

Interim Financial Statements

Quarter Ended 30 September 2017

Watawala Plantations PLC



Managing Director's Message

Dear Shareholder,

Watawala Plantations PLC (CSE: WATA) recorded a Net Profit of LKR 807.6Mn for the six months ended 30 September 2017. This is an increase of LKR 264Mn or 49% compared to the corresponding period of the previous year. The turnaround in the tea segment and the sustained profitability in the palm oil segment propelled Watawala Plantations PLC's profits during the April - September period (1HY18) as disclosed in the segmental analysis in the ensuing Financial Statements.

Watawala Group profitability also increased by 36% recording a Net Profit of LKR 743Mn. Group profitability decreased compared to the parent Company due to startup losses incurred by Watawala Dairy Limited which commenced commercial operations in the current period.

Palm Oil

Profitability of the segment was steady due to a higher crop and stable import duty during the period. Palm oil average selling price was however less than the corresponding previous period due to a lesser import duty and volatile world market prices affecting the local prices. The segment recorded a Profit of LKR 541Mn against LKR.741Mn made in 1HFY17.

Tea

The Tea segment saw a significant turnaround by recording a profit of LKR.168Mn compared to a loss of LKR.257 Mn. reported in the same period last year. This was mainly attributable to the quality focus manufacturing strategy, cost reduction measures, and bullish market conditions.

Exports

The export sector profitability dropped due to lesser orders from overseas buyers.

Dairy

The yield from milking cows increased during the period reaching 10,000ltr. per day. Operational time taken to increase the milking yield once the imported cows settled down and started calving resulted in a less revenue that was not meeting the feed cost resulting in a net loss for the period. Next herd of cows is expected from Australia and currently protocols are being finalised.

Outlook

The company is hopeful that "Arrangement" that segregated the Upcountry tea business from the rest of the operations (please refer Note no. 08) will yield positive results in the future. Up country tea business is now under 'Hatton Plantations Ltd' which will be more focused to develop the tea business.

Watawala Plantations PLC will now be solely focused on the Palm oil and Dairy operations and all efforts will be made to consolidate and enhance profitability of the Company and its Subsidiary.



V. Govindasamy
Managing Director
06 November 2017



Report on Review of Interim Financial Information

To the Directors of Watawala Plantations PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Watawala Plantations PLC and its subsidiaries as at 30 September 2017, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Sri Lanka Standard on Review Engagements 2410, "Review of interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, preliminarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Sri Lanka Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects in accordance with Sri Lanka Accounting Standard 34 [LKAS 34] - Interim Financial Reporting.

6 November 2017
COLOMBO

PricewaterhouseCoopers.
CHARTERED ACCOUNTANTS

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Statement of Financial Position

