

Interim Financial Statements

Quarter Ended June 30, 2019

Watawala Plantations PLC



Managing Director's Message

Dear Shareholder,

Watawala Plantations PLC (CSE: WATA)

Watawala Plantations PLC posted a profit after tax (PAT) of LKR 260 Mn at group level for the quarter ended 30th June 2019, compared to a PAT LKR 150Mn 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 revenue growth as a result of higher milk selling prices and volumes. WATA company recorded LKR 332Mn profit after tax in comparison to the LKR 196 Mn in the same period last year.

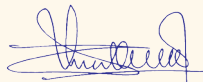
The Net assets per share increased to LKR 19.92 from LKR 18.59 reported as at 30th June 2019 due to higher profitability recorded during the quarter.

Watawala Dairy Limited (WDL)

The quarterly performances showed continuous improvements, as the milk volumes and prices have increased significantly. WDL reported an improved performance at EBIT level in comparison to the same period last year. The increased milk production was driven by majority of the herd moving into the second lactation cycle, while the stringent cost optimization measures resulted in improved performance during the quarter.

Outlook

The volatility in the global oil palm market will remain and the excess supply of coconut oil into the domestic market will have some bearing on the demand for the palm oil in the remaining period of the year. The dairy segment will further consolidate its operations with more focus on rationalizing feed costs with increasing the milk yields.



Vish Govindasamy
Managing Director
05th August 2019

Consolidated Income Statement

	Quarter ended 30 June		
	2019	2018	Change %
Revenue	879,941	673,178	31%
Cost of sales	(494,747)	(435,767)	-14%
Gross profit	385,194	237,411	62%
Other Income	33,834	21,434	58%
Administrative Expenses	(54,151)	(48,415)	-12%
Operating profit	364,877	210,430	73%
Finance Income	3,623	1,886	92%
Finance Costs	(55,436)	(18,637)	-197%
Net Finance (Cost)/Income	(51,813)	(16,751)	-209%
Profit before income tax	313,064	193,679	62%
Income tax expense	(53,000)	(44,000)	-20%
Profit for the period	260,064	149,679	74%
Profit is attributable to:			
Owners of the Company	275,123	163,940	
Non-controlling interests	(15,059)	(14,261)	
	260,064	149,679	
Earning per share (LKR)	1.29	0.74	
Consolidated Statement of other Comprehensive Income			
Profit for the period	260,064	149,679	74%
Other comprehensive income			
Total comprehensive income for the period	260,064	149,679	74%
Total comprehensive income attributable to			
Owners of the Company	275,123	163,940	
Non-controlling interests	(15,059)	(14,261)	
Total comprehensive income for the period	260,064	149,679	

Company Income Statement

	Quarter ended 30 June		
	2019	2018	Change %
Revenue	743,819	578,966	28%
Cost of sales	(330,975)	(295,704)	-12%
Gross profit	412,844	283,262	46%
Other Income	26,041	6,730	287%
Administrative Expenses	(52,774)	(45,594)	-16%
Operating profit	386,111	244,398	58%
Finance Income	13,672	1,273	974%
Finance Costs	(15,053)	(5,957)	-153%
Net Finance (Cost)/Income	(1,381)	(4,684)	71%
Profit before income tax	384,730	239,714	60%
Income tax expense	(53,000)	(44,000)	-20%
Profit for the period	331,730	195,714	69%
Earning per share (LKR)	1.65	0.97	
	-		
Consolidated Statement of other Comprehensive Income			
Profit for the period	331,730	195,714	69%
Other comprehensive income	-	-	-
Total comprehensive income for the period	331,730	195,714	69%
Total comprehensive income attributable to			
Equity holders of the company	331,730	195,714	69%
Total comprehensive income for the period	331,730	195,714	69%


