

Watawala Plantations PLC



CONDENSED INTERIM FINANCIAL STATEMENTS

Quarter ended 31 March, 2021

CEO's Message

Dear Shareholder,

Watawala Plantations PLC (CSE: WATA)

Watawala Plantations PLC posted a profit after tax (PAT) of LKR 1.663 Bn at group level for the year ended 31st March 2021 (FY20/21), compared to a PAT of LKR 816 Mn last year. This is an increase of 104% growth over the last year. The palm oil sector revenue increase stems from the increase in the NSA. The revenue grew 20% YoY. The dairy sector recorded a revenue growth as a result of higher milk selling prices.

The Net assets per share increased to LKR 24.90 as at 31st March 2021 from LKR 22.62 as at 31st March 2020 due to increase in retained earnings during FY20/21 partly off set with the dividend of LKR 6.0 per share, paid during the year.

Watawala Dairy Limited (WDL)

The revenue grew 11.3% YoY in FY20/21, with the increase in milk prices. WDL reported a significant improvement at Gross margins compared to last year due to the stringent cost optimization measures and increasing 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 quarantine curfew. However, operations were conducted at optimal level during the rest of the year. The Dairy business has been operating at normal capacity, however sourcing of local feed was challenging under lockdown restrictions and import restrictions for the raw material for feed.

RSPO Certification

During 2QFY21 Company successfully obtained the world renowned RSPO certification (Roundtable on Sustainable Palm Oil) - a global standard for sustainable palm oil, effective September 2020. RSPO certification, is an assurance to the customer that the standard of palm oil production is sustainable. This standard is common in most part of the world.

Outlook

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 capital raised via a private placement to SBI Japan will help strengthen the balance sheet and increase the herd to optimal levels.



Binesh Pananwala
CEO
24th May 2021

Condensed Consolidated Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Quarter ended 31 March			Twelve months ended 31 March		
	2021	2020	Change	2021	2020	Change
Revenue	961,990	739,477	30%	3,933,523	3,326,800	18%
Cost of sales	(622,824)	(587,016)	6%	(2,008,091)	(2,041,076)	-2%
Gross profit	339,166	152,461	122%	1,925,432	1,285,724	50%
Other income	22,249	10,067	121%	131,495	102,043	29%
Gain on changes in fair value of biological assets	15,828	9,091	74%	12,061	16,503	-27%
Administrative expenses	(59,633)	(74,865)	-20%	(250,894)	(238,185)	5%
Operating profit	317,610	96,754	228%	1,818,094	1,166,085	56%
Finance income	2,429	1,758	38%	15,532	10,433	49%
Finance costs	(850)	(40,458)	-98%	(81,970)	(184,419)	-56%
Net finance costs	1,579	(38,700)	-104%	(66,438)	(173,986)	-62%
Profit before income tax	319,189	58,054	450%	1,751,656	992,099	77%
Income tax expenses	80,559	(18,143)	n/a	(88,820)	(175,599)	-49%
Profit for the period	399,748	39,911	902%	1,662,836	816,500	104%
Profit is attributable to:						
Equity holders of the parent	399,748	39,911		1,662,836	831,559	
Non-controlling interests	-	-		-	(15,059)	
	399,748	39,911		1,662,836	816,500	
Basic earning per share (LKR)	1.97	0.20		8.18	4.10	
Consolidated Statement of other Comprehensive Income						
Profit for the year	399,748	39,911	902%	1,662,836	816,500	104%
Items that will not be reclassified to profit or loss						
Actuarial gain/(loss) on gratuity	25,164	(11,976)		25,164	(11,976)	
Deffered Tax on actuarial gain/(loss) on gratuity	(3,881)	1,649		(3,881)	1,649	
Total other comprehensive income/(expense) for the year (net of tax)	21,283	(10,327)		21,283	(10,327)	
Total comprehensive income for the period	421,031	29,584	1323%	1,684,119	806,173	109%
Total comprehensive income attributable to						
Equity holders of the parent	421,031	29,584		1,684,119	821,232	
Non-controlling interests	-	-		-	(15,059)	
Total comprehensive income for the period	421,031	29,584		1,684,119	806,173	

Condensed Company Income Statement

(all amounts in Sri Lankan Rupees thousands)

