

Talawakelle Tea Estates PLC

INCOME STATEMENTS

Group Audited year ended 31.12.2008 Rs.'000		Group		% Change
		Unaudited 3 months ended 31.03.2009 Rs.'000	Unaudited 3 months ended 31.03.2008 Rs.'000	
2,203,895	Revenue	384,283	599,283	-36%
(1,930,803)	Cost of sales	(343,985)	(462,907)	-26%
273,092	Gross profit	40,298	136,376	-70%
73,795	Other income and gains	11,084	15,692	-29%
(85,525)	Administrative expenses	(28,887)	(21,090)	37%
(19,584)	Management fee	(2,947)	(8,888)	-67%
(129,821)	Finance cost	(51,150)	(30,151)	70%
111,957	Profit before tax	(31,602)	91,939	-134%
(3,952)	Tax expenses	(1,385)	(5,387)	-74%
108,005	Profit for the period	(32,987)	86,552	-138%
	Attributable to :			
109,278	Equity holders of the parent	(23,182)	87,778	
(1,273)	Minority interest	(9,805)	(1,226)	
108,005	Net profit for the period	(32,987)	86,552	
4.60	Basic earnings/(loss) per share	(1.39)	3.64	
1.25	Dividend paid per share (Rs.)	-	2.50	

The notes on pages 06 from an integral part of these financial statements
Figures in brackets indicate deductions

Talawakelle Tea Estates PLC

INCOME STATEMENTS

Company Audited year ended 31.12.2008 Rs.'000		Company Unaudited 3 months ended 31.03.2009 31.03.2008 Rs.'000 Rs.'000		% Change
2,180,736	Revenue	378,453	598,334	-37%
<u>(1,923,510)</u>	Cost of sales	<u>(342,795)</u>	<u>(462,907)</u>	-26%
257,226	Gross profit	35,658	135,427	-74%
73,560	Other income and gains	11,319	15,692	-28%
(84,488)	Administrative expenses	(19,226)	(19,076)	1%
(19,584)	Management fee	(2,947)	(8,888)	-67%
<u>(114,316)</u>	Finance cost	<u>(36,396)</u>	<u>(29,574)</u>	23%
112,398	Profit before tax	(11,592)	93,581	-112%
<u>(1,795)</u>	Tax expenses	<u>(1,386)</u>	<u>(4,526)</u>	-69%
<u>110,603</u>	Profit for the period	<u>(12,978)</u>	<u>89,055</u>	-115%
	Attributable to :			
110,603	Equity holders of the parent	(12,978)	89,055	
<u>110,603</u>	Net profit for the period	<u>(12,978)</u>	<u>89,055</u>	
4.66	Basic earnings/(loss) per share	(0.55)	3.75	
1.25	Dividend paid per share (Rs.)	-	2.50	

The notes on pages 06 from an integral part of these financial statements
 Figures in brackets indicate deductions