Statement of Financial Position

As at	Group		Company	
	30.06.2019	31.03.2019	30.06.2019	31.03.2019
Assets				
Non-current Assets				
Right to use of land	76,379	77,120	70,218	70,898
Property, plant and equipment	2,203,063	2,200,469	683,407	667,751
Intangible assets	23,505	24,925	17,707	18,839
Bearer Biological Assets	2,674,925	2,673,393	2,553,290	2,546,832
Biological assets - consumable	38,356	38,356	-	-
Biological assets - livestock	664,104	662,620	-	-
Investment fund	319,094	312,051	319,094	312,051
Investment in subsidiaries	-	-	1,258,242	627,352
Investment in debenture	-	-	-	174,088
Total non-current assets	5,999,426	5,988,934	4,901,958	4,417,811
Current Assets				
Inventories	178,129	143,089	135,870	100,790
Biological assets-produce on bearer plants	38,293	31,271	37,917	30,831
Trade and other receivables	354,480	313,198	304,901	258,619
Loan given to related party	-	-	-	222,259
Amount due from related parties	-	21,918	24,191	21,918
Cash and cash equivalents	128,453	204,001	127,216	199,064
Total current assets	699,355	713,477	630,095	833,481
Total assets	6,698,781	6,702,411	5,532,053	5,251,292
Equity and Liabilities				
Capital and Reserves				
Stated capital	460,000	460,000	460,000	460,000
Retained earnings	3,542,485	3,275,437	3,875,452	3,543,722
Equity attributable to the equity holders of the parent	4,002,485	3,735,437	4,335,452	4,003,722
Non controlling interests	-	187,074	-	-
Total equity	4,002,485	3,922,511	4,335,452	4,003,722
Non-current Liabilities				
Interest bearing borrowings	1,102,536	1,111,324	55,566	63,382
Lease Liability to -SLSPC and JEDB	125,262	125,976	125,262	125,976
Retirement benefit obligations	239,035	242,717	208,485	211,653
Deferred income and capital grants	180,466	193,105	47,925	48,515
Deferred tax liabilities	382,417	376,417	382,417	376,417
Total non-current Liabilities	2,029,716	2,049,539	819,655	825,943
Current Liabilities				
Interest bearing borrowings	144,332	144,483	33,233	33,890
Lease Liability to -SLSPC and JEDB	2,897	2,911	2,897	2,911
Trade and other payables	315,329	411,150	239,841	351,463
Amount due to related parties	-	27,614	-	-
Current tax liabilities	75,544	33,450	75,458	33,363
Bank overdrafts	128,478	110,753	25,517	-
Total current liabilities	666,580	730,361	376,946	421,627
Total liabilities	2,696,296	2,779,900	1,196,601	1,247,570
Total equity and liabilities	6,698,781	6,702,411	5,532,053	5,251,292
Net assets per share	19.92	18.59	21.57	19.92

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


Senior 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.


Managing Director

05 August 2019
 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 2018	460,000	2,911,785	3,371,785	262,971	3,634,756
Profit for the year	-	837,495	837,495	(74,484)	763,011
Actuarial loss on retirement benefit obligations	-	(24,711)	(24,711)	(1,413)	(26,124)
Tax on actuarial loss on retirement benefit obligations	-	3,034	3,034	-	3,034
Total comprehensive income for the year	-	815,818	815,818	(75,897)	739,921
Transactions with owners of the Company, recognised directly in equity					
Dividends paid	-	(452,166)	(452,166)	-	(452,166)
Total transactions with owners	-	(452,166)	(452,166)	-	(452,166)
Balance at 31 March 2019	460,000	3,275,437	3,735,437	187,074	3,922,511
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
Transactions with owners of the Company, recognised directly in equity					
Loss on acquisition of non-controlling interest	-	(8,075)	(8,075)	8,075	-
Acquisition of non-controlling interest	-	-	-	(180,090)	(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

Statement of changes in equity - Company

(all amounts in Sri Lankan Rupees thousands)

	Stated capital	Retained earnings	Total equity
Balance at 1 April 2018	460,000	2,992,979	3,452,979
Profit for the year	-	1,021,549	1,021,549
Actuarial loss on retirement benefit obligations	-	(21,674)	(21,674)
Tax on actuarial loss on retirement benefit obligations	-	3,034	3,034
Total comprehensive income for the year	-	1,002,909	1,002,909
Transactions with owners of the Company, recognised directly in equity			
Dividends paid	-	(452,166)	(452,166)
Total transactions with owners	-	(452,166)	(452,166)
Balance at 31 March 2019	460,000	3,543,722	4,003,722
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

Consolidated Statement of cash flow

(all amounts in Sri Lankan Rupees thousands)