	Quarter ended 31 March			Twelve months ended 31 March		
	2021	2020	Change	2021	2020	Change
Revenue	796,729	587,964	36%	3,284,840	2,743,634	20%
Cost of sales	(449,726)	(436,570)	3%	(1,406,774)	(1,383,852)	2%
Gross profit	347,003	151,394	129%	1,878,066	1,359,782	38%
Other income	13,193	15,478	-15%	80,089	71,954	11%
Gain on changes in fair value of biological assets	16,591	353	4600%	10,242	10,880	-6%
Administrative expenses	(54,555)	(68,604)	-20%	(238,908)	(227,645)	5%
Operating profit	322,232	98,621	227%	1,729,489	1,214,971	42%
Finance income	6,219	5,359	16%	31,601	25,875	22%
Finance costs	(10,284)	(25,432)	-60%	(62,333)	(80,079)	-22%
Net finance costs	(4,069)	(20,073)	-80%	(30,732)	(54,204)	-43%
Profit before income tax	318,167	78,548	305%	1,698,757	1,160,767	46%
Income tax expenses	128,095	(18,230)	n/a	(41,284)	(175,686)	-77%
Profit for the period	446,262	60,318	640%	1,657,473	985,081	68%
Basic earning per share (LKR)	2.19	0.30		8.15	4.86	
Profit is attributable to:						
Equity holders of the parent	446,262	60,318		1,657,473	985,081	
Non-controlling interests	-	-		-	-	
	446,262	60,318		1,657,473	985,081	
Consolidated Statement of other Comprehensive Income						
Profit for the period	446,262	60,318	640%	1,657,473	985,081	68%
Items that will not be reclassified to profit or loss						
Actuarial gain/(loss) on gratuity	19,198	(11,782)		19,198	(11,782)	
Deffered Tax on actuarial gain/(loss) on gratuity	(2,688)	1,649		(2,688)	1,649	
Total other comprehensive income/(expense) for the year (net of tax)	16,510	(10,133)		16,510	(10,133)	
Total comprehensive income for the period	462,772	50,185	822%	1,673,983	974,948	72%
Total comprehensive income attributable to						
Equity holders of the parent	462,772	50,185	822%	1,673,983	974,948	72%
Total comprehensive income for the period	462,772	50,185	822%	1,673,983	974,948	72%

Condensed Statement of Financial Position

(all amounts in Sri Lankan Rupees thousands)

As at	Group		Company	
	31.03 2021	31.03 2020	31.03 2021	31.03 2020
Assets				
Non-current assets				
Right to use assets	238,853	241,440	231,162	235,459
Property, plant and equipment	2,109,979	2,173,402	702,205	695,786
Intangible assets	19,230	23,533	15,091	18,224
Bearer biological assets	2,709,996	2,722,149	2,619,454	2,615,292
Biological assets - Consumable	32,857	31,657	-	-
Biological assets - Livestock	749,339	695,538	-	-
Investment fund	357,153	343,725	357,153	343,725
Investment in subsidiaries	-	-	1,867,390	1,868,242
Total non-current assets	6,217,407	6,231,444	5,792,455	5,776,728
Current assets				
Inventories	111,270	151,314	71,301	105,851
Biological assets-Produce on bearer plants	52,688	41,797	51,953	41,711
Current tax assets	15,267	-	15,267	-
Trade and other receivables	292,304	302,533	258,687	259,639
Loan given to related Company	-	-	262,000	200,195
Amount due from related Companies	486	73,902	37,870	100,225
Cash and cash equivalents	417,297	186,553	398,736	185,147
Total current assets	889,312	756,099	1,095,814	892,768
Total assets	7,106,719	6,987,543	6,888,269	6,669,496
Equity and Liabilities				
Capital and Reserves				
Stated capital	511,848	511,848	511,848	511,848
Retained earnings	4,550,561	4,086,294	4,970,501	4,516,370
Total equity	5,062,409	4,598,142	5,482,349	5,028,218
Liabilities				
Non-current liabilities				
Interest bearing borrowings	372,561	572,748	45,500	208,450
Lease liabilities	248,186	242,897	247,138	242,897
Retirement benefit obligations	271,507	278,340	240,086	243,760
Deferred income and capital grants	91,996	142,550	43,799	46,157
Deferred tax liability	431,554	379,335	382,825	379,335
Total non-current liabilities	1,415,804	1,615,870	959,348	1,120,599
Current liabilities				
Interest bearing borrowings	225,119	190,987	115,000	98,723
Lease liabilities	2,108	1,078	1,102	1,078
Trade and other payables	366,266	316,613	321,128	270,199
Amount due to related Company	-	321	-	321
Current tax liabilities	-	52,560	-	52,560
Bank overdrafts	35,013	211,972	9,342	97,798
Total current liabilities	628,506	773,531	446,572	520,679
Total liabilities	2,044,310	2,389,401	1,405,920	1,641,278
Total equity and liabilities	7,106,719	6,987,543	6,888,269	6,669,496
Net assets per share	24.90	22.62	26.97	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.



