

**BALANGODA PLANTATIONS LIMITED**  
**110, Norris Canal Road - Colombo -10**  
**Provisional Financial Statement for 12 months ended 31st December 2006**

**INCOME STATEMENT**

	3 Months ended 31/12/2006 Rs. '000	3 Months ended 31/12/2005 Rs. '000	12 Months ended 31/12/2006 Rs. '000	<b>(Audited)</b> <b>Year ended</b> 31/12/2005 Rs. '000
Revenue	338,398	390,749	1,680,908	1,621,589
Cost of Sales	(418,606)	(362,607)	(1,543,706)	(1,498,679)
Gross Profit	(80,208)	28,142	137,202	122,910
Other Operating Income	22,958	10,891	58,807	38,069
Administration Expenses	(24,063)	(21,428)	(74,261)	(70,816)
Management Fee	(5,613)	(12,518)	(67,253)	(59,098)
Profit from Operating Activities	(86,926)	5,087	54,495	31,065
Finance Cost	(1,918)	(4,116)	(20,702)	(16,465)
Amortisation of Negative Goodwill		3,472	-	13,888
Profit before Taxation	(88,844)	4,443	33,792	28,488
Income Tax Expenses	-	(8,648)	-	(8,648)
Profit for the period	(88,844)	(4,205)	33,792	19,840
Retained Profit Brought Forward	667,648	396,455	545,011	372,410
Retained Profit Carried Forward	578,804	392,250	578,803	392,250
Earning per Share	(3.76)	(0.18)	1.43	0.84
Net Assets per share	39.63	31.74	39.63	31.74
Market Value of Share				
Highest (for the period)			22.00	21.00
Lowest (for the period)			9.75	10.00
Closing (for the period)			16.50	12.00

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Provisional Financial Statement for 12 months ended 31st December 2006

## BALANCE SHEET

	As at 31/12/2006 Rs. '000	(Audited) Year ended 31/12/2005 Rs. '000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Leasehold rights to bare land of JEDB / SLSPC Estates	240,225	246,474
Immovable JEDB / SLSPC estates assets on finance lease (Other than bare land)	187,435	201,322
Tangible assets other than Immature / Mature plantations	395,557	426,203
Immature/Mature plantations	714,507	667,998
Long term investments	150	150
	<u>1,537,874</u>	<u>1,542,147</u>
<b>Current Assets</b>		
Inventories	188,059	210,538
Trade & Other Receivables	56,461	67,878
ACT Recoverable	53,099	53,099
VAT Recoverable	15,974	16,566
Economic Service Charge Recoverable	17,896	14,752
Amounts due from Related Companies	3	73
Short Term Investments	7,271	5,263
Call Deposits	132,634	89,672
Cash and Bank Balances	15,266	1,564
	<u>486,663</u>	<u>459,405</u>
<b>TOTAL ASSETS</b>	<u>2,024,537</u>	<u>2,001,552</u>
<b>EQUITY AND LIABILITIES</b>		
Capital and Reserves		
Share Capital	236,364	236,364
Share Premium	113,636	113,636
General Reserve	8,000	8,000
Retained Profit	578,803	392,250
<b>SHARE HOLDERS FUND</b>	<u>936,803</u>	<u>750,250</u>
<b>Non Current Liabilities &amp; Deferred Income</b>		
Interest Bearing Loans & Borrowings	195,010	232,829
Deferred Tax Liabilities	22,908	22,909
Deferred Income	163,182	317,023
Retirement Benefit Obligations	282,615	222,195
Net Liabilities to the lessor of JEDB / SLSPC Estates	109,169	110,425
	<u>772,884</u>	<u>905,381</u>
<b>Current Liabilities</b>		
Interest Bearing Loans & Borrowings	39,441	50,335
Net Liability to the lessor of JEDB / SLSPC Estates	1,256	1,208
Dividends Payable	1,020	1,137
Trade & other Payable	230,038	233,158
Amounts due to related companies	43,095	60,083
	<u>314,850</u>	<u>345,921</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,024,537</u>	<u>2,001,552</u>