	Group		Company	
	Period ended 30 June		Period ended 30 June	
	2019	2018	2019	2018
Net profit before taxation	313,064	193,679	384,730	239,714
Adjustments for:				
Depreciation & amortisation	72,001	60,155	48,432	41,786
Provision for retirement benefit obligations	4,844	4,047	3,725	3,555
Profit on sale of property, plant and equipment	-	(4,241)	-	(4,241)
Income from investment fund	(7,043)	(5,886)	(7,043)	(5,886)
Amortisation of capital grants	(12,639)	(12,361)	(590)	(312)
Net finance cost	(51,813)	16,751	(1,381)	4,684
Profit before working capital changes	318,414	252,144	427,873	279,300
Changes in working capital				
- Inventories	(35,040)	33,828	(35,080)	(16,343)
- Bearer plants	(7,022)	-	(7,086)	-
- Trade and other receivables	(41,282)	(52,464)	(46,282)	(63,184)
- Loan from Related parties	-	-	222,259	-
- Amount due from Related parties	21,918	(9,322)	(2,273)	678
- Trade and other payables	(123,436)	(58,943)	(111,623)	(61,013)
Cash generated from operations	133,552	165,243	447,788	139,438
Net finance cost	51,813	(16,751)	1,381	(4,684)
Income Tax paid	(4,905)	(15,000)	(4,905)	(15,000)
Retirement benefit obligations paid	(8,526)	(4,917)	(6,893)	(3,697)
	38,382	(36,668)	(10,417)	(23,381)
Net cash generated from operating activities	171,934	128,575	437,371	116,057
Cash flows from investing activities				
Additions to property, plant and equipment	(36,112)	(66,961)	(30,879)	(1,636)
Additions to Bearer plants	(37,854)	(66,137)	(37,854)	(60,580)
Proceeds from sale of bearer trees	-	4,242	-	4,242
Addition to livestock	(1,484)	(132,517)	-	-
Investment in NCI	(180,090)	-	(180,090)	-
Investment in WDL	-	-	(276,712)	-
Investment in Debenture	-	-	-	(161,968)
Net cash used in investing activities	(255,540)	(261,373)	(525,535)	(219,942)
Cash flows from financing activities				
Proceeds from borrowings	-	24,639	-	20,094
Repayment of borrowings	(8,939)	(8,475)	(8,473)	(8,475)
Repayment of lease principal	(728)	(1,079)	(728)	(673)
Net cash used in financing activities	(9,667)	15,085	(9,201)	10,946
(Decrease) / increase in cash and cash equivalents	(93,273)	(117,713)	(97,365)	(92,939)
Movement in cash and cash equivalents				
At the beginning of year	93,248	180,264	199,064	147,833
(Decrease) / Increase for the period	(93,273)	(117,713)	(97,365)	(92,939)
At end of period	(25)	62,551	101,699	54,894
Cash & cash equivalents	128,453	62,551	127,216	54,894
Bank over draft	(128,478)	-	(25,517)	-
At end of period	(25)	62,551	101,699	54,894

Segmental Analysis - Group

(All values are in Rupees '000s, unless otherwise stated)

Quarter ended 30 June	Palm Oil		Dairy Farm		Others		Inter Segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	743,819	509,390	136,122	94,212	-	69,576	-	-	879,941	673,178
Cost of sales	(330,975)	(235,534)	(163,772)	(140,064)	-	(60,169)	-	-	(494,747)	(435,767)
Gross profit/(loss)	412,844	273,856	(27,650)	(45,852)	-	9,407	-	-	385,194	237,411
Other operating income	-	-	11,029	14,703	26,041	6,731	(3,236)	-	33,834	21,434
Administrative expenses	(52,774)	(44,409)	(1,377)	(2,304)	-	(1,183)	-	(519)	(54,151)	(48,415)
Operating profit/(loss)	360,070	229,447	(17,998)	(33,453)	26,041	14,955	(3,236)	(519)	364,877	210,430
Net finance expenses	(1,381)	(4,269)	(50,432)	(11,468)	-	(419)	-	(595)	(51,813)	(16,751)
Profit/(Loss) before tax	358,689	225,178	(68,430)	(44,921)	26,041	14,536	(3,236)	(1,114)	313,064	193,679
Tax expenses	(49,354)	(40,188)	-	-	(3,646)	(3,812)	-	-	(53,000)	(44,000)
Net profit / (loss)	309,335	184,990	(68,430)	(44,921)	22,395	10,724	(3,236)	(1,114)	260,064	149,679

Segmental Analysis - Company

(All values are in Rupees '000s, unless otherwise stated)

Quarter ended 30 June	Palm Oil		Others		Total	
	2019	2018	2019	2018	2019	2018
Revenue	743,819	509,390	-	69,576	743,819	578,966
Cost of sales	(330,975)	(235,534)	-	(60,170)	(330,975)	(295,704)
Gross profit/(loss)	412,844	273,856	-	9,406	412,844	283,262
Other operating income	-	-	26,041	6,730	26,041	6,730
Administrative expenses	(52,774)	(44,409)	-	(1,185)	(52,774)	(45,594)
Operating profit/(loss)	360,070	229,447	26,041	14,951	386,111	244,398
Net finance expenses	(1,381)	(4,269)	-	(415)	(1,381)	(4,684)
Profit/(Loss) before tax	358,689	225,178	26,041	14,536	384,730	239,714
Tax expenses	(49,354)	(40,188)	(3,646)	(3,812)	(53,000)	(44,000)
Net profit / (loss)	309,335	184,990	22,395	10,724	331,730	195,714

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 statement

The Consolidated interim financial statements of the Watawala Plantations PLC as at and for the period ended 30 June 2019 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 2019 were authorised to be published by the Board of Directors on 5 August 2019.

