

**INTERIM REPORT FOR THE  
FIRST QUARTER ENDED 30TH JUNE 2009**



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

**WATAWALA PLANTATIONS PLC**  
**INCOME STATEMENTS**

<b>CONSOLIDATED</b>		<b>COMPANY</b>					<b>CONSOLIDATED</b>			<b>COMPANY</b>		
<b>2008/09</b>		<b>2008/09</b>					<b>Unaudited for the quarter ended</b>			<b>For the Three months ended</b>		
<b>Audited</b>		<b>Audited</b>										
31.03.2009	31.03.2009				30.06.2009	30.06.2008	Change	30.06.2009	30.06.2008	Change		
Rs'000	Rs'000				Rs'000	Rs'000	+ / (-)	Rs'000	Rs'000	+ / (-)		
							Rs'000			Rs'000		
<b>4,091,790</b>	<b>4,089,263</b>	<b>Revenue</b>				<b>1,135,350</b>	<b>1,098,237</b>	<b>37,113</b>	<b>1,134,649</b>	<b>1,098,237</b>	<b>36,412</b>	
(3,629,129)	(3,624,300)	Cost of sales				(995,029)	(932,753)	(62,276)	(992,829)	(932,753)	(60,076)	
<b>462,661</b>	<b>464,963</b>	<b>Gross profit</b>				<b>140,321</b>	<b>165,484</b>	<b>(25,162)</b>	<b>141,820</b>	<b>165,484</b>	<b>(23,663)</b>	
68,055	69,755	Other operating income				36,761	16,122	20,639	37,153	16,547	20,606	
(138,479)	(137,225)	Administrative expenses				(35,095)	(40,145)	5,050	(34,755)	(40,145)	5,390	
(201,360)	(200,981)	Distribution costs				(60,326)	(46,015)	(14,311)	(60,275)	(46,015)	(14,260)	
(35,112)	(35,112)	Management fees				(12,571)	(14,094)	1,523	(12,571)	(14,094)	1,523	
<b>155,765</b>	<b>161,400</b>	<b>Operating profit</b>				<b>69,090</b>	<b>81,352</b>	<b>(12,262)</b>	<b>71,372</b>	<b>81,777</b>	<b>(10,405)</b>	
(71,057)	(71,415)	Finance costs				(30,200)	(16,111)	(14,089)	(30,193)	(16,111)	(14,082)	
<b>84,708</b>	<b>89,985</b>	<b>Profit before taxation</b>				<b>38,890</b>	<b>65,241</b>	<b>(26,351)</b>	<b>41,179</b>	<b>65,666</b>	<b>(24,487)</b>	
(10,000)	(10,000)	Tax expense				(2,000)	(6,000)	4,000	(2,000)	(6,000)	4,000	
<b>74,708</b>	<b>79,985</b>	<b>Profit for the period</b>				<b>36,890</b>	<b>59,241</b>	<b>(22,351)</b>	<b>39,179</b>	<b>59,666</b>	<b>(20,487)</b>	
		<b>Attributable to:</b>										
<b>76,026</b>	<b>79,985</b>	Equity holders of the Company				<b>37,462</b>	<b>59,347</b>	<b>(21,885)</b>	<b>39,179</b>	<b>59,666</b>	<b>(20,487)</b>	
1,318	-	Minority shareholders				572	106	466				
<b>74,708</b>	<b>79,985</b>					<b>36,890</b>	<b>59,241</b>	<b>(22,351)</b>	<b>39,179</b>	<b>59,666</b>	<b>(20,487)</b>	
3.21	3.38	Earnings per share (Rs)				1.58	2.51	(0.96)	1.66	2.52	(0.87)	