Eranda Kapukotuwa
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.



V Govindasamy
Director
24 May 2021
Colombo



Sunil G Wijesinha
Chairman

Condensed 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
Adjustment due to initial application of SLFRS 16	-	57,989	57,989	-	57,989
Adjusted balance as at 1 April 2019	460,000	3,333,426	3,793,426	187,074	3,980,500
Profit for the year	-	831,559	831,559	(15,059)	816,500
Actuarial gain/(loss) on gratuity	-	(11,976)	(11,976)	-	(11,976)
Deffered Tax on actuarial gain/(loss) on gratuity	-	1,649	1,649	-	1,649
Total comprehensive income for the year	-	821,232	821,232	(15,059)	806,173
Transactions with owners of the Company, recognised directly in equity					
Acquisition of NCI without a change in control	-	(8,075)	(8,075)	(172,015)	(180,090)
Scrip dividend issued	51,848	(60,289)	(8,441)	-	(8,441)
Total transactions with owners	51,848	(68,364)	(16,516)	(172,015)	(188,531)
Balance at 31 March 2020	511,848	4,086,294	4,598,142	-	4,598,142
Balance at 1 April 2020	511,848	4,086,294	4,598,142	-	4,598,142
Profit for the year	-	1,662,836	1,662,836	-	1,662,836
Actuarial gain/(loss) on gratuity	-	25,164	25,164	-	25,164
Deffered Tax on actuarial gain/(loss) on gratuity	-	(3,881)	(3,881)	-	(3,881)
Total comprehensive income for the year	-	1,684,119	1,684,119	-	1,684,119
Transactions with owners of the Company, recognised directly in equity					
Dividends paid	-	(1,219,852)	(1,219,852)	-	(1,219,852)
Total transactions with owners	-	(1,219,852)	(1,219,852)	-	(1,219,852)
Balance at 31 March 2021	511,848	4,550,561	5,062,409	-	5,062,409

Condensed Statement of changes in equity - Company

(all amounts in Sri Lankan Rupees thousands)

	Stated capital	Retained earnings	Total
Balance at 1 April 2019	460,000	3,543,722	4,003,722
Adjustment due to initial application of SLFRS 16	-	57,989	57,989
Adjusted balance as at 1 April 2019	460,000	3,601,711	4,061,711
Profit for the year	-	985,081	985,081
Actuarial gain/(loss) on gratuity	-	(11,782)	(11,782)
Deffered Tax on actuarial gain/(loss) on gratuity	-	1,649	1,649
Total comprehensive income for the year	-	974,948	974,948
Transactions with owners of the Company, recognised directly in equity			
Scrip dividend issued	51,848	(60,289)	(8,441)
Total transactions with owners	51,848	(60,289)	(8,441)
Balance at 31 March 2020	511,848	4,516,370	5,028,218
Balance at 1 April 2020	511,848	4,516,370	5,028,218
Profit for the year	-	1,657,473	1,657,473
Actuarial gain/(loss) on gratuity	-	19,198	19,198
Deffered Tax on actuarial gain/(loss) on gratuity	-	(2,688)	(2,688)
Total comprehensive income for the year	-	1,673,983	1,673,983
Transactions with owners of the Company, recognised directly in equity			
Dividends paid	-	(1,219,852)	(1,219,852)
Total transactions with owners	-	(1,219,852)	(1,219,852)
Balance at 31 March 2021	511,848	4,970,501	5,482,349

Condensed Consolidated Statement of cash flows

(all amounts in Sri Lankan Rupees thousands)