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 2018/19. 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.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under SLFRS.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's Financial Statements.

05. The company has acquired 100% holding in Watawala Dairy Limited (WDL) by investing LKR. 180mn during the quarter. A further sum of LKR. 450mn invested in WDL as a result of capital restructure.

06. 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.

07. No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to the Interim Financial Statements.

08. There has been no change in the contingent liabilities at the quarter end as compared to 31 March 2019.

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

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

11. The Interim Financial Statement are not audited.

Shareholder details for the period ending 30 June 2019

1 Public Shareholdings

	As at 30.06.2019	As at 31.03.2019
The percentage of shares held by the public	25.76	25.76
Number of Shareholders representing public shareholding	15,597	15,597

	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 1.02 Bn	25.76%	15,597

2 Directors' Shareholding as at 30th June 2019

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

	As at 30.06.2019	As at 31.03.2019
S G Wijesinha (Chairman)	1	1
G Sathasivam	Nil	Nil
V Govindasamy (Managing Director)	Nil	Nil
A N Fernando	1	1
N B Weerasekara	Nil	Nil
S Mawzoon	Nil	Nil
Predeep Karunagaran	Nil	Nil

3 Twenty (20) largest shareholders as at

Name	30th June 2019		31 st March 2019	
	No of Shares Held	% of the holding	No of Shares Held	% of the holding
Estate Management Services (Pvt) Ltd	149,195,309	74.24	149,195,309	74.24
Seylan Bank PLC/ Senthil Verl Holdings (Pvt) Ltd	11,764,637	5.85	23,576,097	11.73
Sampath Bank PLC/Dr.T.Senthil Verl	11,373,867	5.66	-	-
K.C. Vignarajah	2,148,687	1.07	2,148,684	1.07
SSBT-Deutsche Bank AG Singapore A/C 01	1,365,459	0.68	1,365,459	0.68
Vjayanathi & Company Limited	1,000,000	0.50	1,000,000	0.50
N. Muljie	552,900	0.28	552,900	0.28
Dr.T.Senthil Verl	438,891	0.22	-	-
M.I. Abdul Hameed	350,000	0.17	350,000	0.17
S. Vignarajah	258,811	0.13	258,811	0.13
Cocoshell Activated Carbon Company Limited	251,666	0.13	251,666	0.13
Union Investments Private LTD	218,333	0.11	218,333	0.11
Best Real Invest Co Services (Private) Limited	160,964	0.08	160,964	0.08
C M Holdings PLC	141,667	0.07	141,667	0.07
Adamjee Lukmanjee & Sons (Pvt) Ltd	117,135	0.06	117,135	0.06
D.C.D.L.S.D. Perera	115,000	0.06	115,000	0.06
M.M. Hashim	110,200	0.05	96,208	0.05
V.V.Appoo	108,253	0.05	-	-
K.G.M. Pieris	104,917	0.05	104,917	0.05
Al-Haj S.M.M. Hussain Charitable Trust	100,000	0.05	100,000	0.05
Sub Total	179,876,696	89.51	179,753,150	89.45
Other Shareholders	21,085,860	10.49	21,209,406	10.55
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 30.06.2019	As at 31.03.2019
Ordinary Shares	200,962,556	200,962,556
Golden Share	1	1

5 Market Price & Trading Informations

	As at 30.06.2019	As at 31.03.2019
Highest during the period(LKR)	20.70	23.30
lowest during the period(LKR)	17.40	18.00
Closing price (LKR)	19.80	18.50

	Quarter ended 30 Jun 2019	Quarter ended 31 Mar 2019
No. of Transactions	358	524
No. of shares traded	11,983,790	284,057
Value of Shares Traded(LKR)	224,028,667	5,799,721

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 N Fernando
N B Weerasekara
S Mawzoon
Predeepan 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
ICICI Bank
MCB Bank Ltd
Nations Trust Bank
Seylan Bank

Lawyers

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