

WATAWALA PLANTATIONS PLC
60, Dharmapala Mawatha , Colombo - 03

PROVISIONAL FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2007

INCOME STATEMENT

	For the three months		For the nine months		For the nine months Change + / (-) Rs'000	Audited year ended 31.03.2007 Rs'000
	Unaudited three months ended 31.12.2007 Rs'000	Unaudited three months ended 31.12.2006 Rs'000	Unaudited nine months ended 31.12.2007 Rs'000	Unaudited nine months ended 31.12.2006 Rs'000		
Revenue	1,236,442	724,587	3,078,713	2,368,219	710,494	3,169,788
Cost of sales	(963,822)	(655,564)	(2,515,814)	(2,089,782)	(426,032)	(2,667,412)
Gross profit	272,620	69,023	562,899	278,437	284,462	502,376
Other operating income	9,381	25,552	41,038	52,053	(11,015)	76,946
Administrative expenses	(30,893)	(28,216)	(96,514)	(81,266)	(15,248)	(92,255)
Distribution costs	(35,471)	(33,751)	(112,343)	(78,954)	(33,389)	(105,281)
Management fees	(28,571)	(5,458)	(54,466)	(28,985)	(25,481)	(50,960)
Operating profit	187,066	27,150	340,614	141,285	199,329	330,826
Finance costs	(19,794)	(18,980)	(56,643)	(49,146)	(7,497)	(83,092)
Amortisation of negative goodwill	-	(3,935)	-	-	-	-
Profit before taxation	167,272	4,235	283,971	92,139	191,832	247,734
Taxation	(20,000)	(10,000)	(27,800)	(18,900)	(8,900)	(26,034)
Net profit for the period	147,272	(5,765)	256,171	73,239	182,932	221,700
Earnings per share (Rs)	6.22	(0.24)	10.82	3.09		9.37

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STATEMENT OF CHANGES IN EQUITY

	Stated capital Rs'000	Negative goodwill Rs'000	General reserve Rs'000	Retained earnings Rs'000	Investment reserve Rs'000	Total Rs'000
Balance at 1st April 2006		92,477	150,000	483,876	147,926	1,184,279
Net profit for the period		-	-	73,239	-	73,239
Dividend paid		-	-	(29,583)	-	(29,583)
Transfer		(5,902)		5,902		-
Amortization of Investment reserve					(948)	(948)
Balance at 31st December 2006		86,575	150,000	533,434	146,978	1,226,987
Balance at 1st April 2007		-	150,000	768,470	146,030	1,374,500
Net Profit for the period		-	-	256,171	-	256,171
Dividend paid		-	-	(35,500)	-	(35,500)
Amortization of Investment reserve		-	-	-	-	-
Transfer		-	-	-	(2,845)	(2,845)
Balance at 31st December 2007		-	150,000	989,141	143,185	1,592,326

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BALANCE SHEET

	Unaudited as at 31.12.2007 Rs'000	Unaudited as at 31.12.2006 Rs'000	Audited as at 31.03.2007 Rs'000
ASSETS			
Non-current assets			
Leasehold right to bare land of JEDB/SLSPC estates	255,652	262,531	260,928
Immovable estate assets on finance lease (other than bare land)	264,201	282,291	277,534
Tangible fixed assets other than immature/mature plantations	816,755	723,693	722,453
Immature / mature plantations	1,108,804	936,788	990,204
Investments on subleasing of assets	199,810	200,868	203,416
	2,645,222	2,406,171	2,454,535
Current assets			
Inventories	596,055	312,043	292,917
Trade and other receivables	356,125	294,239	336,986
Current tax receivables	-	43,838	-
Cash and cash equivalents	91,865	118,427	75,356
	-	-	-
	1,044,045	768,547	705,259
Total assets	3,689,267	3,174,718	3,159,794
EQUITY AND LIABILITIES			
Capital & reserves			
Stated Capital	310,000	310,000	310,000
Negative goodwill	-	86,575	-
General reserve	150,000	150,000	150,000
Investment reserve	143,185	146,978	146,030
Retained earnings	989,141	533,434	768,470
	1,592,326	1,226,987	1,374,500
Non-current liabilities			
Borrowings	261,345	247,193	221,371
Obligations under finance lease	386,400	386,840	385,628
Retirement benefit obligations	437,484	397,630	357,538
Deferred income and capital grants	151,444	143,351	139,632
	1,236,673	1,175,014	1,104,169
Current liabilities			
Trade and other payables	462,108	333,994	337,259
Borrowings	398,160	438,723	343,866
	860,268	772,717	681,125
Total liabilities	2,096,941	1,947,731	1,785,294
Total equity and liabilities	3,689,267	3,174,718	3,159,794
Net asset value per share (Rs)	67.28	51.84	58.08
Market value per share (Rs)			
Highest	85.00	65.00	65.00
Lowest	52.25	30.50	30.50
Last traded price	83.50	64.00	53.00

