

Talawakelle Tea Estates PLC
INCOME STATEMENTS

Company Audited year ended 31.12.2008 Rs.'000		Company Unaudited 6 months ended		%	Company Unaudited 3 months ended		%
		30.06.2009 Rs.'000	30.06.2008 Rs.'000		30.06.2009 Rs.'000	30.06.2008 Rs.'000	
2,180,736	Revenue	1,026,191	1,208,174	-15%	647,737	609,840	6%
(1,923,510)	Cost of sales	(896,059)	(981,141)	-9%	(553,263)	(518,234)	7%
257,226	Gross profit	130,132	227,033	-43%	94,474	91,606	3%
73,560	Other income and gains	26,792	28,589	-6%	15,473	12,897	20%
(84,488)	Administrative expenses	(36,376)	(40,536)	-10%	(17,150)	(21,460)	-20%
(19,584)	Management fee	(9,759)	(14,913)	-35%	(6,812)	(6,025)	13%
(114,316)	Finance cost	(79,709)	(58,947)	35%	(43,313)	(29,373)	47%
112,398	Profit before tax	31,080	141,226	-78%	42,672	47,645	-10%
(1,795)	Tax expenses	(6,127)	(10,951)	-44%	(4,741)	(6,425)	-26%
<u>110,603</u>	Profit for the period	<u>24,953</u>	<u>130,275</u>	-81%	<u>37,931</u>	<u>41,220</u>	-8%
	Attributable to :						
110,603	Equity holders of the parent	24,953	130,275		37,932	41,220	
<u>110,603</u>	Net profit for the period	<u>24,953</u>	<u>130,275</u>		<u>37,932</u>	<u>41,220</u>	
4.66	Basic earnings/(loss) per share	1.05	5.49		1.60	1.74	
1.25	Dividend paid per share (Rs.)	1.25	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

