment	(42,698)	(14,960)	(42,699)	(14,960)	(217,088)	(117,978)	(211,237)	(117,978)
Proceeds from sale of property plant and equipment	2,924	-	2,924	-	4,366	23,674	4,366	23,674
Investment in subsidiary	-	-	-	-	-	-	(10,781)	-
Invest by minority	-	-	-	-	3,594	-	-	-
<b>Net cash used in investing activities</b>	<b>(47,539)</b>	<b>(49,141)</b>	<b>(47,533)</b>	<b>(49,141)</b>	<b>(364,299)</b>	<b>(217,720)</b>	<b>(372,823)</b>	<b>(217,720)</b>
<b>Financing activities</b>								
Dividend paid	-	-	-	-	(35,500)	(29,583)	(35,500)	(29,583)
Proceed s from subleasing of Lippekelle estate	-	(35,500)	-	(35,500)	-	5,000	-	5,000
Repayment of lease principal	(10,297)	(1,136)	(10,297)	(1,136)	(11,769)	(10,069)	(11,769)	(10,069)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-
Net changes in bank borrowings	(16,917)	1,859	(16,917)	1,859	3,162	(24,878)	3,162	(24,878)
<b>Net cash used in financing activities</b>	<b>(27,215)</b>	<b>(34,777)</b>	<b>(27,215)</b>	<b>(34,777)</b>	<b>(44,107)</b>	<b>(59,530)</b>	<b>(44,107)</b>	<b>(59,530)</b>
<b>Net increase /(decrease) in cash &amp; cash equivalent</b>	<b>5,862</b>	<b>(127,283)</b>	<b>5,860</b>	<b>(127,284)</b>	<b>(4,109)</b>	<b>20,449</b>	<b>(8,409)</b>	<b>20,449</b>
Cash & Cash equivalent at the beginning of the period	(99,554)	(95,445)	(103,854)	(95,445)	(95,445)	(115,894)	(95,445)	(115,894)
Cash & Cash equivalent at the end of the period	(93,692)	(222,728)	(97,994)	(222,729)	(99,554)	(95,445)	(103,854)	(95,445)

**WATAWALA PLANTATIONS PLC**  
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Three Months Ended 30th June 2008  
(all amounts in Sri Lankan Rupees Thousands)

**Statements of Changes in Equity - Company**

	Stated capital	General reserve	Retained earnings	Investment reserve	Total
Balance at 1st April 2007	310,000	150,000	768,470	146,030	1,374,500
Net profit for the period	-	-	35,036	-	35,036
Dividend paid	-	-	(35,500)	-	(35,500)
Amortisation of investment reserve	-	-	-	(948)	(948)
<b>Balance at 30th June 2007</b>	<b>310,000</b>	<b>150,000</b>	<b>768,006</b>	<b>145,082</b>	<b>1,373,088</b>
Balance at 1st April 2008	310,000	150,000	1,138,860	-	1,598,860
Net Profit for the period	-	-	59,666	-	59,666
<b>Balance at 30 June 2008</b>	<b>310,000</b>	<b>150,000</b>	<b>1,198,526</b>	<b>-</b>	<b>1,658,526</b>

**Statements of Changes in Equity - Group**

	Stated capital	General reserve	Retained earnings	Investment reserve	Total
Balance at 1st April 2007	310,000	150,000	768,470	146,030	1,374,500
Net profit for the period	-	-	35,036	-	35,036
Dividend paid	-	-	(35,500)	-	(35,500)
Amortisation of investment reserve	-	-	-	(948)	(948)
<b>Balance at 30th June 2007</b>	<b>310,000</b>	<b>150,000</b>	<b>768,006</b>	<b>145,082</b>	<b>1,373,088</b>
Balance at 1st April 2008	310,000	150,000	1,137,408	-	1,597,408
Net Profit for the period	-	-	59,347	-	59,347
<b>Balance at 30 June 2008</b>	<b>310,000</b>	<b>150,000</b>	<b>1,196,755</b>	<b>-</b>	<b>1,656,755</b>

**WATAWALA PLANTATIONS PLC**

Provisional Financial Statements for the Three Months Ended 30th June 2008

(all amounts in Sri Lankan Rupees Thousands)

**Sgmental Reporting -Business segment - Group**

	Tea	Rubber	Other Crops	Export	Retail Marketing	Banana	Unallocated	Total For the 3 months ended 30/06/2008	Total For the 3 months ended 30/06/2007
<b>Revenue</b>	<b>614,976</b>	<b>32,017</b>	<b>70,321</b>	<b>174,759</b>	<b>206,165</b>	-	-	<b>1,098,237</b>	<b>917,311</b>
<b>Profit/(loss) from operating activities</b>	<b>(41,952)</b>	<b>5,479</b>	<b>44,043</b>	<b>50,451</b>	<b>21,397</b>	<b>(425)</b>	<b>2,358</b>	<b>81,352</b>	<b>54,957</b>
Finance cost	(11,950)	(808)	(1,909)	(386)	(1,057)		-	(16,111)	(19,620)
<b>Profit/(Loss) before taxation</b>	<b>(53,902)</b>	<b>4,671</b>	<b>42,134</b>	<b>50,065</b>	<b>20,340</b>	<b>(425)</b>	<b>2,358</b>	<b>65,241</b>	<b>35,337</b>
Income tax expense	-	-	-	-	-	-	-	(6,000)	<b>(300)</b>
<b>Profit / (loss) after income tax</b>	<b>(53,902)</b>	<b>4,671</b>	<b>42,134</b>	<b>50,065</b>	<b>20,340</b>	<b>(425)</b>	<b>2,358</b>	<b>59,241</b>	<b>35,037</b>

**Sgmental Reporting -Business segment - Company**

	Tea	Rubber	Other Crops	Export	Retail Marketing	Unallocated	Total For the 3 months ended 30/06/2008	Total For the 3 months ended 30/06/2007
<b>Revenue</b>	<b>614,976</b>	<b>32,017</b>	<b>70,321</b>	<b>174,759</b>	<b>206,165</b>	-	<b>1,098,237</b>	<b>917,311</b>
<b>Profit/(loss) from operating activities</b>	<b>(41,952)</b>	<b>5,479</b>	<b>44,043</b>	<b>50,451</b>	<b>21,397</b>	<b>2,358</b>	<b>81,777</b>	<b>54,957</b>
Finance cost	(11,950)	(808)	(1,909)	(386)	(1,057)	-	(16,111)	(19,620)
<b>Profit/(Loss) before taxation</b>	<b>(53,902)</b>	<b>4,671</b>	<b>42,134</b>	<b>50,065</b>	<b>20,340</b>	<b>2,358</b>	<b>65,666</b>	<b>35,337</b>
Income tax expense	-	-	-	-	-	-	(6,000)	<b>(300)</b>
<b>Profit / (loss) after income tax</b>	<b>(53,902)</b>	<b>4,671</b>	<b>42,134</b>	<b>50,065</b>	<b>20,340</b>	<b>2,358</b>	<b>59,666</b>	<b>35,037</b>