

Interim Financial Statements

Quarter Ended December 31, 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 777 Mn at group level for the nine months period ended 31st December 2019, compared to a PAT LKR 673 Mn in the same period last year. The palm oil sector revenue increase stems from the shifts in the yield curve and improvements made to the fertilizer regime. The dairy sector recorded a revenue growth as a result of higher milk selling prices and volumes. WATA company recorded LKR 925 Mn profit after tax in comparison to the LKR 818 Mn in the same period last year.

The Net assets per share increased to LKR 22.19 from LKR 18.59, reported as at 31st December 2019 due to higher profitability recorded during the period.

During the period under review, company has been challenged by the regulations imposed on palm oil and there by unable to continue the planting program. The industry had requested at least planting of the seedling materials laying at the nursery. The industry is engaging with the ministry authorities to get a clear future direction on the regulation relating to the industry.

Watawala Dairy Limited (WDL)

The revenue showed a continuous improvement during the period, 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 improved milk yield 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 period.

Outlook

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



Vish Govindasamy
Managing Director
12th February 2020

Consolidated Income Statement

(all amounts in Sri Lankan Rupees thousands)

| | Quarter ended 31 December | | | Nine months ended 31 December | | |
|---|---------------------------|-----------------|-------------|-------------------------------|-----------------|-------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Revenue | 775,381 | 781,570 | -1% | 2,587,323 | 2,321,914 | 11% |
| Cost of sales | (493,342) | (484,548) | -2% | (1,454,060) | (1,366,155) | -6% |
| Gross profit | 282,039 | 297,022 | -5% | 1,133,263 | 955,759 | 19% |
| Other Income | 22,778 | 33,423 | -32% | 99,388 | 100,205 | -1% |
| Administrative Expenses | (54,615) | (48,064) | -14% | (163,320) | (145,433) | -12% |
| Operating profit | 250,202 | 282,381 | -11% | 1,069,331 | 910,531 | 17% |
| Finance Income | 1,305 | (7,099) | -118% | 8,675 | 6,738 | 29% |
| Finance Costs | (39,439) | (33,053) | -19% | (143,961) | (78,822) | -83% |
| Net Finance (Cost)/Income | (38,134) | (40,152) | 5% | (135,286) | (72,084) | -88% |
| Profit before income tax | 212,068 | 242,229 | -12% | 934,045 | 838,447 | 11% |
| Income tax expense | (38,000) | (46,483) | 18% | (157,456) | (165,000) | 5% |
| Profit for the period | 174,068 | 195,746 | -11% | 776,589 | 673,447 | 15% |
| Profit is attributable to: | | | | | | |
| Owners of the Company | 174,068 | 210,742 | | 791,648 | 710,563 | |
| Non-controlling interests | - | (14,996) | | (15,059) | (37,116) | |
| | 174,068 | 195,746 | | 776,589 | 673,447 | |
| Earning per share (LKR) | 0.86 | 0.97 | | 3.82 | 3.35 | |
| Consolidated Statement of other Comprehensive Income | | | | | | |
| Profit for the period | 174,068 | 195,746 | -11% | 776,589 | 673,447 | 15% |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | 174,068 | 195,746 | -11% | 776,589 | 673,447 | 15% |
| Total comprehensive income attributable to | | | | | | |
| Owners of the Company | 174,068 | 210,742 | | 791,648 | 710,563 | |
| Non-controlling interests | - | (14,996) | | (15,059) | (37,116) | |
| Total comprehensive income for the period | 174,068 | 195,746 | | 776,589 | 673,447 | |

Company Income Statement

(all amounts in Sri Lankan Rupees thousands)