For the year ended	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before taxation	1,751,656	992,099	1,698,757	1,160,767
Adjustments for:				
Depreciation and amortisation	358,908	324,199	246,714	229,576
Provision for retirement benefit obligations	45,949	45,936	39,938	39,757
Profit on disposal of property, plant and equipment	(11,950)	(2,669)	(11,030)	(3,140)
Profit on sale of rubber trees	-	(7,747)	-	(7,747)
Profit on liquidation of subsidiary	63	-	(417)	-
Write off of oil palm nurseries	20,125	-	20,125	-
Gain/(loss) on fair valuation of consumable biological assets	(1,200)	6,656	-	-
Gain on fair valuation of produce on bearer plants	(10,891)	(10,526)	(10,242)	(10,880)
Fair value loss on convertible debenture	-	-	-	(3,236)
Gain/(loss) on fair valuation of livestock	30	(12,633)	-	-
Write off of ESC receivables	-	4,625	-	-
Income from investment fund	(21,164)	(31,674)	(21,164)	(31,674)
Amortisation of capital grants	(50,554)	(50,555)	(2,358)	(2,358)
Net finance costs	66,438	173,986	30,732	54,204
Profit before working capital changes	2,147,410	1,431,697	1,991,055	1,425,269
Changes in working capital				
- Inventories	40,044	(8,225)	34,550	(5,061)
- Trade and other receivables	8,026	6,040	952	(1,020)
- Amount due from related companies	73,416	(51,984)	62,355	(78,307)
- Amount due to related companies	(321)	(27,293)	(321)	321
- Trade and other payables	50,525	(94,537)	50,929	(81,264)
Cash generated from operations	2,319,100	1,255,698	2,139,520	1,259,938
Interest paid	(46,083)	(149,210)	(26,475)	(44,870)
Interest received	15,532	10,433	31,601	10,432
Income Tax paid	(108,308)	(160,363)	(108,308)	(160,363)
Retirement benefit obligations paid	(27,618)	(22,289)	(24,414)	(19,432)
	(166,477)	(321,429)	(127,596)	(214,233)
Net cash generated from operating activities	2,152,623	934,269	2,011,924	1,045,705
Cash flows from investing activities				
Additions to property, plant and equipment	(148,718)	(122,766)	(127,727)	(103,165)
Addition to intangible assets	(1,900)	(4,306)	(1,900)	(3,913)
Additions to Bearer biological assets	(165,201)	(208,928)	(161,782)	(208,928)
Proceeds from sale of rubber trees	-	7,747	-	7,747
Proceeds from disposal of biological assets (Livestock)	5,282	3,836	-	-
Proceeds from sale of property, plant and equipment	38,736	3,864	37,816	3,140
Proceeds from sale of consumable biological assets	-	43	-	-
Proceeds from liquidation of subsidiary	1,268	-	1,268	-
Addition to livestock	(59,113)	(24,121)	-	-
Acquisition of NCI	-	(180,090)	-	(180,090)
Loan given to related parties	-	-	(61,805)	(235,969)
Net cash used in investing activities	(329,646)	(524,721)	(314,130)	(721,178)
Cash flows from financing activities				
Dividends paid	(1,219,852)	-	(1,219,852)	-
Proceeds from borrowings	247,887	6,992	218,000	6,992
Investment made through investment fund	(300,000)	-	(300,000)	-
Withdrawals made through investment fund	307,736	-	307,736	-
Repayment of borrowings	(413,942)	(499,064)	(364,673)	(407,091)
Repayment lease liabilities	(37,103)	(36,143)	(36,960)	(36,143)
Net cash used in financing activities	(1,415,274)	(528,215)	(1,395,749)	(436,242)
(Decrease) / increase in cash and cash equivalents	407,703	(118,667)	302,045	(111,715)
Cash and cash equivalents at the beginning of year	(25,419)	93,248	87,349	199,064
Cash and cash equivalents at the end of year	382,284	(25,419)	389,394	87,349

