Watawala Plantations PLC

a sunshine enterprise

ANNUAL
REPORT
2015

About the Report

Scope and boundary

Aiming to provide information of our financial, social and environmental performance in a holistic yet concise manner we present the Annual Report for the year ending 31 March 2015 on the integrated basis. We hope to present a balanced review of our performance during the year including material events up to the sign off of Board of Directors on 21 May, 2015. All narrative in this report refers to Watawala Plantations PLC and covers the 19 estates in Sri Lanka.

Reporting Principles

The report is based on the Integrated Reporting Framework issued by the International Integrated Reporting Council and uses the G4 Core criteria published by the Global Reporting Initiative for Sustainability Reporting which we voluntarily adopted. The Financial Statements have been prepared based on Sri Lanka Financial Reporting Standards to comply with the Companies Act No.7 of 2007, the Continuing Listing Requirements of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. We continue to monitor developments in corporate reporting in local and the international context to ensure that our reports are in par with best practice.

Integrated

The focus of the report is to provide relevant financial and non-financial information on material developments and issues to the principle stakeholders, the capital providers to represent fairly the events that shaped our performance during the reporting period and are likely to impact our future performance. In identifying the reporting events the materiality principle was applied. We consider any event or development that affect our ability to create value to the stakeholders over short, medium and long term as material. In presenting how we create value for different stakeholders we sought to explain the impacts made to and from different resources- Financial capital, Human capital, manufactured capital, Social and relationship capital, Natural capital.

Watawala Plantations applies a precautionary principle when determining the balance between expansion and social and environmental sustainability.

Assurance

Auditors Messer's Pricewaterhousecoopers has provided independent external assurance on the Financial report and Directors' Statement on Internal Controls.

Feedback

We welcome your suggestions, feedback, and comments on our Annual Report.

Watawala Plantations PLC
No 60, Dharmanpala Mawatha
Colombo 03
Tel - 0114 702 400

Contents

Our Vision

We will take a path no one has walked before and many will want to follow

Our Path

Fully utilize the technological advancements and land resources in an eco friendly manner to respect and understand the community in which we do business, celebrate the diversity and the power of our people

Our Core Values

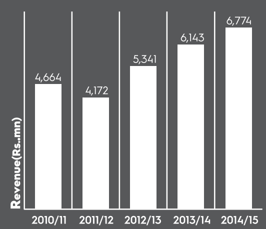
We will

Ensure that our business is always customer focussed and we continuously strive to meet their demands with the highest level of service. Be committed to offer the highest quality products at all times to our customers globally. Recognize and motivate our employees who are the live wire of the organization to achieve their fullest potential and provide equal opportunities regardless of gender, religion, race or colour to excel in their work. Value transparency and honest in everything we do. Contribute positively to the long term sustainability and development of the external community and the environment we operate in.
Be innovative and strive for continuous improvement in whatever we do.

Recognize that our shareholders are of utmost importance to us and ensure best possible returns to them.

Performance Highlights

Financial Capital



Revenue

6.77
LKR Bn
Revenue

10%
Revenue Increase

Earnings Per Share
1.65 LKR

Non Current Assets
5.86 LKR Bn

Total Assets
7.11 LKR Bn

Equity
4.28 LKR Bn

Intellectual Capital

Estate	Garden Mark	Tea Production Kg.
Abbotsleigh	Florence	1,190,766
Dickoya	Adisham	732,631
Shannon	Shannon	736,009
Waltrim	Waltrim	1,051,799
Henfold	Henfold	1,017,051
Agarakande	East Fassifern	522,002
Tangakelle	Cymru	180,829
Vellaioya	Vellaioya	1,653,748
Strathdon	Strathdon	977,018
Kenilworth	Kenilworth	743,091
Carolina	Carolina	1,223,812
Homadola	Homadola	259,474

Manufactured Capital

Factory Capacity (Kg)
Tea - 49,733 kg/day
Rubber - 4,500 Kg/day
Crude Palm Oil - 45,000 kg/day

Property, Plant & Equipment
1.92 LKR Bn

Annual Production
Tea - 10.31 Mn Kg.
Rubber - 0.32 Mn Kg.
Palm oil - 8.85 Mn Kg.

Human Capital

Head Count

10,909

95%

Retention Rate

Total Employee Cost

3.31

LKR Bn

Investment in Training

3.95

LKR Mn

Staff Welfare Costs

9.03

LKR Mn

Social & Relationship Capital

No. of Customers

308

No. of Out-growers

176

No. of Suppliers

804

Natural Capital

Hectares Managed

12,440

Tea	36%
Rubber	4%
Palm oil	25%
Others	35%

Hectares Cultivated

9,688

78%

Live Stock/Dairy

40

LKR Mn

Biological Assets - Consumable

567

LKR Mn

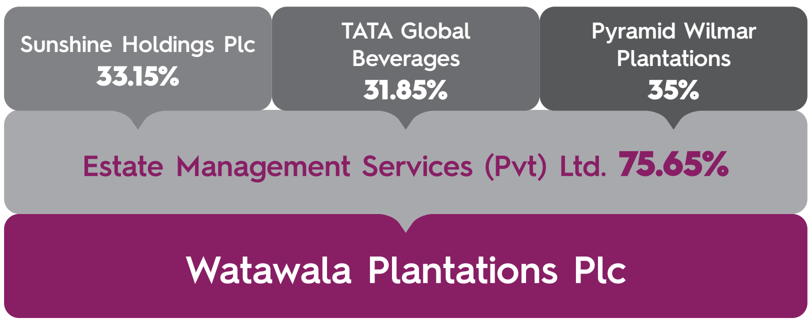
Biological Assets – Bearer

2.74

LKR Bn

We R Watawala

Watawala Plantations is a diversified plantation company managing 19 estates covering 12,440 hectares (ha) cultivated with palm oil, tea, rubber and other export crops. Our harvest is processed in 14 tea factories, 2 rubber factories and one Palm Oil Mill located in the estates. We create employment for 10,909 people and engage with 28,043 residents on our estates to facilitate their socio economic progress. Global strategic alliances with the joint venture partners of our holding company Estate Management Services strengthen our technical and marketing capabilities. We have consistently produced the highest quantity of tea and been a profitable plantation company in the country. We own 24 selling marks for tea which are renowned for quality, and these include Kenilworth and Waltrim which have recorded higher selling prices in their category.



How We Create Value

We deliver value to our stakeholders by managing large scale estates of diversified crops, processing the harvest in our factories and taking them to B2B customers as we are primarily commodity producers. Tea and rubber are sold at the Colombo Tea Auctions and Colombo Rubber Auctions as required by the Colombo Tea Traders Association and Colombo Rubber Traders Association whilst Palm Oil is sold based on the bids received from the buyers.

Our Capitals	Value Adding Processes	Value Created
Natural Capital 12,439 Hectares of land	Cultivation	**Customers** Tea 10.31 Mn Kgs Rubber 0.32 Mn Kgs Palm Oil 8.85 Mn Kgs
Financial Capital Equity LKR 460 Mn Debt LKR 187.5 Mn	Smart Strategy	**Shareholders** Net Profit LKR 407 Mn
Manufactured Capital 14 Tea Factories 2 Rubber Factories 1 Palm Oil Processing Mill	Harvesting Good Agricultural Practices Employee Development	**Employees** Staff Costs LKR 3.31 Bn
Human Capital 10,909 Employees	Processing	**Community** Total Spent LKR 194 Mn
Network Capital Strategic Partners Brokers Buyers	Financial Management Innovation Marketing	**Government** Income Tax LKR 54 Mn Other Taxes LKR 43 Mn Lease Rental LKR 68 Mn
Intellectual Capital 24 selling marks		**Suppliers** Purchases LKR 2.60 Bn

Stakeholder Engagement

We recognize that value is created through collaborative relationships which also requires a reciprocal distribution of value to the same stakeholders. Consequently, we take in to account the legitimate concerns of key groups of stakeholders who create value for us and to whom we distribute value in our strategic planning process. The table below describes how we create value for the groups of stakeholders identified as having a significant impact on the value creation processes of the company.

