

# Interim Financial Statements

Quarter Ended 31 December 2017

Watawala Plantations PLC



# Managing Director's Message

## Dear Shareholder,

Watawala Plantations PLC (CSE: WATA) recorded a net profit of LKR 1047 Mn. for the nine months ended 31 December 2017 (the current period). This is an increase of 4% compared to the corresponding nine months of the previous year.

Profit growth of 4% is without the results from tea operations for this quarter. The Company did not record any profit/(loss) on upcountry tea business for this quarter compared to that of the same period last year. As disclosed in the September financial statements the upcountry tea business was vested by operation of the law with Hatton Plantations PLC effective from 30 September 2017. In this regard, all disclosures and procedures required by the company law have been fully complied with.

Group net profit of WATA, however, dropped by 7% as a result of the start-up losses of the Watawala Dairy Limited which commenced operations in the current period.

## Palm Oil

Palm oil profitability for the current period is lesser than the corresponding previous period due to lower net sales average. The fluctuations in the import duty component in the sale price and the volatile Malaysian palm oil prices resulted in the lower net sale average for the period. The

segment recorded a Profit of LKR 745Mn against LKR.979Mn made in the corresponding period.

## Dairy

The operations of the dairy have now been consolidated with the arrival of the genetically superior second herd of 500 cows from Australia. The existing herd now exceeds 1000 cows, including 500 milking cows. The number of milking cows will increase when the second herd start calving resulting in higher yields. Yields will also be greater when the second lactation cycle of the first herd of 400 cows begins in the ensuing months.

## Outlook

With the focus now fully shifted to the palm oil plantation the company plans to improve palm oil production volume and profit margins by adopting good agricultural practices and efficient use of manpower and the land base.



**V. Govindasamy**  
Managing Director  
07 February 2018

## Statement of Financial Position

As at	GROUP		COMPANY	
	31.12.2017	31.03.2017	31.12.2017	31.03.2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Right to use of land	81,118	198,473	74,630	191,774
Immovable estate assets on finance lease (Other than land)	33,472	107,474	29,421	102,984
Property, plant and equipment	1,961,262	2,423,768	648,548	1,770,618
Bearer Plant	2,370,472	2,955,251	2,245,856	2,850,482
Biological assets - Consumable	41,131	648,831	-	607,707
Biological assets - livestock	143,739	24,944	-	-
Investment fund	280,883	258,319	280,883	258,319
Investments in Subsidiaries	-	-	627,352	627,352
Available for Sale investments	-	21,645	-	21,645
<b>Total non-current assets</b>	<b>4,912,077</b>	<b>6,638,705</b>	<b>3,906,690</b>	<b>6,430,881</b>
<b>Current assets</b>				
Inventories	259,368	732,988	153,427	686,138
Biological assets-growing crops on bearer plants	30,535	35,757	30,161	35,452
Trade and other receivables	542,885	537,199	486,108	438,380
Amounts due from Related parties	191,893	279,735	201,893	279,735
Cash and cash equivalent	1,267,697	888,143	1,257,781	861,945
<b>Total current assets</b>	<b>2,292,378</b>	<b>2,473,822</b>	<b>2,129,370</b>	<b>2,301,650</b>
<b>Total assets</b>	<b>7,204,455</b>	<b>9,112,527</b>	<b>6,036,060</b>	<b>8,732,531</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Capital and reserves				
Stated capital	460,000	460,000	460,000	460,000
Retained earnings	4,246,367	5,298,935	4,318,512	5,298,343
	4,706,367	5,758,935	4,778,512	5,758,343
Non Controlling interest	264,181	291,200	-	-
<b>Total equity</b>	<b>4,970,548</b>	<b>6,050,135</b>	<b>4,778,512</b>	<b>5,758,343</b>
<b>Non-current liabilities</b>				
Borrowings	964,010	325,006	105,750	325,006
Leases Liability to - SLSPC and JEDB	128,556	328,412	128,556	328,412
Retirement benefit obligations	194,656	908,192	171,637	882,705
Deferred income and capital grants	48,908	193,528	48,908	193,528
Deferred tax liability	233,027	331,182	233,162	331,217
<b>Total non-current liabilities</b>	<b>1,569,157</b>	<b>2,086,320</b>	<b>688,013</b>	<b>2,060,868</b>
<b>Current liabilities</b>				
Borrowings	208,139	118,318	207,754	118,318
Lease liability to - SLSPC and JEDB	2,799	6,720	2,799	6,720
Amounts due to related party	3,342	-	-	-
Trade and other payables	411,107	688,426	320,136	630,019
Current tax liability	39,363	162,608	38,846	158,263
<b>Total current liability</b>	<b>664,750</b>	<b>976,072</b>	<b>569,535</b>	<b>913,320</b>
<b>Total liabilities</b>	<b>2,233,907</b>	<b>3,062,392</b>	<b>1,257,548</b>	<b>2,974,188</b>
<b>Total equity and liabilities</b>	<b>7,204,455</b>	<b>9,112,527</b>	<b>6,036,060</b>	<b>8,732,531</b>
	<b>Rs.</b>		<b>Rs.</b>	
Net assets per share	1989	24.33	2019	24.33