Condensed Segmental Analysis - Group

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Twelve months ended 31 March	Palm Oil		Dairy Farm		Others		Inter Segment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	3,284,840	2,676,239	650,102	584,088	-	67,395	(1,419)	(922)	3,933,523	3,326,800
Cost of sales	(1,406,774)	(1,321,129)	(605,107)	(670,118)	-	(62,723)	3,790	12,894	(2,008,091)	(2,041,076)
Gross profit/(loss)	1,878,066	1,355,110	44,995	(86,030)	-	4,672	2,371	11,972	1,925,432	1,285,724
Other operating income	-	-	70,366	68,552	76,041	65,204	(2,851)	(15,210)	143,556	118,546
Administrative expenses	(238,908)	(227,645)	(11,986)	(10,540)	-	-	-	-	(250,894)	(238,185)
Operating profit/(loss)	1,639,158	1,127,465	103,375	(28,018)	76,041	69,876	(480)	(3,238)	1,818,094	1,166,085
Net finance expenses	(30,732)	(54,204)	(35,706)	(119,782)	-	-	-	-	(66,438)	(173,986)
Profit/(Loss) before tax	1,608,426	1,073,261	67,669	(147,800)	76,041	69,876	(480)	(3,238)	1,751,656	992,099
Tax expenses	(24,788)	(164,089)	(47,536)	87	(16,496)	(11,597)	-	-	(88,820)	(175,599)
Net profit / (loss)	1,583,638	909,172	20,133	(147,713)	59,545	58,279	(480)	(3,238)	1,662,836	816,500
Actuarial gain/(loss) on gratuity	19,198	(11,782)	5,966	(194)	-	-	-	-	25,164	(11,976)
Deffered Tax on actuarial gain/(loss) on gratuity	(2,688)	1,649	(1,193)	-	-	-	-	-	(3,881)	1,649
Total other comprehensive income/(loss)	16,510	(10,133)	4,773	(194)	-	-	-	-	21,283	(10,327)
Total comprehensive income/(loss)	1,600,148	899,039	24,906	(147,907)	59,545	58,279	(480)	(3,238)	1,684,119	806,173

Condensed Segmental Analysis - Group

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Three months ended 31 March	Palm Oil		Dairy Farm		Others		Inter Segment		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	796,729	520,569	165,614	152,435	-	67,395	(353)	(922)	961,990	739,477
Cost of sales	(449,726)	(373,847)	(175,822)	(163,340)	-	(62,723)	2,724	12,894	(622,824)	(587,016)
Gross profit/(loss)	347,003	146,722	(10,208)	(10,905)	-	4,672	2,371	11,972	339,166	152,461
Other operating income	-	-	15,871	32,929	28,399	(1,799)	(2,371)	(11,972)	41,899	19,158
Administrative expenses	(54,555)	(68,604)	(5,078)	(6,261)	-	-	-	-	(59,633)	(74,865)
Operating profit/(loss)	292,448	78,118	585	15,763	28,399	2,873	-	-	321,432	96,754
Net finance expenses	(7,887)	(20,073)	5,644	(18,627)	-	-	-	-	(2,243)	(38,700)
Profit/(Loss) before tax	284,561	58,045	6,229	(2,864)	28,399	2,873	-	-	319,189	58,054
Tax expenses	136,650	(16,014)	(47,536)	87	(8,555)	(2,216)	-	-	80,559	(18,143)
Net profit / (loss)	421,211	42,031	(41,307)	(2,777)	19,844	657	-	-	399,748	39,911
Actuarial gain/(loss) on gratuity	19,198	(11,782)	5,966	(194)	-	-	-	-	25,164	(11,976)
Deffered Tax on actuarial gain/(loss) on gratuity	(2,688)	1,649	(1,193)	-	-	-	-	-	(3,881)	1,649
Total other comprehensive income/(loss)	16,510	(10,133)	4,773	(194)	-	-	-	-	21,283	(10,327)
Total comprehensive income/(loss)	437,721	31,898	(36,534)	(2,971)	19,844	657	-	-	421,031	29,584

Condensed Segmental Analysis - Company

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Twelve months ended 31 March	Palm Oil		Others		Total	
	2021	2020	2021	2020	2021	2020
Revenue	3,284,840	2,676,239	-	67,395	3,284,840	2,743,634
Cost of sales	(1,406,774)	(1,321,129)	-	(62,723)	(1,406,774)	(1,383,852)
Gross profit/(loss)	1,878,066	1,355,110	-	4,672	1,878,066	1,359,782
Other operating income	-	-	90,331	82,834	90,331	82,834
Administrative expenses	(238,908)	(227,645)	-	-	(238,908)	(227,645)
Operating profit/(loss)	1,639,158	1,127,465	90,331	87,506	1,729,489	1,214,971
Net finance expenses	(30,732)	(54,204)	-	-	(30,732)	(54,204)
Profit/(Loss) before tax	1,608,426	1,073,261	90,331	87,506	1,698,757	1,160,767
Tax expenses	(24,788)	(164,089)	(16,496)	(11,597)	(41,284)	(175,686)
Net profit / (loss)	1,583,638	909,172	73,835	75,909	1,657,473	985,081
Other comprehensive income						
Actuarial gain/(loss) on gratuity	19,198	(11,782)	-	-	19,198	(11,782)
Deffered Tax on actuarial gain/(loss) on gratuity	(2,688)	1,649	-	-	(2,688)	1,649
Total other comprehensive income/(expense) for the year (net of tax)	16,510	(10,133)	-	-	16,510	(10,133)
Total comprehensive income for the year	1,600,148	899,039	73,835	75,909	1,673,983	974,948