Relevance to Business	How We Engage	Needs Identified
Employees		
Employees create value for the company in the fields, factories and office. Additionally, 99% of our employees reside in the plantations and have access to a variety of welfare services provided free of charge which include housing, primary health care. We rely on them for our growth and performance and seek to empower them to reach their full potential.	Daily Forums	Empowerment
	The Insider Magazine	Equal Opportunity
	Employee Satisfaction surveys	Job enrichment
	Complaint registers maintained at all estates	Housing for resident estate employees
	Monthly meetings with union representatives	Basic medical facilities for resident employees
Small holders		
Small scale plantations and home gardeners sell their tea leaves to our factories which accounts for approximately 35% of leaves processed in our factories. The price is determined according to a formula set by the Sri Lanka Tea Board. We provide fertiliser to these small holders for which the cost is recovered from the amounts payable to them providing them with crop financing. We also purchase quantities of other crops for processing at our factories.	Community development forum	Fair price
	Complaint Registers maintained at all estates	Technical advice on agribusiness
	One to one meetings with Estate Managers and Regional Managers	Financial support
Brokers & buyers		
Our products are sold at the Colombo Tea Auctions and also sent direct to buyers. Brokers create value by assessing and cataloging the produce and marketing it at auctions. Most of the produce sold at auctions is exported.	Tea Auctions	High Quality produce Certifications of quality assurance systems
	One to one meetings with Regional Managers	Compliance with certification requirements
Communities		
We are closely involved in the village communities that border our estates and those who live within the estates to facilitate their socio economic progress. We work with government and non government agencies to uplift their living standards on continuous basis.	Village Forums	Provision of housing and other facilities
	One to one meetings with Estate Managers	Basic medical facilities on estates
	Complaint Registers maintained at all estates	Access to education for children Preservation of environment Financial support for community development
Investors		
Investors including shareholders and banks provide capital to finance our growth. Shareholders earn a return by way of dividends and appreciation of the share price whilst banks earn interest, commission and fees.	Quarterly communications	Increasing financial returns
	Press releases	Risk Management
	Annual Report	Corporate Governance
	Annual General Meeting	
Government		
The Government has a multi-faceted role as the Golden Shareholder in the company, the lessor of the estates we manage and the regulator of markets and the environment. The government also levies taxes on our products sold and profits.	One to one meetings at estate level with local government and provincial councils.	Alignment with national strategy Compliance with terms of lease agreements
	One to one meetings at corporate level with relevant ministries and Department of Inland Revenue.	Preservation of natural capital Timely payment of taxes and Lease payments (JEDB/SLSPC)

Determining Material Issues

Material issues are determined by identifying the various aspects of our business that impact our value creation processes and prioritising based on its significance to the group and its stakeholders as summarised below:

1. Economic Performance
2. Compliance
3. Products and Services
4. Labour Practices
5. Labour Management Relationships
6. Training and Educations
7. Occupational Health & Safety
8. Materials
9. Water
10. Energy
11. Biodiversity
12. Local Communities
13. Customer Health & Safety
14. Market Presence
15. Indirect Economic Impacts

Our Strategy

Our corporate strategy is the blueprint for success, providing direction on a day to day basis. It has been formulated by devising strategies to address the material issues identified through the stakeholder engagement process, taking in to consideration the changes arising from the operating environment and our commitment to the triple bottom line approach. Corporate management prepares the corporate plan taking in to account the strategic direction and guidance provided by the Board of Directors. Progress is monitored on a monthly basis against the plan in a structured review process.

Corporate Vision, Mission & Objectives

A People's business

- Worker Engagement
- Talent Management
- Empowering employees

An evolving marketing strategy

- Leverage the networks of our Joint Venture Partners to develop export markets
- Maintain presence at Colombo Tea Auctions
- Increase focus on quality

Operational efficiency

- Optimise use of technology to gain operational efficiencies
- Energy Management

Crop diversification & Non-plantation diversification

- Increase oil palm cultivation hectarage
- Diversify in to other commercial crops such as cinnamon
- Increase timber plantations for internal use
- Dairy farming

Preservation of environment

- Explore alternative energy sources for use in our estates
- Use only eco-friendly agricultural practices that minimise negative impacts to environment
- Survey, document and monitor endangered and vulnerable species of flora and fauna populations in estates to facilitate preservation

The strategic plan is translated in to regional plans, estate level plans and individual Key Performance Indicators as depicted below. Monthly reports facilitate monitoring of performance at company, region and estate levels against identified performance indicators.

Company Level Strategic Plan → **Region Level Strategic Plans** → **Estate Level Strategic Plans** → **Individual Key Performance Indicators**

Certifications

Certifications confirm our compliance with defined criteria that assess our practices against international benchmarks on environment and social responsibility, including product responsibility. They also serve to ensure that our sustainable environment and social policies are embedded in to our value creation processes.

ISO 22000:2005	HACCP	Ethical Tea Partnership	Fair Trade
This certifies that our food safety management systems addresses the food safety management risks across the food supply chain.	Certifies that our Hazards Analysis and Critical Control Points systems for biological, chemical and physical hazards from raw material production , procurement and handling to manufacturing, distribution and consumption is compliant with international best practice	Certifies that our products meet with international standards on social and environmental practices.	This certifies that our products meet international Fairtrade Standards which cover environmental, labour and developmental aspects .
7 Estates Certified	**5 Estates Certified**	**10 Estates Certified**	**7 Estates Certified**
Abbotsleigh, Dickoya, Waltrim, Shannon, Kenilworth, Carolina,	Abbotsleigh, Dickoya, Waltrim, Shannon, Kenilworth, Carolina	Abbotsleigh, Dickoya, Waltrim, Henfold, Shannon, Tangakelle, Kenilworth, Vellaioya, Carolina, Homadola	Abbotsleigh, Dickoya, Waltrim, Henfold, Kenilworth, Vellaioya, Homadola

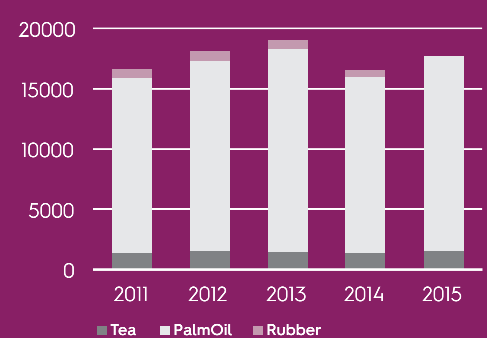
Society General Surveillance	Sri Lanka Standards Institution - Sri Lanka Tea Board	Rainforest Alliance
SGS Certification confirms that products, processes, systems and services are compliant with national, international or customer defined standards and covers the entire supply chain from raw materials to final consumption	This product certification centers around essential elements of the quality management system combined with additional requirements on process control and product testing	The Rainforest Alliance works to conserve biodiversity and improve livelihoods by promoting and evaluating the implementation of the most globally respected sustainability standards in a variety of fields. The certification is based on standards which are designed to generate ecological, social and economic benefits
2 Estates Certified	**5 Estates Certified**	**5 Estates Certified**
Dickoya, Kenilworth,	Abbotsleigh, Dickoya, Waltrim, Shannon, Kenilworth,	Dickoya, Waltrim, Ouvahkelle, Lippakelle, Kenilworth

Land Productivity

Sri Lanka is an island nation with a total area of 65,610 km² comprising 64,740 km² of land and 870 km² of water. Therefore land productivity is critical to the country's socio economic progress and food security. With a population density of 330 persons per square kilo meter which has been increasing by 1% each year, the quest to increase land productivity has intensified.

Watawala Plantations manages 12,440 hectares of plantations which yielded 10.31 Mn kgs of Tea, 0.32 Mn kgs of Rubber and 8.85 Mn kgs of Oil Palm during the financial year under review due to careful management of land productivity.

In the recent past, efforts at increasing land productivity have focused around increasing use of agro chemicals with negative impacts on the environment, community health and also impacting long term land productivity. At Watawala Plantations we have implemented an Agricultural Policy that balances the concerns of the community, prevents abuse of the environment and ensures that we nourish the soil using environmentally friendly measures.



What We Manage

Soil Nutrients

Soil Structure

Soil Erosion

How We Manage

Burying Pruning

Composting

Reduce Agro chemicals

Forking

Planting of green manure trees

Chairman's Message

"Palm oil remains the largest contributor to profitability and the second largest contributor to revenue recording 12% top line growth and segment profits of LKR **780 Mn**, reflecting a profit growth of 21%......"

Dear Stakeholder,

Your company has delivered a commendable performance recording a turnover of LKR 6.77 Bn and net profit (Total Comprehensive Income) of LKR 407 Mn for the financial year 2014/15. It continues to be a profitable Regional Plantation Company demonstrating its resilience and ability to respond to both opportunities and adverse movements in its operating environment. A continuing commitment to the triple bottom line, people, planet and profits, provides a solid foundation for driving excellence in key operational areas which has enhanced productivity in many areas, optimising its resources. The Board is pleased to note that the company has received 15 awards during the year for its performance in diverse areas such as financial reporting, people development and corporate social responsibility which serve as external benchmarks of its performance.

Economy

Global growth in 2014 was 3.4%, in line with the growth rate recorded in 2013 although the areas of growth are changing gradually. Growth in advanced economies picked up whilst growth in emerging and developing economies moderated reflecting uneven growth. Amongst advanced economies, growth was mainly supported by the recovery of US and to a lesser extent UK. Recovery in the Euro Area was positive although below forecasts but is expected to strengthen through co-ordinated action such as the recent asset purchase by the European Central Bank and is expected to increase the pace of growth. Emerging and developing Asia continues to be the fastest growing economic area with India and China recording growth rates in excess of 7%. Growth forecasts for Russia have been cut sharply in view of the Ukraine crisis and ensuing trade sanctions which are adding to Russia's economic woes. The surprising and sharp decline in oil prices will have a positive impact on importing countries and a negative impact on oil producing countries contributing to divergent growth patterns. Commodity markets also declined significantly during the year and is forecast to decline further impacting almost all the countries. These changes necessitate a more granular approach to assessing global growth and a deeper understanding of the forces driving change in order to identify opportunities and threats to business performance.

Sri Lanka's economy grew at 7.4% marginally above the 7.2% recorded in the year 2014, supported mainly by strong domestic consumption and to a lesser extent, investments on construction. Per capita income increased from USD 3,280 to USD 3,625 supporting the increasing consumption. The industry and services sectors recorded positive growth supported by increasing demand in export markets and increased tourist arrivals whilst adverse weather conditions impacted the growth of the Agriculture sector. Year on year inflation declined to 2.2% due to the monetary policy stance and the decline in global commodity prices including crude oil. Unemployment remained low at 4.3% with only a marginal increase in the labour force. Exchange rates were impacted by increased imports and measures implemented to stimulate credit expansion resulting in the USD moving up from LKR 131.04 at previous year end to LKR 132.90 as at 31 March. Change in the country's governance structures resulting from the Presidential election are monitored to evaluate possible impacts on the operating environment and the company.