**WATAWALA PLANTATIONS PLC**  
**BALANCE SHEETS**

	CONSOLIDATED		COMPANY		CONSOLIDATED	COMPANY
	Unaudited As at	Unaudited As at	Unaudited As at	Unaudited As at	Audited As at	Audited As at
	30.06.2009 Rs'000	30.06.2008 Rs'000	30.06.2009 Rs'000	30.06.2008 Rs'000	31.03.2009 Rs'000	31.03.2009 Rs'000
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Leasehold right to bare land of JEDB/SLSPC estates	252,994	260,029	252,994	260,029	254,753	254,753
Immovable estate assets on finance lease (other than bare land)	243,003	260,650	243,003	260,650	247,415	247,415
Tangible fixed assets other than immature/mature plantations	1,124,251	873,741	1,118,872	867,883	1,068,101	1,062,527
Immature / mature plantations	1,411,663	1,200,382	1,411,663	1,200,382	1,376,476	1,376,476
Investment in subsidiary	-	-	16,125	10,781	-	16,125
<b>Total Non-Current Assets</b>	<b>3,031,911</b>	<b>2,594,802</b>	<b>3,042,657</b>	<b>2,599,725</b>	<b>2,946,745</b>	<b>2,957,296</b>
<b>Current Assets</b>						
Inventories	526,726	503,853	518,417	494,400	351,370	342,092
Trade and other receivables	377,565	468,708	379,445	470,796	487,027	491,801
Cash and cash equivalents	65,984	119,278	63,776	114,976	73,615	67,920
<b>Total Current Assets</b>	<b>970,275</b>	<b>1,091,839</b>	<b>961,638</b>	<b>1,080,172</b>	<b>912,012</b>	<b>901,813</b>
<b>Total Assets</b>	<b>4,002,186</b>	<b>3,686,641</b>	<b>4,004,295</b>	<b>3,679,897</b>	<b>3,858,757</b>	<b>3,859,109</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</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
Retained earnings	1,191,729	1,196,755	1,198,857	1,198,526	1,154,267	1,159,678
Total equity attributable to equity holders of the Company	1,651,729	1,656,755	1,658,857	1,658,526	1,614,267	1,619,678
Minority interest	2,999	3,003			3,571	
<b>Total Equity</b>	<b>1,654,728</b>	<b>1,659,758</b>	<b>1,658,857</b>	<b>1,658,526</b>	<b>1,617,838</b>	<b>1,619,678</b>
<b>Non-Current Liabilities</b>						
Borrowings	234,468	294,506	234,468	294,506	246,811	246,811
Obligations under finance leases obtained from SLSPC and JEDB	374,802	370,599	374,802	370,599	375,983	375,983
Retirement benefit obligations	441,267	423,900	441,267	423,900	439,939	439,939
Deferred income and capital grants	185,274	158,995	185,274	158,995	177,421	177,421
Deferred income tax	20,000	10,000	20,000	10,000	20,000	20,000
<b>Total Non-Current Liabilities</b>	<b>1,255,811</b>	<b>1,258,000</b>	<b>1,255,811</b>	<b>1,258,000</b>	<b>1,260,154</b>	<b>1,260,154</b>
<b>Current Liabilities</b>						
Trade and other payables	592,385	461,991	590,365	456,481	472,151	470,663
Borrowings	499,262	306,892	499,262	306,890	508,614	508,614
<b>Total Current Liabilities</b>	<b>1,091,647</b>	<b>768,883</b>	<b>1,089,627</b>	<b>763,371</b>	<b>980,765</b>	<b>979,277</b>
<b>Total Liabilities</b>	<b>2,347,458</b>	<b>2,026,883</b>	<b>2,345,438</b>	<b>2,021,371</b>	<b>2,240,919</b>	<b>2,239,431</b>
<b>Total Equity and Liabilities</b>	<b>4,002,186</b>	<b>3,686,641</b>	<b>4,004,295</b>	<b>3,679,897</b>	<b>3,858,757</b>	<b>3,859,109</b>
Net asset value per share (Rs)	69.79	70.00	70.09	70.08	68.21	68.44

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

  
N.A.L. Cooray  
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these financial statements.  
Signed on behalf of the Board