| | Quarter ended 31 December | | | Nine months ended 31 December | | |
|---|---------------------------|----------------|--------------|-------------------------------|------------------|---------------|
| | 2019 | 2018 | Change | 2019 | 2018 | Change |
| Revenue | 628,216 | 635,746 | -1% | 2,155,670 | 1,954,009 | 10% |
| Cost of sales | (317,609) | (304,071) | -4% | (947,282) | (887,280) | -7% |
| Gross profit | 310,607 | 331,675 | -6% | 1,208,388 | 1,066,729 | 13% |
| Other Income | 15,377 | 19,295 | -20% | 67,003 | 57,592 | 16% |
| Administrative Expenses | (52,811) | (46,834) | -13% | (159,041) | (140,669) | -13% |
| Operating profit | 273,173 | 304,136 | -10% | 1,116,350 | 983,652 | 13% |
| Finance Income | 4,371 | 13,493 | -68% | 20,516 | 26,641 | -23% |
| Finance Costs | (23,328) | (7,565) | -208% | (54,647) | (27,630) | -98% |
| Net Finance (Cost)/Income | (18,957) | 5,928 | -420% | (34,131) | (989) | -3351% |
| Profit before income tax | 254,216 | 310,064 | -18% | 1,082,219 | 982,663 | 10% |
| Income tax expense | (38,000) | (46,483) | 18% | (157,456) | (165,000) | 5% |
| Profit for the period | 216,216 | 263,581 | -18% | 924,763 | 817,663 | 13% |
| Earning per share (LKR) | 1.06 | 1.31 | | 4.55 | 4.07 | |
| Consolidated Statement of other Comprehensive Income | | | | | | |
| Profit for the period | 216,216 | 263,581 | -18% | 924,763 | 817,663 | 13% |
| Other comprehensive income | | | | | | |
| Total comprehensive income for the period | 216,216 | 263,581 | -18% | 924,763 | 817,663 | 13% |
| Total comprehensive income attributable to | | | | | | |
| Equity holders of the company | 216,216 | 263,581 | -18% | 924,763 | 817,663 | 13% |
| Total comprehensive income for the period | 216,216 | 263,581 | -18% | 924,763 | 817,663 | 13% |

Statement of Financial Position

(all amounts in Sri Lankan Rupees thousands)

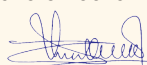
| As at | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31.12.2019 | 31.03.2019 | 31.12.2019 | 31.03.2019 |
| Assets | | | | |
| Non-Current Assets | | | | |
| Right to use of land | 178,409 | 77,120 | 172,368 | 70,898 |
| Property, plant and equipment | 2,185,136 | 2,200,469 | 692,657 | 667,751 |
| Intangible assets | 21,028 | 24,925 | 15,443 | 18,839 |
| Biological Assets -Bearer | 2,712,938 | 2,673,393 | 2,601,155 | 2,546,832 |
| Biological Assets-Consumable | 33,404 | 38,356 | - | - |
| Biological Assets -livestock | 686,677 | 662,620 | - | - |
| Investment fund | 338,411 | 312,051 | 338,411 | 312,051 |
| Investment in subsidiaries | - | - | 1,868,242 | 627,352 |
| Investment in debenture | - | - | - | 174,088 |
| Total Non-Current Assets | 6,156,003 | 5,988,934 | 5,688,276 | 4,417,811 |
| Current Assets | | | | |
| Inventories | 147,522 | 143,089 | 94,073 | 100,790 |
| Biological assets-produce on bearer plants | 41,467 | 31,271 | 41,358 | 30,831 |
| Trade and other receivables | 343,574 | 313,198 | 302,127 | 258,619 |
| Loan given to related party | - | - | 144,593 | 222,259 |
| Amount due from related parties | - | 21,918 | 19,610 | 21,918 |
| Cash and cash equivalents | 70,365 | 204,001 | 69,480 | 199,064 |
| Total Current Assets | 602,928 | 713,477 | 671,241 | 833,481 |
| Total Assets | 6,758,931 | 6,702,411 | 6,359,517 | 5,251,292 |
| Equity and Liabilities | | | | |
| Capital and Reserves | | | | |
| Stated capital | 511,848 | 460,000 | 511,848 | 460,000 |
| Retained earnings | 3,998,721 | 3,275,437 | 4,408,196 | 3,543,722 |
| Equity attributable to the equity holders of the parent | 4,510,569 | 3,735,437 | 4,920,044 | 4,003,722 |
| Non controlling interests | - | 187,074 | - | - |
| Total Equity | 4,510,569 | 3,922,511 | 4,920,044 | 4,003,722 |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Interest bearing borrowings | 649,124 | 1,111,324 | 237,941 | 63,382 |
| Lease Liability to -SLSPC and JEDB | 227,412 | 125,976 | 227,412 | 125,976 |
| Retirement benefit obligations | 239,492 | 242,717 | 207,614 | 211,653 |
| Deferred income and capital grants | 155,189 | 193,105 | 46,746 | 48,515 |
| Deferred tax liabilities | 393,417 | 376,417 | 393,417 | 376,417 |
| Total Non-Current Liabilities | 1,664,634 | 2,049,539 | 1,113,130 | 825,943 |
| Current Liabilities | | | | |
| Interest bearing borrowings | 181,102 | 144,483 | 90,203 | 33,890 |
| Lease Liability to -SLSPC and JEDB | 2,897 | 2,911 | 2,897 | 2,911 |
| Trade and other payables | 218,986 | 411,150 | 174,127 | 351,463 |
| Amount due to related parties | - | 27,614 | - | - |
| Current tax liabilities | 59,202 | 33,450 | 59,116 | 33,363 |
| Bank overdrafts | 121,541 | 110,753 | - | - |
| Total Current Liabilities | 583,728 | 730,361 | 326,343 | 421,627 |
| Total Liabilities | 2,248,362 | 2,779,900 | 1,439,473 | 1,247,570 |
| Total Equity and Liabilities | 6,758,931 | 6,702,411 | 6,359,517 | 5,251,292 |
| Net assets per share | 22.19 | 18.59 | 24.20 | 19.92 |