As at	GROUP		COMPANY	
	30.09.2017	31.03.2017	30.09.2017	31.03.2017
ASSETS				
Non-current assets				
Right to use of land	82,238	198,473	75,420	191,774
Immovable estate assets on finance lease (other than land)	33,472	107,474	29,421	102,984
Property, plant and equipment	1,840,882	2,423,768	637,459	1,770,618
Bearer plants	2,326,704	2,955,251	2,208,061	2,850,482
Biological assets - Consumable	41,124	648,831	-	607,707
Biological assets - livestock	129,430	24,944	-	-
Investment fund	274,046	258,319	274,046	258,319
Investment in subsidiaries	-	-	627,352	627,352
Available for sale investments	-	21,645	-	21,645
Total non-current assets	4,727,896	6,638,705	3,851,759	6,430,881
Current assets				
Inventories	310,658	732,988	223,672	686,138
Biological assets-growing crops on bearer plants	30,535	35,757	30,161	35,452
Trade and other receivables	292,238	537,199	224,150	438,380
Amounts due from Related parties	251,006	279,735	551,006	279,735
Cash and cash equivalents	1,121,279	888,143	982,995	861,945
Total current assets	2,005,716	2,473,822	2,011,984	2,301,650
Total assets	6,733,612	9,112,527	5,863,743	8,732,531
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	460,000	460,000	460,000	460,000
Retained earnings	4,031,756	5,298,935	4,079,062	5,298,343
	4,491,756	5,758,935	4,539,062	5,758,343
Non - Controlling interest	276,670	291,200	-	-
Total equity	4,768,426	6,050,135	4,539,062	5,758,343
Non-current liabilities				
Borrowings	464,222	325,006	114,222	325,006
Lease Liability to - SLSPC and JEDB	130,181	328,412	130,181	328,412
Retirement benefit obligations	193,001	908,192	169,314	882,705
Deferred income and capital grants	51,516	193,528	51,516	193,528
Deferred tax liability	218,027	331,182	218,162	331,217
Total non-current liabilities	1,056,947	2,086,320	683,395	2,060,868
Current liabilities				
Borrowings	213,894	118,318	33,894	118,318
Lease Liability to - SLSPC and JEDB	2,799	6,720	2,799	6,720
Amounts due to a related party	219,962	-	219,962	-
Trade and other payables	427,653	688,426	341,217	630,019
Current tax liability	43,931	162,608	43,414	158,263
Total current liabilities	908,239	976,072	641,286	913,320
Total liabilities	1,965,186	3,062,392	1,324,681	2,974,188
Total equity and liabilities	6,733,612	9,112,527	5,863,743	8,732,531
	Rs.		Rs.	
Net assets per share (please refer Note no. 08)	18.98	24.33	19.18	24.33

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

Prasanna Gamage

Deputy General Manager-Finance

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

[Signature]
Managing Director
 06 November 2017

[Signature]
Director

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

Consolidated Income Statement

	Quarter ended 30 September			Six month ended 30 September		
	2017	2016	Change %	2017	2016	Change %
Revenue	1,778,360	1,648,096	8	3,766,412	3,307,435	14
Cost of sales	(1,371,339)	(1,226,386)	(12)	(2,858,235)	(2,535,233)	(13)
Gross profit	407,021	421,710	(3)	908,177	772,202	18
Other income	31,423	24,852	26	65,333	35,143	86
Administrative expenses	(138,213)	(74,334)	(86)	(230,667)	(143,413)	(61)
Operating profit	300,231	372,228	(19)	742,843	663,932	12
			-			-
Finance cost	(31,977)	(30,138)	(6)	(63,915)	(59,589)	(7)
Finance income	29,296	6,277	367	55,517	25,508	118
Net finance cost	(2,681)	(23,861)	89	(8,398)	(34,081)	75
Profit before income tax	297,550	348,367	(15)	734,445	629,851	17
Income tax expenses	68,935	(39,030)	277	8,935	(82,000)	111
Profit for the period	366,485	309,337	18	743,380	547,851	36
Earning per share (LKR)	1.55	1.31		3.14	2.31	

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

Consolidated statement of comprehensive income

	Quarter ended 30 September			Six month ended 30 September		
	2017	2016	Change %	2017	2016	Change %
Profit for the period	366,485	309,337	18	743,380	547,851	36
Other comprehensive income						
Items that may not be subsequently reclassified to profit or loss						
Actuarial gain on gratuity	35,656	-	100	35,656	-	100
Tax on actuarial gain on gratuity	(3,380)	-	(100)	(3,380)	-	(100)
Total other comprehensive income for the period (net of tax)	32,276	-	100	32,276	-	100
Total comprehensive income for the period	398,761	309,337	29	775,656	547,851	42
Total comprehensive income attributable to						
Owners of the Company	410,859	307,341	34	790,186	546,873	44
Non-controlling interest	(12,098)	1,996	(706)	(14,530)	978	(1,586)
Total comprehensive income for the period	398,761	309,337	29	775,656	547,851	42

