

Watawala Plantations PLC



INTERIM FINANCIAL STATEMENTS

Quarter Ended June 30, 2020

CEO's Message

Dear Shareholder,

Watawala Plantations PLC (CSE: WATA)

Watawala Plantations PLC posted a profit after tax (PAT) of LKR 406 Mn at group level for the quarter ended 30th June 2020, compared to a PAT of LKR 260 Mn in the same period last year. The palm oil sector revenue increase stems from the shifts in the yield curve and improvements made to the fertilizer regime. The dairy sector recorded a slight revenue growth as a result of higher milk selling prices. WATA company recorded LKR 410 Mn profit after tax in comparison to the LKR 332 Mn in the same period last year.

The Net assets per share decreased to LKR 21.61 from LKR 22.62 as at 31st March 2020 due to the dividend payment during 1QFY21.

Watawala Dairy Limited (WDL)

The revenue grew by 1% YoY for 1QFY21, with the increase in milk prices. WDL reported an improved performance at Gross Profit level in comparison to the last year. The performance was increased due to the stringent cost optimization measures and better milk prices.

COVID-19 Impact

During 1QFY21, the Palm oil plantation has been operating at sub par capacity due to labor shortages as a result of lock down. Nevertheless, the Dairy business has been operating at normal capacity, however sourcing of local feed was challenging under the curfew situation. Over the next few months, Agribusiness sector will continue at optimum scale of operations and support local production and import substitution in this time of need for the nation.

Outlook

The volatility in the global palm oil market will have some bearing on the NSA for the palm oil segment during the next quarter. The dairy segment will further consolidate its operations with better prices, due to the increase in demand for fresh milk in Sri Lanka. Furthermore, the segment will focus on rationalizing feed costs, and increasing the milk yields.



Binesh Pananwala
CEO
04th August 2020

Consolidated Income Statement

(All amounts in Sri lankan Rupees thousands)

	Quarter ended 30 June		
	2020	2019	Change %
Revenue	973,610	879,941	11%
Cost of sales	(454,404)	(494,747)	-8%
Gross profit	519,206	385,194	35%
Other Income	35,563	33,834	5%
Administrative Expenses	(58,246)	(54,151)	8%
Operating profit	496,523	364,877	36%
Finance Income	5,586	3,623	54%
Finance Costs	(35,548)	(55,436)	-36%
Net Finance (Costs)/Income	(29,962)	(51,813)	-42%
Profit before income tax	466,561	313,064	49%
Income tax expenses	(60,272)	(53,000)	14%
Profit for the period	406,289	260,064	56%
Profit is attributable to:			
Equity holders of the parent	406,289	275,123	-
Non-controlling interests	-	(15,059)	-
	406,289	260,064	56%
Basic earning per share (LKR)	2.00	1.29	
Consolidated Statement of other Comprehensive Income			
Profit for the period	406,289	260,064	56%
Other comprehensive income	-	-	
Total comprehensive income for the period	406,289	260,064	56%
Total comprehensive income attributable to			
Equity holders of the parent	406,289	275,123	
Non-controlling interests	-	(15,059)	
Total comprehensive income for the period	406,289	260,064	

Company Income Statement

(All amounts in Sri lankan Rupees thousands)

	Quarter ended 30 June		
	2020	2019	Change %
Revenue	836,659	743,819	12%
Cost of sales	(321,423)	(330,975)	-3%
Gross profit	515,236	412,844	25%
Other Income	22,179	26,041	-15%
Administrative Expenses	(56,634)	(52,774)	7%
Operating profit	480,781	386,111	25%
Finance Income	10,330	13,672	-24%
Finance Costs	(21,099)	(15,053)	40%
Net Finance (Costs)/Income	(10,769)	(1,381)	680%
Profit before income tax	470,012	384,730	22%
Income tax expenses	(60,272)	(53,000)	14%
Profit for the period	409,740	331,730	24%
Basic earning per share (LKR)	2.02	1.65	
Consolidated Statement of other Comprehensive Income			
Profit for the period	409,740	331,730	24%
Other comprehensive income	-	-	
Total comprehensive income for the period	409,740	331,730	24%
Total comprehensive income attributable to			
Equity holders of the parent	409,740	331,730	24%
Total comprehensive income for the period	409,740	331,730	24%

Statement of Financial Position

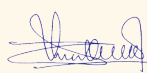
(All amounts in Sri lankan Rupees thousands)