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



Manager-Finance

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



Manager Director

12 February 2020
Colombo



Chairman

Statement of changes in equity - Group

(all amounts in Sri Lankan Rupees thousands)

| | Stated capital | Retained earnings | Total | Non controlling interests | Total Equity |
|---|----------------|-------------------|------------------|---------------------------|------------------|
| Balance at 1 April 2018 | 460,000 | 2,911,785 | 3,371,785 | 262,971 | 3,634,756 |
| Net profit for the period | - | 710,563 | 710,563 | (37,116) | 673,447 |
| Total comprehensive income for the period | - | 710,563 | 710,563 | (37,116) | 673,447 |
| Transactions with owners of the Company, recognised directly in equity | | | | | |
| Dividends paid for the year ended 31 March 2018 | - | (50,241) | (50,241) | - | (50,241) |
| Total transactions with owners | - | (50,241) | (50,241) | - | (50,241) |
| Balance at 31 December 2018 | 460,000 | 3,572,107 | 4,032,107 | 225,855 | 4,257,962 |
| Net profit for the period | - | 126,932 | 126,932 | (37,368) | 89,564 |
| Actuarial gain/(loss) on gratuity | - | (24,711) | (24,711) | (1,413) | (26,124) |
| Tax on actuarial gain/(loss) on gratuity | - | 3,034 | 3,034 | | 3,034 |
| Total comprehensive income for the period | - | 105,255 | 105,255 | (38,781) | 66,474 |
| Transactions with owners of the Company, recognised directly in equity | | | | | |
| Interim dividend paid for the year ended 31 March 2019 | - | (401,925) | (401,925) | | (401,925) |
| Total transactions with owners | - | (401,925) | (401,925) | | (401,925) |
| Balance at 31 March 2019 | 460,000 | 3,275,437 | 3,735,437 | 187,074 | 3,922,511 |
| Balance as at 1 April 2019 | 460,000 | 3,275,437 | 3,735,437 | 187,074 | 3,922,511 |
| Net profit for the period | - | 791,648 | 791,648 | (15,059) | 776,589 |
| Total comprehensive income for the period | - | 791,648 | 791,648 | (15,059) | 776,589 |
| Transactions with owners of the Company, recognised directly in equity | | | | | |
| Scrip dividend issued | 51,848 | - | 51,848 | - | 51,848 |
| Loss on acquisition of non-controlling interest | - | (8,075) | (8,075) | 8,075 | - |
| Acquisition of non-controlling interest | - | - | - | (180,090) | (180,090) |
| Gross scrip dividends | - | (60,289) | (60,289) | - | (60,289) |
| Total transactions with owners | 51,848 | (68,364) | (16,516) | (172,015) | (188,531) |
| Balance at 31 December 2019 | 511,848 | 3,998,721 | 4,510,569 | - | 4,510,569 |

