

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2008



WATAWALA PLANTATIONS PLC

60, Dharmapala Mawatha, Colombo 3

WATAWALA PLANTATIONS PLC
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Six Months Ended 30th September 2008

Income Statements

(all amounts in Sri Lankan Rupees Thousands)

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

17.09

17.15

Revenue
Cost of sales
Gross profit
Other operating income
Administrative expenses
Distribution costs
Other operating expenses
Management fees
Operating profit
Finance expense
Profit before tax
Tax expense
Profit for the year
Attributable to:
Equity holders of the parent
Minority interest
Net profit after minority interest

Earnings per share (Rs)

Group		
For the six months		
Unaudited six months ended 30.09.2008	Unaudited six months ended 30.09.2007	For the six months Change + / (-)
2,103,932	1,842,270	261,662
(1,810,569)	(1,551,990)	(258,579)
293,363	290,280	3,083
51,336	31,657	19,679
(80,513)	(65,622)	(14,891)
(97,209)	(76,872)	(20,337)
-	-	-
(25,633)	(25,895)	262
141,344	153,548	(12,204)
(28,497)	(36,849)	8,352
112,847	116,699	(3,852)
(12,500)	(7,800)	(4,700)
100,347	108,899	(8,552)
101,448	108,899	(9,653)
1,101	-	1,101
100,347	108,899	(8,552)

4.29

4.60

(0.41)

Company		
For the six months		
Unaudited six months ended 30.09.2008	Unaudited six months ended 30.09.2007	For the six months Change + / (-)
2,102,683	1,842,270	260,413
(1,806,149)	(1,551,990)	(254,159)
296,534	290,280	6,254
52,131	31,657	20,474
(80,241)	(65,622)	(14,619)
(97,051)	(76,872)	(20,179)
-	-	-
(25,633)	(25,895)	262
145,740	153,548	(7,808)
(28,488)	(36,849)	8,361
117,252	116,699	553
(12,500)	(7,800)	(4,700)
104,752	108,899	(4,147)
104,752	108,899	(4,147)
-	-	-
104,752	108,899	(4,147)

4.43

4.60

(0.18)

WATAWALA PLANTATIONS PLC
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Six Months Ended 30th September 2008

Balance Sheets

(all amounts in Sri Lanka Rupees Thousands)

	Group		Company		Group	Company
	Unaudited six months ended as at 30.09.2008	Unaudited six months ended as at 30.09.2007	Unaudited six months ended as at 30.09.2008	Unaudited six months ended as at 30.09.2007	Audited Twelve months ended as at 31.03.2008	Audited Twelve months ended as at 31.03.2008
ASSETS						
Non-current assets						
Leasehold right to bare land of JEDB/SLSPC estates	258,270	257,410	258,270	257,410	261,788	261,788
Immovable estate assets on finance lease (other than bare land)	256,239	268,645	256,239	268,645	265,062	265,062
Tangible fixed assets other than immature/mature plantations	986,336	757,235	980,362	757,235	885,477	879,626
Immature / mature plantations	1,264,923	1,062,096	1,258,896	1,062,096	1,168,364	1,168,364
Investments on subleasing of assets	-	201,012	-	201,012	-	-
Investment in subsidiary	-	-	10,781	-	-	10,781
	2,765,768	2,546,398	2,764,548	2,546,398	2,580,691	2,585,621
Current assets						
Inventories	471,325	340,343	470,777	340,343	540,488	534,023
Trade and other receivables	455,757	423,974	463,113	423,974	439,337	441,303
Cash and cash equivalents	106,132	65,957	101,150	65,957	90,434	86,134
	1,033,214	830,274	1,035,040	830,274	1,070,259	1,061,460
Total assets	3,798,982	3,376,672	3,799,588	3,376,672	3,650,950	3,647,081
EQUITY AND LIABILITIES						
Capital & reserves						
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	-	144,134	-	144,134	-	-
Retained earnings	1,179,689	841,869	1,184,445	841,869	1,137,408	1,138,860
	1,639,689	1,446,003	1,644,445	1,446,003	1,597,408	1,598,860
Minority interest	2,008				3,110	
Non-current liabilities						
Borrowings	284,370	247,690	284,370	247,690	303,168	303,168
Obligations under finance lease	369,991	388,843	369,991	388,843	380,896	380,896
Retirement benefit obligations	424,097	360,396	424,097	360,396	420,624	420,624
Deferred income and capital grants	172,678	144,164	172,678	144,164	156,618	156,618
Deferred income tax	10,000	-	10,000	-	10,000	10,000
	1,261,136	1,141,093	1,261,136	1,141,093	1,271,306	1,271,306
Current liabilities						
Trade and other payables	573,975	364,599	571,833	364,599	486,962	484,751
Borrowings	322,174	424,977	322,174	424,977	292,164	292,164
	896,149	789,576	894,007	789,576	779,126	776,915
Total liabilities	2,157,285	1,930,669	2,155,143	1,930,669	2,050,432	2,048,221
Total equity and liabilities	3,798,982	3,376,672	3,799,588	3,376,672	3,650,950	3,647,081
Net asset value per share (Rs)	69.28	61.10	69.48	61.10	67.50	67.56