Talawakelle Tea Estates PLC

BALANCE SHEETS

Company Audited As at 31.12.2008 Rs.'000	Group Audited As at 31.12.2008 Rs.'000		Company		Group	
			Unaudited As at 31.03.2009 Rs.'000	Unaudited As at 31.03.2008 Rs.'000	Unaudited As at 31.03.2009 Rs.'000	Unaudited As at 31.03.2008 Rs.'000
		ASSETS				
		Non current assets				
152,330	152,330	Leasehold property	151,301	155,418	151,301	155,418
		Property, plant & equipment immovable estate assets on finance lease (other than leasehold property)	154,109	164,893	154,109	164,893
156,855	156,855	Tangible assets other than immature/mature plantations	625,464	538,772	1,074,534	829,939
617,266	1,056,756	Immature/mature plantations	1,411,017	1,238,669	1,411,017	1,216,886
1,400,306	1,400,306	Development Costs	-	-	17,845	21,783
-	26,756	Investments	65,790	65,790	-	-
65,790			2,407,681	2,163,542	2,808,806	2,388,919
2,392,547	2,793,003					
		Current assets				
359,948	359,948	Inventories	211,129	354,297	211,129	354,297
84,637	106,634	Trade and other receivables	169,590	163,289	174,674	191,645
53,627	-	Amounts due from related companies	53,217	7,283	3,500	116
7,473	7,473	ACT recoverable	7,473	3,660	7,473	3,660
4,598	4,598	VAT recoverable	4,608	7,950	4,608	7,950
18,900	18,900	Short-term investments	103,000		103,000	
41,149	41,149	Cash and bank balances	26,253	14,904	28,692	67,762
570,332	538,702		575,270	551,383	533,076	625,430
2,962,879	3,331,705	TOTAL ASSETS	2,982,951	2,714,925	3,341,882	3,014,349
		EQUITY AND LIABILITIES				
		Capital and reserves				
350,000	350,000	Stated capital	350,000	350,000	350,000	350,000
719,920	718,997	Retained earnings	706,942	698,372	691,615	697,497
1,069,920	1,068,997	Equity	1,056,942	1,048,372	1,041,615	1,047,497
-	62,323	Minority interest	-	-	52,518	62,369
1,069,920	1,131,320	Total equity	1,056,942	1,048,372	1,094,133	1,109,866
		Non current liabilities & deferred income				
412,754	654,002	Interest bearing loans & borrowings	545,145	426,600	799,873	645,206
95,000	95,000	Debenture	95,000	-	95,000	
490,804	490,804	Retiring benefit obligations	512,338	422,812	512,338	422,812
22,958	25,984	Deferred tax liability	22,958	17,812	25,983	17,812
197,917	197,917	Deferred income	196,998	158,961	196,998	158,961
135,688	135,688	Net liability to the lessor payable after one year	135,256	137,064	135,256	137,064
1,355,121	1,599,395		1,507,695	1,163,249	1,765,448	1,381,855
		Current liabilities				
283,273	308,096	Trade and other payables	214,550	261,663	229,184	255,762
55,201	67,828	Interest bearing loans & borrowings	86,740	68,516	86,740	68,516
1,728	1,728	Net liability to the lessor payable within one year	1,728	1,598	1,728	1,598
	4,577	VAT payable	-	-	4,369	
3,224	12,823	Amounts due to related companies	2,999	2,511	47,983	27,736
55,000	55,000	Short term borrowings	55,500	169,016	55,500	169,016
139,412	150,938	Bank overdraft	56,797		56,797	
537,838	600,990		418,314	503,304	482,301	522,628
2,962,879	3,331,705	TOTAL EQUITY AND LIABILITIES	2,982,951	2,714,925	3,341,882	3,014,349
45.05	45.01	Net assets per share	44.50	44.14	43.86	44.11

The Balance Sheets of the Company as at 31st March 2009 and the Income Statements, the Statements of Changes in Equity and Cash flow statements for the three months then ended as well as the Income Statements for the three months then ended are drawn up from the unaudited Financial Statements of the Company, its subsidiaries and provide the information required by the Colombo Stock Exchange

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

D S Seneviratne
Deputy CEO

Signed on behalf of the Board of Directors of Talawakelle Tea Estates PLC

N G Wickremeratne
Chairman
28th April 2009

M M M De Silva
Director

The notes on pages 06 from an integral part of these financial statements
Figures in brackets indicate deductions

Talawakelle Tea Estates PLC
STATEMENTS OF CHANGES IN EQUITY

<u>Company</u>	Stated Capital Rs'000	Retained Earnings Rs'000	Equity Rs'000
Balance as at 01st January 2008	350,000	668,692	1,018,692
Net profit for the period	-	89,055	89,055
Dividend paid	-	(59,375)	(59,375)
Balance as at 31st March 2008	<u>350,000</u>	<u>698,372</u>	<u>1,048,372</u>
Balance as at 01st January 2009	350,000	719,920	1,069,920
Net profit for the period	-	(12,978)	(12,978)
Balance as at 31st March 2009	<u>350,000</u>	<u>706,942</u>	<u>1,056,942</u>