I certify that the financial statements comply with the requirements of the Companies Act No.7 of 2007.



Deputy General Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.

  
**Managing Director**  
 07 February 2018

  
**Director**

Note : All values are in LKR '000s, unless otherwise stated.  
 Figures in brackets indicate deductions.

## Consolidated Income Statement

	Quarter ended 31 December			Nine month ended 31 December		
	2017	2016	Change %	2017	2016	Change %
<b>Revenue</b>	615,954	1,430,459	(57)	4,382,366	4,737,895	(8)
Cost of sales	(378,288)	(858,767)	(56)	(3,236,523)	(3,394,000)	(5)
<b>Gross profit</b>	<b>237,666</b>	<b>571,692</b>	<b>(58)</b>	<b>1,145,843</b>	<b>1,343,895</b>	<b>(15)</b>
Other operating income	39,443	26,894	47	104,775	62,037	69
Administrative expenses	(42,834)	(79,605)	(46)	(273,500)	(223,018)	23
<b>Operating profit</b>	<b>234,275</b>	<b>518,981</b>	<b>(55)</b>	<b>977,118</b>	<b>1,182,914</b>	<b>(17)</b>
Finance cost	(14,253)	(30,225)	(53)	(78,168)	(89,815)	(13)
Finance income	27,101	20,244	34	82,618	45,752	81
Net finance cost	12,848	(9,981)	(229)	4,450	(44,063)	(110)
<b>Profit before income tax</b>	<b>247,123</b>	<b>509,000</b>	<b>(51)</b>	<b>981,568</b>	<b>1,138,851</b>	<b>(14)</b>
Income Tax expenses	(45,000)	(43,000)	5	(36,065)	(125,000)	(71)
<b>Profit/(loss) for the period</b>	<b>202,123</b>	<b>466,000</b>	<b>(57)</b>	<b>945,503</b>	<b>1,013,851</b>	<b>(7)</b>
	Rs.	Rs.		Rs.	Rs.	
Earning per share (LKR)	0.85	1.97		4.00	4.28	

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.

## Consolidated statement of comprehensive income

	Quarter ended 31 December			Nine month ended 31 December		
	2017	2016	Change %	2017	2016	Change %
<b>Profit for the period</b>	202,123	466,000	(57)	945,503	1,013,851	(7)
Fair value adjustment of investment	-	-	-	-	-	-
Items that may not be subsequently reclassified to profit or loss						
Actuarial gain on gratuity	-	-	-	35,655	-	-
Tax on actuarial gain on gratuity	-	-	-	(3,380)	-	-
<b>Total comprehensive income for the period</b>	<b>202,123</b>	<b>466,000</b>	<b>(57)</b>	<b>977,778</b>	<b>1,013,851</b>	<b>(4)</b>
<b>Total comprehensive income attributable to</b>						
Owners of the Company	214,612	465,678	(54)	1,004,797	1,012,551	(1)
Non-controlling interest	(12,489)	322		(27,019)	1,300	
<b>Total comprehensive income for the period</b>	<b>202,123</b>	<b>466,000</b>	<b>(57)</b>	<b>977,778</b>	<b>1,013,851</b>	<b>(4)</b>

Note : All values are in LKR '000s, unless otherwise stated.  
 Figures in brackets indicate deductions.

