

Interim Financial Statements

Quarter Ended June 30, 2018

Watawala Plantations PLC



Managing Director's Message

Dear Shareholder,

Watawala Plantations PLC (CSE: WATA)

Watawala Plantations PLC reported a profit after tax of LKR 196 Mn for the first quarter ended 30th June 2018. Global oil palm prices remained volatile due to supply and demand side factors in the global arena. Estate Crop for the quarter was lower by 14% compared to the Q1 of the last financial year mainly due to seasonal factors resulting in lower revenue. This was partially offset by the crop purchased from other plantation companies resulting in a net crop loss of 9%. However, net sale average for the period was higher than the same period last year that cushioned the impact of the lower crops.

Watawala Dairy Limited(WDL)

Startup losses are still at large, however, they are being contained within the budgeted parameters. WDL reported a loss of LKR 44 Mn for the reporting period. The company imported another herd of 246 cattle in May which will start milking in the ensuing period.

Outlook

The volatility in the global oil palm market is likely to prevail for the foreseeable period. The expansion program aimed at replacing older palms will continue to maintain the production volumes and yields. Significant progress has been made to obtain the Roundtable on Sustainable Palm Oil (RSPO) certification, which is expected in during the financial year. The dairy segment will further consolidate its operations through better herd management and efficient utilization of resources. Milk yields are expected to increase when 246 cattle imported during the reporting period start milking in the ensuing period.



Vish Govindasamy
Managing Director
08 August 2018

Statement of Financial Position

As at	GROUP		COMPANY	
	30.06.2018	31.03.2018	30.06.2018	31.03.2018
ASSETS				
Non-current assets				
Right to use of land	79,339	80,079	72,939	73,619
Immovable estate assets on finance lease (Other than land)	28,924	30,140	24,873	26,090
Property, plant and equipment	2,106,992	2,072,077	621,363	634,031
Bearer Plant	2,500,175	2,460,188	2,368,813	2,333,817
Biological assets - Consumable	37,959	37,966	-	-
Biological assets - livestock	672,118	539,602	-	-
Investment fund	294,481	288,595	294,481	288,595
Investment in Debentures	-	-	161,968	-
Investment in subsidiaries	-	-	627,352	627,352
Total non-current assets	5,719,988	5,508,647	4,171,789	3,983,504
Current assets				
Inventories	258,000	291,830	208,131	191,788
Biological assets-produce on bearer plants	29,143	29,143	28,730	28,730
Trade and other receivables	453,980	401,516	400,890	337,707
Amounts due from Related parties	9,322	-	9,322	10,000
Cash and cash equivalent	62,551	180,264	54,894	147,834
Total current assets	812,996	902,753	701,967	716,059
Total assets	6,532,984	6,411,400	4,873,756	4,699,563
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	460,000	460,000	460,000	460,000
Retained earnings	3,025,484	2,911,785	3,138,452	2,992,979
	3,485,484	3,371,785	3,598,452	3,452,979
Non Controlling interest	248,710	262,971	-	-
Total equity	3,734,194	3,634,756	3,598,452	3,452,979
Non-current liabilities				
Interest bearing Borrowings	1,296,660	1,305,797	89,462	97,936
Leases Liability to - SLSPC and JEDB	125,004	125,790	125,004	125,790
Retirement benefit obligations	193,111	193,981	170,988	171,130
Deferred income and capital grants	231,298	243,659	50,560	50,872
Deferred tax liability	368,799	354,763	368,799	354,798
Total non-current liabilities	2,214,872	2,223,990	804,813	800,526
Current liabilities				
Interest bearing Borrowings	95,260	70,211	53,325	33,230
Lease liability to - SLSPC and JEDB	2,911	2,799	2,911	2,799
Trade and other payables	430,303	439,008	359,137	369,911
Current tax liability	55,444	40,636	55,118	40,118
Total current liability	583,918	552,654	470,491	446,058
Total liabilities	2,798,790	2,776,644	1,275,304	1,246,584
Total equity and liabilities	6,532,984	6,411,400	4,873,756	4,699,563
	LKR		LKR	
Net assets per share	17.34	16.78	17.91	17.18

It is Certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.