<u>Group</u>	Stated Capital Rs'000	Retained Earnings Rs'000	Minority Interest Rs'000	Total Equity Rs'000
Balance as at 01st January 2008	350,000	669,094	63,595	1,082,689
Net profit for the period	-	87,778	(1,226)	86,552
Dividend paid	-	(59,375)	-	(59,375)
Balance as at 31st March 2008	<u>350,000</u>	<u>697,497</u>	<u>62,369</u>	<u>1,109,866</u>
Balance as at 01st January 2009	350,000	718,997	62,323	1,131,320
Elimination of Inter Company profit on Development fee		(4,200)		(4,200)
Balance as at 1st January 2009 after adjustment	<u>350,000</u>	<u>714,797</u>	<u>62,323</u>	<u>1,127,120</u>
Net profit for the period	-	(23,182)	(9,805)	(32,987)
Balance as at 31st March 2009	<u>350,000</u>	<u>691,615</u>	<u>52,518</u>	<u>1,094,133</u>

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 Figures in brackets indicate deductions

Talawakelle Tea Estates PLC
CASH FLOW STATEMENTS

Company		Group		Company		Group	
Audited year ended	Audited year ended			Unaudited 3 months ended	Unaudited 3 months ended	Unaudited 3 months ended	Unaudited 3 months ended
31.12.2008	31.12.2008	CASH FLOWS FROM OPERATING ACTIVITIES		31.03.2009	31.03.2008	31.03.2009	31.03.2008
Rs.'000	Rs.'000			Rs.'000	Rs.'000	Rs.'000	Rs.'000
112,398	111,958	Net profit before taxation		(11,592)	93,581	(31,602)	91,939
		ADJUSTMENTS FOR					
125,277	125,277	Provision for defined benefit plan costs		27,541	31,352	27,541	31,352
94,288	98,984	Depreciation/amortisation		22,990	22,526	27,492	23,807
(4,705)	(4,705)	Amortisation of grants		-	-	-	-
114,316	129,821	Finance costs		36,396	29,574	51,150	30,151
(4,709)	(4,709)	Profit on disposal of assets		-	-	-	-
436,865	456,626	Operating profit before working capital changes		75,335	177,033	74,581	177,249
(33,480)	(33,471)	(Increase)/decrease in inventories		148,818	(27,830)	148,818	(27,820)
(18,356)	(7,497)	(Increase)/decrease in trade and other receivables		(84,953)	(96,587)	(68,041)	(92,087)
(954)	(954)	(Increase)/decrease in VAT/ACT/WHT recoverable		(10)	(913)	(10)	(913)
18,643	37,018	Increase/(Decrease) in trade and other payables		(71,027)	(16,744)	(75,696)	(32,635)
(38,122)	93	(Increase)/Decrease in amounts due from related companies		410	8,221	(3,500)	(23)
(1,326)	7,275	Increase/(Decrease) in amounts due to related companies		(225)	(2,039)	35,160	22,188
-	4,578	Increase/(decrease) in VAT payables		-	-	(208)	-
363,270	463,668	Cash generated from operations		68,348	41,141	111,104	45,959
(104,476)	(120,516)	Finance costs paid		(33,953)	(27,114)	(48,707)	(27,691)
(7,263)	(7,263)	Payment of ESC / Tax / SRL		-	(1,363)	-	(1,363)
(37,634)	(37,635)	Defined benefit plan costs paid		(6,007)	(11,701)	(6,007)	(11,701)
213,897	298,254	Net cash from operating activities		28,388	963	56,390	5,204
		CASH FLOWS FROM INVESTING ACTIVITIES					
71,500	71,500	Grant received		-	27,839	-	27,839
4,710	4,707	Proceeds from disposal of property, plant & equipment		-	-	-	-
(209,280)	(209,280)	Field development expenditure		(18,395)	(22,521)	(18,395)	(23,802)
(140,188)	(397,348)	Purchase of property, plant & equipment		(19,729)	(26,180)	(34,619)	(103,564)
(273,258)	(530,421)	Net cash used in investing activities		(38,124)	(20,862)	(53,014)	(99,527)
		CASH FLOWS FROM FINANCING ACTIVITIES					
(59,375)	(59,375)	Dividend paid		-	(59,375)	-	(59,375)
95,000	95,000	Proceeds from Debentures		-	-	-	-
(447)	(447)	Lease rentals paid		-	(223)	-	(223)
(11,503)	(11,503)	Payment of government lease rental		(2,876)	(2,877)	(2,876)	(2,876)
139,681	234,549	Proceeds from loans		183,346	95,817	184,198	134,175
(95,029)	(107,672)	Repayment of loans		(19,415)	(24,226)	(19,415)	(15,630)
(18,900)	(18,900)	Investments - Short term Deposits		(84,100)	-	(84,100)	-
-	(1,273)	Minority shareholders		-	-	-	-
49,427	130,379	Net cash from financing activities		76,955	9,116	77,807	56,071
(9,934)	(101,788)	Net increase / (decrease) in cash & cash equivalents		67,219	(10,783)	81,183	(38,252)
(143,330)	(63,001)	A. Cash & cash equivalents at the beginning of the year		(153,263)	(143,329)	(164,788)	(63,001)
(153,264)	(164,789)	B. Cash & cash equivalents at the end of the period		(86,044)	(154,112)	(83,605)	(101,253)