Statement of changes in equity - Company

(all amounts in Sri Lankan Rupees thousands)

| | Stated capital | Retained earnings | Total |
|---|----------------|-------------------|------------------|
| Balance at 1 April 2018 | 460,000 | 2,992,979 | 3,452,979 |
| Net profit for the period | - | 817,663 | 817,663 |
| Total comprehensive income for the period | - | 817,663 | 817,663 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Dividends paid for the year ended 31 March 2018 | - | (50,241) | (50,241) |
| Total transactions with owners | - | (50,241) | (50,241) |
| Balance as at 31 December 2018 | 460,000 | 3,760,401 | 4,220,401 |
| Net profit for the period | - | 203,886 | 203,886 |
| Actuarial gain/(loss) on gratuity | - | (21,674) | (21,674) |
| Tax on actuarial gain/(loss) on gratuity | - | 3,034 | 3,034 |
| Total comprehensive income for the period | - | 185,246 | 185,246 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Interim dividend paid for the year ended 31 March 2019 | - | (401,925) | (401,925) |
| Total transactions with owners | - | (401,925) | (401,925) |
| Balance at 31 March 2019 | 460,000 | 3,543,722 | 4,003,722 |
| Balance as at 1 April 2019 | 460,000 | 3,543,722 | 4,003,722 |
| Net profit for the period | - | 924,763 | 924,763 |
| Total comprehensive income for the period | - | 924,763 | 924,763 |
| Transactions with owners of the Company, recognised directly in equity | | | |
| Scrip dividend issued | 51,848 | - | 51,848 |
| Scrip Dividends payment | - | (60,289) | (60,289) |
| Total transactions with owners | 51,848 | (60,289) | (8,441) |
| Balance at 31 December 2019 | 511,848 | 4,408,196 | 4,920,044 |

Consolidated Statement of cash flow

(all amounts in Sri Lankan Rupees thousands)

| | Group | | Company | |
|---|--------------------------|------------------|--------------------------|------------------|
| | Period ended 31 December | | Period ended 31 December | |
| | 2019 | 2018 | 2019 | 2018 |
| Net profit before taxation | 934,045 | 838,447 | 1,082,219 | 982,663 |
| Adjustments for: | | | | |
| Depreciation & amortisation | 217,700 | 190,225 | 146,824 | 125,853 |
| Provision for retirement benefit obligations | 14,154 | 13,406 | 10,796 | 11,933 |
| Loss/(Profit) on sale of property, plant and equipment | 471 | (11,089) | - | (9,058) |
| Profit on sale of bearer plants | - | (22,973) | - | (22,973) |
| Loss on fair value on consumable biological assets | 4,909 | - | - | - |
| Loss/(Gain) on Fair Value of Live stocks | (12,321) | - | - | - |
| Income from investment fund | (26,360) | (18,730) | (26,360) | (18,730) |
| Amortisation of capital grants | (37,916) | (37,361) | (1,769) | (1,213) |
| Net finance cost | 135,286 | 72,083 | 34,131 | 989 |
| Profit before working capital changes | 1,229,968 | 1,024,008 | 1,245,841 | 1,069,464 |
| Changes in working capital | | | | |
| - Inventories | (4,433) | 126,615 | 6,717 | 77,133 |
| - Biological assets-produce on bearer plants | (10,196) | (7,840) | (10,527) | (7,642) |
| - Trade and other receivables | (30,376) | (40,016) | (43,508) | (71,676) |
| - Loan from Related parties | - | - | 77,666 | - |
| - Amount due from Related parties | 21,918 | (38,527) | 2,308 | (195,431) |
| - Trade and other payables | (228,221) | (65,282) | (185,778) | (87,880) |
| Cash generated from operations | 978,660 | 998,958 | 1,092,719 | 783,968 |
| Net finance cost | (135,286) | (72,083) | (34,131) | (989) |
| Income Tax paid | (114,704) | (123,501) | (114,704) | (122,912) |
| Retirement benefit obligations paid | (17,379) | (16,308) | (14,835) | (14,660) |
| | (267,369) | (211,892) | (163,670) | (138,561) |
| Net cash generated from operating activities | 711,291 | 787,066 | 929,049 | 645,407 |
| Cash flows from investing activities | | | | |
| Additions to property, plant and equipment | (87,371) | (211,804) | (70,998) | (35,336) |
| Additions to Bearer plants | (149,244) | (209,497) | (149,244) | (195,305) |
| Proceeds from sale of bearer plants | - | 22,973 | - | 22,973 |
| Proceed from Disposal of biological assets | 3,312 | - | - | - |
| Proceeds from sale of property, plant and equipment | 725 | 39,057 | - | 9,257 |
| Addition to livestock | (15,005) | (156,971) | - | - |
| Investment in NCI | (180,090) | - | - | - |
| Investment in WDL | - | - | (456,802) | - |
| Investment in Debenture | - | - | - | (172,195) |
| Net cash used in investing activities | (427,673) | (516,242) | (677,044) | (370,606) |
| Cash flows from financing activities | | | | |
| Dividends paid | - | (50,241) | - | (50,241) |
| Proceeds from borrowings | 6,992 | - | 6,992 | - |
| Repayment of borrowings | (432,572) | (99,922) | (386,119) | (25,422) |
| Repayment of lease principal | (2,462) | (3,285) | (2,462) | (2,022) |
| Net cash used in financing activities | (428,042) | (153,448) | (381,589) | (77,685) |
| (Decrease) / increase in cash and cash equivalents | (144,424) | 117,376 | (129,584) | 197,116 |
| Movement in cash and cash equivalents | | | | |
| At the beginning of year | 93,248 | 143,676 | 199,064 | 147,834 |
| (Decrease) / Increase for the period | (144,424) | 117,376 | (129,584) | 197,116 |
| At end of period | (51,176) | 261,052 | 69,480 | 344,950 |
| Cash & cash equivalents | 70,365 | 356,504 | 69,480 | 345,766 |
| Bank over draft | (121,541) | (95,452) | - | (816) |
| At end of period | (51,176) | 261,052 | 69,480 | 344,950 |