## Company Income Statement

	Quarter ended 31 December 2017			Nine month ended 31 December		
	2017	2016	Change %	2017	2016	Change %
<b>Revenue</b>	554,928	1,405,443	(61)	4,254,413	4,676,820	(9)
Cost of sales	(282,126)	(831,601)	(66)	(3,027,525)	(3,317,395)	(9)
<b>Gross profit</b>	272,802	573,842	(52)	1,226,888	1,359,425	(10)
Other operating income	37,322	26,894	39	103,561	62,037	67
Administrative expenses	(41,552)	(78,447)	(47)	(271,101)	(223,405)	21
<b>Operating profit</b>	268,572	522,289	(49)	1,059,348	1,198,057	(12)
Finance cost	(10,801)	(30,227)	(64)	(71,641)	(89,816)	(20)
Finance income	26,680	11,088	141	97,969	20,257	384
<b>Net finance cost</b>	15,879	(19,139)	(183)	26,328	(69,559)	(138)
<b>Profit before tax</b>	284,451	503,150	(43)	1,085,676	1,128,498	(4)
Tax expenses	(45,000)	(43,000)	5	(38,565)	(125,000)	(69)
<b>Profit for the period</b>	239,451	460,150	(48)	1,047,111	1,003,498	4
	Rs.	Rs.		Rs.	Rs.	
Earning per share	1.01	1.94		4.42	4.24	

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.

## Company statement of comprehensive income

	Quarter ended 31 December			Nine month ended 31 December		
	2017	2016	Change %	2017	2016	Change %
<b>Profit for the period</b>	239,451	460,150	(48)	1,047,111	1,003,498	4
Other comprehensive income						
Items that may not be subsequently reclassified to profit or loss						
Actuarial gain on gratuity	-	-	-	33,803	-	-
Tax on actuarial gain on gratuity	-	-	-	(3,380)	-	-
Total other comprehensive income for the period	-	-	-	30,423	-	-
<b>Total comprehensive income for the period</b>	<b>239,451</b>	<b>460,150</b>	<b>(48)</b>	<b>1,077,534</b>	<b>1,003,498</b>	<b>7</b>
<b>Profit attributable to:</b>						
Equity holders of the company	239,451	460,150	(48)	1,077,534	1,003,498	7
<b>Total comprehensive income for the period</b>	<b>239,451</b>	<b>460,150</b>	<b>(48)</b>	<b>1,077,534</b>	<b>1,003,498</b>	<b>7</b>

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.

## Consolidated Statement of Changes in Equity

	Stated capital	Retained earnings	Total	Non Controlling Interest	Total Equity
<b>Opening balance at 1 April 2016</b>	460,000	4,320,050	4,780,050	-	4,780,050
<b>Shares issued to NCI</b>	-	-	-	292,000	292,000
Net profit for the period	-	1,012,551	1,012,551	1,300	1,013,851
Dividend paid for the year ended 31 March 2016	-	(177,500)	(177,500)	-	(177,500)
<b>Balance at 31 December 2016</b>	<b>460,000</b>	<b>5,155,101</b>	<b>5,615,101</b>	<b>293,300</b>	<b>5,908,401</b>
Net profit for the period	-	213,907	213,907	(2,100)	211,807
Actuarial gain / (loss) on gratuity	-	92,604	92,604	-	92,604
Tax on actuarial gain / (loss) on gratuity	-	(8,845)	(8,845)	-	(8,845)
<b>Total comprehensive income</b>	<b>-</b>	<b>297,667</b>	<b>297,667</b>	<b>(2,100)</b>	<b>295,567</b>
					-
Interim dividend paid for the year	-	(153,833)	(153,833)	-	(153,833)
Total transactions with owners	-	(153,833)	(153,833)	-	(153,833)
<b>Balance at 31 March 2017</b>	<b>460,000</b>	<b>5,298,935</b>	<b>5,758,935</b>	<b>291,200</b>	<b>6,050,135</b>
Balance at 1 April 2017	460,000	5,298,935	5,758,935	291,200	6,050,135
Net profit for the period	-	972,522	972,522	(27,019)	945,503
Actuarial gain / (loss) on gratuity	-	35,655	35,655	-	35,655
Tax on actuarial gain / (loss) on gratuity	-	(3,380)	(3,380)	-	(3,380)
<b>Total comprehensive income</b>	<b>-</b>	<b>1,004,797</b>	<b>1,004,797</b>	<b>(27,019)</b>	<b>977,778</b>
Final dividend paid for the year ended 31 March 2017	-	(201,167)	(201,167)	-	(201,167)
Assets vested with Hatton Plantations Ltd	-	(1,856,198)	(1,856,198)	-	(1,856,198)
<b>Balance as at 31 December 2017</b>	<b>460,000</b>	<b>4,246,367</b>	<b>4,706,367</b>	<b>264,181</b>	<b>4,970,548</b>

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.