NOTE A

Cash & cash equivalents at the beginning of the year

22,189	113,731	Cash & bank balances	41,149	22,190	41,149	113,731
(73,119)	(73,119)	Bank overdrafts	(139,412)	(73,119)	(150,937)	(73,119)
(92,400)	(103,613)	Short term loans	(55,000)	(92,400)	(55,000)	(103,613)
(143,330)	(63,001)		(153,263)	(143,329)	(164,788)	(63,001)

NOTE B

Cash & cash equivalents at the end of the period

41,149	41,149	Cash & bank balances	26,253	14,904	28,692	67,762
(139,413)	(150,938)	Bank overdrafts	(56,797)	(77,916)	(56,797)	(77,915)
(55,000)	(55,000)	Short term loans	(55,500)	(91,100)	(55,500)	(91,100)
(153,264)	(164,789)		(86,044)	(154,112)	(83,605)	(101,253)

The notes on pages 06 from an integral part of these financial statements
 Figures in brackets indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

- These interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31.12.2008 and also in compliance with Sri Lanka Accounting Standard 35 -Interim Financial Reporting
- 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 31.12.2008
- Where necessary, comparative figures have been reclassified to conform with the current periods presentation as per SLAS 3 (revised) and the Companies Act No 7 of 2007
- No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial statements

Audited year ended 31.12.2008	Audited year ended 31.12.2008		Unaudited 3 months ended 31.03.2009	Unaudited 3 months ended 31.03.2008	Unaudited 3 months ended 31.03.2009	Unaudited 3 months ended 31.03.2008
Group Rs.'000	Company Rs.'000	5. REVENUE Summary	Company Rs.'000	Company Rs.'000	Group Rs.'000	Group Rs.'000
		Sale of goods				
2,126,602	2,126,602	Tea	365,619	583,804	365,619	583,804
21,840	21,840	Rubber	5,765	6,974	5,765	6,974
55,454	32,294	Others	7,069	7,555	12,899	8,504
<u>2,203,896</u>	<u>2,180,736</u>		<u>378,453</u>	<u>598,333</u>	<u>384,283</u>	<u>599,282</u>