As at	Group		Company	
	30.06.2020	31.03.2020	30.06.2020	31.03.2020
Assets				
Non-current assets				
Right to use of land	239,019	241,440	233,097	235,459
Property, plant and equipment	2,151,766	2,173,402	691,708	695,786
Intangible assets	22,109	23,533	17,092	18,224
Bearer biological assets	2,711,342	2,722,149	2,609,411	2,615,292
Biological assets-Consumable	31,657	31,657	-	-
Biological assets -Livestock	708,358	695,538	-	-
Investment fund	341,946	343,725	341,946	343,725
Investment in subsidiaries	-	-	1,868,242	1,868,242
Total non-current assets	6,206,197	6,231,444	5,761,496	5,776,728
Current Assets				
Inventories	145,072	151,314	96,954	105,851
Biological assets-produce on bearer plants	41,797	41,797	41,711	41,711
Trade and other receivables	289,299	302,533	242,669	259,639
Loan given to related company	-	-	198,797	200,195
Amount due from related companies	-	73,902	27,559	100,225
Cash and cash equivalents	619,938	186,553	617,921	185,147
Total current assets	1,096,106	756,099	1,225,611	892,768
Total assets	7,302,303	6,987,543	6,987,107	6,669,496
Equity and liabilities				
Capital and reserves				
Stated capital	511,848	511,848	511,848	511,848
Retained earnings	3,882,657	4,086,294	4,316,184	4,516,370
Total equity	4,394,505	4,598,142	4,828,032	5,028,218
Liabilities				
Non-current liabilities				
Interest bearing borrowings	549,572	572,748	185,037	208,450
Lease Liability to -SLSPC and JEDB	242,417	242,897	242,417	242,897
Retirement benefit obligations	278,360	278,340	243,503	243,760
Deferred income and capital grants	129,912	142,550	45,568	46,157
Deferred tax liability	385,335	379,335	385,335	379,335
Total non-current liabilities	1,585,596	1,615,870	1,101,860	1,120,599
Current liabilities				
Interest bearing borrowings	187,236	190,987	95,745	98,723
Lease Liability to -SLSPC and JEDB	1,104	1,078	1,104	1,078
Trade and other payables	952,198	316,613	889,526	270,199
Amount due to related companies	2,029	321	2,029	321
Current tax liabilities	68,811	52,560	68,811	52,560
Bank overdrafts	110,824	211,972	-	97,798
Total current liabilities	1,322,202	773,531	1,057,215	520,679
Total liabilities	2,907,798	2,389,401	2,159,075	1,641,278
Total equity and liabilities	7,302,303	6,987,543	6,987,107	6,669,496
Net assets per share	21.61	22.62	23.75	24.73

It is certified that these financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.


Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of Directors of Watawala Plantations PLC.


Director

04 August 2020
Colombo


Chairman

Statement of changes in equity - Group

(All amounts in Sri Lankan Rupees thousands)

	Stated capital	Retained earnings	Total	Non controlling interests	Total Equity
Balance at 1 April 2019	460,000	3,275,437	3,735,437	187,074	3,922,511
Profit for the period	-	275,123	275,123	(15,059)	260,064
Acquisition of NCI without a change in control	-	(8,075)	(8,075)	(172,015)	(180,090)
Total transactions with owners	-	(8,075)	(8,075)	(172,015)	(180,090)
Balance at 30 June 2019	460,000	3,542,485	4,002,485	-	4,002,485
Profit for the period	-	556,436	556,436	-	556,436
Actuarial loss on retirement benefit obligations	-	(11,976)	(11,976)	-	(11,976)
Deferred tax on actuarial loss on retirement benefit obligations	-	1,649	1,649	-	1,649
Total comprehensive income for the period	-	546,109	546,109	-	546,109
Transactions with owners of the Company, recognised directly in equity					
Scrip dividend issued	51,848	(60,289)	(8,441)	-	(8,441)
Adjustment due to initial application of SLFRS 16	-	57,989	57,989	-	57,989
Total transactions with owners	51,848	(2,300)	49,548	-	49,548
Balance at 31 March 2020	511,848	4,086,294	4,598,142	-	4,598,142
Balance as at 1 April 2020	511,848	4,086,294	4,598,142	-	4,598,142
Profit for the period	-	406,289	406,289	-	406,289
Total comprehensive income for the period	-	406,289	406,289	-	406,289
Transactions with owners of the Company, recognised directly in equity					
Final dividend approved for the year ended 31 March 2020	-	(609,926)	(609,926)	-	(609,926)
Total transactions with owners	-	(609,926)	(609,926)	-	(609,926)
Balance as at 30 June 2020	511,848	3,882,657	4,394,505	-	4,394,505