Condensed Segmental Analysis - Company

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Three months ended 31 March	Palm Oil		Others		Total	
	2021	2020	2021	2020	2021	2020
Revenue	796,729	520,569	-	67,395	796,729	587,964
Cost of sales	(449,726)	(373,847)	-	(62,723)	(449,726)	(436,570)
Gross profit/(loss)	347,003	146,722	-	4,672	347,003	151,394
Other operating income	-	-	33,606	15,831	33,606	15,831
Administrative expenses	(54,555)	(68,604)	-	-	(54,555)	(68,604)
Operating profit/(loss)	292,448	78,118	33,606	20,503	326,054	98,621
Net finance expenses	(7,887)	(20,073)	-	-	(7,887)	(20,073)
Profit/(Loss) before tax	284,561	58,045	33,606	20,503	318,167	78,548
Tax expenses	136,650	(16,014)	(8,555)	(2,216)	128,095	(18,230)
Net profit / (loss)	421,211	42,031	25,051	18,287	446,262	60,318
Other comprehensive income						
Actuarial gain/(loss) on gratuity	19,198	(11,782)	-	-	19,198	(11,782)
Deffered Tax on actuarial gain/(loss) on gratuity	(2,688)	1,649	-	-	(2,688)	1,649
Total other comprehensive income/(expense) for the year (net of tax)	16,510	(10,133)	-	-	16,510	(10,133)
Total comprehensive income for the year	437,721	31,898	25,051	18,287	462,772	50,185

Notes to the Condensed 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 year continued to be cultivation, manufacture and sale of crude palm oil and Dairy farming.

02. Condensed Interim consolidated financial statements

The Consolidated Condensed Interim Financial Statements of the Watawala Plantations PLC as at and for the year ended 31 March 2021 comprised the Company and subsidiary Watawala Dairy Ltd.

03. Approval of financial statements

The Condensed Interim Financial Statements of the Group and the Company for the year ended 31 March 2021 were authorised to be published by the Board of Directors on 24 May 2021.

04. Basis of preparation

These Condensed 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 Condensed 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 Condensed 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 years, 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 except following:

- (a) On 12 May 2021, SBI Ven Holdings Pte. Ltd signed an investment agreement to acquire 11% stake of Watawala Dairy Limited ("WDL") by capital infusion of USD 2,000,000 or rupee equivalent. The Company also infused LKR. 296 Mn by converting inter-company loan. Consequently, the company's stake in WDL will be 89% after this transaction.
- (b) The Government of Sri Lanka has issued Extraordinary Gazette No. 2222/13 dated 5 April 2021 & Extraordinary Gazette No. 2226/48 dated 6 May 2021, these gazette's may have an impact on the company's performance in the future.

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

Valuation of retirement Benefit Obligation

The Government of Sri Lanka through its Extraordinary Gazette No. 2217/37 dated 5th March 2021 announced a minimum daily wage of Rs. 1,000/- comprising of a minimum daily wage of Rs. 900/- and a budgetary relief allowance of Rs. 100/- to the estate workers employed in Plantation Sector. Twenty (20) Regional Plantation Companies(RPCs) together filed an objection against this decision at the Court of Appeal in March 2021 requesting a restraining order for the payment of salaries. On 5th April 2021, the Court refused issuing the restraining order due to which salaries of estate workers for the month of March 2021 was paid under protest at the revised daily wage of Rs. 1,000/-.

However, the future salary used in the calculation of retiring gratuity liability is estimated using the current salary level of Rs. 700/- as at 31 st March 2021. Had the Group and the Company calculated the retiring gratuity liability considering the proposed daily wage rate of Rs. 1,000/-, an additional provision charge in the Statement of Comprehensive Income for the year ended 31st March 2021 would be Rs. 79.1 Mn and Rs. 66.9 Mn respectively with a consequential increase in the Retirement benefit obligation on the statement of financial position.

Notes to the Condensed Interim Financial Statements

08. Fair value adjustments are done bi-annually as per the policy of the Company. Hence, Condensed Interim Financial Statements reflected any such changes.