  
V. Govindasamy  
Managing Director  
Colombo  
21.07.2009

  
D.S. Ratnasingham  
Director  
Colombo  
21.07.2009

# WATAWALA PLANTATIONS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	General reserve	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at 1st April 2008	310,000	150,000	1,137,408	1,597,408
Net profit for the period	-	-	76,026	76,026
Dividend paid for the year ended 31 March 2008	-	-	(59,167)	(59,167)
Adjustment due to consolidation	-	-	1,793	1,793
Goodwill written off -(acquisition)	-	-	(1,793)	(1,793)
<b>Balance as at 31st March 2009</b>	<b>310,000</b>	<b>150,000</b>	<b>1,154,267</b>	<b>1,614,267</b>
Balance as at 1st April 2009	310,000	150,000	1,154,267	1,614,267
Net profit for the period	-	-	37,462	37,462
<b>Balance as at 30th June 2009 (Unaudited)</b>	<b>310,000</b>	<b>150,000</b>	<b>1,191,729</b>	<b>1,651,729</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated capital	General reserve	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at 1st April 2008	310,000	150,000	1,138,860	1,598,860
Net profit for the period	-	-	79,985	79,985
Dividend paid for the year ended 31 March 2008	-	-	(59,167)	(59,167)
<b>Balance as at 31st March 2009</b>	<b>310,000</b>	<b>150,000</b>	<b>1,159,678</b>	<b>1,619,678</b>
Balance as at 1st April 2009	310,000	150,000	1,159,678	1,619,678
Net profit for the period	-	-	39,179	39,179
<b>Balance as at 30th June 2009 (Unaudited)</b>	<b>310,000</b>	<b>150,000</b>	<b>1,198,857</b>	<b>1,658,857</b>

**WATAWALA PLANTATIONS PLC**  
**CASH FLOW STATEMENTS**

	CONSOLIDATED		COMPANY		CONSOLIDATED	COMPANY
	Unaudited quarter ended 30.06.2009 Rs'000	Unaudited quarter ended 30.06.2008 Rs'000	Unaudited quarter ended 30.06.2009 Rs'000	Unaudited quarter ended 30.06.2008 Rs'000	Audited year ended 31.03.2009 Rs'000	Audited year ended 31.03.2009 Rs'000
<b>Cash generated from operations</b>						
Net profit before tax	38,890	65,241	41,179	65,666	84,708	89,985
<b>Adjusted for :</b>						
Depreciation	35,148	34,047	35,061	34,047	147,151	146,872
Profit on sale of property, plant and equipment	-	-	-	-	(5,164)	(5,164)
Provision for retirement benefit obligations	13,063	13,710	13,063	13,710	66,521	66,521
Amortisation of lease hold right to bare land	4,412	1,759	4,412	1,759	7,035	7,035
Amortisation of immovable estate assets on finance lease	1,759	-	1,759	-	-	-
Provision for income tax	(2,000)	-	(2,000)	-	-	-
Amortisation of capital grants	(2,371)	-	(2,371)	-	(9,217)	(9,217)
Interest on leases	6,789	-	6,789	-	27,957	27,957
Net interest expenses	23,411	16,111	23,408	16,111	43,100	43,458
<b>Net cash inflow from operations before working capital changes</b>	<b>119,101</b>	<b>130,868</b>	<b>121,301</b>	<b>131,293</b>	<b>362,091</b>	<b>367,447</b>
<b>Changes in working capital</b>						
Inventories	(175,356)	36,635	(176,325)	39,623	189,118	191,931
Trade and other receivables	109,462	(29,371)	112,356	(29,493)	(43,001)	(45,805)
Trade and other payables	120,234	(30,971)	119,702	(34,271)	12,636	13,359
<b>Cash generated from operations</b>	<b>173,441</b>	<b>107,161</b>	<b>177,033</b>	<b>107,153</b>	<b>520,844</b>	<b>526,932</b>
<b>Operating activities</b>						
Interest paid	(30,577)	(16,111)	(30,571)	(16,111)	(74,326)	(74,326)
Retirement benefit obligations paid	(11,735)	(10,434)	(11,735)	(10,434)	(47,206)	(47,206)
Tax paid	-	-	-	-	(27,447)	(27,447)
Interest received	377	-	377	-	3,269	2,911
<b>Net cash generated from operating activities</b>	<b>131,506</b>	<b>80,616</b>	<b>135,104</b>	<b>80,608</b>	<b>375,134</b>	<b>380,864</b>
<b>Investing activities</b>						
Trasfer of assets to insurance recoverable	-	30,894	-	30,894	-	-
Capital Grants received	10,224	2,377	10,224	2,376	30,020	30,020
Field development expenditure	(44,090)	(41,036)	(44,198)	(41,028)	(244,154)	(244,154)
Purchase of property plant and equipment	(82,398)	(42,698)	(82,398)	(42,699)	(306,537)	(306,537)
Proceeds from sale of property plant and equipment	-	2,924	-	2,924	5,926	5,926
Investment in subsidiary	-	-	-	-	-	(5,344)
Invest by minority	-	-	-	-	1,779	-
<b>Net cash used in investing activities</b>	<b>(116,264)</b>	<b>(47,539)</b>	<b>(116,372)</b>	<b>(47,533)</b>	<b>(512,966)</b>	<b>(520,091)</b>
<b>Financing activities</b>						
Dividend paid	-	-	-	-	(59,167)	(59,167)
Insurance claim received	-	-	-	-	25,000	25,000
Repayment of lease principal	(1,181)	(10,297)	(1,181)	(10,297)	(13,751)	(13,751)
Proceeds from bank borrowings	-	-	-	-	27,467	27,467
Repayment of bank borrowings	(127,044)	(16,917)	(127,044)	(16,917)	-	-
<b>Net cash used in financing activities</b>	<b>(128,225)</b>	<b>(27,214)</b>	<b>(128,225)</b>	<b>(27,215)</b>	<b>(20,451)</b>	<b>(20,451)</b>
<b>Net increase /(decrease) in cash &amp; cash equivalent</b>	<b>(112,983)</b>	<b>5,862</b>	<b>(109,493)</b>	<b>5,860</b>	<b>(158,283)</b>	<b>(159,678)</b>
Cash & Cash equivalent at the beginning of the period	(257,837)	(99,554)	(263,532)	(103,854)	(99,554)	(103,854)
<b>Cash &amp; Cash equivalent at the end of the period</b>	<b>(370,820)</b>	<b>(93,692)</b>	<b>(373,025)</b>	<b>(97,994)</b>	<b>(257,837)</b>	<b>(263,532)</b>