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 figures 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 figures have been reclassified to confirm with the current presentations.
- 5 / As stated in the Note number 5 of our 2007/2008 Annual Report, the existing management agreement ceased with effect from 31/03/2008 and new terms and conditions are being negotiated for the ensuing period.
- 6 / 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 Plantations PLC.

(G.Sathasivam)
Chairman
Colombo
05.11.2008

(D.V. Seevaratnam)
Director/CEO
Colombo
05.11.2008

WATAWALA PLANTATIONS PLC
60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Six Months Ended 30th September 2008

Statement of Changes in Equity - Group

(all amounts in Sri Lanka Rupees Thousands)

	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	-	-	404,438	-	404,438
Dividend paid for the year ended 31 March 2007	-	-	(35,500)	-	(35,500)
Adjustment due to sublease	-	-	-	(146,030)	(146,030)
Balance at 31st March 2008	310,000	150,000	1,137,408	-	1,597,408
Balance at 1st April 2008	310,000	150,000	1,137,408	-	1,597,408
Net Profit for the period	-	-	101,448	-	101,448
Dividend paid for the year ended 31 March 2008	-	-	(59,167)	-	(59,167)
Balance at 30th September 2008	310,000	150,000	1,179,689	-	1,639,689

Provisional Financial Statements for the Six Months Ended 30th September 2008

Statement of Changes in Equity - Company

(all amounts in Sri Lanka Rupees Thousands)

	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	-	-	405,890	-	405,890
Dividend paid for the year ended 31 March 2007	-	-	(35,500)	-	(35,500)
Adjustment due to sublease	-	-	-	(146,030)	(146,030)
Balance at 31st March 2008	310,000	150,000	1,138,860	-	1,598,860
Balance at 1st April 2008	310,000	150,000	1,138,860	-	1,598,860
Dividend paid for the year ended 31 March 2008	-	-	(59,167)	-	(59,167)
Net Profit for the period	-	-	104,752	-	104,752
Balance at 30th September 2008	310,000	150,000	1,184,445	-	1,644,445

WATAWALA PLANTATIONS PLC

60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Six Months Ended 30th September 2008

Cash Flow Statements

(all amounts in Sri Lanka Rupees Thousands)