Prabona Gamage

Deputy General 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 the board of Watawala Plantations PLC

[Signature]

Managing Director

08 August 2018

[Signature]

Director

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

Consolidated Income Statement

	Quarter ended 30 June		
	2018	2017	Change %
Revenue	673,178	1,988,052	(66)
Cost of sales	(435,767)	(1,486,896)	71
Gross profit	237,411	501,156	(53)
Other operating income	21,434	33,910	(37)
Administrative expenses	(48,415)	(92,454)	48
Operating profit	210,430	442,612	(52)
Finance cost	(18,637)	(31,938)	42
Finance income	1,886	26,221	(93)
Net finance cost	(16,751)	(5,717)	193
Profit before income tax	193,679	436,895	(56)
Income tax expenses	(44,000)	(60,000)	27
Profit/(loss) for the period	149,679	376,895	(60)
Profit is attributable to:			
Owners of the Company	163,940	379,327	
Non-controlling interest	(14,261)	(2,432)	
	LKR	LKR	
Earning per share (LKR)	0.74	1.59	

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

Consolidated Statement of other Comprehensive Income

	Quarter ended 30 June		
	2018	2017	Change %
Profit for the period	149,679	376,895	(60)
Total comprehensive income for the period	149,679	376,895	(60)
Total comprehensive income attributable to			
Owners of the Company	163,940	379,327	(57)
Non-controlling interest	(14,261)	(2,432)	
Total comprehensive income for the period	149,679	376,895	(60)

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

Company Income Statement

	Quarter ended 30 June		
	2018	2017	Change %
Revenue	578,966	1,976,251	(71)
Cost of sales	(295,704)	(1,466,832)	80
Gross profit	283,262	509,419	(44)
Other operating income	6,730	33,910	(80)
Administrative expenses	(45,594)	(92,325)	51
Operating profit	244,398	451,004	(46)
Finance cost	(5,957)	(31,938)	81
Finance income	1,273	31,554	(96)
Net finance cost	(4,684)	(384)	(1,120)
Profit before tax	239,714	450,620	(47)
Tax expenses	(44,000)	(60,000)	27
Profit for the period	195,714	390,620	(50)
	LKR	LKR	
Earning per share	0.97	1.65	

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

Company Statement of other Comprehensive Income

	Quarter ended 30 June		
	2018	2017	Change %
Profit for the period	195,714	390,620	(50)
Total comprehensive income for the period	195,714	390,620	(50)
Profit attributable to:			
Equity holders of the company	195,714	390,620	(50)
Total comprehensive income for the period	195,714	390,620	(50)

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
Balance at 1 April 2017	460,000	5,298,935	5,758,935	-	5,758,935
Shares issued to NCI				291,200	291,200
Net profit for the period		379,327	379,327	(2,432)	376,895
Final dividend paid for the year ended 31 March 2017		(201,167)	(201,167)		(201,167)
Balance at 30 June 2017	460,000	5,477,095	5,937,095	288,768	6,225,863
Net profit for the period	-	588,158	588,158	(26,385)	561,773
Actuarial gain / (loss) on gratuity	-	35,068	35,068	588	35,656
Tax on actuarial gain / (loss) on gratuity	-	(3,380)	(3,380)	-	(3,380)
Total comprehensive income	-	619,846	619,846	(25,797)	594,049
Transactions with owners of the Company, recognized directly in equity					
Interim dividend paid for the year ended 31 March 2018		(150,722)	(150,722)		(150,722)
Net assets vested with Hatton Plantations PLC		(1,856,198)	(1,856,198)		(1,856,198)
Payment for Share Repurchased		(1,178,236)	(1,178,236)		(1,178,236)
Total transactions with owners	-	(3,185,156)	(3,185,156)	-	(3,185,156)
Balance at 31 March 2018	460,000	2,911,785	3,371,785	262,971	3,634,756
Balance at 1 April 2018	460,000	2,911,785	3,371,785	262,971	3,634,756
Net profit for the period	-	163,940	163,940	(14,261)	149,679
Total comprehensive income	-	163,940	163,940	(14,261)	149,679
Final dividend paid for the year ended 31 March 2018		(50,241)	(50,241)		(50,241)
Balance as at 30 June 2018	460,000	3,025,484	3,485,484	248,710	3,734,194