Group Audited year ended 31.12.2008 Rs.'000		Group			Group		
		Unaudited 6 months ended 30.06.2009 Rs.'000	Unaudited 6 months ended 30.06.2008 Rs.'000	% Change	Unaudited 3 months ended 30.06.2009 Rs.'000	Unaudited 3 months ended 30.06.2008 Rs.'000	% Change
2,203,895	Revenue	1,049,934	1,209,949	-13%	665,652	610,666	9%
(1,930,803)	Cost of sales	(897,821)	(983,872)	-9%	(553,836)	(520,966)	6%
273,092	Gross profit	152,113	226,077	-33%	111,816	89,700	25%
73,795	Other income and gains	26,525	28,589	-7%	15,441	12,897	20%
(85,525)	Administrative expenses	(52,242)	(40,196)	30%	(23,356)	(19,105)	22%
(19,584)	Management fee	(9,759)	(14,913)	-35%	(6,812)	(6,025)	13%
(129,821)	Finance cost	(109,567)	(60,412)	81%	(58,417)	(30,261)	93%
111,957	Profit before tax	7,070	139,145	-95%	38,672	47,206	-18%
(3,952)	Tax expenses	(13,915)	(13,108)	6%	(12,530)	(7,721)	62%
108,005	Profit for the period	(6,845)	126,037	-105%	26,142	39,485	-34%
	Attributable to :						
109,278	Equity holders of the parent	8,737	128,114		31,919	40,335	
(1,273)	Minority interest	(15,582)	(2,077)		(5,777)	(850)	
108,005	Net profit for the period	(6,845)	126,037		26,142	39,485	
4.60	Basic earnings/(loss) per share	(0.29)	5.31		1.10	1.66	
1.25	Dividend paid per share (Rs.)	1.25	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		Group		Company		Group	
Audited	Audited			Unaudited	Unaudited	Unaudited	Unaudited
As at	As at			As at	As at	As at	As at
31.12.2008	31.12.2008			30.06.2009	30.06.2008	30.06.2009	30.06.2008
Rs.'000	Rs.'000			Rs.'000	Rs.'000	Rs.'000	Rs.'000
		ASSETS					
		Non current assets					
152,330	152,330	Leasehold property		150,272	154,389	150,272	154,389
		Property, plant & equipment immovable estate assets on finance lease (other than leasehold property)		150,963	161,947	150,963	161,948
156,855	156,855	Tangible assets other than immature/mature plantations		630,991	588,863	1,087,415	947,916
617,266	1,056,756	Immature/mature plantations		1,443,227	1,278,179	1,443,227	1,278,179
1,400,306	1,400,306	Development Costs				17,275	
-	26,756	Investments		65,790	65,790	-	-
65,790				2,441,243	2,249,168	2,849,152	2,542,432
2,392,547	2,793,003	Current assets					
		Inventories		245,554	455,779	245,554	455,779
359,948	359,948	Trade and other receivables		173,834	109,801	185,846	129,938
84,637	106,634	Amounts due from related companies		63,046	16,187	3,500	122
53,627	-	ACT recoverable		7,473	3,660	7,473	3,660
7,473	7,473	VAT recoverable		4,681	4,036	9,001	17,043
4,598	4,598	Sort-term investments		135,000	-	135,000	-
18,900	18,900	Cash and bank balances		27,822	30,912	25,454	43,623
41,149	41,149			657,410	620,375	611,828	650,165
570,332	538,702	TOTAL ASSETS		3,098,653	2,869,543	3,460,980	3,192,597
2,962,879	3,331,705	EQUITY AND LIABILITIES					
		Capital and reserves					
		Stated capital		350,000	350,000	350,000	350,000
350,000	350,000	Retained earnings		715,187	739,593	693,846	737,833
719,920	718,997	Equity		1,065,187	1,089,593	1,043,846	1,087,833
1,069,920	1,068,997	Minority interest		-	-	46,741	61,519
-	62,323	Total equity		1,065,187	1,089,593	1,090,587	1,149,352
1,069,920	1,131,320	Non current liabilities & deferred income					
		Interest bearing loans & borrowings		535,396	389,816	789,328	629,378
412,754	654,002	Debenture		95,000	-	95,000	-
95,000	95,000	Retiring benefit obligations		533,395	442,510	533,395	442,510
490,804	490,804	Deferred tax liability		25,958	17,812	36,652	20,838
22,958	25,984	Deferred income		224,288	165,216	224,288	165,216
197,917	197,917	Net liability to the lessor payable after one year		134,954	137,065	134,954	137,065
135,688	135,688			1,548,991	1,152,419	1,813,617	1,395,007
1,355,121	1,599,395	Current liabilities					
		Trade and other payables		278,399	331,265	293,881	329,452
283,273	308,096	Interest bearing loans & borrowings		86,103	81,579	86,103	81,579
55,201	67,828	Net liability to the lessor payable within one year		1,597	1,598	1,598	1,598
1,728	1,728	VAT payable		-	-	-	-
	4,577	Amounts due to related companies		4,889	3,601	61,707	24,196
3,224	12,823	Short term borrowings		104,766	-	104,766	-
55,000	55,000	Bank overdraft		8,721	209,488	8,721	211,413
139,412	150,938			484,475	627,531	556,776	648,238
537,838	600,990	TOTAL EQUITY AND LIABILITIES		3,098,653	2,869,543	3,460,980	3,192,597
2,962,879	3,331,705						
		Net assets per share		44.85	45.88	43.95	45.80
45.05	45.01						

The Balance Sheets of the Company as at 30th June 2009 and the Income Statements, the Statements of Changes in Equity and Cash flow statements for the six months then ended as well as the Income Statements for the six 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

Chairman
27th July 2009

Director

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	-	130,275	130,275
Dividend paid	-	(59,375)	(59,375)
Balance as at 30th June 2008	<u>350,000</u>	<u>739,592</u>	<u>1,089,592</u>
Balance as at 01st January 2009	350,000	719,920	1,069,920
Dividend paid		(29,688)	(29,688)
Net profit for the period	-	24,953	24,953
Balance as at 30th June 2009	<u>350,000</u>	<u>715,186</u>	<u>1,065,186</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	-	128,114	(2,077)	126,037
Dividend paid	-	(59,375)	-	(59,375)
Balance as at 30th June 2008	<u>350,000</u>	<u>737,833</u>	<u>61,518</u>	<u>1,149,351</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	-	8,737	(15,582)	(6,845)
Dividend paid		(29,688)		(29,688)
Balance as at 30th June 2009	<u>350,000</u>	<u>693,846</u>	<u>46,741</u>	<u>1,090,587</u>