**WATAWALA PLANTATIONS PLC**

**SEGMENTAL REPORTING - BUSINESS SEGMENTS- GROUP**

	Tea		Rubber		Palm Oil		Export		Retail marketing		Banana		Unallocated		Total	Total
	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008
Revenue	691,608	614,976	10,024	32,016	157,833	70,321	40,849	174,759	234,337	206,165	701	-	-	-	1,135,350	1,098,237
Operating profit/(loss)	(13,333)	(41,952)	(14,020)	5,479	49,283	44,043	4,179	50,451	19,670	21,397	(1,857)	(425)	25,168	2,358	69,090	81,351
Finance costs	(26,569)	(11,950)	(2,667)	(808)	(4,263)	(1,909)	-	(386)	3,306	(1,057)	(7)	-	-	-	(30,200)	(16,110)
Profit/(Loss) before taxation	(39,902)	(53,902)	(16,686)	4,671	45,020	42,134	4,179	50,065	22,976	20,340	(1,864)	(425)	25,168	2,358	38,890	65,241
Taxation													(2,000)	(6,000)	(2,000)	(6,000)
Net profit / (loss)	(39,902)	(53,902)	(16,686)	4,671	45,020	42,134	4,179	50,065	22,976	20,340	(1,864)	(425)	23,168	(3,642)	36,890	59,241

**SEGMENTAL REPORTING - BUSINESS SEGMENTS- COMPANY**

	Tea		Rubber		Palm Oil		Export		Retail marketing		Unallocated		Total	Total
	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008	For 3 months ended 30/06/2009	For 3 months ended 30/06/2008
Revenue	691,608	614,976	10,024	31,016	157,833	70,321	40,849	174,759	234,337	206,165	-	-	1,134,649	1,097,237
Operating profit/(loss)	(13,333)	(41,952)	(14,020)	5,479	49,283	44,043	4,179	50,451	19,670	21,397	25,593	2,358	71,372	81,776
Finance costs	(26,569)	(11,950)	(2,667)	(808)	(4,263)	(1,909)	-	(386)	3,306	(1,057)	-	-	(30,193)	(16,110)
Profit/(Loss) before taxation	(39,902)	(53,902)	(16,686)	4,671	45,020	42,134	4,179	50,065	22,976	20,340	25,593	2,358	41,179	65,666
Taxation											(2,000)	(6,000)	(2,000)	(6,000)
Net profit / (loss)	(39,902)	(53,902)	(16,686)	4,671	45,020	42,134	4,179	50,065	22,976	20,340	23,593	(3,642)	39,179	59,666