## Company Statement of Changes in Equity

	Stated capital	Retained earnings	Total
<b>Opening balance at 1 April 2016</b>	460,000	4,320,409	4,780,409
Net profit for the period	-	1,003,498	1,003,498
Dividend paid for the year ended 31 March 2016	-	(177,500)	(177,500)
<b>Balance at 31 December 2016</b>	<b>460,000</b>	<b>5,146,407</b>	<b>5,606,407</b>
Net profit for the period	-	226,163	226,163
Actuarial gain / (loss) on gratuity	-	88,451	88,451
Tax on actuarial gain / (loss) on gratuity	-	(8,845)	(8,845)
<b>Total comprehensive income</b>		<b>305,769</b>	<b>305,769</b>
Interim dividend paid for the year	-	(153,833)	(153,833)
<b>Total transactions with owners</b>		<b>(153,833)</b>	<b>(153,833)</b>
<b>Balance at 31 March 2017</b>	<b>460,000</b>	<b>5,298,343</b>	<b>5,758,343</b>
Balance at 1 April 2017	460,000	5,298,343	5,758,343
Net profit for the period	-	1,047,111	1,047,111
Actuarial gain / (loss) on gratuity	-	33,803	33,803
Tax on actuarial gain / (loss) on gratuity	-	(3,380)	(3,380)
<b>Total comprehensive income</b>		<b>1,077,534</b>	<b>1,077,534</b>
Final dividend paid for the year ended 31 March 2017	-	(201,167)	(201,167)
Net Assets vested with Hatton Plantations Ltd	-	(1,856,198)	(1,856,198)
<b>Balance as at 31 December 2017</b>	<b>460,000</b>	<b>4,318,512</b>	<b>4,778,512</b>

Note : All values are in LKR '000s, unless otherwise stated.  
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## Statement of Cash Flows

Nine months ended 31 December	GROUP		COMPANY	
	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	981,568	1,138,851	1,085,676	1,128,498
<b>Adjustments for :</b>				
Depreciation & amortisation	255,579	247,862	215,007	244,471
Provision for retirement benefit obligations	82,073	(5,425)	80,617	(5,425)
Profit on sale of property, plant and equipment	(16,009)	78,214	(16,009)	75,552
Profit on sale of consumable biological assets	-	5,276	-	5,276
Profit on sale of bearer plants	(23,838)	-	(23,838)	-
Gains on fair valuation of consumable biological assets	(8,237)	-	(8,237)	-
Dividend income	-	(4,165)	-	(4,165)
Income from investment	(22,230)	-	(22,230)	-
Amortisation of capital grants	(7,531)	(8,823)	(7,531)	(8,823)
Loss on transfer of livestock to WDL	-	6,666	-	6,666
Net finance cost	(4,450)	44,063	(26,328)	69,559
<b>Profit before working capital changes</b>	<b>1,236,925</b>	<b>1,502,519</b>	<b>1,277,127</b>	<b>1,511,609</b>
<b>Changes in working capital</b>				
- Inventories	(25,119)	(298,730)	33,974	(264,987)
- Trade and other receivables	(137,829)	(42,979)	(183,944)	22,329
- Amounts due from Related parties	112,842	-	77,842	-
- Biological assets - crop on bearer plants	(11,465)	-	(11,396)	-
- Amounts due to Related parties	(216,620)	-	(219,962)	-
- Trade and other payables	71,211	203,686	49,816	174,506
<b>Cash generated from operations</b>	<b>1,029,945</b>	<b>1,364,496</b>	<b>1,023,457</b>	<b>1,443,457</b>
<b>Cash flows from operating activities</b>				
Net finance cost	4,450	(44,063)	26,328	(69,559)
Tax paid	(263,167)	(30,727)	(259,417)	(30,561)
Retirement benefit obligations paid	(80,654)	(86,054)	(77,268)	(85,130)
	(339,371)	(160,844)	(310,357)	(185,250)
<b>Net cash generated from operating activities</b>	<b>690,574</b>	<b>1,203,652</b>	<b>713,100</b>	<b>1,258,207</b>
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(772,532)	(508,518)	(115,313)	(86,637)
Additions to Bearer plants	(208,785)	(212,868)	(185,106)	(193,100)
Additions to Consumable biological assets	(32,425)	-	(32,425)	-
Additions to livestock	(118,794)	-	-	-
Proceeds from sale of bearer plants	58,776	-	58,776	-
Proceeds from sale of property, plant and equipment	33,362	6,300	33,362	6,300
Dividend income	-	4,165	-	4,165
Fund vested with HPL	(3,734)	-	(3,734)	-
Proceeds from issue of shares	-	292,000	-	-
Investment in a subsidiary	-	-	-	(438,000)
Short term investments	(4,866)	(289,438)	(4,866)	(206,423)
Income from investment fund	22,230	(18,426)	22,230	(18,426)
<b>Net cash used in investing activities</b>	<b>(1,026,768)</b>	<b>(726,785)</b>	<b>(227,076)</b>	<b>(932,121)</b>
Dividend payment	(201,167)	(331,333)	(201,167)	(331,333)
Proceeds from bank borrowings	1,052,150	71,247	210,960	71,247
Repayment of bank borrowings	(120,325)	(5,304)	(85,325)	(95,011)
Repayment of lease principal	(14,910)	(95,011)	(14,656)	(5,304)
<b>Net cash used in financing activities</b>	<b>715,748</b>	<b>(360,401)</b>	<b>(90,188)</b>	<b>(360,401)</b>
<b>Net increase /(decrease) in cash &amp; cash equivalent</b>	<b>379,554</b>	<b>116,466</b>	<b>395,836</b>	<b>(34,315)</b>
<b>Movement in cash and cash equivalents</b>				
At the beginning of the period	888,143	657,669	861,946	641,221
Increase/(decrease) for the period	379,554	116,466	395,835	(34,316)
<b>At end of the period</b>	<b>1,267,697</b>	<b>774,135</b>	<b>1,257,781</b>	<b>606,905</b>

