

WATAWALA PLANTATIONS LIMITED
60, Dharmapala Mawatha , Colombo - 03

PROVISIONAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPT 2007

INCOME STATEMENT						
	For the three months		For the six months		For the six months	Audited year ended 31.03.2007
	Unaudited three months ended	Unaudited three months ended	Unaudited six months ended	Unaudited six months ended		
	30.09.2007	30.09.2006	30.09.2007	30.09.2006	Change +/-	Rs'000
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	924,959	851,676	1,842,270	1,653,232	189,038	3,169,788
Cost of sales	(755,731)	(663,309)	(1,551,990)	(1,356,589)	(195,401)	(2,667,412)
Gross profit	169,228	188,367	290,280	296,643	(6,363)	502,376
Other operating income	25,511	12,146	31,657	25,505	6,152	76,946
Administrative expenses	(37,259)	(26,111)	(65,621)	(53,530)	(12,091)	(92,255)
Distribution costs	(43,513)	(22,194)	(76,872)	(45,203)	(31,669)	(105,281)
Management fees	(15,374)	(22,089)	(25,895)	(31,332)	5,437	(50,960)
Operating profit	98,592	130,119	153,548	192,083	(38,535)	330,826
Finance costs	(17,229)	(17,045)	(36,849)	(33,202)	(3,647)	(83,092)
Amortisation of negative goodwill	-	1,967	-	3,935	(3,935)	-
Profit before taxation	81,363	115,041	116,699	162,816	(46,117)	247,734
Taxation	(7,500)	(5,511)	(7,800)	(8,900)	1,100	(26,034)
Net profit for the period	73,863	109,530	108,899	153,916	(45,017)	221,700
Earnings per share (Rs)	3.12	4.63	4.60	6.50		9.37

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PROVISIONAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPT 2007

STATEMENT OF CHANGES IN EQUITY						
	Stated capital	Negative goodwill	General reserve	Retained earnings	Investment reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at 1st April 2006	310,000	92,477	150,000	483,878	147,926	1,184,281
Net profit for the period	-	-	-	153,916	-	153,916
Dividend paid	-	-	-	(29,583)	-	(29,583)
Amortization of negative goodwill	-	(3,936)	-	-	-	(3,936)
Investment Reserve	-	-	-	-	-	-
Balance at 30th Sept 2006	310,000	88,541	150,000	608,211	147,926	1,304,678
Balance at 1st April 2007	236,667	-	150,000	768,470	146,030	1,374,500
Net Profit for the period	-	-	-	108,899	-	108,899
Dividend paid	-	-	-	(35,500)	-	(35,500)
Amortization of negative goodwill	-	-	-	-	-	-
Amortization of Investment reserve	-	-	-	-	(1,896)	(1,896)
Transfer	-	-	-	-	-	-
Balance at 30 Sept 2007	236,667	-	150,000	841,869	144,134	1,446,003

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PROVISIONAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

BALANCE SHEET			
	Unaudited as at 30.09.2007	Unaudited as at 30.09.2006	Audited as at 31.03.2007
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets			
Leasehold right to bare land of JEDB/SLSPC estates	257,410	264,290	260,928
Immovable estate assets on finance lease (other than bare land)	268,645	287,181	277,534
Tangible fixed assets other than immature/mature plantations	757,235	711,460	722,453
Immature / mature plantations	1,062,096	917,768	990,204
Investments on subleasing of assets	201,012	205,820	203,416
	2,546,398	2,386,519	2,454,535
Current assets			
Inventories	340,343	322,888	292,917
Trade and other receivables	423,974	334,425	336,986
Current tax receivables	-	31,692	-
Cash and cash equivalents	65,957	58,342	75,356
	830,274	747,347	705,259
Total assets	3,376,672	3,133,866	3,159,794
EQUITY AND LIABILITIES			
Capital & reserves			
Staed Capital	310,000	310,000	310,000
Negative goodwill	-	88,541	-
General reserve	150,000	150,000	150,000
Investment reserve	144,134	147,926	146,030
Retained earnings	841,869	608,211	768,470
	1,446,003	1,304,678	1,374,500
Non-current liabilities			
Borrowings	247,690	251,680	221,371
Obligations under finance lease	388,843	387,933	385,628
Retirement benefit obligations	360,396	290,010	357,538
Deferred income and capital grants	144,164	139,153	139,632
	1,141,093	1,068,776	1,104,169
Current liabilities			
Trade and other payables	364,599	369,752	337,259
Borrowings	424,977	390,660	343,866
	789,576	760,412	681,125
Total liabilities	1,930,669	1,829,188	1,785,294
Total equity and liabilities	3,376,672	3,133,866	3,159,794
Net asset value per share (Rs)	61.09	55.12	58.07
Market value per share (Rs)			
Highest	66.00	62.00	65.00
Lowest	53.00	30.50	30.50
Last traded price	57.00	58.25	53.00