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

Talawakelle Tea Estates PLC
CASH FLOW STATEMENTS

Company		Group		Company		Group	
Audited year ended	Audited year ended			Unaudited 6 months ended	Unaudited 6 months ended	Unaudited 6 months ended	Unaudited 6 months ended
31.12.2008 Rs.'000	31.12.2008 Rs.'000			30.06.2009 Rs.'000	30.06.2008 Rs.'000	30.06.2009 Rs.'000	30.06.2008 Rs.'000
112,398	111,958	CASH FLOWS FROM OPERATING ACTIVITIES		31,081	141,226	7,070	139,145
		Net profit before taxation					
		ADJUSTMENTS FOR					
125,277	125,277	Provision for defined benefit plan costs		59,933	62,671	59,933	62,671
94,288	98,984	Depreciation/amortisation		48,680	44,271	51,079	44,271
(4,705)	(4,705)	Amortisation of grants		-	-	-	-
114,316	129,821	Profit on disposal of assets		-	-	-	-
(4,709)	(4,709)	Finance costs		79,709	58,947	109,567	60,412
436,865	456,626	Operating profit before working capital changes		219,403	307,115	227,649	306,499
(33,480)	(33,471)	(Increase)/decrease in inventories		114,393	(129,312)	114,393	(129,302)
(18,356)	(7,497)	(Increase)/decrease in trade and other receivables		(89,197)	(43,070)	(79,212)	(30,351)
(954)	(954)	(Increase)/decrease in VAT/ACT/WHT recoverable		(83)	2,971	(4,402)	(10,037)
18,643	37,018	Increase/(Decrease) in trade and other payables		(6,032)	48,638	(15,494)	38,225
(38,122)	93	(Increase)/Decrease in amounts due from related companies		(9,419)	(682)	(3,500)	(28)
(1,326)	7,275	Increase/(Decrease) in amounts due to related companies		1,665	(948)	48,883	18,648
-	4,578	Increase/(decrease) in VAT payables		0	0	(4,578)	0
363,270	463,668	Cash generated from operations		230,729	184,713	283,739	193,654
(104,476)	(120,516)	Finance costs paid		(73,958)	(53,952)	(103,816)	(55,076)
(7,263)	(7,263)	Payment of ESC / Tax / SRL		(2,833)	(3,228)	(2,833)	(3,228)
(37,634)	(37,635)	Defined benefit plan costs paid		(17,342)	(23,322)	(17,342)	(23,322)
213,897	298,254	Net cash from operating activities		136,597	104,211	159,748	112,028
		CASH FLOWS FROM INVESTING ACTIVITIES					
71,500	71,500	Grant received		26,371	34,094	26,371	34,094
4,710	4,707	Proceeds from disposal of property, plant & equipment		0	0	0	0
(209,280)	(209,280)	Field development expenditure		(58,289)	(67,980)	(58,289)	(67,980)
(140,188)	(397,348)	Purchase of property, plant & equipment		(39,087)	(88,092)	(53,139)	(233,362)
(273,258)	(530,421)	Net cash used in investing activities		(71,005)	(121,978)	(85,057)	(267,248)
		CASH FLOWS FROM FINANCING ACTIVITIES					
(59,375)	(59,375)	Dividend paid		(29,688)	(59,375)	(29,688)	(59,375)
95,000	95,000	Proceeds from Debentures		0	0	0	0
(447)	(447)	Lease rentals paid		0	(299)	0	0
(11,503)	(11,503)	Payment of government lease rental		(5,751)	(5,751)	(5,751)	(5,751)
139,681	234,549	Proceeds from loans		193,951	95,817	194,451	165,853
(95,029)	(107,672)	Repayment of loans		(40,406)	(47,872)	(40,850)	(50,296)
(18,900)	(18,900)	Investments - Short term Deposits		(116,100)	0	(116,100)	0
-	(1,273)	Minority shareholders		0	0	0	0
49,427	130,379	Net cash from financing activities		2,006	(17,480)	2,062	50,431
(9,934)	(101,788)	Net increase / (decrease) in cash & cash equivalents		67,598	(35,247)	76,754	(104,789)
(143,330)	(63,001)	A. Cash & cash equivalents at the beginning of the year		(153,263)	(143,330)	(164,789)	(63,001)
(153,264)	(164,789)	B. Cash & cash equivalents at the end of the period		(85,665)	(178,577)	(88,035)	(167,790)
		NOTE A					
		Cash & cash equivalents at the beginning of the year					
22,189	113,731	Cash & bank balances		41,149	22,189	41,149	113,731
(73,119)	(73,119)	Bank overdrafts		(139,412)	(73,119)	(150,938)	(73,119)
(92,400)	(103,613)	Short term loans		(55,000)	(92,400)	(55,000)	(103,613)
(143,330)	(63,001)			(153,263)	(143,330)	(164,789)	(63,001)
		NOTE B					
		Cash & cash equivalents at the end of the period					
41,149	41,149	Cash & bank balances		27,822	30,912	25,452	43,623
(139,413)	(150,938)	Bank overdrafts		(8,721)	(112,979)	(8,721)	(114,903)
(55,000)	(55,000)	Short term loans		(104,766)	(96,510)	(104,766)	(96,510)
(153,264)	(164,789)			(85,665)	(178,577)	(88,035)	167,790