A Resilient Performance

The Company recorded a profit (Total Comprehensive Income) of LKR 407 Mn for the year and a top line growth of 10% delivering a resilient performance responding pro-actively with smart strategy balancing the short term and long term needs. Palm oil remains the largest contributor to profitability and the second largest contributor to revenue recording 12% top line growth and segment profits of LKR 780 Mn, reflecting a profit growth of 23%. Tea and rubber were impacted by falling commodity prices and principal markets for tea were impacted by declining oil prices leading to low market prices at the Colombo Tea Auctions. Your company continues to be the highest producer of tea in the country as a result of continuous efforts to improve productivity of land and labour through high levels of employee engagement and sound agricultural policies and practices. However, industry wide consensus and changes in government policy are an urgent need to resolve underlying structural issues to achieve meaningful change in tea and rubber segments. Adverse climate changes also played a significant part in the reduced profitability of the company. The company has increased emphasis on its diversification projects which have contributed positively to the bottom line.

Resource allocation remains a key criteria for success and the performance delivered this year reflects the capability of the management team in driving efficiencies. The Company invested LKR 357 Mn in field development and a further LKR 232 Mn in fixed assets in line with growth plans. Working capital management improved optimising cash flow. Early adoption of triple bottom line concepts has also enabled productivity in the fields and factories as empowered and engaged associates worked on innovating to improve performance. It also resulted in focused efforts on energy management which has also contributed to productivity gains.

An interim dividend of 95 cents per share has been paid in the 2nd quarter and the Board has recommended a final dividend of LKR 50 cents per share for approval by the shareholders at the Annual General Meeting. Consequently, the total dividend per share amounts to LKR 1.45 in view of the performance delivered for the 2014/15 financial year.

Way Forward

Your Company will pursue a diversification strategy to deliver sustainable returns to our shareholders. We are confident that we have in place a management team that is capable of delivering our strategy. As with any business today, external factors provide a mixed landscape presenting both opportunities and risks which are closely monitored. Strategic plans in place have taken in to likely developments both globally and locally to facilitate appropriate action in a timely manner.

Strategic Alliances

The strategic alliances between Sunshine Holdings Plc, Tata Global Beverages and Pyramid Wilmar Plantations who are joint venture owners of our parent Estate Management Services (Pvt) Ltd., provides access to technical know-how and networks across their supply chains expanding business opportunities. Presence of their representatives on the Board enriches discussions on matters discussed and we are able to broaden the options available for strategic growth. This has enabled the company to venture in to new markets and new products with higher value addition enhancing the company's growth prospects.

Governance

We also welcome to the Board Mr.Ajoy Misra, Managing Director and CEO of Tata Global Beverages who is a Non Executive Non Independent Director following the resignation of Mr.Harish Bhat from the Board. The Board now comprises three non-executive independent directors members which includes myself as Chairman, 6 non-executive non independent directors and 2 executive directors.

Acknowledgments

Firstly, I wish to place on record my sincere appreciation to all our employees at Watawala Plantations who have demonstrated their strength and ability to deliver in challenging times. Their performance has enabled us to outperform the sector in many ways and is testimony to their talents and adaptability. I also wish to thank the Board who have provided wise counsel and guided strategy during a challenging year and I am deeply appreciative of their objectivity and the depths of discussion on matters set before the Board. I am appreciative of the continued support extended by our Bankers who have worked together during the year as strategic partners with a good understanding of our requirements. Relationships with our brokers have also strengthened during the year and we count on their continued support for our growth. Our buyers are key to our growth and provide valuable feedback to enhance the quality of our products. We look forward to strengthening relationships and enhancing the levels of engagement in the coming year. I extend my appreciation to our suppliers who provide us with high quality inputs in order to ensure quality of the final product and are key partners in progress for Watawala Plantations. I also extend my appreciation to our shareholders who have demonstrated high levels of engagement providing valuable feedback on areas of concern. I look to your continued support in the coming year to turn in a strong performance for the year that has commenced.

Sunil G Wijesinha
Chairman
21 May 2015

CA
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA
Annual Report Awards 50 YEARS REACHES GOLD
Annual Report Awards 2014
Plantations Companies
Gold Award
Awarded to
Watawala Plantations PLC
By
The Institute of Chartered Accountants of Sri Lanka
At the
50th Annual Report Awards Ceremony - 2014
Awarded on 09th December 2014 in Colombo
President
The Institute of Chartered Accountants of Sri Lanka
Chairman
Annual Report Awards Committee
Chief Executive Officer
The Institute of Chartered Accountants of Sri Lanka
Annual Report Awards 2014
Plantations Companies
Gold Award
Watawala Plantations PLC
ANNUAL REPORT 2014
Watawala Plantations PLC
Annual Report - 2014

Managing Director's Review

" During this financial year, the company has also increased focus on quality in response to market conditions. Consequently, Rainforest Alliance certification was extended to....."

Dear Stakeholder,

Watawala Plantations has delivered a resilient performance for 2014/15 to retain its position as one of the most profitable Regional Plantation Companies (RPCs) in the country. The results delivered are attributable to an unrelenting focus on productivity and smart strategy which enabled us to respond effectively to unprecedented challenges from external factors. We continue to be the highest producer of tea in the RPC sector for the 3rd successive year and it is with satisfaction that we note our simultaneous improvements in quality.

Operating Environment

The agriculture sector accounted for 10.4% of GDP in 2014 as performance of the sector declined from 10.8% due to adverse weather conditions. The contribution from Tea to GDP remained flat at 0.9 supported by the second highest quantity produced of 338 Mn kg only marginally lower than the highest production of 340 Mn kg in 2013. Tea prices were buoyant during the first half of 2014/15 but declined sharply during the second half as key markets for tea such as Russia and Middle East countries were adversely impacted by declining oil prices and political turmoil including trade sanctions.

Prices for Palm oil also declined as commodity markets declined during the second half of the year. However, a recovery is predicted for this market due to increased investment in bio-diesel plants and increased awareness of health issues.

Rubber production declined for the third consecutive year accounting for a mere 0.1% of GDP due to adverse weather conditions and declining prices. Declining oil prices impacted the rubber sector as prices of synthetic rubber decreased reducing demand for natural rubber.

Employee productivity and wages remain a key legacy issue for the entire plantation industry as productivity is well below other tea producing countries and employee costs account for 60% of revenue. The biennial wage negotiations currently underway must balance stakeholder interests addressing sustainability of the industry with the needs of the employees to achieve a meaningful transformation of the industry.

Smart Strategy

Our unswerving commitment to taking a long term view and investing in people, land and our factories strongly supports our ability to compete effectively. Productivity efficiencies featured throughout this report are testimony to the operational strategies that have supported performance delivery in 2014/15.

The main strategy to deliver sustainable growth and returns has been crop diversification as traditional crops such as tea and rubber offer few opportunities for growth due to legacy issues within the plantation industry and external demand. This year's results confirm the foresight of this strategy as Oil Palm introduced to Watawala Plantations continues to cushion the losses arising from the traditional sectors. We have also diversified in to timber and dairy farming with pilot projects which are yielding positive results enhancing land productivity.

During this financial year, the company has also increased focus on quality in response to market conditions. Consequently, Rainforest Alliance certification was extended to a further 4 estates with more planned for 2015/16. This confirms our adherence to international best practice with regards to social and environmental practices and positions our products at a premium. It is encouraging to note that our estates meet many of the criteria due to our commitment to sustainability.

The company also focused on productivity of its capitals as set out in this report with emphasis on driving land productivity and labour productivity. Land productivity is addressed through crop diversification and good agricultural practices. Employee productivity was addressed through comprehensive training programs to enhance field and factory productivity with positive results. Energy efficiency was a key area of focus and several initiatives implemented contributed to curtail this key cost. As we looked beyond cost for solutions, we were able to switch to use of renewable energy in a number of factory processes.

Delivery of strategy is monitored through a structured review process at estate, regional and company level ensured that we initiated prompt action in response to early warning signs identified through monthly reviews.

Delivering Performance

The Company has delivered commendable performance with revenue growth of 10% and a net profit (Total Comprehensive Income) of LKR 407 Mn during a year of unprecedented challenges. Oil Palm has cushioned the losses sustained from the tea and rubber operations contributing LKR 780 Mn net profit whilst tea and rubber recorded net losses of LKR 427 Mn and LKR 91 Mn respectively. The export sector recorded a net profit of LKR 26 Mn contributing positively to the bottom line. Consequently, net profit of the Comapny declined by 6% over 2013/14 to LKR 407 Mn.

A Peoples' Business

We continue to focus on the quality of life of our employees with structured programmes in place for those who are resident on our estates. Accordingly, initiatives were implemented across the estates to address the legacy issues of social and financial inclusion of the estate sector employees. Programmes were implemented to issue national identity cards for our employees within the estate premises assisted by the estate management. This paved the way for employees to access services such as opening a bank accounts which would facilitate savings for their socio economic progress. Subsequently, we worked with Hatton National Bank to install ATM machines on four estates and provided training for staff to encourage its use. I believe that this is an important step as financial inclusion will facilitate upliftment of their quality of life through building a security net. It is also extremely gratifying to observe the PAYE contributions of high performing associates at our Oil Palm plantations as they have increased their earnings beyond the tax free limits.