Statement of changes in equity - Company

(All amounts in Sri lankan Rupees thousands)

	Stated capital	Retained earnings	Total equity
Balance at 1 April 2019	460,000	3,543,722	4,003,722
Profit for the period	-	331,730	331,730
Balance at 30 June 2019	460,000	3,875,452	4,335,452
Profit for the period	-	653,351	653,351
Actuarial gain/(loss) on gratuity	-	(11,782)	(11,782)
Tax on actuarial gain/(loss) on gratuity	-	1,649	1,649
Total comprehensive income for the period	-	643,218	643,218
Transactions with owners of the Company, recognised directly in equity			
Scrip dividend issued	51,848	(60,289)	(8,441)
Adjustment due to initial application of SLFRS 16	-	57,989	57,989
Total transactions with owners	51,848	(2,300)	49,548
Balance as at 31 March 2020	511,848	4,516,370	5,028,218
Balance as at 1 April 2020	511,848	4,516,370	5,028,218
Profit for the period	-	409,740	409,740
Total comprehensive income for the period	-	409,740	409,740
Transactions with owners of the Company, recognised directly in equity			
Final dividend approved for the year ended 31 March 2020	-	(609,926)	(609,926)
Total transactions with owners	-	(609,926)	(609,926)
Balance as at 30 June 2020	511,848	4,316,184	4,828,032

Consolidated Statement of cash flows

(All amounts in Sri lankan Rupees thousands)

	Group		Company	
	Quarter ended 30 June		Quarter ended 30 June	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before taxation	466,561	313,064	470,012	384,730
Adjustments for:				
Depreciation & amortisation	79,680	72,001	55,876	48,432
Provision for retirement benefit obligations	5,904	4,844	4,589	3,725
Profit on disposal of property, plant and equipment	(9,092)	-	(9,092)	-
Gain on fair valuation of produce on bearer plants	-	(7,022)	-	(7,086)
Income from investment fund	1,779	(7,043)	1,779	(7,043)
Amortisation of capital grants	(12,638)	(12,639)	(589)	(590)
Net finance costs/(income)	(29,962)	51,813	10,769	1,381
Profit before working capital changes	502,232	415,018	533,344	423,549
Changes in working capital				
- Inventories	6,242	(35,040)	8,897	(35,080)
- Trade and other receivables	13,234	(41,282)	16,970	(46,282)
- Loan from Related parties	-	-	1,398	222,259
- Amount due to related companies	1,708	-	1,708	-
- Amount due from related companies	73,902	21,918	72,666	(2,273)
- Trade and other payables	25,661	(123,436)	9,402	(111,623)
Cash generated from operations	622,979	237,178	644,385	450,550
Net finance cost	29,962	(51,813)	(10,769)	(1,381)
Income Tax paid	(38,021)	(4,905)	(38,021)	(4,905)
Retirement benefit obligations paid	(5,884)	(8,526)	(4,846)	(6,893)
	(13,943)	(65,244)	(53,636)	(13,179)
Net cash generated from operating activities	609,036	171,934	590,749	437,371
Cash flows from investing activities				
Additions to property, plant and equipment	(28,942)	(36,112)	(27,972)	(30,879)
Additions to Bearer biological assets	(27,261)	(37,854)	(27,261)	(37,854)
Proceed from Disposal of biological assets (Livestocks)	650	-	-	-
Proceeds from sale of property, plant and equipment	21,901	-	21,901	-
Additions to livestock	(13,470)	(1,484)	-	-
Acquisition of NCI	-	(180,090)	-	(180,090)
Investment in WDL	-	-	-	(276,712)
Net cash used in investing activities	(47,122)	(255,540)	(33,332)	(525,535)
Cash flows from financing activities				
Repayment of borrowings	(26,927)	(8,939)	(26,391)	(8,473)
Repayment of SLSPC and JEDB lease	(454)	(728)	(454)	(728)
Net cash used in financing activities	(27,381)	(9,667)	(26,845)	(9,201)
(Decrease) / increase in cash and cash equivalents	534,533	(93,273)	530,572	(97,365)
Movement in cash and cash equivalents				
At the beginning of year	(25,419)	93,248	87,349	199,064
(Decrease) / Increase for the period	534,533	(93,273)	530,572	(97,365)
At end of period	509,114	(25)	617,921	101,699
Cash & cash equivalents	619,938	128,453	617,921	127,216
Bank overdraft	(110,824)	(128,478)	-	(25,517)
At end of period	509,114	(25)	617,921	101,699