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

Company Income Statement

	Quarter ended 30 September			Six month ended 30 September		
	2017	2016	Change %	2017	2016	Change %
Revenue	1,723,234	1,629,418	6	3,699,485	3,271,376	13
Cost of sales	(1,278,567)	(1,199,822)	(7)	(2,745,399)	(2,485,794)	(10)
Gross profit	444,667	429,596	4	954,086	785,582	21
Other operating income	32,330	24,852	30	66,240	35,143	88
Administrative expenses	(137,224)	(75,083)	(83)	(229,549)	(144,958)	(58)
Operating profit	339,773	379,365	(10)	790,777	675,767	17
Finance cost	(28,902)	(30,137)	4	(60,840)	(59,589)	(2)
Finance income	39,735	(6,833)	682	71,289	9,169	678
Net finance cost	10,833	(36,970)	(129)	10,449	(50,420)	121
Profit before tax	350,606	342,395	2	801,226	625,347	28
Tax expenses	66,435	(39,030)	270	6,435	(82,000)	108
Profit for the period	417,041	303,365	37	807,661	543,347	49

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

Company statement of comprehensive income

	Quarter ended 30 September			Six month ended 30 September		
	2017	2016	Change %	2017	2016	Change %
Profit for the period	417,041	303,365	37	807,661	543,347	49
Other comprehensive income						
Items that may not be subsequently reclassified to profit or loss						
Actuarial gain on gratuity	33,803	-	100	33,803	-	100
Tax on actuarial gain on gratuity	(3,380)	-	(100)	(3,380)	-	(100)
Total other comprehensive income for the period (net of tax)	30,423	-	100	30,423	-	100
Total comprehensive income for the period	447,464	303,365	48	838,084	543,347	54
Total comprehensive income attributable to:						
Equity holders of the company	447,464	303,365	48	838,084	543,347	54
Total comprehensive income for the period	447,464	303,365	48	838,084	543,347	54

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
Opening balance at 1 April 2016	460,000	4,320,050	4,780,050	-	4,780,050
Shares issued to NCI	-	-	-	292,000	292,000
Net profit for the period	-	546,873	546,873	978	547,851
Dividend paid for the year ended 31 March 2016	-	(177,500)	(177,500)	-	(177,500)
Balance at 30 September 2016	460,000	4,689,423	5,149,423	292,978	5,442,401
Net profit for the period	-	679,586	679,586	(1,778)	677,808
Actuarial gain / (loss) on gratuity	-	92,604	92,604	-	92,604
Tax on actuarial gain / (loss) on gratuity	-	(8,845)	(8,845)	-	(8,845)
Total comprehensive income	-	763,345	763,345	(1,778)	761,567
Interim dividend paid for the year	-	(153,833)	(153,833)	-	(153,833)
Total transactions with owners	-	(153,833)	(153,833)	-	(153,833)
Balance at 31 March 2017	460,000	5,298,935	5,758,935	291,200	6,050,135
Balance at 1 April 2017	460,000	5,298,935	5,758,935	291,200	6,050,135
Net profit for the period	-	757,910	757,910	(14,530)	743,380
Actuarial gain / (loss) on gratuity	-	35,656	35,656	-	35,656
Tax on actuarial gain / (loss) on gratuity	-	(3,380)	(3,380)	-	(3,380)
Total comprehensive income	-	790,186	790,186	(14,530)	775,656
Final dividend paid for the year ended 31 March 2017	-	(201,167)	(201,167)	-	(201,167)
Net assets vested with Hatton Plantations Ltd	-	(1,856,198)	(1,856,198)	-	(1,856,198)
Balance as at 30 September 2017	460,000	4,031,756	4,491,756	276,670	4,768,426

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
Opening balance at 1 April 2016	460,000	4,320,409	4,780,409
Net profit for the period		543,347	543,347
Dividend paid for the year		(177,500)	(177,500)
Balance at 30 September 2016	460,000	4,686,256	5,146,256
Net profit for the period		686,314	686,314
Actuarial gain / (loss) on gratuity		88,451	88,451
Tax on actuarial gain / (loss) on gratuity		(8,845)	(8,845)
Total comprehensive income	-	765,920	765,920
Interim dividend paid for the year		(153,833)	(153,833)
Total transactions with owners		(153,833)	(153,833)
Balance at 31 March 2017	460,000	5,298,343	5,758,343
Balance at 1 April 2017	460,000	5,298,343	5,758,343
Net profit for the period		807,661	807,661
Actuarial gain / (loss) on gratuity		33,803	33,803
Tax on actuarial gain / (loss) on gratuity		(3,380)	(3,380)
Total comprehensive income		838,084	838,084
Final dividend paid for the year ended 31 March 2017		(201,167)	(201,167)
Net assets vested with Hatton Plantations Ltd		(1,856,198)	(1,856,198)
Balance as at 30 September 2017	460,000	4,079,062	4,539,062