Segmental Analysis - Group

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

| Nine months ended 31 December | Palm Oil | | Dairy Farm | | Others | | Inter Segment | | Total | |
|-------------------------------|-----------|-----------|------------|-----------|---------|----------|---------------|----------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue | 2,155,670 | 1,851,914 | 431,653 | 367,905 | - | 102,095 | - | - | 2,587,323 | 2,321,914 |
| Cost of sales | (947,282) | (793,412) | (506,778) | (478,875) | - | (93,868) | - | - | (1,454,060) | (1,366,155) |
| Gross profit/(loss) | 1,208,388 | 1,058,502 | (75,125) | (110,970) | - | 8,227 | - | - | 1,133,263 | 955,759 |
| Other operating income | - | - | 35,621 | 48,197 | 67,003 | 57,592 | (3,236) | (5,584) | 99,388 | 100,205 |
| Administrative expenses | (159,041) | (136,634) | (4,279) | (4,246) | - | (4,035) | - | (518) | (163,320) | (145,433) |
| Operating profit/(loss) | 1,049,347 | 921,868 | (43,783) | (67,019) | 67,003 | 61,784 | (3,236) | (6,102) | 1,069,331 | 910,531 |
| Net finance expenses | (34,131) | 1,446 | (101,155) | (49,900) | - | (2,435) | - | (21,195) | (135,286) | (72,084) |
| Profit/(Loss) before tax | 1,015,216 | 923,314 | (144,938) | (116,919) | 67,003 | 59,349 | (3,236) | (27,297) | 934,045 | 838,447 |
| Tax expenses | (148,075) | (145,667) | - | - | (9,381) | (19,333) | - | - | (157,456) | (165,000) |
| Net profit / (loss) | 867,141 | 777,647 | (144,938) | (116,919) | 57,622 | 40,016 | (3,236) | (27,297) | 776,589 | 673,447 |