SEGMENT INFORMATION

a) Segment revenue						
		Tea				
2,126,602	2,126,602	Revenue	365,619	583,804	365,619	583,804
(1,689,708)	(1,689,708)	Revenue expenditure	(287,500)	(404,217)	(287,500)	(404,217)
(92,523)	(92,523)	Depreciation	(22,549)	(22,131)	(22,549)	(22,131)
(125,277)	(125,277)	Other non cash expenditure	(27,540)	(31,352)	(27,540)	(31,352)
<u>219,094</u>	<u>219,094</u>	Segment results	<u>28,030</u>	<u>126,104</u>	<u>28,030</u>	<u>126,104</u>
		Rubber				
21,840	21,840	Revenue	5,765	6,974	5,765	6,974
(14,236)	(14,236)	Revenue expenditure	(4,766)	(4,812)	(4,766)	(4,812)
(1,765)	(1,765)	Depreciation	(441)	(394)	(441)	(394)
-	-	Other non cash expenditure	-	-	-	-
<u>5,839</u>	<u>5,839</u>	Segment results	<u>558</u>	<u>1,768</u>	<u>558</u>	<u>1,768</u>
		Unallocated				
55,454	32,294	Revenue	7,069	7,555	12,899	8,504
(2,597)	-	Revenue expenditure	-	-	-	-
(4,696)	-	Depreciation	-	-	(1,190)	-
-	-	Other non cash expenditure	-	-	-	-
<u>48,161</u>	<u>32,294</u>	Segment results	<u>7,069</u>	<u>7,555</u>	<u>11,709</u>	<u>8,504</u>
		Total				
2,203,896	2,180,736	Revenue	378,453	598,333	384,283	599,282
(1,706,541)	(1,703,944)	Revenue expenditure	(292,266)	(409,029)	(292,266)	(409,029)
(98,984)	(94,288)	Depreciation	(22,990)	(22,525)	(24,180)	(22,525)
(125,277)	(125,277)	Other non cash expenditure	(27,540)	(31,352)	(27,540)	(31,352)
<u>273,094</u>	<u>257,227</u>	Segment results	<u>35,657</u>	<u>135,427</u>	<u>40,297</u>	<u>136,376</u>
73,794	73,560	Other operating income	11,319	15,692	11,085	15,692
(85,525)	(84,488)	Unallocated expenses	(19,226)	(19,076)	(28,887)	(21,090)
(19,584)	(19,584)	Management fees	(2,947)	(8,888)	(2,947)	(8,888)
(129,821)	(114,316)	Finance Cost	(36,396)	(29,574)	(51,150)	(30,151)
<u>111,958</u>	<u>112,399</u>	Operating profit of the company	<u>(11,593)</u>	<u>93,581</u>	<u>(31,602)</u>	<u>91,939</u>

6. STATED CAPITAL

31.12.2008 Rs.'000	31.12.2008 Rs.'000	as at	31.03.2009 Rs.'000	31.03.2008 Rs.'000	31.03.2009 Rs.'000	31.03.2008 Rs.'000
		Issued and fully paid				
		23,750,000 ordinary shares and a golden share which has special rights held by the Secretary to the Treasury	350,000	350,000	350,000	350,000

CORPORATE INFORMATION

Name of Company

Talawakelle Tea Estates PLC
(A quoted public company with limited liability, incorporated
in Sri Lanka on 22nd June 1992)

Company Registration Number

P Q 36

Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock
Exchange of Sri Lanka

Directors

Mr.N G Wickremeratne - Chairman
Mr.S T Gunatilleke - Chief Executive Officer
Mr.Merrill J Fernando (alternate - Ms.Minette Perera)
Mr.Malik J Fernando (alternate - Mr.D C Fernando)
Dr.R M Fernando
Mr.J M S Brito
Mr.M M M De Silva
Dr.U Liyanage
Dr.S S S B D G Jayawardena
Mr.L N De S Wijeyeratne

Secretaries

Hayleys Group Services (Pvt) Limited
No.400, Deans Road, Colombo 10, Sri Lanka

Registered Office

No.400, Deans Road, Colombo 10,
Sri Lanka
Telephone: (94-11) -2628601-3, 2697203, 4621888
Facsimile : (94-11) -2674592
e-mail: tpl.tea@ttel.hayleys.com
website: www.talawakelleteas.com

INVESTOR INFORMATION

Market value of shares for the three months ended 31.03.	2009	2008
Market price per share - Highest	19.50	39.75
Market price per share - Lowest	13.50	28.00
Market price per share - Closing on 31.03.	14.00	37.00
Market capitalisation as at (Rs.'000)	332,500	878,750
Price Earning Ratio as at (times)	-25.62	8.75
Share trading for the three months ended..		
No. of transactions	662	2,203
No. of shares traded	616,200	2,447,500
Value of shares traded (Rs.)	10,635,475.00	87,777,550.00