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

Statement of Cash Flows

Six months ended 30 September	GROUP		COMPANY	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	734,445	629,851	801,226	625,347
Adjustments for :				
Depreciation & amortisation	180,491	156,893	173,382	155,256
Provision for retirement benefit obligations	79,861	81,408	77,655	78,789
Profit on sale of property, plant and equipment	(13,300)	-	(13,300)	-
Profit on sale of bearer plants	(23,607)	-	(23,607)	-
Gains on fair valuation of Consumable biological assets	(8,237)	-	(8,237)	-
Dividend income	-	(4,165)	-	-
Income from investment	(15,727)	-	(15,727)	(4,165)
Amortisation of capital grants	(5,020)	(6,313)	(5,020)	(6,313)
Loss on transfer of livestock to WDL	-	6,666	-	6,666
Net finance cost	8,398	34,081	(10,449)	50,420
Profit before working capital changes	937,304	898,421	975,923	906,000
Changes in working capital				
- Inventories	(76,408)	64,682	(36,272)	77,035
- Trade and other receivables	108,745	9,734	78,014	108,190
- Amount due from Related parties	28,729	-	(271,271)	-
- Biological assets crop on bearer plants.	(11,465)	-	(11,396)	-
- Trade and other payables	98,927	50,870	70,898	35,336
Cash generated from operations	1,085,832	1,023,707	805,896	1,126,561
Cash flows from operating activities				
Net finance cost	(8,398)	(34,081)	10,449	(50,420)
Tax paid	(226,277)	140	(224,849)	-
Retirement benefit obligations paid	(70,798)	(60,658)	(68,645)	(59,761)
	(305,473)	(94,599)	(283,045)	(110,181)
Net cash generated from operating activities	780,359	929,109	522,851	1,016,380
Cash flows from investing activities				
Additions to property, plant and equipment	(657,156)	(234,542)	(102,638)	(71,965)
Additions to Bearer plants	(143,179)	(161,885)	(126,750)	(142,421)
Additions to Consumable biological assets	(24,176)	-	(24,187)	-
Additions to livestock	(104,486)	-	-	-
Proceeds from sale of bearer plants	13,300	-	13,300	-
Dividend income	-	4,165	-	4,165
Proceeds from sale of property, plant and equipment	33,362	-	33,362	-
Proceeds from issue of shares	-	292,000	-	-
Fund vested with HPL	(3,734)	-	(3,734)	-
Investment in a subsidiary	-	-	-	(438,000)
Short term investments	-	(439,803)	-	(201,274)
Income investments	-	(13,781)	-	(13,781)
Net cash used in investing activities	(886,069)	(553,846)	(210,647)	(863,276)
Dividend payment	(201,167)	(177,500)	(201,167)	(177,500)
Proceeds from bank borrowings	719,854	38,000	89,854	38,000
Repayment of bank borrowings	(176,850)	(64,842)	(76,850)	(64,842)
Repayment of lease principal	(2,991)	-	(2,991)	-
Net cash used in financing activities	338,846	(204,342)	(191,154)	(204,342)
Net increase /(decrease) in cash & cash equivalent	233,136	170,921	121,050	(51,238)
Movement in cash and cash equivalents				
At the beginning of year	888,143	657,669	861,945	667,064
Increase/(decrease) for the year	233,136	170,921	121,050	(51,238)
At end of year	1,121,279	828,590	982,995	615,826