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 31/03/2007
- 2/ The figures in these interim financial statements are provisional and subject to audit.
- 3/ The sub lease of Lippakelle Estate has been terminated on 1st February 2008 and a case filed against the sub lessee. As a result of this the deferred lease income and subleased assets will be reversed in the subsequent financial quarter which will result in a known sum of Rs.5,393,000/- being charged to the profit and loss accounts. In addition to the above further charges could also crystallize which are unknown due to the pending court case.
- 4/ The previous period figures have been reclassified to confirm with the current presentations.
- 5/ All amounts in Sri Lanka Rupees Thousands.
- 6/ The gratuity provision has been estimated as at 31st December 2007 on the new wage rate, effective from 1st November 2007 by Actuarial & Management Consultants (Pvt) Ltd
Signed on behalf of the Board of Directors of Watawala Plantations PLC

[G Sathasivam]
Chairman
Colombo
8/2/2007

[Vish Govindasamy]
Director/ Chief Exec
Colombo
8/2/2007

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60, DHARMAPALA MAWATHA, COLOMBO - 03

PROVISIONAL FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 ST DECEMBER 2007

CASH FLOW STATEMENT

Rs ' 000

	Unaudited Nine months ended	Unaudited Nine months ended	Audited year ended
Cash generated from operations			
Net profit -before tax	283,971	92,139	247,734
Adjusted for :			
Depreciation	91,471	79,036	117,126
Profit on sale of property, plant and equipment	(1,535)	(7,072)	(16,494)
Provision for retirement benefit obligations	106,581	129,931	96,937
Amortisation of lease hold right to bare land	5,276	5,225	6,828
Amortisation of investment reserve	(2,845)	(996)	(1,896)
Amortisation of capital grants	(7,210)	(180)	(12,496)
Interest expenses	56,643	49,146	83,092
Net cash inflow from operations before working capital changes	532,352	347,229	520,831
Changes in working capital			
Inventories	(303,138)	(51,117)	(31,991)
Trade and other receivables	(19,139)	7,229	(5,560)
Trade and other payables	101,873	(72,930)	(64,599)
Cash generated from operations	311,948	230,411	418,681
Operating activities			
Interest paid	(59,056)	(51,192)	(86,035)
Retirement benefit obligations paid	(26,637)	(20,335)	(27,433)
Tax paid	-	-	(10,361)
Interest received	2,413	2,046	2,943
Investment income from subleas of Lippekelle estate	-	-	(96)
Net cash generated from operating activities	228,668	160,930	297,699
Investing activities			
Grants received	19,021	6,741	15,338
Field development expenditure	(144,747)	(76,272)	(138,754)
Purchase of property plant and equipment	(147,789)	(117,528)	(117,978)
Proceeds from sale of property plant and equipment	1,535	17,724	23,674
Net cash used in investing activities	(271,980)	(169,335)	(217,720)
Financing activities			
Dividend paid	(35,500)	(29,583)	(29,583)
Proceed s from subleasing of Lippekelle estate	-	-	5,000
Settlement of net liability to lessor	(1,885)	(3,330)	(10,069)
Changes in bank borrowings	(24,064)	7,627	(24,878)
Net cash used in financing activities	(61,449)	(25,286)	(59,530)
Net increase /(decrease) in cash & cash equivalent	(104,761)	(33,691)	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	(200,206)	(149,585)	(95,445)

WATAWALA PLANTATIONS PLC
PROVISIONAL FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 ST DECEMBER 2007

SEGMENTAL REPORTING - BUSINESS SEGMENTS (Rs ' 000)

	Tea	Rubber	Other crops	Export	Retail marketing	Unallocated	Total For the 9 months ended 31/12/2007	Total For the 9 months ended 31/12/2006
Revenue	1,685,609	139,062	83,386	637,189	533,467	-	3,078,713	2,368,219
Operating profit/(loss)	38,225	33,226	31,560	169,281	55,356	12,966	340,614	141,285
Finance costs	(43,331)	(2,931)	(3,578)	(5,916)	(887)		(56,643)	(49,146)
Amortization of negative goodwill	-	-	-	-	-		-	-
Profit/(Loss) before taxation	(5,106)	30,295	27,982	163,365	54,469	12,966	283,971	92,139
Taxation	-	-	-	-	-	-	(27,800)	(18,900)
Net profit / (loss)	(5,106)	30,295	27,982	163,365	54,469	12,966	256,171	73,239