09. Fair values of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Group - As at 31 March 2021	Classification	Carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value						
Investment fund	Fair value through Profit or loss	357,153	-	357,153	-	357,153
	-	357,153	-	357,153	-	357,153
Financial assets not measured at fair value						
Trade and Other receivables	Amortised cost	292,304	-	-	292,304	292,304
Amounts due from related party	Amortised cost	486	-	-	486	486
Cash at banks and in hand	Amortised cost	417,297	-	417,297	-	417,297
	-	710,087	-	417,297	292,790	710,087
Total financial assets	-	1,067,240	-	774,450	292,790	1,067,240
Financial liabilities not measured at fair value						
Interest bearing borrowings	Other financial liabilities	597,680	-	597,680	-	597,680
Trade and other payables	Other financial liabilities	366,266	-	-	366,266	366,266
Lease liabilities	Other financial liabilities	250,294	-	-	250,294	250,294
Bank overdrafts	Other financial liabilities	35,013	-	35,013	-	35,013
	-	1,249,253	-	632,693	616,560	1,249,253
Total financial liabilities	-	1,249,253	-	632,693	616,560	1,249,253

Group - As at 31 March 2020	Classification	Carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets measured at fair value						
Investment fund	Fair value through Profit or loss	343,725	-	343,725	-	343,725
	-	343,725	-	343,725	-	343,725
Financial assets not measured at fair value						
Trade and Other receivables	Amortised cost	302,533	-	-	302,533	302,533
Amounts due from related party	Amortised cost	73,902	-	-	73,902	73,902
Cash at banks and in hand	Amortised cost	186,553	-	186,553	-	186,553
	-	562,988	-	186,553	376,435	562,988
Total financial assets	-	906,713	-	530,278	376,435	906,713
Financial liabilities not measured at fair value						
Interest bearing borrowings	Other financial liabilities	763,735	-	763,735	-	763,735
Trade and other payables	Other financial liabilities	316,613	-	-	316,613	316,613
Amount due to related company	Other financial liabilities	321	-	-	321	321
Lease liabilities	Other financial liabilities	243,975	-	-	243,975	243,975
Bank overdrafts	Other financial liabilities	211,972	-	211,972	-	211,972
	-	1,536,616	-	975,707	560,909	1,536,616
Total financial liabilities	-	1,536,616	-	975,707	560,909	1,536,616

(all amounts in Sri Lankan Rupees thousands, unless otherwise stated)

Company - As at 31 March 2021	Classification	Carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value						
Investment fund	Fair value through Profit or loss	357,153	-	357,153	-	357,153
		-	-	357,153	-	357,153
Financial assets not measured at fair value						
Trade and Other receivables	Amortised cost	258,687	-	-	258,687	258,687
Loans given to related party	Amortised cost	262,000	-	-	262,000	262,000
Amounts due from related party	Amortised cost	37,870	-	-	37,870	37,870
Cash at banks and in hand	Amortised cost	398,736	-	398,736	-	398,736
		-	-	398,736	558,557	957,293
Total financial assets		-	-	755,889	558,557	1,314,446
Financial liabilities not measured at fair value						
Interest bearing borrowings	Other financial liabilities	160,500	-	160,500	-	160,500
Lease liabilities	Other financial liabilities	248,240	-	-	248,240	248,240
Trade and other payables	Other financial liabilities	321,128	-	-	321,128	321,128
Bank overdrafts	Other financial liabilities	9,342	-	9,342	-	9,342
		-	-	169,842	569,368	739,210
Total financial liabilities		-	-	169,842	569,368	739,210

Company - As at 31 March 2020	Classification	Carrying amount	Level 1	Level 2	Level 3	Fair value
Financial assets measured at fair value						
Investment fund	Fair value through Profit or loss	343,725	-	343,725	-	343,725
		-	-	343,725	-	343,725
Financial assets not measured at fair value						
Trade and Other receivables	Amortised cost	259,639	-	-	259,639	259,639
Loans given to related party	Amortised cost	200,195	-	-	200,195	200,195
Amounts due from related party	Amortised cost	100,225	-	-	100,225	100,225
Cash at banks and in hand	Amortised cost	185,147	-	185,147	-	185,147
		-	-	185,147	560,059	745,206
Total financial assets		-	-	528,872	560,059	1,088,931
Financial liabilities not measured at fair value						
Interest bearing borrowings	Other financial liabilities	307,173	-	307,173	-	307,173
Trade and other payables	Other financial liabilities	270,199	-	-	270,199	270,199
Amount due to related parties	Other financial liabilities	321	-	-	321	321
Lease liabilities	Other financial liabilities	243,975	-	-	243,975	243,975
Bank overdrafts	Other financial liabilities	97,798	-	97,798	-	97,798
		-	-	404,971	514,495	919,466
Total financial liabilities		-	-	404,971	514,495	919,466