# BALANGODA PLANTATIONS LIMITED

110, Norris Canal Road - Colombo -10

Provisional Financial Statement for 12 months ended 31st December 2006

## CASH FLOW STATEMENT

	12 Months ended 31/12/2006 Rs.'000	(Audited) Year ended 31-12-2005 Rs. '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (Loss) Before Taxation	33,793	28,487
<b>ADJUSTMENT FOR</b>		
Amortization of Negative Goodwill	-	(13,887)
Depreciation/ Amortization	77,591	72,786
(Profit)/Loss on sale Property, Plant and Equipment	-	(1,162)
Retirement Benefit Obligation - Provision	87,090	124
Amortization of Grants	(8,994)	(6,080)
Interest Income	(4,085)	(4,186)
Provision for Obsolete Stocks	-	992
Provision for Doubtful Debts	-	2,226
Interest Expense	20,702	16,465
<b>Operating Profit Before Working Capital Changes</b>	<b>206,097</b>	<b>95,763</b>
(Increases)/Decrease in Inventories	22,478	(26,090)
(Increases)/Decrease in Trade & Other Receivables	10,200	36,036
(Increases)/Decrease in amount due from Related Companies	71	6,929
Increases/(Decrease) in Creditors & Accruals	(259)	19,390
Increases/(Decrease) in amounts due to Related Companies	(16,989)	32,974
<b>Cash Generated from Operations</b>	<b>221,598</b>	<b>165,003</b>
Retirement Benefit Obligation - Payments	(26,670)	(23,218)
Interest Paid	(8,727)	(5,546)
<b>Net cash from Operating Activities</b>	<b>186,201</b>	<b>136,239</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Interest Received	2,814	4,429
Grants Received	7,914	36,252
Purchase of Property Plant & Equipment	(6,239)	(82,769)
Investment In Immature Plantations	(67,080)	(62,658)
Payment of Economic Service Charge	(3,144)	(8,522)
Proceeds from sale of Property Plant & Equipment	-	1,466
<b>Nett Cash from/(used in) Investing Activities</b>	<b>(65,735)</b>	<b>(111,802)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of Loans	-	15,031
Repayment of Loans	(38,143)	(34,355)
Payment to Lessor on Lease Rights	(12,964)	(12,199)
Dividends Paid	(117)	(36,135)
<b>Net cash Used in Financing Activities</b>	<b>(51,224)</b>	<b>(67,658)</b>
Net Increase /(Decrease) in Cash & Cash Equivalents	<b>69,242</b>	<b>(43,221)</b>
<b>A. Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>84,308</b>	<b>127,529</b>
<b>B. Cash &amp; Cash Equivalents at the end of the year</b>	<b>153,550</b>	<b>84,308</b>
	<b>69,242</b>	<b>(43,221)</b>

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital <i>Rs. '000</i>	Share Premium <i>Rs. '000</i>	General Reserves <i>Rs. '000</i>	Retained Profit/(Loss) <i>Rs. '000</i>	Total Equity <i>Rs. '000</i>
Balance as at 31 December 2004	236,364	113,636	8,000	407,865	765,865
Net Profit/(Loss) for the Period				19,839	19,839
Dividend Paid				(35,454)	(35,454)
Balance as at 31 December 2005	<u>236,364</u>	<u>113,636</u>	<u>8,000</u>	<u>392,250</u>	<u>750,250</u>
Balance as at 31 December 2005	236,364	113,636	8,000	392,250	750,250
Transfer From Negative Goodwill				152,761	152,761
Net Profit/(Loss) for the period				33,792	33,792
Balance as at 31 December 2006	<u>236,364</u>	<u>113,636</u>	<u>8,000</u>	<u>578,803</u>	<u>936,803</u>

The above figures are provisional and subject to audit.

The Company has followed the same accounting policies and methods as in the last year.

As per SLAS 25 (Revised) Negative Goodwill has been adjusted to retained earnings.

There have been no other events subsequent to the financial year, which require additional disclosure in the Provisional Financial Statements.