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
Balance at 1 April 2017	460,000	5,298,343	5,758,343
Net profit for the period		390,620	390,620
Final dividend paid for the year ended 31 March 2017		(201,167)	(201,167)
Balance at 30 June 2017	460,000	5,487,796	5,947,796
Net profit for the period		659,916	659,916
Actuarial gain / (loss) on gratuity		33,803	33,803
Tax on actuarial gain / (loss) on gratuity		(3,380)	(3,380)
Total comprehensive income		690,339	690,339
Transactions with owners of the Company, recognized directly in equity			
Interim dividend paid for the year ended 31 March 2018		(150,722)	(150,722)
Assets vested with Hatton Plantations PLC		(1,856,198)	(1,856,198)
Payment for Share Repurchased		(1,178,236)	(1,178,236)
Total transactions with owners		(3,185,156)	(3,185,156)
Balance at 31 March 2018	460,000	2,992,979	3,452,979
Balance at 1 April 2018	460,000	2,992,979	3,452,979
Net profit for the period	-	195,714	195,714
Total comprehensive income	-	195,714	195,714
Final dividend paid for the year ended 31 March 2018		(50,241)	(50,241)
Balance as at 30 June 2018	460,000	3,138,452	3,598,452

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

Statement of Cash Flows

Three months ended 30 June	GROUP		COMPANY	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	193,679	436,895	239,714	450,620
Adjustments for :				
Depreciation & amortisation	60,155	89,398	41,786	86,764
Provision for retirement benefit obligations	4,047	19,065	3,555	18,500
Profit on sale of property, plant and equipment	-	(13,300)	-	(13,300)
Profit on sale of bearer plants	(4,241)	(6,657)	(4,241)	(6,657)
Debt Income	-	-	(1,968)	-
Income from investment fund	(5,886)	(11,188)	(5,886)	(11,188)
Amortisation of capital grants	(12,361)	(2,510)	(312)	(2,510)
Net finance cost	16,751	5,717	4,684	384
Profit before working capital changes	252,144	517,420	277,332	522,613
Changes in working capital				
- Inventories	33,828	(40,990)	(16,343)	(15,895)
- Trade and other receivables	(52,464)	(64,514)	(63,184)	(117,603)
- Amounts due from Related parties	(9,322)	-	678	-
- Biological assets - crop on bearer plants	-	186,978	-	(163,022)
- Trade and other payables	(58,943)	33,823	(61,013)	11,736
Cash generated from operations	165,243	632,717	137,470	237,829
Cash flows from operating activities				
Net finance cost	(16,751)	(5,717)	(4,684)	(384)
Tax paid	(15,000)	(177)	(15,000)	-
Retirement benefit obligations paid	(4,917)	(33,454)	(3,697)	(32,731)
	(36,668)	(39,348)	(23,381)	(33,115)
Net cash generated from operating activities	128,575	593,369	114,089	204,714
Cash flows from investing activities				
Additions to property, plant and equipment	(66,961)	(437,202)	(1636)	(55,774)
Additions to Bearer plants	(66,137)	(57,925)	(60,580)	(49,437)
Additions to Consumable biological assets	-	(4,995)	-	(4,995)
Additions to livestock	(132,517)	(97,385)	-	-
Proceeds from sale of bearer plants	4,242	11,049	4,242	11,049
Proceeds from sale of property, plant and equipment	-	13,300	-	13,300
Debt Income	-	-	1,968	-
Investment in Debentures	-	-	(161,968)	-
Net cash used in investing activities	(261,373)	(573,158)	(217,974)	(85,857)
Proceeds from bank borrowings	24,639	254,974	20,094	74,974
Repayment of bank borrowings	(8,475)	(37,174)	(8,475)	(37,174)
Repayment of lease principal	(1,079)	(1,495)	(673)	(1,495)
Net cash used (in)/from financing activities	15,085	216,305	10,946	36,305
Net increase /(decrease) in cash & cash equivalent	(117,713)	236,516	(92,939)	155,162
Movement in cash and cash equivalents				
At the beginning of the period	180,264	888,143	147,833	861,945
Increase/(decrease) for the period	(117,713)	236,516	(92,939)	155,162
At end of period	62,551	1,124,659	54,894	1,017,107