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.

## SEGMENTAL ANALYSIS - GROUP

	Tea		Palm Oil		Export		Diary		Others		Inter Segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Nine month ended 31 December</b>														
<b>Revenue</b>	2,432,590	2,678,461	1,605,484	1,736,130	226,524	298,394	117,768	47,589	-	-	-	(22,679)	4,382,366	4,737,895
Cost of sales	(2,173,355)	(2,529,270)	(664,604)	(562,842)	(203,746)	(255,555)	(96,818)	(69,012)	-	-	-	22,679	(3,236,523)	(3,394,000)
<b>Gross profit/(loss)</b>	261,235	149,191	940,880	1,173,288	22,778	42,839	(79,050)	(21,423)	-	-	-	-	1,145,843	1,343,895
Other operating income	-	-	-	-	-	-	(1,464)	-	103,561	62,037	2,676	-	104,773	62,037
Administrative expenses	(139,750)	(126,315)	(131,352)	(97,090)	(158)	(1,446)	(2,294)	-	-	-	53	1,833	(273,500)	(223,018)
<b>Operating profit/(loss)</b>	121,485	22,876	809,528	1,076,198	22,620	41,393	(82,808)	(21,423)	103,561	62,037	2,729	1,833	977,116	1,182,914
Net finance expenses	2,758	(499,48)	23,571	(9,611)	(35)	10	(6,538)	25,487	-	-	(15,305)	-	4,451	(44,063)
<b>Profit/(Loss) before tax</b>	124,243	(27,072)	833,099	1,056,587	22,585	41,402	(89,346)	4,064	103,561	62,037	(12,576)	1,833	981,567	1,138,851
Tax expenses	41,502	(36,081)	(87,561)	(77,879)	(4,958)	(11,040)	2,500	-	12,452	-	-	-	(36,065)	(125,000)
<b>Net profit / (loss)</b>	165,745	(63,153)	745,538	978,708	17,627	30,362	(86,846)	4,064	116,013	62,037	(12,576)	1,833	945,502	1,013,851
Actuarial gain/(loss) on gratuity	29840	-	3,962	-	-	-	1,853	-	-	-	-	-	35,655	-
Tax on actuarial gain/(loss) on gratuity	(2,984)	-	(396)	-	-	-	-	-	-	-	-	-	(3,380)	-
Total other comprehensive income/(loss)	26,856	-	3,566	-	-	-	1,853	-	-	-	-	-	32,275	-
<b>Total comprehensive income/(loss)</b>	192,601	(63,153)	749,104	978,708	17,627	30,362	(84,993)	4,064	116,013	62,037	(12,576)	1,833	977,778	1,013,851

Note : All values are in LKR 000s, unless otherwise stated.  
 Figures in brackets indicate deductions.