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

11. The Condensed Interim Financial Statements are not audited.

Shareholder details for the period ending 31 March 2021

1 Public Shareholdings

	As at 31.03.2021	As at 31.03.2020
The percentage of shares held by the public	25.76	25.76
Number of Shareholders representing public shareholding	15,463	15,484

	Requirement by CSE	As as 31 March 2021	Requirement by CSE	As at 31 March 2020
Option [Listing rule 7.13.1 (a)]	4	4	5	5
Float adjusted market capitalization	Above LKR 2.5Bn	LKR 2.964Bn	Less than LKR 2.5Bn	LKR 1.047Bn
The percentage of shares held by the public	10%	25.76%	20%	25.76%
Number of shareholders representing public holding	500	15,463	500	15,484

2 Directors' Shareholding as at 31 March 2021

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

	As at 31.03.2021	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) (Alternate: T K Kanan)	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 Chief Executive Officers' Shareholding as at 31 March 2021

	As at 31.03.2021	As at 31.03.2020
Binesh Pananwala	Nil	Nil

4 Twenty (20) largest shareholders as at

Name	31st March 2021		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
Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	9,930,000	4.88	12,003,395	5.90
Sampath Bank PLC/DR.T.Senthilverl	9,592,412	4.72	11,996,501	5.90
K.C. Vignarajah	2,415,529	1.19	2,173,784	1.07
Vyjayanthi & Company Limited	1,011,674	0.50	1,011,674	0.50
Deutsche Bank AG Singapore A/C 02	948,480	0.47	1,281,399	0.63
T.T.T.AL-Nakib	700,000	0.34	-	-
J. Mathavan	611,042	0.30	-	-
Seylan Bank PLC/ARRC Capital (Pvt) Ltd	569,005	0.28	-	-
N. Muljie	559,354	0.28	559,354	0.28
M.Z.H.Hashim	490,250	0.24	-	-
J. B. Cocoshell (Pvt) Ltd	466,340	0.23	-	-
Pinnacle Trust (Pvt) Limited	431,650	0.21	-	-
M.I. Abdul Hameed	354,085	0.17	354,085	0.17
M.A.H.Esufally	334,529	0.16	-	-
Renuka Capital PLC	300,000	0.15	-	-
Cocoshell Activated Carbon Company Limited	282,694	0.14	254,604	0.13
S. Vignarajah	262,000	0.13	261,831	0.13
Union Investments Private LTD	220,881	0.11	220,881	0.11
Capital Alliance Limited	180,008	0.09	-	-
Sub Total	180,596,976	88.83	181,054,551	89.05
Other Shareholders	22,711,658	11.17	22,254,083	10.95
Grand Total	203,308,634	100.00	203,308,634	100.00

5 Stated Capital

Stated capital is represented by share in issue as given below

	As at 31.03.2021	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

6 Market Price & Trading Informations

	As at 31.03.2021	As at 31.03.2020
Highest during the period(LKR)	65.60	26.50
Lowest during the period(LKR)	49.00	18.50
Closing price (LKR)	57.10	20.00

	Quarter ended 31 Mar 2021	Quarter ended 31 Mar 2020
No. of Transactions	2,945	358
No. of shares traded	3,406,250	185,191
Value of Shares Traded(LKR)	202,389,537	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 Karunakaran (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)
(Alternate: T K Kanan)

K H Kuok (Appointed w.e.f. 26/06/2020)
(Alternate : M T Siddique)

M T Siddique (Appointed w.e.f. 03/04/2020 and
Resigned w.e.f. 25/06/2020)

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
Nations Trust Bank
Seylan Bank
State Bank of India
National Development Bank PLC

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 03

Registered Office

60, Dharmapala Mawatha, Colombo 03, Sri Lanka
Tel: +94 114 702 400
E-mail: watawala@sunshineholdings.lk
Web: www.watawalaplantations.lk