Our established programmes to ensure the health and safety of our residents continue to yield positive results. Maternal and child mortality is below the national average and births are taken place in hospitals under medical supervision. Prenatal care and post-natal care and education is provided on the estates in collaboration with the Medical Officers of Health of the area. Our Child Development Centres operated for children under the school going age monitor the health of the children in their care and address issues such as nutrition, immunisation and early childhood development through innovative and collaborative means. A few estates with significant elderly populations have also commenced work for these groups of residents arranging activities to keep them occupied and their spirits uplifted. We continue our work with the Plantation Human Development Trust and other NGO's to provide water, sanitation and housing to our residents.

Women empowerment remains a key focus as many of our Associates are females through our programme to develop female Kanganee's which has been the exclusive prerogative of males until recent times.

Achievements & Accolades

The company encourages operational excellence in key areas and it is with pleasure that I report that we have won a total of 15 awards during 2014/15. Regular benchmarking against defined criteria by an objective panel of judges provides valuable feedback to management about our business processes and results. These awards are the result of a highly engaged and motivated team of employees who challenge themselves to raise the bar each year and I congratulate the corporate management team for their leadership and the teams for the ideas and hard work that has gone in to driving excellence. The highlights of the awards are:

- Gold Award at the Asian CSR Leadership Awards in recognition of our efforts to empower the differently-abled, by providing them employment and the ability to sustain themselves, through the Vocational Training Centre at Kenilworth Estate
- Best Presented Annual Report 2014 under the Agriculture Sector category at the South Asian Federation of Accountants (SAFA) Annual Report Awards Ceremony
- Joint Winner - Best Annual Report in the Plantation sector awarded by the Institute of Chartered Accountants of Sri Lanka for the 7th consecutive year
- Winner, Best Corporate Citizen in the Agriculture sector at the Ceylon Chamber of Commerce Awards in recognition of our triple bottom line performance
- Special Award for The Commendable Achievement of Being the Largest Producer in the Corporate Sector with a Sale Quantity of 9.87 Million Kgs among the Regional Plantation Companies in 2013 awarded by Forbes & Walker and also by John Keells PLC at separate ceremonies

The Way Forward

The outlook for the plantation sector in Sri Lanka requires a careful assessment of forces shaping global demand and our ability to compete whilst delivering value to our stakeholders. The positioning of Ceylon Tea in terms of quality, growing awareness of the benefits of tea and the country as an ethical sourcing destination are key strengths. Forces shaping demand factors are less positive as Iraq and Russia, the two largest markets for Ceylon Tea, are beleaguered by economic and political crisis. It is exacerbated by the decline in oil prices affecting key markets as they are oil producers and many of them are also impacted by confrontational politics. Tea prices which declined sharply in the 3rd and 4th quarter have not evinced signs of recovering to profitable levels.

Government policy can play a key role in determining the future of the tea industry. The lack of a policy on Tea deters further development of the industry. Additionally, promotional funds collected by way of a cess levied on each kilogram of tea exported has grown up to LKR 3.5 Bn without a proper plan for effective utilisation of funds while tea prices continue to decline. Inability of the Sri Lanka Tea Board to execute an effective promotional campaign leaves the industry at a huge loss and requires urgent attention.

Our ability to compete effectively is hampered by political agendas which impact the biennial negotiations of the collective agreement with the trade unions. The present form, over emphasising employer obligations and employee rights without sufficiently balancing employee obligations, hinder efforts to enhance productivity. This is a sine qua non for competing effectively with other tea importing countries and needs urgent resolution.

A diversified plantations industry is critical to the socio economic development of our country as it impacts a wide group of stakeholders and has the potential to secure self-sufficiency in key imported food items. It is the focal point of the global food industry which is strategizing to increase food production to meet the needs of a growing population that strain food supply chains. Appropriate policies are necessary to drive the changes that are overdue for this sector to optimise the vast resources employed in this sector.

Watawala Plantations is committed to a long term vision of a profitable, diversified plantation company that sets the benchmarks for operational excellence in the country. We are well positioned for growth with smart strategies to overcome the challenges with the added advantage of strategic alliance with two global giants, TATA Global Beverages and Wilmar Plantations to add to the strength of our parent. Access to technological knowledge, distribution networks and markets are just a few advantages that Watawala Plantations for its sustainable growth.

Acknowledgments

I extend my sincere appreciation of the team at Watawala Plantations who have worked with dedication and enthusiasm to achieve their levels of performance enumerated in this report. The Board has provided wise counsel and guided strategy during a challenging year and I am deeply appreciative of their objectivity and the depths of discussion on matters set before the Board. Our shareholders, customers, suppliers and strategic partner have provided valuable feedback and we are appreciative of their high levels of engagement. I look to your continued support in the coming year to turn in a strong performance for the year that has commenced.

V. Govindasamy
Managing Director
21 May 2015

Labour Productivity

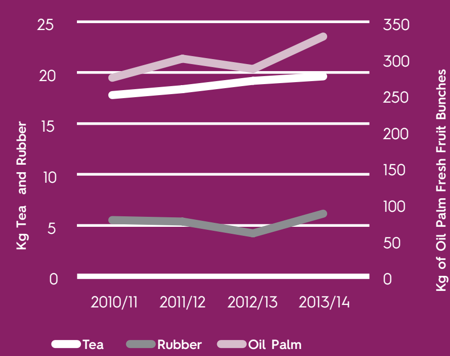
Labour productivity is key to profitability and sustainable growth in any business and more so in the Plantation sector as it is a large scale employer due to the low level of mechanization in the sector. Additionally, the mountainous terrain and impact on the quality necessitates a labour intensive approach to harvesting and pruning. It is also the most significant cost in our operations.

At Watawala we monitor labour productivity separately for the field and factory to ensure that interventions are targeted. The charts below demonstrates the results of our interventions.

Our Interventions targeted at improving employee productivity are as follows:

Consequently our field productivity and factory productivity are above the national averages for tea and rubber (There is no data to compare Oil Palm).

Field Worker Productivity



Interventions for Labour Productivity

Training & Development

- Para Extension Programme

Quality of Life

- Provision of care for children under 6
- Monitoring attendance of school going children
- Monitoring health

Rewards & Recognition

- Competitions
- Regional Awards
- Incentive Paments

Financial Review

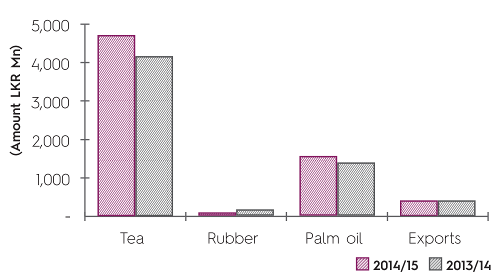
The company has recorded top line growth of 10% to LKR 6.77 Bn and a net profit (Total Comprehensive Income of LKR 407 Mn for the financial year ended 31st March 2015, a commendable performance in an extremely challenging environment. Assets expanded to LKR 7.11 Bn and Shareholder's funds strengthened to LKR 4.28 Bn. Underlying our competitive performance is our successful crop diversification strategy.

The financial review relates to the performance of the Company unless otherwise stated as it is the key determinant of the Group's performance.

	Tea			Rubber			Palm Oil			Export		
	FY 15	FY 14	% change	FY 15	FY 14	% change	FY 15	FY 14	% change	FY 15	FY 14	% change
Quantity (Kg '000)	10,311	9,926	4%	325	490	(34)%	8,854	8,126	9%	310	356	(13)%
Revenue (LKR Mn)	4,717	4,165	13%	89	169	(47)%	1,555	1,392	12%	412	416	(1)%
NP (LKR Mn)	(427)	(276)	55%	(91)	(28)	225%	780	632	23%	26	24	8%
NP/kg (LKR)	(42)	(28)	(50)%	(280)	(57)	(391)%	88	78	13%	87	70	24%

Revenue

Revenue grew by 10% to LKR 6,773 Mn slower than the growth achieved last year of 15%. The slowdown is attributed to the general slump in global market commodity prices and particularly to tea, turmoil in key export markets including Russia and the Middle East. In the circumstances, the company focused on increasing sales volumes to drive revenue, growing volumes by 4% in 2015 compared to the previous year.



GREW BY

10%

LKR Bn

6.77

Tea remained the main contributor to revenue accounting for over 70%, Palm oil 23%, Rubber 1% and exports 6%.

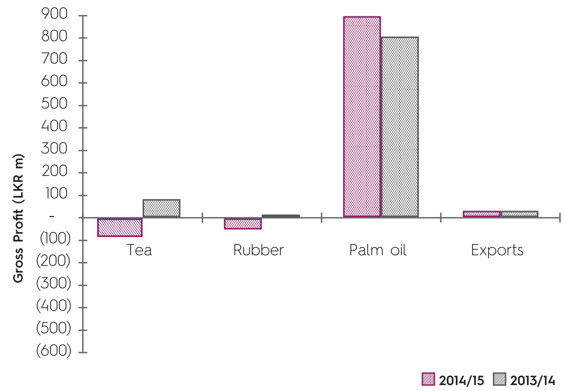
Despite a reduction in NSA by LKR 19/- from LKR 418/- in 2014 to LKR 399/- in 2015, Tea recorded a growth of 13% over the previous year, falling short over 2014 growth by only 1%. This impressive performance was achieved by increasing the quantities sold by 4% to 10.3 Mn kg reflecting the good agronomic practices implemented to boost land and labour productivity as well as maintain quality during processing.