## SEGMENTAL ANALYSIS - GROUP

	Tea		Palm Oil		Export		Diary		Others		Inter Segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Three months ended 31 December</b>														
<b>Revenue</b>	22,593	84,6925	462,794	508,027	69,783	67,439	60,984	18,304	-	-	-	(10,235)	615,954	1,430,460
Cost of sales	(24,348)	(607,001)	(194,179)	(181,163)	(63,634)	(54,997)	(96,128)	(25,842)	-	-	-	10,235	(378,289)	(858,767)
Gross profit/(loss)	(1,955)	239,924	268,615	326,864	6149	12,443	(35,144)	(7,538)	-	-	-	-	237,665	571,693
Other operating income	-	-	-	-	-	-	2,120	-	37,322	26,894	-	-	39,442	26,894
Administrative expenses	8,906	(41,875)	(50,458)	(36,572)	26	(1,039)	(1,315)	-	-	-	8	(19)	(42,833)	(79,605)
Operating profit/(loss)	6,951	198,049	218,157	290,292	6,175	11,403	(34,339)	(7,538)	37,322	26,894	8	(119)	234,274	518,982
Net finance expenses	(356)	(3,635)	16,236	(5,504)	(39)	2	(4,947)	9156	-	-	1,955	-	12,849	(998)
Profit/(Loss) before tax	6,595	184,414	234,393	284,787	6,136	11,405	(39,286)	1,618	37,322	26,894	1,963	(119)	247,123	509,000
Tax expenses	(6,000)	9,828	(30,000)	(47,095)	(1,000)	(5,732)	-	-	(8,000)	-	-	-	(45,000)	(43,000)
Net profit / (loss)	595	194,242	204,393	237,692	5,136	5,673	(39,286)	1,618	29,322	26,894	1,963	(119)	202,123	466,000
Actuarial gain/(loss) on gratuity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on actuarial gain/(loss) on gratuity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	595	194,242	204,393	237,692	5,136	5,673	(39,286)	1,618	29,322	26,894	1,963	(119)	202,123	466,000

Note : All values are in LKR 000s, unless otherwise stated.  
 Figures in brackets indicate deductions.

## SEGMENTAL ANALYSIS - COMPANY

	Tea		Palm Oil		Export		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Nine months ended 31 December</b>										
<b>Revenue</b>	2,432,590	2,678,461	1,605,484	1,736,130	216,339	262,229	-	-	4,254,413	4,676,820
Cost of sales	(2,168,678)	(2,529,270)	(664,604)	(562,842)	(194,243)	(225,283)	-	-	(3,027,525)	(3,317,395)
Gross profit/(loss)	263,912	149,191	940,880	1,173,288	22,096	36,946	-	-	1,226,889	1,359,425
Other operating income	-	-	-	-	-	-	103,560	62,037	103,560	62,037
Administrative expenses	(139,749)	(126,315)	(131,352)	(97,090)	-	-	-	-	(271,102)	(223,405)
Operating profit/(loss)	124,163	22,876	809,528	1,076,198	22,096	36,945	103,560	62,037	1,059,347	1,198,057
Net finance expenses	2,758	(49,948)	23,571	(19,611)	-	-	-	-	26,329	(69,559)
Profit/(Loss) before tax	126,921	(27,072)	833,099	1,056,587	22,096	36,945	103,560	62,037	1,085,676	1,128,498
Tax expenses	41,502	(36,082)	(87,561)	(77,879)	(4,958)	(11,040)	12,452	-	(38,565)	(125,000)
Net profit / (loss)	168,423	(63,153)	745,538	978,708	17,138	25,906	116,012	62,037	1,047,111	1,003,498
Actuarial gain/(loss) on gratuity	29,840	-	3,962	-	-	-	-	-	33,803	-
Tax on actuarial gain/(loss) on gratuity	(2,984)	-	(396)	-	-	-	-	-	(3,380)	-
Total other comprehensive income/(loss)	26,856	-	3,566	-	-	-	-	-	30,423	-
Total comprehensive income/(loss)	195,279	(63,153)	749,104	978,708	17,138	25,906	116,012	62,037	1,077,534	1,003,498

Note : All values are in LKR 000s, unless otherwise stated.  
 Figures in brackets indicate deductions.