	Group - Unaudited		Company -Unaudited		Group - Audited		Company - Audited	
	Unaudited six months ended	Unaudited six months ended	Unaudited six months ended	Unaudited six months ended	Audited Twelve months ended	Audited Twelve months ended	Audited Twelve months ended	Audited Twelve months ended
	30.09.2008	30.09.2007	30.09.2008	30.09.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
Cash generated from operations								
Net profit before tax	112,847	116,699	117,252	116,699	455,833	247,734	457,769	247,734
Adjusted for :								
Depreciation	68,772	62,124	68,772	62,124	123,777	117,126	123,777	117,126
Profit on sale of property, plant and equipment	(1,685)	(1,535)	(1,685)	(1,535)	(4,366)	(16,494)	(4,366)	(16,494)
Provision for retirement benefit obligations	28,999	21,735	28,999	21,735	100,868	96,937	100,868	96,937
Amortisation of lease hold right to bare land	3,518	3,518	3,518	3,518	6,880	6,828	6,880	6,828
Amortisation of immovable estate assets on finance lease	8,823	-	8,823	-	-	(96)	-	(96)
Amortisation of investment reserve	-	(1,993)	-	(1,993)	-	(1,896)	-	(1,896)
Reversal of sub lease	-	-	-	-	4,031	-	4,031	-
Amortisation of capital grants	(3,695)	(5,362)	(3,695)	(5,362)	(7,391)	(12,496)	(7,391)	(12,496)
Interest on leases	-	-	-	-	28,233	26,875	28,233	26,875
Net interest expenses	28,497	36,849	28,490	36,849	59,669	56,217	59,669	56,217
Net cash inflow from operations before working capital changes	246,076	232,035	250,474	232,035	767,534	520,735	769,470	520,735
Changes in working capital								
Inventories	69,163	(47,426)	63,246	(47,426)	(247,571)	(31,991)	(241,106)	(31,991)
Trade and other receivables	(16,420)	(86,988)	(21,810)	(86,988)	(118,245)	(5,560)	(120,211)	(5,560)
Trade and other payables	74,512	19,540	74,581	19,540	128,263	(64,599)	126,052	(64,599)
Cash generated from operations	373,331	117,161	366,491	117,161	529,981	418,585	534,205	418,585
Operating activities								
Interest paid	(28,488)	(36,849)	(28,488)	(36,849)	(91,584)	(86,035)	(91,584)	(86,035)
Retirement benefit obligations paid	(25,526)	(18,849)	(25,526)	(18,849)	(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 subleas of Lippekelle estate	-	-	-	-	-	-	-	-
Net cash generated from operating activities	319,317	61,463	312,477	61,463	404,297	297,699	408,521	297,699
Investing activities								
Transfer of assets to insurance recoverable	30,895	-	30,895	-	-	-	-	-
Grants received	19,756	9,894	19,756	9,894	24,377	15,338	24,377	15,338
Dividend received	-	-	-	-	-	-	-	-
Field development expenditure	(114,590)	(89,323)	(108,552)	(89,323)	(179,548)	(138,754)	(179,548)	(138,754)
Purchase of property plant and equipment	(200,101)	(70,585)	(199,978)	(70,585)	(217,088)	(117,978)	(211,237)	(117,978)
Proceeds from sale of property plant and equipment	19,281	1,535	19,281	1,535	4,366	23,674	4,366	23,674
Investment in subsidiary	-	-	-	-	-	-	(10,781)	-
Invest by minority	-	-	-	-	3,594	-	-	-
Net cash used in investing activities	(244,759)	(148,479)	(238,598)	(148,479)	(364,299)	(217,720)	(372,823)	(217,720)
Financing activities								
Dividend paid	(59,167)	(35,500)	(59,167)	(35,500)	(35,500)	(29,583)	(35,500)	(29,583)
Proceed s from subleasing of Lippekelle estate	-	-	-	-	-	5,000	-	5,000
Repayment of lease principal	(10,905)	(3,907)	(10,905)	(3,907)	(11,769)	(10,069)	(11,769)	(10,069)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-
Net changes in bank borrowings	(12,820)	(18,395)	(12,820)	(18,395)	3,162	(24,878)	3,162	(24,878)
Net cash used in financing activities	(82,892)	(57,802)	(82,892)	(57,802)	(44,107)	(59,530)	(44,107)	(59,530)
Net increase /(decrease) in cash & cash equivalent	(8,334)	(144,818)	(9,014)	(144,818)	(4,109)	20,449	(8,409)	20,449
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	(107,888)	(240,263)	(112,868)	(240,263)	(99,554)	(95,445)	(103,854)	(95,445)

WATAWALA PLANTATIONS PLC

60, Dharmapala Mawatha , Colombo - 03

Provisional Financial Statements for the Six Months Ended 30th September 2008

Segmental Reporting - Business segments - Group

(all amounts in Sri Lanka Rupees Thousands)

	Tea	Rubber	Palm Oil	Export	Retail Marketing	Banana Project	Unallocated	Total For the 6 months ended 30/09/2008	Total For the 6 months ended 30/09/2007
Revenue	1,094,599	93,547	122,679	348,205	443,654	1,248	-	2,103,932	1,842,270
Operating profit/(loss)	(120,417)	31,131	65,232	96,676	52,789	(3,547)	19,480	141,344	153,548
Finance costs	(20,514)	(1,570)	(3,708)	(1,043)	(1,654)	(8)	-	(28,497)	(36,849)
Profit/(Loss) before taxation	(140,931)	29,561	61,524	95,633	51,135	(3,555)	19,480	112,847	116,699
Taxation	-	-	-	-	-	-	-	(12,500)	(7,800)
Net profit / (loss)	(140,931)	29,561	61,524	95,633	51,135	(3,555)	19,480	100,347	108,899

Segmental Reporting - Business segments - Company

(all amounts in Sri Lanka Rupees Thousands)

	Tea	Rubber	Palm Oil	Export	Retail Marketing	Unallocated	Total For the 6 months ended 30/09/2008	Total For the 6 months ended 30/09/2007
Revenue	1,094,599	93,547	122,679	348,205	443,653	-	2,102,683	1,842,270
Operating profit/(loss)	(120,417)	31,131	65,232	96,676	52,788	20,330	145,740	153,548
Finance costs	(20,515)	(1,570)	(3,707)	(1,043)	(1,653)	-	(28,488)	(36,849)
Profit/(Loss) before taxation	(140,932)	29,561	61,525	95,633	51,135	20,330	117,252	116,699
Taxation	-	-	-	-	-	-	(12,500)	(7,800)
Net profit / (loss)	(140,932)	29,561	61,525	95,633	51,135	20,330	104,752	108,899