The most profitable segment of palm oil reflected strong growth trends, increasing revenues by 12% and surpassing the growth rate of 5%, achieved last year. Growth is attributed to increased production volumes. Volumes increased by 9% to 8.8 Mn kg driven by increase in hectares of mature plantations, increased yield and production efficiencies in the extraction process.

Revenue from rubber declined almost by half, attributed to the significant reduction in global market prices and declining demand for natural rubber. NSA fell LKR 93/- to LKR 255/-. Exports remained flat, as increased revenue generated from smaller ticket sizes of value added teas/ herbs off set the reduction in sale of bulk teas.

Gross Profit

The overall Gross profit margin dropped sharply from 15% to 12%, significantly to reduce profitability. The fall is attributed to intense pressure on margins for tea and rubber as global commodity markets declined sharply and political turmoil escalated in principal markets for tea which include Iraq and Russia. The decline in oil prices also impacts global demand for rubber as synthetic rubber becomes cheaper. It is noteworthy that the Net Sales Average for Tea and Rubber both declined below the cost of production. However, the company's diversification strategy enabled the cushioning of the loss through profitability of Palm oil and Exports. Increased profitability of palm oil is attributed to successful reduction of cost of production from economies of scale, higher yields and good agricultural practices maintaining consistent quality. Exports margins improved on account of higher sales of value added teas and herbs.



PALM OIL GROSS PROFIT
LKR Mn
898

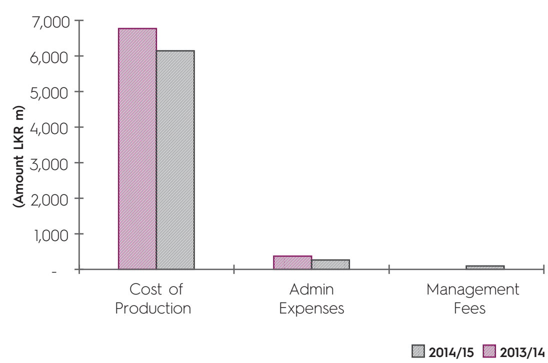
Operating Expenses Including Cost of Sales

Total operating expenses including cost of sales, increased by 16% to LKR 6.4 Bn during the year.

Main contributors to operating expenses are labour, energy, machinery maintenance costs chemicals & fertilizer and depreciation. Although there was no wage hike effected in 2015 following Collective Bargaining, employee cost increased by 3% to LKR 3.2 Bn.

Energy is a key expense accounting for 3% of operating expenses. The Company has implemented several initiatives outlined in the Environment Report to reduce energy costs which include hydro power and bio mass energy to partly reduce the dependency on fossil fuel energy.

The Management Fee payable to Estate Management Services (Pvt) Ltd was discontinued with effect from 1 April 2014, following mutual agreement by Estate Management Services (Pvt) Ltd. and Watawala Plantations PLC.



OPERATING EXPENSES
LKR Bn
6.43

EMPLOYEE COST
LKR Bn
3.31

Other Operating Profit

Operating profit reduced by 19% to LKR 549Mn, mainly due to the reduction in gross profit margin as explained above. Other operating income growth was 33% amounting to LKR 119 Mn derived from harvesting of biological assets-consumables and increased hydro power generated in the leased properties.

OTHER INCOME GREW BY

33%

Finance Costs and Finance Income

Finance costs have substantially reduced by 21% to LKR 100Mn due to the financial restructuring carried out in the previous year and the decline in interest rates. The financial restructuring reduced borrowings by 35% to LKR 371Mn strengthening the balance sheet. Additionally, prudent working capital management has also resulted in reduced short term borrowing costs and increased cash generated from operations.

Finance income has more than halved to LKR 14Mn given reduction in cash and cash equivalent balance and decline in market deposit rates. Internal cash held was utilised to settle debt and for investing purposes.

FINANCE COST REDUCED

21%

Pre & Post Tax Profit

Profit before tax reduced by 20% from a profit last year of LKR 581 Mn to a profit of LKR 463Mn. Similarly, net profit (Total Comprehensive Income) reduced by 6% from a profit of LKR 434Mn to a profit of LKR 407Mn. The main contributor to the reduction in profit was the lower gross profit margin in tea and rubber segments as explained above.

The net losses incurred by tea and rubber segments, was compensated for by increased profits from palm oil and Exports. Bottom line was also supplemented by other income from sale of timber, rent income from hydro power and reduced interest cost. Palm oil was the main contributor to profits, accounting for 191% of net profit.

PALM OIL PROFITS BEFORE TAX ACCOUNTS FOR

191%

OF TOTAL PROFIT

Shareholders' Funds

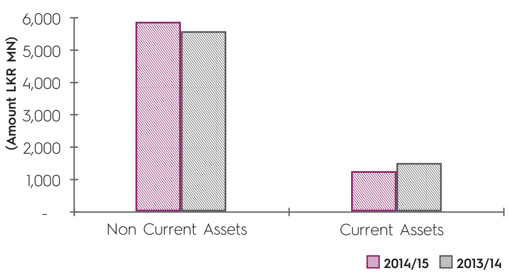
Shareholders' funds increased marginally by 2% to LKR 4.28Bn given profit generated for the year of LKR 407Mn and the dividend paid for FY 2014 of LKR 118Mn and FY 2015 of LKR 225Mn.

SHAREHOLDERS' FUNDS LKR Bn

4.28

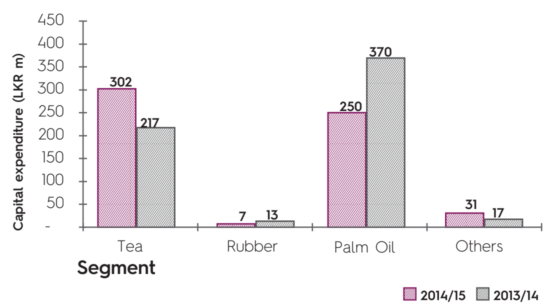
Assets

The assets base expanded by 1% to LKR 7.1Bn during the year with Biological Assets account for 47% of Total Assets and Property Plant & Equipment for a further 27%. Current Assets amount of LKR 1.2 Bn comprises mainly of inventory and trade receivables. Efficient working capital management has reduced the current ratio to a more efficient level of 1.44 : 1 and Return on assets maintained at 10% for the year.



The company continues to invest significantly in capital expenditure consisting of field development expenditure and expenditure on property plant and equipment. During the year, the company spent LKR 590Mn (2014 – LKR 617Mn) on capital expenditure of which 61% (2014 - 54%) was incurred on field development such as replanting of palm oil (LKR - 221 Mn) and tea, which is carried out on a regular basis to improve production and yield.

Expenditure on Property plant and equipment mainly consists of expansion and renovation of factories to increase production capacity, efficiency and maintain consistent standards of quality. The Strathdon tea factory was renovated in 2015 at a cost in excess of LKR 100Mn , increasing production capacity by 67%. Strathdon Estate is the largest plantation in the Hatton area and produces good quality CTC tea for export. These investments were funded mainly through internally generated cash.



CAPEX CURRENT YEAR
LKR Mn
590

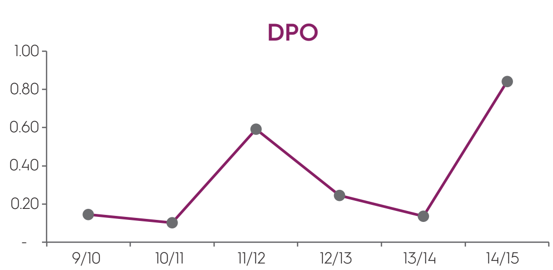
CAPEX LAST YEAR
LKR Mn
617

Cash Flow

The key source of finance for the Company during the year was cash generated from operating activities, mainly being funds raised from the sale of tea stocks held since last year. Given the falling tea prices, the company held stocks of tea at end 2014, pending a turnaround in price. However, with the tea prices continuing to fall, forecasts of global commodity prices remaining poor and geo-political tensions continuing in our tea export markets, the stocks were sold in 2015. The funds raised were utilised to pay dividends, settle debt and invest in capital expenditure. By year end, cash and cash equivalents reduced to a negative balance of LKR 66Mn.

Dividends

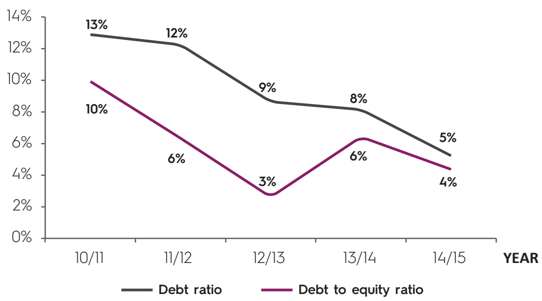
The Board of Directors have paid an interim dividend for the FY 2015 of LKR 0.95/ share, totaling LKR 224.833Mn. The Directors have recommend a final divident of LKR 0.50/ share totaling LKR 118.33 for the FY2015.

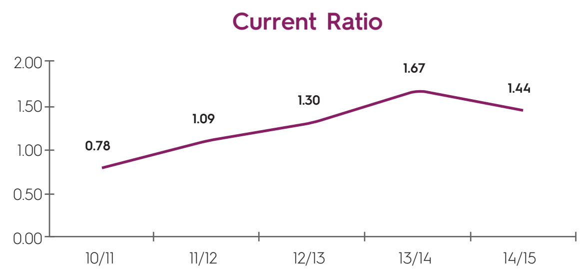


Liquidity

Given the settlement of debt, gearing ratio improved further from 6% to 4% by year end. The company remains very low geared, a strategy to manage interest cost and minimise the cost of production. Interest cover ratio is comfortable at 6.38 times due to a low interest rate regime and a relatively low level of borrowings, a prudent positioning for the company.