## SEGMENTAL ANALYSIS - COMPANY

	Tea		Palm Oil		Export		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Three months ended 31 December</b>										
<b>Revenue</b>										
Cost of sales	22,393 (24,348)	846,925 (607,001)	462,794 (194,179)	508,026 (81,163)	69,741 (63,600)	50,492 (43,437)	-	-	554,928 (282,126)	1,405,443 (831,601)
Gross profit/(loss)	(1,955)	239,924	268,615	326,863	6,141	7,055	-	-	272,802	573,842
Other operating income	-	-	-	-	-	-	37,322	26,894	37,322	26,894
Administrative expenses	8,906	(41,875)	(50,458)	(36,572)	-	-	-	-	(41,552)	(78,447)
Operating profit/(loss)	6,951	198,049	218,157	290,291	6,141	7,055	37,322	26,894	268,572	522,289
Net finance expenses	(357)	(13,635)	16,236	(5,504)	-	-	-	-	15,879	(19,139)
Profit/(Loss) before tax	6,594	184,414	234,393	284,787	6,141	7,055	37,322	26,894	284,451	503,150
Tax expenses	(6,000)	9,828	(30,000)	(47,095)	(1,000)	(5,733)	(8,000)	-	(45,000)	(43,000)
Net profit / (loss)	594	194,242	204,393	237,692	5,141	1,322	29,322	26,894	239,451	460,150
Actuarial gain/(loss) on gratuity	-	-	-	-	-	-	-	-	-	-
Tax on actuarial gain/(loss) on gratuity	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	594	194,242	204,393	237,692	5,141	1,322	29,322	26,894	239,451	460,150

Note : All values are in LKR 000s, unless otherwise stated.  
Figures in brackets indicate deductions.

# Notes to the Interim Financial Statements

## 01. Corporate information

Watawala Plantations PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka. It is listed on the Colombo Stock Exchange. The registered office of the Company is located at No 60, Dharmapala Mawatha, Colombo 3.

The principal activities of the Group during the period continued to be cultivation, manufacture, sale of tea, palm oil, direct exports of tea and Dairy farming.

## 02. Interim consolidated financial statement

The Consolidated interim financial statements of the Watawala Plantations PLC as at and for the period ended 31 December 2017 comprised the Company and subsidiaries Watawala Dairy Ltd and Watawala Tea Australia Pty Ltd.

## 03. Approval of financial statement

The Interim Financial Statements of the Group and the Company for the period ended 31 December 2017 were authorised for issue by the Board of Directors on 07 February 2018.

## 04. Basis of preparation

These Interim Financial Statements of the Company and the Group have been prepared in accordance

with Sri Lanka Accounting Standards (SLFRS/LKAS). Further, provisions of the Companies Act No.7 of 2007 have been considered in preparing these Interim Financial Statements. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2016/17. Further, these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting'. Previous year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

## 05. Net assets per share

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at the Balance Sheet date.

## 06. All amounts expressed are in Sri Lankan Rupees (LKR.) thousands unless otherwise stated.

## 07. The Interim Financial Statement are not audited.

## 08. These are the first quarterly financial statements after the "Arrangement" effective from 30 September 2017 that segregated the upcountry Tea business from the company. Please refer note no 08 to the September quarterly financial statements for details.

## Share Trading Information

### 1 Public share holdings

	As at 31.12.2017	As at 31.03.2017
The percentage of shares held by the public	24.35	24.35
Number of shareholders representing public share holdings	15,744	16,056

### 2 Directors' share holdings

The number of shares held by the Board of Directors are as follows:

	As at 31.12.2017	As at 31.03.2017
S.G.Wijesinha-Chaiman	1	Nil
G.Sathasivam (Alternate-S.G.Sathasivam)	Nil	Nil
V. Govindasamy - Managing Director	Nil	Nil
A.K. Misra	Nil	Nil
K. Venkataramanan	Nil	Nil
A.N.Fernando	1	Nil
M.S.Mawzoon	Nil	Nil
L.Ramanayake	Nil	Nil
C.P. Thomas	Nil	Nil
N.B.Weerasekara	Nil	Nil
B. A. Hulangamuwa	Nil	Nil

Messrs. A.K. Misra, K. Venkataramanan and C.P. Thomas resigned from the board of directors with effect from 28 December 2017.