## WATAWALA PLANTATIONS PLC INVESTOR INFORMATION

	As at 30.06.2009	As at 30.06.2008
<b>Market Performance - Ordinary Shares</b>		
Close price on ( Rs.)	70.00	75.00
Highest price per share for the three months ending (Rs.)	79.00	88.50
Lowest price per share for the three months ending (Rs.)	53.25	73.00
Market capitalisation (Rs.)	1,656,666,690	1,775,000,025

### Share Trading

Value of traded for the three months ending ( Rs.)	4,993,825	6,894,675
No of shares traded for the three months ending	70,900.00	83,100.00
No of trades for the three months ending	172.00	238.00

### TWENTY (20) LARGEST SHAREHOLDERS AS AT

Name	30th June 2009		31st March 2009	
	No of Shares held	% of the holding	No of Shares held	% of the holding
Estate Management Services (Pvt) Ltd.	12,721,634	53.75	12,721,634	53.75
Mouldex Limited	4,809,200	20.32	4,828,800	20.40
Bank Of Ceylon A/C Ceybank Unit Trust	1,771,200	7.48	1,738,900	7.35
Aureos South Asia Fund LLC	1,183,333	5.00	1,183,333	5.00
National Development Bank Plc/Mouldex Ltd	200,700	0.85	201,500	0.85
HSBC International Nominees Ltd-SSBT-Deustche Bank	200,000	0.85	200,000	0.85
Vyjayanthi & Company Limited	100,000	0.42	100,000	0.42
K.C.Vignarajah	97,800	0.41	97,800	0.41
Cocoshell Activated Carbon Company Limit	52,800	0.22	52,800	0.22
M.I.Abdul Hameed	39,500	0.17	39,500	0.17
Bartleet Financial Services Ltd A/C No.01	25,400	0.11	34,300	0.14
Merchant Bank Of Sri Lanka Limited/Union Investment	25,000	0.11	25,000	0.11
ACL Plastics Ltd	20,000	0.08	20,000	0.08
S.Vignarajah	18,300	0.08	18,300	0.08
D.F.K.Jayamaha	18,200	0.08	18,200	0.08
D.S.J.V.Costa	18,000	0.08	18,000	0.08
Colonial Motors Ltd	17,000	0.07	17,000	0.07
Aitken Spence Plc-A/C No. 2	13,000	0.05	13,000	0.05
K.K.U.Wijeyesekera	7,200	0.03	7,200	0.03
A.S.A.Hafeel	6,300	0.03	6,300	0.03
	<b>21,344,567</b>	<b>90.19</b>	<b>21,341,567</b>	<b>90.17</b>
Others	2,322,101	9.81	2,325,101	9.83
<b>Total</b>	<b>23,666,668</b>	<b>100.00</b>	<b>23,666,668</b>	<b>100.00</b>

	As at 30.06.2009	As at 31.03.2009
The percentage of shares held by the public	25.93%	25.85%

# WATAWALA PLANTATIONS PLC

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

01. These interim financial statements of the Company and of the Group have been prepared in consistence with the accounting policies set out in the Annual Report for the year ended 31/03/2009

02. The figures in these interim financial statements are provisional and subject to audit.

03. No circumstances have been arisen since the Balance Sheet date which would require adjustments to or disclosure in the financial statements.

04. Where necessary, comparative figures have been re-classified to confirm with the current period's presentation.

05. Stated capital

	<b>As at 30.06.2009</b>	<b>As at 30.06.2008</b>
Issued and fully paid:		
Ordinary shares 23,666,667 ordinary shares and 1 golden share	310,000	310,000

06. There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31st March 2009.

07. No circumstances has arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

08. All amounts in Sri Lankan Rupees thousands.

09. The number of shares held by the Board of directors are as follows.

	<b>As at 30.06.2009</b>	<b>As at 31.03.2009</b>
i) D V Seevaratnam	300	300
ii) D S Ratnasingham	500	500