Current ratio has improved over the years and is at a satisfactory level of 1.44 at year end. The dip from 2014 to 2015 is attributed to the ratio being exceptional in 2014, given the company held excess tea stocks at year end pending an increase in market prices. These stocks were all sold in 2015. Stocks now reflect at normal stock holding levels.





Return to Shareholders

	2015	2014	% change
Return on Equity %	10%	10%	0.50
Market price per share (LKR)	20.00	9.80	104
Market capitalisation (LKR'000)	4,733,333	2,319,333	104
No. of shares in issue	236,666,671	236,666,671	-
Annualised Earnings per share (LKR)	1.65	2.10	(21)
Price Earnings Share (times)	12.12	4.66	160
Dividend per share (LKR)	1.45	0.25	160

Future Outlook

Notwithstanding the challenging industry dynamics Watawala Plantations has performed resiliently over the past years. Underlying our performance is our crop diversification strategy and relentless commitment to increasing land and labour productivity and managing costs, driven by strong a business acumen and effective management practices.

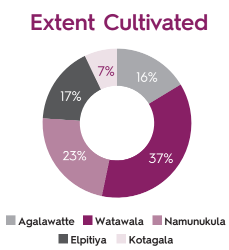
Diversification projects of Palm oil, Timber and Exports are contributing positively to the bottom line and show significant potential for growth. Palm oil in particular has shown strong growth trends and is already contributing over 170% to net profit. We will explore opportunities to expand these businesses. Further, Watawala Plantations will seek to improve the profitability of tea segment in 2015/16 by focusing on further optimizing production and increasing economies of scale when processing tea at the factories while continuing to improve quality of our Teas (selling marks).

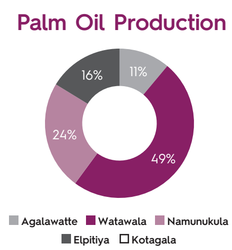
The Collective Bargaining negotiations which are currently underway will be a key determinant of the future of the industry and the need to balance stakeholder interests for a win-win solution is a top priority. There is an urgency for resolution of the issues with the plantation sector given the forces shaping global demand. As reiterated throughout this report, new ways are essential for the transformation of an entire industry which impacts many livelihoods.

Operational Review

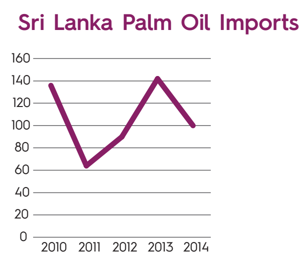
Palm Oil

Watawala Plantations has cultivated 3,057 hectares of Oil Palm at our estates in the Udugama region Homadola, Talangaha, Nakiadeniya Rubber and Nakiadeniya Oill Palm which is the largest extent of this key import substitution crop accounting for 58% of the country's total. Consequently, we are also the single largest producer of Palm Oil in Sri Lanka accounting for 49% of Palm Oil production in the country. It is a key import substitution product for the country as 100,000 MT of Palm Oil were imported in 2014.





Source: Progress Report 2014, Ministry of Plantation Industries



Source: United States Department of Agriculture

Performance

Key Performance Area	Measurement	2015	2014	% Change
Revenue	LKR 000	1,555,064	1,392,375	12%
Gross Profit	LKR 000	897,689	805,808	11%
Operating Profit	LKR 000	802,379	658,946	22%
Hectarage cultivated	Hectares	3057	2,921	4.7%
Yield per Hectare	FFB Kgs/Hectare	16,112	16,833	-4.3%
Production	Kgs	8,854,190	8,127,425	9%
Bearer Biological Assets	LKR 000	1,625,321	1,446,672	12%
Property Plant & Equipment	LKR 000	385,929	399,968	3.5%
Head count	Workers directly involved in cultivation and production	460	450	2%

Palm oil contributed 23% of the Group Revenue and 146% of the Group's Operating Profit during 2014/15. Output increased by 9% to 8.0 Mn kilos over 2013/14 as the harvest of fresh fruit bunches was also up by 9% over the previous season as the cultivated mature area increased by 217 hectares during the year. Encouragingly, revenue increased by 12% and Gross profit by 11% due to production efficiencies and healthy price levels during the first half of the year. Profits from Palm oil operations continue to cushion the losses made in tea and rubber. Good agronomic practices has ensured that our yield remains consistently above the national average of 3.4 MT per hectare reaching 3.7 MT per hectare for 2014/15, in line with yields achieved in the previous year.

Outlook for 2015

The government's vision to contribute to the national economy through development of oil palm as a commercial crop to meet the local edible oil requirement augurs well for the industry. It plans to increase the extent of oil palm cultivation in the country up to 25,000 hectares in the next 10 years and has also installed a research facility for Oil Palm within the Coconut Research Institute to support the industry. A gradual decline in prices was observed in the second half of the financial year as the lower crude oil prices impacted Palm Oil demand causing some concern given the importance of the segment for the sustained profitability of the company. However, Watawala Plantations is well positioned for growth in this segment with access to technical knowledge and market development through its strategic alliance with Wilmar Plantations and the company will continue to explore opportunities for growth.

Tea

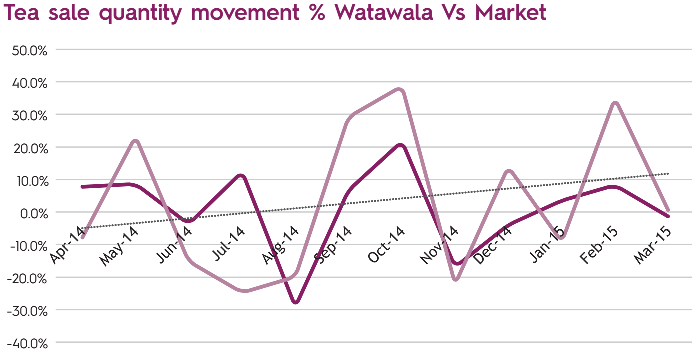
Watawala Plantations has been the largest producer of tea for over 3 years consecutively. A comprehensive range of teas, ranging from High, Medium and Low according to elevation and orthodox black tea and CTC tea according method of production, provides us with the capacity to cater to the complete range of a buyers' requirements. Our tea is sold through brokers at the Colombo Tea Auctions according to the rules which require that a minimum of 90% of tea produced must be sold through the Colombo Tea Auctions.

Performance

Key Performance Area	Measurement	2015	2014	% Change
Revenue	LKR 000	4,716,540	4,164,561	13.3%
Gross Profit	LKR 000	(78,430)	88,374	-188.7%
Operating Profit	LKR 000	(325,182)	(79,778)	307.6%
Hectarage cultivated	Hectares	4,470	4,451	0.4%
Yield per hectare	Kgs/Hectare	1,568	1,480	6%
Production	Kgs	10,310,627	9,926,332	3.9%
Bearer Biological Assets	LKR 000	767,539	715,472	7.3%
Property Plant & Equipment	LKR 000	1,332,331	1,242,533	7.2%
Head count	Workers directly involved in cultivation and production	8,234	8,716	-5.5%

Tea is the largest contributor to Company revenue accounting for 70% in the financial year 2014/15 a marginal increase from 67.8% contributed in 2013/14. Revenue growth of 13% for tea is mainly due to increased quantities sold as net sales averages at the Colombo Tea Auctions declined sharply due to political turmoil in key markets for tea further exacerbated by the decline in oil prices which also had an adverse impact on these markets. Net sales average for 2014/15 was LKR 399/- recording a decline of LKR 19/- over the previous year as prices declined from August 2014. The highest decline was observed in the CTC teas which account for approximately 30% of the company's total tea production.

Tea sale quantity movement % Watawala Vs Market



Total tea produced amounted to 10,310,627 kilos an increase of 4% over the previous year as weather conditions improved relative to last year. Watawala and Lindula regions contributed equally to growth in production whilst Hatton production remained flat and Udugama production declined due to planned crop diversification. Increased production is mainly attributable to higher yields per hectare across all regions averaging 1,568 kgs per hectare due to good agricultural practices applied consistently over the long term. The Plucking average for tea also increased from 19.65 kgs per worker per day to 19.81 kgs per worker per day due to increased training and recognition of achievements above the norm. Bought leaf accounted for 35% of total production in line with the previous year. Cost of production was curtailed during the year and increased land and labour productivity contributed significantly to this.

Decline net sales averages resulting from sharp declines in commodity markets and escalating political and economic woes in large tea importing countries. Wages continue to be a concern as it accounts for 60% of the cost of production and the Collective Bargaining Agreement which expired on 31st March 2015 is currently under negotiation. These negotiations will have a key impact in determining the future of the tea industry in the country and must address the need to balance stakeholder interests for the benefit of parties directly impacted by the negotiations.