Segmental Analysis - Group

(All amounts in Sri lankan Rupees thousands)

Quarter ended 30 June	Palm Oil		Dairy Farm		Others		Inter Segment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	836,659	743,819	137,449	136,122	-	-	498	-	973,610	879,941
Cost of sales	(321,423)	(330,975)	(133,479)	(163,772)	-	-	(498)	-	(454,404)	(494,747)
Gross profit/(loss)	515,236	412,844	3,970	(27,650)	-	-	-	-	519,206	385,194
Other operating income	-	-	15,866	15,146	19,697	21,924	-	(3,236)	35,563	33,834
Administrative expenses	(56,634)	(52,774)	(1,612)	(1,377)	-	-	-	-	(58,246)	(54,151)
Operating profit/(loss)	458,602	360,070	18,224	(13,881)	19,697	21,924	-	(3,236)	496,523	364,877
Net finance expenses	(10,769)	(1,381)	(19,193)	(50,432)	-	-	-	-	(29,962)	(51,813)
Profit/(Loss) before tax	447,833	358,689	(969)	(64,313)	19,697	21,924	-	(3,236)	466,561	313,064
Tax expenses	(57,166)	(49,354)	-	-	(3,106)	(3,646)	-	-	(60,272)	(53,000)
Net profit / (loss)	390,667	309,335	(969)	(64,313)	16,591	18,278	-	(3,236)	406,289	260,064

Segmental Analysis - Company

(All amounts in Sri lankan Rupees thousands)

Quarter ended 30 June	Palm Oil		Others		Total	
	2020	2019	2020	2019	2020	2019
Revenue	836,659	743,819	-	-	836,659	743,819
Cost of sales	(321,423)	(330,975)	-	-	(321,423)	(330,975)
Gross profit/(loss)	515,236	412,844	-	-	515,236	412,844
Other operating income	-	-	22,179	26,041	22,179	26,041
Administrative expenses	(56,634)	(52,774)	-	-	(56,634)	(52,774)
Operating profit/(loss)	458,602	360,070	22,179	26,041	480,781	386,111
Net finance expenses	(10,769)	(1,381)	-	-	(10,769)	(1,381)
Profit/(Loss) before tax	447,833	358,689	22,179	26,041	470,012	384,730
Tax expenses	(57,166)	(49,354)	(3,106)	(3,646)	(60,272)	(53,000)
Net profit / (loss)	390,667	309,335	19,073	22,395	409,740	331,730

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 and processing of palm oil and Dairy farming.

02. Interim consolidated financial statements

The Consolidated interim financial statements of the Watawala Plantations PLC as at and for the period ended 30 June 2020 comprised the Company and subsidiaries Watawala Dairy Ltd and Watawala Tea Australia Pty Ltd.

03. Approval of financial statements

The Interim Financial Statements of the Group and the Company for the period ended 30 June 2020 were authorised to be published by the Board of Directors on 04 August 2020.

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 2019/20, except 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 has been calculated, for all periods, based on the number of shares in issue as at the Statement of Financial Position date.

06. Events after reporting date

No circumstance has arisen since the reporting date which would require adjustment to or disclosure in the interim financial statements.

07. There has been no change in the contingent liabilities at the quarter end as compared to 31 March 2020.

08. Fair value adjustments are done bi-annually as per the policy of the Company. Hence, interim financial statements do not reflect any such changes.

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

10. The Interim Financial Statements are not audited.

Shareholder details for the period ending 30 June 2020

1 Public Shareholdings

	As at 30.06.2020	As at 31.03.2020
The percentage of shares held by the public	25.76	25.76
Number of Shareholders representing public shareholding	15,602	15,484

	Minimum public holding requirement			
	Option	Float adjusted market capitalisation	Public Holding percentage	Number of Public Shareholders
Listing rule 7.13.1(a)	5	Less than LKR 2.5 Bn	20%	500
Compliance by Watawala	5	LKR 1.466 Bn	25.76%	15,602

2 Directors' Shareholding as at 30th June 2020

The number of Shares held by the Board of Directors are as follows

	As at 30.06.2020	As at 31.03.2020
S G Wijesinha (Chairman)	1	1
G Sathasivam (Alternate : S G Sathasivam)	Nil	Nil
V Govindasamy	Nil	Nil
A N Fernando	1	1
N B Weerasekara	Nil	Nil
M S Mawzoon	Nil	Nil
P Karunagaran (Resigned w.e.f, 03 April 2020)	Nil	Nil
H D Abeywickrama (Appointed w.e.f, 03 April 2020)	Nil	Nil
M R Rao (Appointed w.e.f, 03 April 2020)	Nil	Nil
K H Kuok (Appointed w.e.f, 26 June 2020) (Alternate : M T Siddique)	Nil	Nil
M T Siddique (Appointed w.e.f 03 April 2020 and Resigned w.e.f, 25 June 2020)	Nil	Nil