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SEGMENTAL ANALYSIS - GROUP

	Tea		Palm Oil		Export		Diary		Others		Inter-Segment		Total		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Six month ended 30 September															
Revenue	2,410,197	1,831,536	1,142,689	1,228,104	156,742	230,954	56,784	29,285	-	-	-	(12,444)	3,766,412	3,307,435	
Cost of sales	(2,147,008)	(1,922,269)	(470,425)	(381,679)	(140,113)	(200,559)	(100,689)	(43,170)	-	-	-	12,444	(2,858,235)	(2,535,233)	
Gross profit/(loss)	263,189	(90,733)	672,264	846,425	16,629	30,395	(43,905)	(13,885)	-	-	-	-	908,177	772,202	
Other operating income	-	-	-	-	-	-	(3,583)	-	66,240	35,143	2,676	-	65,333	35,143	
Administrative expenses	(148,655)	(84,440)	(80,894)	(60,518)	(84)	(407)	(978)	-	-	-	44	1,952	(230,667)	(143,413)	
Operating profit/(loss)	114,534	(175,173)	591,370	785,907	16,445	29,988	(48,466)	(13,885)	66,240	35,143	2,720	1,952	742,843	663,932	
Net finance expenses	3,114	(36,313)	7,355	(14,107)	3	8	(1,591)	16,331	-	-	(17,259)	-	(8,398)	(34,081)	
Profit/(Loss) before tax	117,648	(211,486)	598,705	771,800	16,448	29,996	(50,057)	2,446	66,240	35,143	(14,539)	1,952	734,445	629,851	
Tax expenses	47,502	(45,909)	(57,561)	(30,784)	(3,958)	(5,307)	2,500	-	20,452	-	-	-	8,935	(82,000)	
Net profit / (loss)	165,150	(257,395)	541,144	741,016	12,490	24,689	(47,557)	2,446	86,692	35,143	(14,539)	1,952	743,380	547,851	
Actuarial gain/(loss) on gratuity	29,840		3,962				1,853						35,656		
Tax on actuarial gain/(loss) on gratuity	(2,984)		(396)				-						(3,380)		
Total other comprehensive income/(loss)	26,856		3,566				1,853						32,276		
Total comprehensive income/(loss)	192,006	(257,395)	544,711	741,016	12,490	24,689	(45,704)	2,446	86,692	35,143	(14,539)	1,952	775,656	547,851	

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

SEGMENTAL ANALYSIS - GROUP

	Tea		Palm Oil		Export		Diary		Others		Inter-Segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Three months ended 30 September														
Revenue	1,097,423	818,552	572,264	719,633	59,637	101,584	49,036	20,771	-	-	-	(12,444)	1,778,360	1,648,096
Cost of sales	(1,008,996)	(907,300)	(223,382)	(213,561)	(53,910)	(89,084)	(85,051)	(28,885)	-	-	-	12,444	(1,371,339)	(1,226,386)
Gross profit/(loss)	88,427	(88,748)	348,882	506,072	5,727	12,500	(36,015)	(8,114)	-	-	-	-	407,021	421,710
Other operating income	-	-	-	-	-	-	(3,025)	-	32,330	24,852	2,118	-	31,423	24,852
Administrative expenses	(91,727)	(43,737)	(45,497)	(31,346)	(168)	(9)	(765)	-	-	-	(56)	758	(138,213)	(74,334)
Operating profit/(loss)	(3,300)	(132,485)	303,385	474,726	5,559	12,491	(39,805)	(8,114)	32,330	24,852	2,062	758	300,231	372,228
Net finance expenses	5,121	(26,425)	5,712	(10,545)	1	3	(2,601)	13,106	-	-	(10,914)	-	(2,681)	(23,861)
Profit/(Loss) before tax	1,821	(158,910)	309,097	464,181	5,560	12,494	(42,406)	4,992	32,330	24,852	(8,852)	758	297,550	348,367
Tax expenses	73,730	(19,399)	(35,409)	(17,477)	(18,333)	(2,154)	2,500	-	29,947	-	-	-	68,935	(39,030)
Net profit / (loss)	75,551	(178,309)	273,688	446,704	3,727	10,340	(39,906)	4,992	62,277	24,852	(8,852)	758	366,485	309,337
Actuarial gain/(loss) on gratuity	29,840	-	3,962	-	-	-	1,854	-	-	-	-	-	35,656	-
Tax on actuarial gain/(loss) on gratuity	(2,984)	-	(396)	-	-	-	-	-	-	-	-	-	(3,380)	-
Total other comprehensive income/(loss)	26,856	-	3,566	-	-	-	1,853	-	-	-	-	-	32,276	-
Total comprehensive income/(loss)	102,408	(178,309)	277,255	446,704	3,727	10,340	(38,053)	4,992	62,277	24,852	(8,852)	758	398,761	309,337