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 6 months ended 30.06.2009	Unaudited 6 months ended 30.06.2008	Unaudited 6 months ended 30.06.2009	Unaudited 6 months ended 30.06.2008
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	1,003,571	1,182,879	1,003,571	1,182,879
21,840	21,840	Rubber	7,756	10,452	7,756	10,452
55,454	32,294	Others	14,864	14,844	38,608	16,619
<u>2,203,896</u>	<u>2,180,736</u>		<u>1,026,191</u>	<u>1,208,175</u>	<u>1,049,935</u>	<u>1,209,950</u>

SEGMENT INFORMATION

a) Segment revenue						
		Tea				
2,126,602	2,126,602	Revenue	1,003,571	1,182,879	1,003,571	1,182,879
(1,689,708)	(1,689,708)	Revenue expenditure	(997,116)	(1,080,434)	(997,116)	(1,080,434)
(92,523)	(92,523)	Depreciation	49,563	45,060	49,563	45,060
(125,277)	(125,277)	Other non cash expenditure	59,933	62,671	59,933	62,671
<u>219,094</u>	<u>219,094</u>	Segment results	<u>115,951</u>	<u>210,176</u>	<u>115,951</u>	<u>210,176</u>
		Rubber				
21,840	21,840	Revenue	7,756	10,452	7,756	10,452
(14,236)	(14,236)	Revenue expenditure	(7,555)	(7,649)	(7,555)	(7,649)
(1,765)	(1,765)	Depreciation	(883)	(789)	(883)	(789)
-	-	Other non cash expenditure	0	0	0	0
<u>5,839</u>	<u>5,839</u>	Segment results	<u>(682)</u>	<u>2,014</u>	<u>(682)</u>	<u>2,014</u>
		Unallocated				
55,454	32,294	Revenue	14,864	14,844	38,608	16,619
(2,597)	-	Revenue expenditure	-	-	-	-
(4,696)	-	Depreciation	-	-	(1,763)	(2,731)
-	-	Other non cash expenditure	-	-	-	-
<u>48,161</u>	<u>32,294</u>	Segment results	<u>14,864</u>	<u>14,844</u>	<u>36,845</u>	<u>13,888</u>
		Total				
2,203,896	2,180,736	Revenue	1,026,191	1,208,174	1,049,934	1,209,949
(1,706,541)	(1,703,944)	Revenue expenditure	(1,004,672)	(1,088,083)	(1,004,672)	(1,088,083)
(98,984)	(94,288)	Depreciation	48,680	44,271	46,917	41,539
(125,277)	(125,277)	Other non cash expenditure	59,933	62,671	59,933	62,671
<u>273,094</u>	<u>257,227</u>	Segment results	<u>130,132</u>	<u>227,033</u>	<u>152,112</u>	<u>226,076</u>
73,794	73,560	Other operating income	26,792	28,589	26,525	28,589
(85,525)	(84,488)	Unallocated expenses	(36,376)	(40,536)	(52,242)	(40,196)
(19,584)	(19,584)	Management fees	(9,759)	(14,913)	(9,759)	(14,913)
(129,821)	(114,316)	Finance Cost	(79,709)	(58,947)	(109,567)	(60,412)
<u>111,958</u>	<u>112,399</u>	Operating profit of the company	<u>31,080</u>	<u>141,226</u>	<u>7,069</u>	<u>139,144</u>