3 Twenty (20) largest shareholders as at

Name	30th June 2020		31 st March 2020	
	No of Shares Held	% of the holding	No of Shares Held	% of the holding
Sunshine Wilmar (Private) Limited	150,937,043	74.24	-	
Estate Management Services (Private) Ltd	-	-	150,937,043	74.24
Sampath Bank PLC/ Seylan Bank PLC/ DR.T.Senthilverl	23,970,189	11.79	23,999,896	11.80
K.C. Vignarajah	2,301,558	1.13	2,173,784	1.07
Deutsche Bank AG Singapore A/C 2	1,281,399	0.63	1,281,399	0.63
Vyjayanthi & Company Limited	1,011,674	0.50	1,011,674	0.50
N. Muljie	559,354	0.28	559,354	0.28
M.I. Abdul Hameed	354,085	0.17	354,085	0.17
S. Vignarajah	261,831	0.13	261,831	0.13
Cocoshell Activated Carbon Company Limited	254,604	0.13	254,604	0.13
Union Investments Private LTD	220,881	0.11	220,881	0.11
Best Real Invest Co Services (Private) Limited	162,843	0.08	162,843	0.08
C M Holdings PLC	143,320	0.07	143,320	0.07
Adamjee Lukmanjee & Sons (Pvt) Ltd	118,502	0.06	118,502	0.06
D.C.D.L.S.D. Perera	116,342	0.06	116,342	0.06
M.N.Aththas	107,320	0.05	107,320	0.05
K.G.M. Pieris	106,141	0.05	106,141	0.05
AL-Haj S.M.M Hussain Charitable Trust	101,167	0.05	101,167	0.05
M.M. Hashim	101,167	0.05	111,486	0.05
M.H.M.Nazeer	101,167	0.05	101,167	0.05
M.M. Hashim	100,000	0.05	101,167	0.05
Sub Total	182,310,587	89.67	182,224,006	89.63
Other Shareholders	20,998,047	10.33	21,084,628	10.37
Grand Total	203,308,634	100.00	203,308,634	100.00

4 Stated Capital

Stated capital is represented by share in issue as given below

	As at 30.06.2020	As at 31.03.2020
Ordinary Shares	203,308,633	203,308,633
Golden Share	1	1
Total Shares	203,308,634	203,308,634

5 Market Price & Trading Informations

	As at 30.06.2020	As at 31.03.2020
Highest during the period(LKR)	30.70	26.50
Lowest during the period(LKR)	16.10	18.50
Closing price (LKR)	28.00	20.00

	Quarter ended 30 Jun 2020	Quarter ended 31 Mar 2020
No. of Transactions	1,251	358
No. of shares traded	151,954,499	185,191
Value of Shares Traded(LKR)	3,047,738,358	4,375,870

Corporate Information

Name of the Company

Watawala Plantations PLC

Legal form

A public Company with limited liability registered under 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

A N Fernando

N B Weerasekara

M S Mawzoon

P Karunagaran (Alternate: M T Siddique)
(Resigned w.e.f, 03/04/2020)

H D Abeywickrama (Appointed w.e.f, 03/04/2020)

M R Rao (Appointed w.e.f, 03/04/2020)

K H Kuok (Appointed w.e.f, 26 June 2020)
(Alternate : M T Siddique)

M T Siddique (Appointed w.e.f, 03 April 2020
and Resigned w.e.f, 25 June 2020)

Chief Executive Officer

Binesh N Pananwala

Secretaries & Registrars

Corporate Services (Pvt) Ltd.
216, De Saram Place, Colombo 10.

Auditors

KPMG (Chartered Accountants)
No: 32A, Sir Mohomad Macan Markar Mawatha,
Colombo 03.

Bankers

Standard Chartered Bank
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
MCB Bank Ltd
Nations Trust Bank
Seylan Bank
State Bank of India
National Development Bank PLC

Lawyers

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(Attorneys-at-Law)
No 216, de Saram Place, Colombo 10

Nithya Partners
(Attorneys-at-Law)
97/A Galle Rd, Colombo 03

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