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

SEGMENTAL ANALYSIS - GROUP

Three months ended 30 June	Palm Oil		Diary		Tea		Others		Inter Segment		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	509,390	570,425	94,212	7,747	-	1,312,774	69,576	97,106	-	-	673,178	1,988,052
Cost of sales	(235,535)	(247,043)	(140,064)	(15,637)	-	(1,138,012)	(60,168)	(86,204)	-	-	(435,767)	(1,486,896)
Gross profit/(loss)	273,855	323,382	(45,852)	(7,890)	-	174,762	9,408	10,902	-	-	237,411	501,156
Other operating income	-	-	14,703	(558)	-	-	6,731	33,910	-	-	21,434	33,910
Administrative expenses	(44,409)	(35,397)	(2,304)	(213)	-	(56,928)	(1,183)	(16)	(519)	100	(48,415)	(92,454)
Operating profit/(loss)	229,446	287,985	(33,453)	(8,661)	-	117,824	14,956	44,796	(519)	658	210,430	442,612
Net finance expenses	(4,268)	1,623	(11,468)	1,010	-	(2007)	(420)	2	(595)	(6,345)	(16,751)	(5,717)
Profit/(Loss) before tax	225,178	289,608	(44,921)	(7,651)	-	115,827	14,536	44,798	(1,114)	(5,687)	193,679	436,895
Tax expenses	(40,188)	(22,152)	-	-	-	(26,228)	(3,812)	(11,620)	-	-	(44,000)	(60,000)
Net profit / (loss)	184,990	267,456	(44,921)	(7,651)	-	89,599	10,724	33,178	(1,114)	(5,687)	149,679	376,895

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

SEGMENTAL ANALYSIS - COMPANY

Three months ended 30 June	Palm Oil		Tea		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	509,390	570,425	-	1,312,774	69,576	93,052	578,966	1,976,251
Cost of sales	(235,534)	(247,043)	-	(1,137,454)	(60,170)	(82,335)	(295,704)	(1,466,832)
Gross profit/(loss)	273,856	323,382	-	175,320	9,406	10,717	283,262	509,419
Other operating income	-	-	-	-	6,730	33,910	6,730	33,910
Administrative expenses	(44,409)	(35,397)	-	(56,928)	(1,185)	-	(45,594)	(92,325)
Operating profit/(loss)	229,447	287,985	-	118,392	14,951	44,627	244,398	451,004
Net finance expenses	(4,268)	1,623	-	(2,007)	(416)	-	(4,684)	(384)
Profit/(Loss) before tax	225,179	289,608	-	116,385	14,535	44,627	239,714	450,620
Tax expenses	(40,188)	(22,152)	-	(26,228)	(3,812)	(11,620)	(44,000)	(60,000)
Net profit / (loss)	184,991	267,456	-	90,157	10,723	33,007	195,714	390,620

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 only. 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 statement

The Consolidated interim financial statements of the Watawala Plantations PLC as at and for the period ended 30 June 2018 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 30 June 2018 were authorised to be published by the Board of Directors on 08 August 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 2017/18. 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. No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to the Interim Financial Statements.