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

SEGMENTAL ANALYSIS - COMPANY

	Tea		Palm Oil		Export		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Six month ended 30 September										
Revenue	2,410,197	1,831,536	1,142,689	1,228,104	146,599	211,736	-	-	3,699,485	3,271,376
Cost of sales	(2,144,331)	(1,922,269)	(470,425)	(381,679)	(130,643)	(181,846)	-	-	(2,745,399)	(2,485,794)
Gross profit/(loss)	265,866	(90,733)	672,264	846,425	15,956	29,890	-	-	954,086	785,582
Other operating income	-	-	-	-	-	-	66,240	35,143	66,240	35,143
Administrative expenses	(148,655)	(84,440)	(80,894)	(60,518)	-	-	-	-	(229,549)	(144,958)
Management fees	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss)	117,211	(175,173)	591,370	785,907	15,956	29,890	66,240	35,143	790,777	675,767
Net finance expenses	3,114	(36,313)	7,335	(14,107)	-	-	-	-	10,449	(50,420)
Profit/(Loss) before tax	120,325	(211,486)	598,705	771,800	15,956	29,890	66,240	35,143	801,226	625,347
Tax expenses	47,502	(45,909)	(57,561)	(30,784)	(3,958)	(5,307)	20,452	-	6,435	(82,000)
Net profit / (loss)	167,827	(257,395)	541,144	741,016	11,998	24,583	86,692	35,143	807,661	543,347
Actuarial gain/(loss) on gratuity	29,840	-	3,962	-	-	-	-	-	33,803	-
Tax on actuarial gain/(loss) on gratuity	(2,984)	-	(396)	-	-	-	-	-	(3,380)	-
Total other comprehensive income/(loss)	26,856	-	3,566	-	-	-	-	-	30,422	-
Total comprehensive income/(loss)	194,684	(257,395)	544,711	741,016	11,998	24,583	86,692	35,143	838,084	543,347

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

SEGMENTAL ANALYSIS - COMPANY

	Tea		Palm Oil		Export		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Three months ended 30 September										
Revenue	1,097,423	818,552	572,264	719,633	53,547	91,233	-	-	1,723,234	1,629,418
Cost of sales	(1,006,877)	(907,300)	(223,382)	(213,561)	(48,308)	(78,961)	-	-	(1,278,567)	(1,199,822)
Gross profit/(loss)	90,546	(88,748)	348,882	506,072	5,239	12,272	-	-	444,667	429,596
Other operating income	-	-	-	-	-	-	32,330	24,852	32,330	24,852
Administrative expenses	(91,727)	(43,737)	(45,497)	(31,346)	-	-	-	-	(137,224)	(75,083)
Operating profit/(loss)	(1,181)	(132,485)	303,385	474,726	5,239	12,272	32,330	24,852	339,773	379,365
Net finance expenses	5,121	(26,425)	5,712	(10,545)	-	-	-	-	10,833	(36,970)
Profit/(Loss) before tax	3,940	(158,910)	309,097	464,181	5,239	12,272	32,330	24,852	350,606	342,395
Tax expenses	73,730	(9,399)	(35,409)	(17,477)	(1,833)	(2,154)	29,947	-	66,435	(39,030)
Net profit / (loss)	77,670	(178,309)	273,688	446,704	3,406	10,118	62,277	24,852	417,041	303,365
Actuarial gain/(loss) on gratuity	29,840		3,962		-		-		33,802	
Tax on actuarial gain/(loss) on gratuity	(2,984)		(396)		-		-		(3,380)	
Total other comprehensive income/(loss)	26,856		3,566		-		-		30,422	
Total comprehensive income/(loss)	104,527	(178,309)	277,255	446,704	3,406	10,118	62,277	24,852	447,464	303,365