NOTES TO THE FINANCIAL STATEMENTS

- 1/ There interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31/03/2007
- 2/ The figures in these interim financial statements are provisional and subject to audit
- 3/ No circumstances have been since the Balance Sheet date which would require adjustments to or disclosure in the financial statements
- 4/ The previous period figures have been reclassified to confirm with the current presentations methods applied for the year ended 31st March 2006.
- 5/ All values are in Rupees thousands
- 6/ A Wage revision of Rs. 30/= per day per worker effective from 1st November 2007
- 7/ The Gratuity Liability on this revision is being processed

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

[G Sathasivam]
Chairman
Colombo
12/11/2007

[Vish Govindasamy]
Director/ Chief Executive Officer
Colombo
12/11/2007

WATAWALA PLANTATIONS LTD
60, DHARMAPALA MAWATHA, COLOMBO - 03

PROVISIONAL FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

CASH FLOW STATEMENT

Rs ' 000

	Unaudited Six months ended 30.09.2007	Unaudited Six months ended 30.09.2006	Audited year ended 31.03.2007
Cash generated from operations			
Net profit -BeforeTax	116,699	162,816	247,734
Adjusted for :			
Depreciation	62,124	57,777	117,126
Profit on sale of property, plant and equipment	(1,535)	(937)	(16,494)
Provision for retirement benefit obligations	21,735	17,316	96,937
Amortisation of lease hold right to bare land	3,518	3,466	6,828
Amortisation of negative goodwill	-	(3,936)	-
Amortisation of investment reserve	(1,993)	-	(1,896)
Amortisation of capital grants	(5,362)	-	(12,496)
Interest expenses	36,849	33,202	83,092
Net cash inflow from operations before working capital changes	232,036	269,704	520,831
Changes in working capital			
Inventories	(47,426)	(61,962)	(31,991)
Trade and other receivables	(86,988)	(25,811)	(5,560)
Trade and other payables	19,540	(27,170)	(64,599)
Cash generated from operations	117,162	154,761	418,681
Operating activities			
Interest paid	(36,849)	(33,652)	(86,035)
Retirement benefit obligations paid	(18,878)	(15,341)	(27,433)
Tax paid	-	-	(10,361)
Interest received	-	450	2,943
Investment income from subleas of Lippekelle estate	-	-	(96)
Net cash generated from operating activities	61,435	106,218	297,699
Investing activities			
Grants received	9,894	2,363	15,338
Field development expenditure	(89,323)	(49,131)	(138,754)
Purchase of property plant and equipment	(70,585)	(87,726)	(117,978)
Proceeds from sale of property plant and equipment	1,535.00	2,269	23,674
Net cash used in investing activities	(148,480)	(132,225)	(217,720)
Financing activities			
Dividend paid	(35,500)	(29,583)	(29,583)
Proceeds from subleasing of Lippekelle estate	-	-	5,000
Settlement of net liability to lessor	(3,878)	(2,397)	(10,069)
Changes in bank borrowings	(18,395)	(9,689)	(24,878)
Net cash used in financing activities	(57,773)	(41,669)	(59,530)
Net increase / (decrease) in cash & cash equivalent	(144,818)	(67,676)	20,449
Cash & Cash equivalent at the beginning of the period	(95,445)	(115,894)	(115,894)
Cash & Cash equivalent at the end of the period	(240,263)	(183,570)	(95,445)

WATAWALA PLANTATIONS LTD
PROVISIONAL FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 TH SEP 2007

SEGMENTAL REPORTING - BUSINESS SEGMENTS

Rs ' 000

	Tea	Rubber	Other crops	Export	Retail marketing	Unallocated	Total For the 6 months ended 30/09/2007	Total For the 6 months ended 30/09/2006
Revenue	1,005,231	71,311	48,920	390,184	326,624	-	1,842,270	1,653,232
Operating profit/(loss)	(15,209)	14,536	15,331	105,693	29,228	3,970	153,548	192,083
Finance costs	(28,412)	(1,922)	(2,399)	(3,813)	(303)		(36,849)	(33,201)
Amortization of negative goodwill	-	-	-	-	-		-	3,934
Profit/(Loss) before taxation	(43,621)	12,614	12,932	101,880	28,925	3,970	116,699	162,816
Taxation	-	-	-	-	-	-	(7,800)	(8,900)
Net profit / (loss)	(43,621)	12,614	12,932	101,880	28,925	3,970	108,899	153,916