### 3 TWENTY (20) LARGEST SHAREHOLDERS AS AT

Name	31 December 2017		31st March 2017	
	No of Shares held	% of the holding	No of Shares held	% of the holding
Estate Management Services (Private) Ltd	179,034,370	75.64	179,034,370	75.65
Sampath Bank Plc/Seylan Bank Plc/ Dr.T.Senthilverl	24,317,906	10.28	20,670,414	8.73
K.C. Vignarajah	2,255,970	0.95	2,164,280	0.91
HSBC International Nominees Ltd-SSBT-Deutsche Bank	1,638,551	0.69	1,289,342	0.54
Deutsche Bank Ag As Trustee To Candor Opportunitie	1,450,000	0.61	1,800,000	0.76
Vyjayanthi & Company Limited	1,000,000	0.42	1,000,000	0.42
J.B. Cocoshell (Pvt) Ltd	723,563	0.31	1,707,485	0.72
N. Mulje	552,900	0.23	1,289,342	0.54
M.I. Abdul Hameed	350,000	0.15	552,900	0.23
Cocoshell Activated Carbon Company Limited	313,999	0.13	-	-
Buildmart Lanka (Pvt) Ltd	300,000	0.13	350,000	0.15
S. Vignarajah	262,539	0.11	362,451	0.15
Union Investments Private Ltd	262,000	0.11	-	-
Devi Holding (Pvt) Ltd	200,000	0.08	250,000	0.11
Pershing LLC S/A Averbach Grauson & Co.	200,000	0.08	262,539	0.11
Deutsche Bank Ag As Trustee To Candor Growth Fund	193,371	0.08	262,000	0.11
Commercial Bank Of Ceylon PLC/S.A.Gulamhusein	182,000	0.08	-	-
C M Holdings PLC	170,000	0.07	-	-
Other Shareholders	23,259,502	9.85	236,500	0.10
Grand Total	236,666,671	100.00	-	-
Sub Total	213,576,053	90.24	211,231,623	89.25
Others	23,090,618	9.76	25,435,048	10.75
<b>Grand Total</b>	<b>236,666,671</b>	<b>100.00</b>	<b>236,666,671</b>	<b>100.00</b>



## Share Trading Information (Contd)

**4 Stated capital**

Stated capital is represented by shares in issue as given below:

As at	As at 31.12.2017	As at 31.03.2017
Ordinary Shares	236,666,670	236,666,670
Golden Share	1	1

**5 Market price per share**

As at	As at 31.12.2017	As at 31.03.2017
Highest during the period	28.90	24.50
Lowest during the period	25.20	17.70
Closing price	27.70	24.40
No. of Transactions	107	2,482
No. of Shares Traded	213,138	9,597,690
Value of Shares Traded (LKR)	5,827,406	201,817,371.60

# Corporate Information

## Name of the Company

Watawala Plantations PLC

## Legal form

Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange.

## Date of incorporation

18 June 1992

## Registration No

PQ 65

## Accounting Year

31 March

## Directors

S.G.Wijesinha - Chairman  
 G.Sathasivam (Alternate-S.G.Sathasivam)  
 V. Govindasamy - Managing Director  
 A.K. Misra (*Resigned w.e.f. 28 December 2017*)  
 K. Venkataramanan (*Resigned w.e.f. 28 December 2017*)  
 A.N.Fernando  
 M.S.Mawzoon  
 L.Ramanayake  
 C.P. Thomas (*Resigned w.e.f. 28 December 2017*)  
 N. B. Weerasekara  
 B. A. Hulangamuwa

## Secretaries

Corporate Advisory Services (Pvt) Ltd.  
 47, Alexandra Place, Colombo 7, Sri Lanka.

## Auditors

PricewaterhouseCoopers (Chartered Accountants)  
 PO Box 918,100, Braybrooke Place, Colombo 02

## Bankers

Hatton National Bank PLC  
 Commercial Bank of Ceylon PLC  
 People's Bank  
 Amana Bank Ltd  
 ICICI Bank  
 Citi Bank N A  
 MCB Bank Ltd  
 Nations Trust Bank  
 Standard Chartered Bank  
 Public Bank Berhad  
 Seylan Bank

## Lawyers

FJ & G de Saram  
 (Attorneys-at-Law)  
 No 216, de Saram Place, Colombo 10  
 Nithya Partners  
 (Attorneys-at-Law)  
 97/A Galle Rd, Colombo

## Registered Office

60, Dharmapala Mawatha, Colombo 03, Sri Lanka  
 Tel: +94 114 702 400  
 Fax: +94 114 716 365  
 E-mail: watawala@wpl.sunshineholdings.lk