

**MADULSIMA PLANTATIONS LIMITED**  
**833, Sirimavo Bandaranaike Mawatha - Colombo - 14**  
**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> <b>31-12-2005</b> Rs. '000
Revenue	218,240	244,991	1,081,902	929,738
Cost of Sales	(264,468)	(239,396)	(997,118)	(958,897)
Gross Profit/(Loss)	(46,228)	5,595	84,784	(29,159)
Other operating Income	2,557	(6,162)	12,130	12,496
Administration and Operating Expenses	(19,908)	(28,909)	(92,179)	(87,014)
Profit/(Loss) from operating activities	(63,578)	(29,476)	4,736	(103,677)
Finance cost	(9,423)	(4,349)	(33,112)	(29,622)
Amortisation of Negative goodwill	-	1,479	-	5,914
Profit before Taxation	(73,001)	(32,346)	(28,376)	(127,385)
Income Tax Expenses	-	187	-	187
Net Profit/(Loss) for the Period.	(73,001)	(32,159)	(28,376)	(127,198)
Retained Profit/(Loss) Brought Forward	(37,877)	(50,343)	(82,502)	44,696
Retained Profit/(Loss) Carried Forward	(110,878)	(82,502)	(110,878)	(82,502)
Earning per Share	(2.52)	(1.11)	(0.98)	(4.39)
Net Assets per share	9.97	9.82	9.97	8.71
Market Value of Share				
Highest (for the period)			10.50	11.75
Lowest (for the period)			5.75	6.00
Closing (for the period)			8.25	6.75

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Provisional Financial Statement for 12 months ended 31st December,2006

## BALANCE SHEET

	As at 31/12/2006 Rs. '000	(Audited) As at 31/12/2005 Rs. '000
<b>Assests</b>		
<b>Non-Current assests</b>		
Lease hold Rights to Bare Land of JEDB/SLSPC .	158,948	163,077
Immovable Leased Assests of JEDB/SLSPC (Otherthan Bareland)	106,598	113,413
Tangible Assests (Other than Mature/Immature plantations)	254,544	248,034
Mature/Immature Plantations	370,437	356,732
	<u>890,527</u>	<u>881,256</u>
<b>Current Assests</b>		
Inventories	99,243	115,486
Trade & Other Receivables	150,158	144,621
Amounts due from Related Parties	1,728	908
Cash and Cash equivalents	63,439	60,913
	<u>314,568</u>	<u>321,928</u>
<b>TOTAL ASSESTS</b>	<u>1,205,095</u>	<u>1,203,184</u>
<b>EQUITY AND LIABILITIES</b>		
Capital and Reserves		
Issued Share Capital	290,000	290,000
General Reserve	45,000	45,000
Retained profit/(Loss)	(45,825)	(82,502)
<b>SHAREHOLDERS' FUND</b>	<u>289,175</u>	<u>252,498</u>
Deferred Income	118,790	182,341
<b>Non-Current Liabilities</b>		
Retirement Benefit Obligations	270,085	227,348
Net liability to Lessor payable after one year	37,614	38,045
Interest Bearing Borrowings	112,460	134,367
	<u>420,159</u>	<u>399,760</u>
<b>Current Liabilities</b>		
Net liability to Lessor payable within one year	432	416
Interest Bearing Borrowings	21,907	21,907
Trade & Other Payables	153,318	169,446
Amounts due to Related Parties	28,244	37,869
Bank Overdraft	173,070	138,947
	<u>376,971</u>	<u>368,585</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,205,095</u>	<u>1,203,184</u>

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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>		
Net Profit/(Loss) before Income Tax expenses	(28,377)	(127,385)
<b>Adjustments for:</b>		
Depreciation/Amortisation	38,169	37,855
Interest Income	-	(4,922)
Provision for Doubtful Debtors	-	6,727
Interest Expenses	39,535	34,544
Managing Agents Remuneration	39,834	32,281
Provision for Gratuity	62,979	33,540
Amortisation of Negative Goodwill	-	(5,914)
Amortisation of Grants	(4,447)	(3,530)
Profit on Disposal of Property Plant & Equipment	-	(300)
<b>Operating Profit Before Working Capital Charges</b>	<b>147,693</b>	<b>2,896</b>
(Increase)/Decrease in Inventories	17,052	(6,081)
(Increase)/Decrease in Debtors & Other Receivables	(5,914)	(13,626)
(Increase)/Decrease in Due from Related Companies	(821)	(797)
(Increase)/Decrease in Trade & Other Payables	(16,127)	11,950
(Increase)/Decrease in Due to Related Companies	(34,065)	4,438
<b>Cash Generated from Operations</b>	<b>107,818</b>	<b>(1,220)</b>
Interest Paid	(35,374)	(30,752)
Gratuit Paid	(20,240)	(20,351)
Grants Received	5,949	17,280
Managing Agents Remuneration Paid	(15,393)	-
<b>Net Cash Flows from Operating Activities</b>	<b>42,760</b>	<b>(35,043)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Property, Plant & Equipment	-	300
Acquisition of property, plant and Equipment	(25,938)	(30,666)
Investments in Immature Plantation	(23,138)	(23,551)
Interest Received	1,204	1,258
Short Term Investments withdrawn from (Made up with) Related Companies	-	30,000
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(47,872)</b>	<b>(22,659)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments to Lease Creditors - JEDB/SLSPC's Estates	(4,577)	(4,191)
Loans Repayment	(21,907)	(21,907)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(26,484)</b>	<b>(26,098)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(31,596)	(83,800)
Cash and Cash Equivalents at the Beginning of the Year	(78,034)	5,766
<b>Cash and Cash Equivalents at the end of the period</b>	<b>(109,630)</b>	<b>(78,034)</b>

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital Rs. '000	General Reserves Rs. '000	Accumulated Profit/(Loss) Rs. '000	Total Equity Rs. '000
Balance as at 31st December 2004	290,000	45,000	44,696	379,696
Net Profit/(Loss) for the Period	-	-	(127,198)	(127,198)
Balance as at 31st December 2005	<u>290,000</u>	<u>45,000</u>	<u>(82,502)</u>	<u>252,498</u>
Balance as at 31st December 2005	290,000	45,000	(82,502)	252,498
Net Profit/(Loss) for the period	-	-	(28,376)	(28,376)
Transfer from Negative Goodwill	-	-	65,053	65,053
Balance as at 31st December 2006	<u>290,000</u>	<u>45,000</u>	<u>(45,825)</u>	<u>289,175</u>

- 1) Accounting policies and methods of computation adopted in the Provisional Financial Statements are same as those in the previous audited Annual Financial Statements.
- 2) There have been no other events subsequent to the interim period, which require disclosure in the provisional financial statements.
- 3) As per SLAS 25 (Revised) Negative Goodwill has been adjusted to retained earnings in September,2006. Therefore amortization does not arise for the period ended 31st December,2006.
- 4) The above figures are provisional and subject to audit.