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

Notes to the Interim Financial Statements

01. Corporate information

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

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

02. Interim consolidated financial statement

The Consolidated interim financial statements of the Watawala Plantations PLC as at and for the period ended 30 September 2017 comprised the Company and subsidiaries Watawala Dairy Ltd and Watawala Tea Australia Pty Ltd.

03. Approval of financial statement

The Interim Financial Statements of the Group and the Company for the period ended 30 September 2017 were authorised for issue by the Board of Directors on 6 November 2017.

04. Basis of preparation

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

05. Net assets per share

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

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

07. The Interim Financial Statement are not audited.

08. Assets and Liabilities Vested with Hatton Plantations Ltd

The board of directors of Watawala Plantations PLC resolved at its meeting held on 29 June 2017 that the Up country tea business segment to be vested by operation of law in terms of the "Arrangement" permitted under Section 256 of the Companies Act No 7 of 2007 and a disclosure was made to the Colombo Stock Exchange on 30th June 2017. Consequently the proposed "Arrangement" was supported in the High Court of the Western Province(Exercising Civil Jurisdiction) held in Colombo on 20th July 2017 in Case No HC(CIVIL)/28/2017 CO and the Honourable judge being satisfied on the material placed before the Court, made orders to the following effect;

- a) The Company was directed to publish the notice giving due notification of the proposed Arrangement;
- b) A Company under the name of 'Hatton Plantations Limited' be incorporated;
- c) The Company convene an Extra Ordinary General Meeting of its shareholders in terms of Sec.256(2) (b) of the Companies Act to approve the proposed Arrangement.

Accordingly, an Extra Ordinary General Meeting was held on 21st August 2017 and all other necessary requirements were satisfied.

The aforesaid Case in relation to the proposed Arrangement was heard in the High Court of the Western Province (Exercising Civil Jurisdiction) held on 26th September 2017 and the Honourable Judge of the High Court made order interms of paragraphs (d),(e),(f),(g),(h),(i) and (j) of the prayer to the Petition that the operational assets and liabilities of the upcountry tea business segment of Watawala Plantations PLC shall be vested by operation of law in Hatton Plantations Ltd as at 30th September 2017.

Notes to the Interim Financial Statements (Contd)

Details of assets and liabilities vested by operation of law in Hatton Plantations Ltd as at end of 30 September 2017 in terms of the Court order are as follows:

	LKR
Assets	
Right to use of Land	112,956
Immovable estate assets on finance lease	66,615
Property , Plant and Equipment	1,152,463
Bearer plants	679,725
Biological assets-Consumable	640,130
Available for sale investments	21,645
Inventories	498,737
Biological assets-Growing crop on bearer plants	16,687
Receivable on account of Investment fund	219,962
Trade and other receivable	136,207
Cash and Cash equivalents	3,734
	<u>3,548,861</u>
Less-Liabilities	
Lease liabilities to SLPC/JEDB	199,161
Retirement benefit obligations	688,599
Deferred income and capital grants	136,991
Borrowings	308,212
Trade and other payables	359,700
	<u>1,692,663</u>
Value of net assets Vested with Hatton Plantations Ltd	<u>1,856,198</u>

Furthermore in terms of the order, the shareholders of Watawala Plantations PLC as at the end of trading on 29th September 2017 were issued shares in Hatton Plantations Ltd on 30 September 2017 corresponding to their holding in Watawala Plantations PLC as disclosed in Circular to the Shareholders dated 26th July 2017.