Outlook for 2015

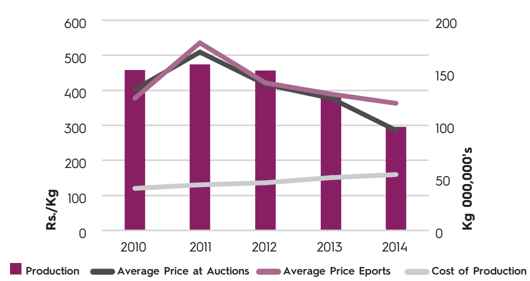
We have increased our focus on enhancing the quality of the tea produced in our estates. The investment in factory development is a step towards achieving this and also to realizing cost efficiencies. We are concerned about the issues facing the tea industry as margins have declined sharply over the 3rd and 4th quarters with no signs of positive recovery in the near term. However, our strong strategic alliances provides the company with a wider range of options and entry to new markets which we hope to exploit full in the coming year.

Rubber

Watawala Plantations has 559 hectares of rubber which accounts for 4.5% of the company land bank. The luster of this business segment has dimmed due to declining rubber prices which has resulted in declining rubber production consistently since 2011. The corporate sector which comprises mainly the Regional Plantation Companies account for 23% of the country's production.

Rubber prices declined sharply during the year from LKR 348 to LKR 255 as global demand declined significantly. The decline in crude oil prices witnessed in the latter part of 2014 also contributed to the decline as synthetic rubber became more affordable. The government's vision is to increase the value addition to rubber through manufacture of finished goods which is targeted to use 80% of the rubber produced in the country by 2016.

Performance of Rubber Sector - Sri Lanka



Performance

Key Performance Area	Measurement	2015	2014	% Change
Revenue	LKR 000	89,280	168,721	-47%
Gross Profit	LKR 000	(52,646)	17,632	-398%
Operating Profit	LKR 000	(77,143)	(4,782)	1,513%
Hectarage cultivated	Hectares	559	701	-20%
Production	Kgs	325,497	490,097	-33%
Bearer Biological Assets	LKR 000	154,556	157,817	-2%
Property Plant & Equipment	LKR 000	46,268	49,438	-6.4%
Head count	Workers directly involved in cultivation and production	580	669	-13%

Revenue from rubber accounted for 1% of revenue with a negative contribution to Gross Profit of 7%. Total production at Watawala Plantations was 325,497 Kgs reflecting a decline in production of 33% over the previous year. Unfavorable tapping conditions contributed to the losses whilst every effort was made to curtail the cost of production of rubber which declined by 6% during the year. We have in place contracts to supply rubber directly to manufacturers of finished goods which accounts for a significant proportion of our production.

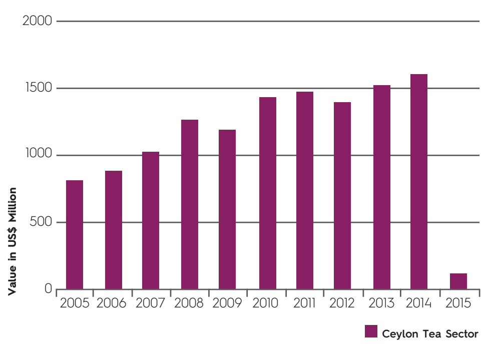
Outlook for 2014

The falling commodity prices and crude oil prices has increased pressure on the industry which has been barely breaking even. Other challenges such as tapper shortages, increasing costs of wages and adverse weather conditions due to the location of plantations in the wet zone serve to dim the outlook for this segment of our operations.

Exports

Sri Lankan tea exports contribute to 60% of the country's agricultural exports with 50% being in the value added form. Tea exports has shown a continues growth trend. Company has consolidated the export business in 2015 and all plans are underway to commence exports to USA. The expansion program is as a result of strategic partnership with Tata Global Beverages, owners of the world's 2nd largest tea brand.

Export Performance - Ceylon Tea Sector 2005 - 2015 / April



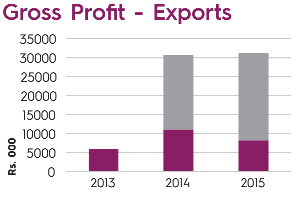
Source- Sri Lanka Export Development Board

Key Performance Area	LKR	2015	2014	% Change
Revenue	LKR'000	412,751	416,967	(1)
Gross profit	LKR'000	31,185	30,752	1
Operating profit	LKR'000	30,257	24,002	26

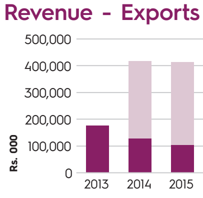
Although the revenue shows a marginal decline of 1% both gross profit and operating profits increased by 1% and 26% respectively with effective cost management techniques. The contribution of bulk tea to revenue and gross profit has declined by 18% and 26% given the strategic remix of export portfolio focusing on value added tea.

Outlook for 2015

Gross Profit - Exports



Revenue - Exports



Sri Lanka is expected to achieve a tea export target of US $ 2500 million in 2015. Being in line with the country's performance expectations in export segment we have taken steps to improve currently of our teas given the better margins on the bottom line. We are confident the certification of our estates on environment, labor and social practices especially Rain Forest Alliance together with alliance of strong strategic partners would enable us to capture traditional and new foreign tea markets.

Our Customers

Tea

Brokers at Colombo Tea Auctions

Value Added Tea Exports

Oil Palm

Direct sales to Buyers

Rubber

Brokers at Colombo Rubber Auctions

Direct sales to Buyers

Customer focus is a key strategic imperative that is embedded throughout the organization in all our product groups. According to the regulations 90% of our tea produce is sold through auctions direct to buyers with little contact with the final consumer. However we are conscious of the needs of both our buyers and the final consumers on the quality of the products and have obtained assurance covering all aspects of production. Our tea estates are certified with Rainforest Alliance, Ethical Tea Partnership, Fair Trade, ISO 22000: 2005, HACCP voluntarily while adhering to the regulatory requirements of Sri Lanka Tea Research Institution, Sri Lanka Tea Board. Our efforts to delight the customers allowed us to be the highest volume tea seller at Colombo Tea Auctions for over 3 years consecutively.

We are the single largest producer of palm oil in Sri Lanka producing two types of oil- Crude Palm Oil and Kernel Palm Oil. Palm oil is sold on forward contracts. Products are tested at our laboratory for Moisture, Free Fatty Acid levels, iodine values and peroxide levels before dispatching to buyers. We work closely with the direct buyers to ensure compliance with their requirements.

We have a key non related buyer for rubber who accounts for approximately 25% of rubber produced whilst the balance is sent to the Rubber Auctions. All our products meet the labeling requirements of the relevant regulators and the industry best practice. It is with pride we note there were no fines or rejections in any of the product categories during the year.

Suppliers

Being a plantation company we obtain raw material inputs from our own estates as well as other small estate holders/ out growers and are reliant on agrochemicals suppliers. We are conscious of the fact all the aspects in the value addition process needs to be synchronised to highest level of standard to guarantee quality products. Bought green leaves volume accounted for 35% of the tea leaves. We ensure that leaves are bought only from out growers certified by the Tea commissioner's Department on conformity with Tea Research Institution (TRI) recommendation and they confront to our specific requirements on use of agrochemicals and harvesting practices. It is by offering them long term contracts, advice on growing and plucking and high payment that we are able to get them to agree to a commitment.

WPL buys agrochemicals directly from the head offices of reputed suppliers to ensure that quality standards are maintained in line with the requirements of the TRI and fertiliser samples are sent to the TRI for analysing on each consignment received at the estates. These key suppliers have registered themselves with National Fertilizer Secretarial and the Registrar of Pesticides and are required to be HACCP and ISO 22000: 2005 certified. They are provided facilities to hold buffer stocks on the estates for sale and Watawala Plantations pays for agrochemicals used. We engage with packing material suppliers and logistics providers on annual service contracts.

Employee Report

Plantations is a human resource intensive industry with staff costs accounting for 48% of value added which makes this the most significant aspect in managing our business. Watawala Plantations PLC employs 10,909 staff working in 19 estates located in two provinces. Most of our workers (99%) and their families reside in the plantations and this creates a higher level of mutual obligations. Of the 15 awards received by the company, 5 awards related to aspects related to HR which has been a center of excellence for the company and serve as testimonials of our efforts. We also benchmark our HR practices with international best practice through external certifications which cover employment aspects in their assessments.

Key Performance Area	Measurement	2013/14	2014/15	% Change
Total Staff Cost	LKR	3,212,558,000	3,309,409,000	3%
Investment in Training	LKR	6,900,349	3,950,193	-42.75%
Employee coverage for training	%	99%	99%	-
Recruitment	%	4.27%	7.61%	0.7%
Employee Retention	%	94%	95%	1%
Employee Productivity	Revenue Per Employee LKR	556,649	620,922	11.55%
	Profit Per Employee LKR	39,357	37,345	-5.11%
	Assets Per Employee LKR	639,099	651,539	1.95%
Value created Per Employee	Cost Per Employee LKR	291,124	303,365	4.2%

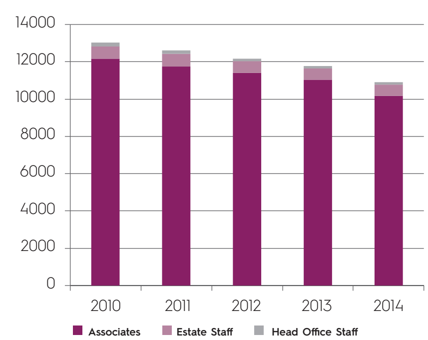
Team Profile

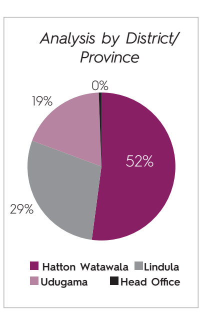
We manage a diverse talent pool as the requirements of employees who are resident on plantations vary significantly from the requirements of Head Office staff. Education levels are also diverse with the majority of Executive level staff having tertiary educational qualifications whilst Associates typically have lower secondary level education. Our policies and procedures are designed to inspire and motivate all our employees through addressing legitimate concerns whilst maintaining the underlying principles of equal opportunity, meritocracy and facilitating socio-economic advancement.