Segmental Analysis - Group

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

| Three months ended 31 December | Palm Oil | | Dairy Farm | | Others | | Inter Segment | | Total | |
|--------------------------------|-----------|-----------|------------|-----------|---------|----------|---------------|----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue | 628,216 | 622,465 | 147,165 | 145,824 | - | 13,281 | - | - | 775,381 | 781,570 |
| Cost of sales | (317,609) | (293,122) | (175,733) | (180,477) | - | (10,949) | - | - | (493,342) | (484,548) |
| Gross profit/(loss) | 310,607 | 329,343 | (28,568) | (34,653) | - | 2,332 | - | - | 282,039 | 297,022 |
| Other operating income | - | - | 7,401 | 14,128 | 15,377 | 19,295 | - | - | 22,778 | 33,423 |
| Administrative expenses | (52,811) | (45,620) | (1,804) | (1,230) | - | (1,214) | - | - | (54,615) | (48,064) |
| Operating profit/(loss) | 257,796 | 283,723 | (22,971) | (21,755) | 15,377 | 20,413 | - | - | 250,202 | 282,381 |
| Net finance expenses | (18,957) | 6,323 | (19,177) | (25,485) | - | (395) | - | (20,595) | (38,134) | (40,152) |
| Profit/(Loss) before tax | 238,839 | 290,046 | (42,148) | (47,240) | 15,377 | 20,018 | - | (20,595) | 212,068 | 242,229 |
| Tax expenses | (35,847) | (40,827) | - | - | (2,153) | (5,656) | - | - | (38,000) | (46,483) |
| Net profit / (loss) | 202,992 | 249,219 | (42,148) | (47,240) | 13,224 | 14,362 | - | (20,595) | 174,068 | 195,746 |

Segmental Analysis - Company

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

| Nine months ended 31 December | Palm Oil | | Others | | Total | |
|-------------------------------|-----------|-----------|---------|----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue | 2,155,670 | 1,851,914 | - | 102,095 | 2,155,670 | 1,954,009 |
| Cost of sales | (947,282) | (793,412) | - | (93,868) | (947,282) | (887,280) |
| Gross profit/(loss) | 1,208,388 | 1,058,502 | - | 8,227 | 1,208,388 | 1,066,729 |
| Other operating income | - | - | 67,003 | 57,592 | 67,003 | 57,592 |
| Administrative expenses | (159,041) | (136,634) | - | (4,035) | (159,041) | (140,669) |
| Operating profit/(loss) | 1,049,347 | 921,868 | 67,003 | 61,784 | 1,116,350 | 983,652 |
| Net finance expenses | (34,131) | 1,446 | - | (2,435) | (34,131) | (989) |
| Profit/(Loss) before tax | 1,015,216 | 923,314 | 67,003 | 59,349 | 1,082,219 | 982,663 |
| Tax expenses | (148,075) | (145,667) | (9,381) | (19,333) | (157,456) | (165,000) |
| Net profit / (loss) | 867,141 | 777,647 | 57,622 | 40,016 | 924,763 | 817,663 |

Segmental Analysis - Company

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

| Three months ended 31 December | Palm Oil | | Others | | Total | |
|--------------------------------|-----------|-----------|---------|----------|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue | 628,216 | 622,465 | - | 13,281 | 628,216 | 635,746 |
| Cost of sales | (317,609) | (293,122) | - | (10,949) | (317,609) | (304,071) |
| Gross profit/(loss) | 310,607 | 329,343 | - | 2,332 | 310,607 | 331,675 |
| Other operating income | - | - | 15,377 | 19,295 | 15,377 | 19,295 |
| Administrative expenses | (52,811) | (45,620) | - | (1,214) | (52,811) | (46,834) |
| Operating profit/(loss) | 257,796 | 283,723 | 15,377 | 20,413 | 273,173 | 304,136 |
| Net finance expenses | (18,957) | 6,323 | - | (395) | (18,957) | 5,928 |
| Profit/(Loss) before tax | 238,839 | 290,046 | 15,377 | 20,018 | 254,216 | 310,064 |
| Tax expenses | (35,847) | (40,827) | (2,153) | (5,656) | (38,000) | (46,483) |
| Net profit / (loss) | 202,992 | 249,219 | 13,224 | 14,362 | 216,216 | 263,581 |

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 31 December 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 31 December 2019 were authorised to be published by the Board of Directors on 12 February 2020.

04. Basis of preparation

These Interim Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS).

Further, provisions of the Companies Act No.7 of 2007 have been considered in preparing these Interim Financial Statements. There were no changes to the Accounting Policies and methods of computation since the publication of the Annual Report 2018/19, except these Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting. Previous

year figures and phrases have been re-arranged wherever necessary to conform to the current presentation.

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.

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('Lessee') and the supplier ('Lessor'). SLFRS 16 replaced Sri Lanka Accounting Standard - LKAS 17 (Leases) and related interpretations. The Company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparative information. Instead, it has recognized the cumulative effect of initially applying this standard as an adjustment to the opening balance of Retained earnings at the date of initial application, as permitted under the specific transitional provisions in the standard.