6. STATED CAPITAL

31.12.2008 Rs.'000	31.12.2008 Rs.'000	as at	30.06.2009 Rs.'000	30.06.2008 Rs.'000	30.06.2009 Rs.'000	30.06.2008 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

TALAWAKELLE TEA ESTATES PLC
FIRST TWENTY SHAREHOLDERS AS AT 30/06/2009

	<u>Name of Shareholder</u>	No.of Shares as at 30/06/09	%
1	Hayleys Plantation Services (Private) Limited	17,750,000	74.736
2	Merrill J Fernando & Sons (Pvt) Limited	1,184,700	4.988
3	Mr.S.N.C.W.M.B.C.Kandegedara	307,600	1.295
4	Waldock Mackenzie Limited / Ceylinco Shriram Capital Management Services Co.(Pvt) Ltd	235,000	.989
5	Mrs.P.N.Bhatt	126,000	.530
6	Sri Lanka Insurance Corporation Ltd- Life Fund	105,600	.444
7	Cocoshell Activated Carbon Company Limited	100,000	.411
8	Mr.A.K. Kumarasena	62,600	.263
9	Waldock Mackenzie Limited / Hi-Line Towers (Pvt) Ltd	55,000	.231
10	Waldock Mackenzie Ltd / Hi-Line Trading (Pvt) Ltd	50,000	.210
11	Mr. S.P.P.M. Silva	44,300	.186
12	Mr. M. Radhakrishnan	40,000	.168
13	Renuka Holdings Limited	37,100	.156
14	Mr. R.Rasaretnam	35,000	.147
15	Mr. K.K.U. Wijeyesekera	34,100	.143
16	Mr.M.Asokan	30,600	.128
17	Hi-Line Towers (Pvt) Ltd	30,400	.127
18	Piere Lanka Exports Private Limited	30,400	.127
19	Mr. M. Cader	30,000	.126
20	Mr.K.C.Vignarajah	27,100	.114

Public Holding As At 30/06/2009

The percentage of shares held by public as per the Colombo Stock Exchange Rules as at 30th June 2009 was 20.27%

Directors Shareholdings as at end of last financial year, 31st December, 2008

Mr.Merrill J Fernando – 1,184,700. These shares are held through Merrill J Fernando & Sons (Pvt) Ltd

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.A M Pandithage - Chairman (appointed w.e.f. 01.07.2009)
Mr.N G Wickremeratne - Chairman (retired w.e.f. 30.06.2009)
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 six months ended 30.06.	2009	2008
Market price per share - Highest	Rs. 29.00	44.00
Market price per share - Lowest	Rs. 13.50	28.00
Market price per share - Closing on 30.06....	Rs. 27.00	34.25
Market capitalisation as at (Rs.'000)	641,250	813,438
Price Earning Ratio as at (times)	25.70	6.24
Share trading for the six months ended..	2009	2008
No. of transactions	2,077	3,298
No. of shares traded	1,906,600	4,355,300
Value of shares traded (Rs.)	37,396,300.00	164,679,775.00