07. There has been no change in the contingent liabilities at the quarter end as compared to 31 March 2018.

08. Fair value adjustments are done 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 Statement are not audited.

Shareholder details for the quarter ended 30 June 2018

1 Public Shareholdings

	As at 30.06.2018	As at 31.03.2018
The percentage of shares held by the public	25.76	25.78
Number of Shareholders representing public shareholding	15,629	15,697

	Minimum public holding requirement			
	Option	Float adjusted market capitalisation	Public Holding percentage	Number of Public Shareholders
Listing rule 7.13.1	5	Less than LKR 2.5 Bn	20%	500
Compliance by Watawala		LKR 1.3 Bn	25.76%	15,629

2 Directors' Shareholding as at 30th June 2018

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

	As at 30.06.2018	As at 31.03.2018
S G Wijesinha (Chairman)	1	1
V Govindasamy (Group Managing Director)	Nil	Nil
G Sathasivam	Nil	Nil
A N Fernando	1	1
N B Weerasekara	Nil	Nil
B A Hulangamuwa	Nil	Nil
L Ramanayake	Nil	Nil
S Mawzoon	Nil	Nil
Predeep Karunagaran	Nil	Nil

3 Twenty (20) largest shareholders as at

Name	30th June 2018		31st March 2018	
	No of Shares Held	% of the holding	No of Shares Held	% of the holding
1 ESTATE MANAGEMENT SERVICES (PVT) LTD.	149,195,309	74.24	149,195,309	74.24
2 SAMPATH BANK PLC/ SEYLAN BANK PLC/ DR.T.SENTHILVERL	23,430,341	11.66	22,480,010	11.19
3 K.C. VIGNARAJAH	2,148,674	1.07	2,148,644	1.07
4 HSBC INTERNATIONAL NOMINEES LTD-SSBT-DEUSTCHE BANK	1,365,459	0.68	1,365,459	0.68
5 VYJAYANTHI & COMPANY LIMITED	1,000,000	0.50	1,000,000	0.50
6 N. MULJIE	552,900	0.28	552,900	0.28
7 M.I. ABDUL HAMEED	350,000	0.17	350,000	0.17
8 S. VIGNARAJAH	258,783	0.13	258,783	0.13
9 COCOSHELL ACTIVATED CARBON COMPANY LIMITED	251,666	0.13	251,666	0.13
10 M.M. HASHIM	235,869	0.12	135,869	0.07
11 UNION INVESTMENTS PRIVATE LTD	218,333	0.11	218,333	0.11
12 PERSHING LLC S/A AVERBACH GRAUSON & CO.	166,667	0.08	166,667	0.08
13 BEST REAL INVEST CO SERVICES (PRIVATE) LIMITED	160,964	0.08	160,964	0.08
14 C M HOLDINGS PLC	141,667	0.07	141,667	0.07
15 ADAMJEE LUKMANJEE & SONS (PVT) LTD	117,135	0.06	117,135	0.06
16 D.C.D.L.S.D. PERERA	115,000	0.06	115,000	0.06
17 K.G.M. PIERIS	104,917	0.05	104,917	0.05
18 AL-HAJ S.M.M. HUSSAIN CHARITABLE TRUST	100,000	0.05		
19 M.H.M. NAZEER	100,000	0.05		
20 R.D.M. PERERA	80,000	0.04		
Sub Total	180,093,684	89.62	178,763,323	88.95
Other Shareholders	20,868,872	10.38	22,199,233	11.05
Grand Total	200,962,556	100.00	200,962,556	100.00

4 Stated Capital

Stated capital is represented by share in issue as given below

	As at 30.06.2018	As at 31.03.2018
Ordinary Shares	200,962,556	200,962,556
Golden Shares	1	1

5 Market Price & Trading Informations

	As at 30.06.2018	As at 31.03.2018
Highest during the period(LKR)	30.60	31.70
lowest during the period(LKR)	25.00	26.30
Closing price (LKR)	25.20	28.90
No. of Transactions	386	817
No. of shares traded	1,108,914	3,532,657
Value of Shares Traded(LKR)	32,940,661	103,450,176

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)
V Govindasamy (Group Managing Director)
G Sathasivam (Alternate: S G Sathasivam)
A N Fernando
N B Weerasekara
B A Hulangamuwa (Resigned w.e.f. 27 July 2018)
L Ramanayake (Resigned w.e.f. 10 June 2018)
S Mawzoon
Predeepean Karunagaran (Alternate: Thanveer Siddique)

Secretaries

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

Auditors

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

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

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