05. Scrip Dividend

2,346,078 ordinary voting shares of the company were listed with effect from 29th August 2019, pursuant to a Scrip Dividend in the proportion of 1:85.65894058.

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 quarterly as per the policy of the Company. Hence, interim financial statements reflect any such changes.

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

11. The Interim Financial Statements are not audited.

Shareholder details for the period ending 31 December 2019

1 Public Shareholdings

| | As at 31.12.2019 | As at 31.03.2019 |
|---|------------------|------------------|
| The percentage of shares held by the public | 25.76 | 25.76 |
| Number of Shareholders representing public shareholding | 15,506 | 15,579 |

| | 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 1.36 Bn | 25.76% | 15,506 |

2 Directors' Shareholding as at 31 December 2019

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

| | As at 31.12.2019 | 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 | 31st December 2019 | | 31 st March 2019 | |
|--|--------------------|------------------|--------------------|------------------|
| | No of Shares Held | % of the holding | No of Shares Held | % of the holding |
| Estate Management Services (Pvt) Ltd | 150,937,043 | 74.24 | 149,195,309 | 74.24 |
| Sampath Bank PLC/ Seylan Bank PLC/ DR.T.Senthilvel | 23,987,666 | 11.80 | 23,576,097 | 11.73 |
| K.C. Vignarajah | 2,173,782 | 1.07 | 2,148,684 | 1.07 |
| SSBT-Deutsche Bank AG Singapore A/C 01 | 1,281,399 | 0.63 | 1,365,459 | 0.68 |
| Vjyayanthi & Company Limited | 1,011,674 | 0.50 | 1,000,000 | 0.50 |
| N. Muljie | 559,354 | 0.28 | 552,900 | 0.28 |
| M.I. Abdul Hameed | 354,085 | 0.17 | 350,000 | 0.17 |
| S. Vignarajah | 261,831 | 0.13 | 258,811 | 0.13 |
| Cocoshell Activated Carbon Company Limited | 254,604 | 0.13 | 251,666 | 0.13 |
| Union Investments Private LTD | 220,881 | 0.11 | 218,333 | 0.11 |
| Best Real Invest Co Services (Private) Limited | 162,843 | 0.08 | 160,964 | 0.08 |
| C M Holdings PLC | 143,320 | 0.07 | 141,667 | 0.07 |
| Adamjee Lukmanjee & Sons (Pvt) Ltd | 118,502 | 0.06 | 117,135 | 0.06 |
| D.C.D.L.S.D. Perera | 116,342 | 0.06 | 115,000 | 0.06 |
| M.P.R.Silva | 113,013 | 0.06 | - | - |
| M.M. Hashim | 111,486 | 0.05 | 100,000 | 0.05 |
| V.V.Appoo | 109,516 | 0.05 | - | - |
| M.N.Aththas | 107,320 | 0.05 | - | - |
| K.G.M. Pieris | 106,141 | 0.05 | 104,917 | 0.05 |
| Sub Total | 182,130,802 | 89.58 | 179,656,942 | 89.40 |
| Other Shareholders | 21,177,832 | 10.42 | 21,305,614 | 10.60 |
| Grand Total | 203,308,634 | 100.00 | 200,962,556 | 100.00 |

4 Stated Capital

Stated capital is represented by share in issue as given below

| | As at 31.12.2019 | As at 31.03.2019 |
|-----------------|------------------|------------------|
| Ordinary Shares | 203,308,633 | 200,962,555 |
| Golden Share | 1 | 1 |
| Total Shares | 203,308,634 | 200,962,556 |

5 Market Price & Trading Informations

| | As at 31.12.2019 | As at 31.03.2019 |
|--------------------------------|------------------|------------------|
| Highest during the period(LKR) | 28.00 | 23.30 |
| lowest during the period(LKR) | 23.30 | 18.00 |
| Closing price (LKR) | 26.00 | 18.50 |

| | Quarter ended 31 Dec 2019 | Quarter ended 31 Mar 2019 |
|-----------------------------|---------------------------|---------------------------|
| No. of Transactions | 626 | 524 |
| No. of shares traded | 350,242 | 284,057 |
| Value of Shares Traded(LKR) | 9,156,592 | 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 Services (Pvt) Ltd.
216, De Saram Place, Colombo 10.

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

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
Fax: +94 114 716 365
E-mail: watawala@sunshineholdings.lk