Share Trading Information

1 Public share holdings

	As at 30.09.2017	As at 31.03.2017
The percentage of shares held by the public	24.35	24.35
Number of shareholders representing public share holdings	15,822	16,056

2 Directors' share holdings

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

	As at 30.09.2017	As at 31.03.2017
S.G.Wijesinha-Chairman	1	Nil
G.Sathasivam (Alternate-S.G.Sathasivam)	Nil	Nil
V. Govindasamy - Managing Director	Nil	Nil
A.K. Misra	Nil	Nil
K. Venkataramanan	Nil	Nil
A.N.Fernando	1	Nil
M.S.Mawzoon	Nil	Nil
L.Ramanayake	Nil	Nil
C.P. Thomas	Nil	Nil
N.B.Weerasekara	Nil	Nil
B. A. Hulangamuwa	Nil	Nil

3 TWENTY (20) LARGEST SHAREHOLDERS AS AT

Name	30th September 2017		31st March 2017	
	No of Shares held	% of the holding	No of Shares held	% of the holding
Estate Management Services (Pvt) Ltd	179,034,370	75.65	179,034,370	75.65
Sampath bank Plc/Seylan Bank Plc/Dr.T.Senthil Verl	22,987,352	9.71	20,670,414	8.73
K.C.Vignarajah	2,195,785	0.93	2,164,280	0.91
Deutsche Bank AG AS Trustee to Candor Opportunities Fund	1,800,000	0.76	1,289,342	0.54
HSBC International Nominees Ltd-SSBT-Deutsche Bank	1,638,551	0.69	1,800,000	0.76
Vjayanthi & Company Limited	1,000,000	0.42	1,000,000	0.42
J.B.Cocoshell (Pvt) Ltd	810,642	0.34	1,707,485	0.72
Deutsche Bank AG AS Trustee to Candor Growth Fund	614,914	0.26	1,289,342	0.54
N.Muljie	552,900	0.23	552,900	0.23
First Capital Limited	400,000	0.17	-	-
M.I.Abdul Hameed	350,000	0.15	350,000	0.15
Cocoshell Activated Carbon Company Limited	315,000	0.13	362,451	0.15
Buildmart Lanka (Pvt) Ltd	300,000	0.13	-	-
National Industries Group (Holdings) (S.A.K)	300,000	0.13	250,000	0.11
S.Vignarajah	262,539	0.11	262,539	0.11
Union investments private Ltd	262,000	0.11	262,000	0.11
Devi Holding (Pvt) Ltd	200,000	0.08	-	-
Pershing LLC S/A Averbach Grauson & Co	200,000	0.08	-	-
Commercial Bank of Ceylon Plc/S.A.Gulamhusein	182,000	0.08	236,500	0.10
C M Holdings PLC	170,000	0.07	-	-
Sub Total	213,576,053	90.24	211,231,623	89.25
Others	23,090,618	9.76	25,435,048	10.75
Grand Total	236,666,671	100.00	236,666,671	100.00

Share Trading Information (Contd)

4 Stated capital

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

As at	As at 30.09.2017	As at 31.03.2017
Ordinary Shares	236,666,670	236,666,670
Golden Share	1	1

5 Market price per share

As at	As at 30.09.2017	As at 31.03.2017
Highest during the period	36.10	24.50
Lowest during the period	30.30	17.70
Closing price	34.90	24.40
No. of Transactions	1,118	2,482
No. of Shares Traded	3,014,431	9,597,690
Value of Shares Traded (Rs)	104,184,889.00	201,817,371.60

Corporate Information

Name of the Company

Watawala Plantations PLC

Legal form

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

Date of incorporation

18 June 1992

Registration No

PQ 65

Accounting Year

31 March

Directors

S.G.Wijesinha - Chairman
 G.Sathasivam (Alternate-S.G.Sathasivam)
 V. Govindasamy - Managing Director
 A.K. Misra
 K. Venkataramanan
 A.N.Fernando
 M.S.Mawzoon
 L.Ramanayake
 C.P. Thomas
 N. B. Weerasekara
 B. A. Hulangamuwa

Secretaries

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

Auditors

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

Bankers

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

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