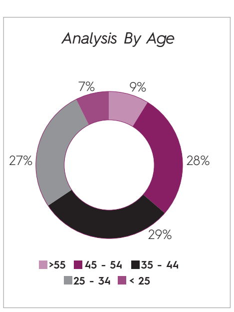
Staff Strength

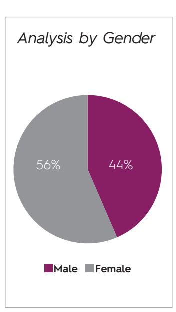
The decline in head count is mainly due to the retirement and change of residence arising from marriage. We recruit only on a needs basis as increased automation and mechanisation of processes in both head office and estates and re-skilling staff to adjust enabled us to enhance productivity, bridging the gap.

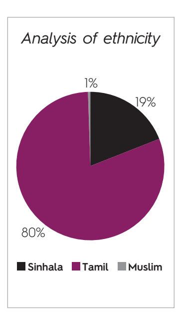
At Associate level, we note with satisfaction the increasing education levels which enable the children of Associates to obtain employment outside the estates, the main cause of the decrease in head count at this level.

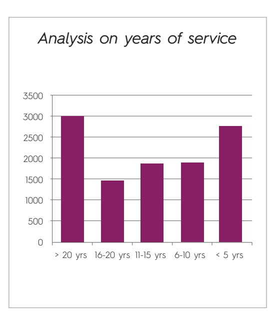


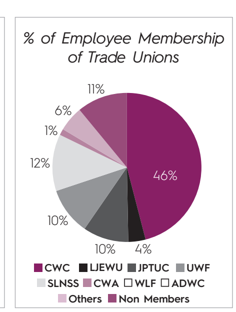












Management Approach

Watawala Plantations has a robust employee engagement model that enables us to identify their needs in a proactive manner and motivate them to maximise their potential. A comprehensive policy framework that is consistently applied ensures compliance with the Employees' Provident Fund Act, the Employees' Trust Fund Act, the Payment of Gratuity Act, Maternity Benefits Ordinance, the Medical Wants Ordinance, the Shop and Office Act, the Industrial Disputes Act, the Factories Ordinance, the Workmen's' Compensation Ordinance and the Collective Agreement entered in to between the EFC, the CESU and NESU.

In an industry that has historic roots steeped in imperialistic styles of management, we provide clear and fair terms of employment and take a holistic approach to employee welfare and productivity, linking the two and resolving the issues through measured and monitored programmes. Our goals and results are communicated to employees to promote higher levels of engagement in our business to drive productivity and innovation in our fields and factories and we see positive results. Significant resources are devoted to educating and training employees with policies and codes of conduct in place to ensure that all employees are treated with dignity and respect without sexual, physical or mental harassment in a safe environment. We engage pro-actively with trade union representatives to identify issues and resolve them. Complaints Registers are maintained on estates to record grievances and these are reviewed by Estate Managers regularly to identify issues that require attention and resolution. Effectiveness of our Human Resources function is assessed through an annual Climate Survey, which covers all staff above the Executive Grade at estates and all staff at the Corporate Office.

Our Human Resource management model is captured below.

The delivery of our HR strategy depends on a collaborative matrix stretching across our plantations co-ordinated by a separate division in Head Office. Each estate has its own organization structure dedicated to driving employee productivity and ensuring the well-being of employees and residents of the estates as given below.

A Conducive Work Environment

At Watawala Plantations we believe in creating a work environment where workers of all levels can interact in dignity and harmony with the utmost respect for each other. We take it upon ourselves to ensure that attitudes and practices that have been embedded in the work cultures over 150 years in the plantation industry must change for the better and have made significant progress in this regard. All our Estate Managers are committed to the Watawala Plantations Code of Conduct, creating a Conducive Work Environment which enables all our Associates to work in dignity and harmony. Key elements include:

- Taking the people into our confidence and ensuring that they be our Associates (Partners in progress)
- Polite language to be used in all interactions and banning use of slang
- Establishing grievance handling procedures at estate level, region level and company level
- Establishing committees that resolve issues at field, estate, regional and company level with equal gender participation and seating for all attendees
- Addressing all persons on the plantations by name (including children at crèche facilities)
- Banning the practice of "Chasing" with strict action taken against violators
- Wages are paid directly to the Associates
- Affording our Associates an opportunity to gain exposure to Sri Lanka by arranging excursions.
- Special arrangements to accommodate needs of nursing mothers, pregnant employees
- Training and development for all Associates
- Zero child engagement or forced labour

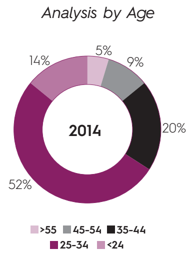
This is implemented in all of our estates in all 3 languages and rigorously followed.

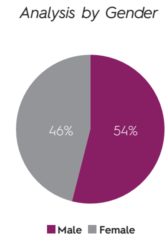
Recruitment

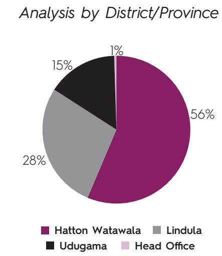
Being competitive and successful in today's complex and diverse marketplace means effectively identifying, developing and ultimately retaining your company's global talent. We attempt to recruit staff as far as possible from within the ranks; this is a preferred requirement of the Staff Collective Agreement as well. Prospective applicants from around the estates are interviewed by a panel which includes the Manager of the estate. In the event applications are not received, it is advertised publicly. Once the Grade is matched, the selected candidate's details are sent to the CEO for final approval, and letters of appointment sent to the Estate.

Where HO appointments are concerned, an induction programme is carried out in respect of all new employees. The letter of appointment is handed out personally by the CEO who speaks to each applicant outlining the culture of the company and its expectations.

TOTAL RECRUITS
830







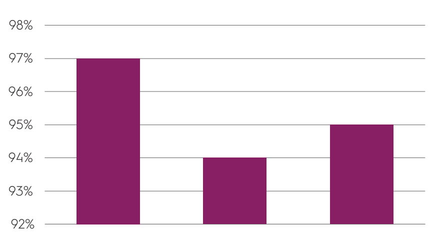
We have assisted more 600 employees to obtain their National Identity Cards as many of them did not have these. Today, more than 95% of our staff have National Identity Cards facilitating financial inclusion, access to a broader range of services, and geographical and employment mobility.

All permanent employees are enrolled in the Employee Provident Fund and Employee Trust Fund as per respective Acts. Accordingly employees contribute 8% of their salary to the Employee Trust Fund whilst we contribute 12% and 3% for Employee Provident Fund and Employee Trust Fund respectively. Gratuity is provided for under the Gratuities Act of 1983 which is partially funded as determined by an independent actuarial valuation which has been carried out Messrs Actuarial and Management Consultants (Pvt) Ltd. Gratuity is paid to all employees with over 5 years' service at the rate of 14 days wages for every completed year of service.

Retention

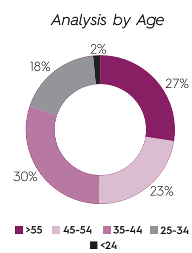
Employee retention was 95% for the year and remains a complex challenge due to attitudes and culture. Efforts made to improve employee retention include reward & recognition schemes, employee engagement, harmonious industrial relations and modernised factory machinery. Additionally, we recognise employees for long standing service starting from 10, 15 and 20 years of service.

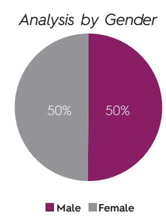
Employee Retention Chart tracking 3 years

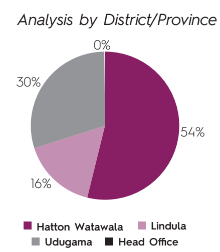


We are very conscious of the need to retain staff. Our policies, procedures and management styles have enabled us to become a preferred brand within the Plantations. Our attrition rate is low at 5% for the period under review.

TOTAL RESIGNATIONS
652







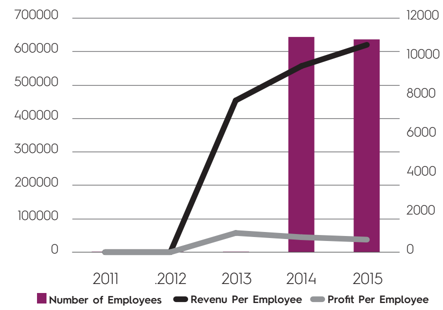
Team Productivity

Employee productivity as measured by revenue per employee increased due to commitment from associates, reduced alcoholism and empowerment from the estate managers. This outcome has been possible due to the comprehensive support provided by the Welfare Officers in dealing with productivity, health and social issues such as alcoholism.

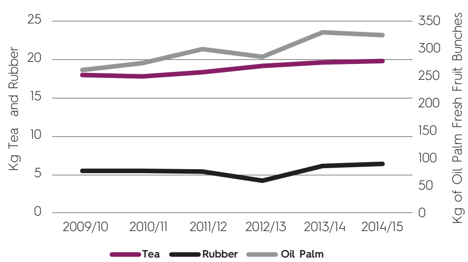
Profit per employee has decreased due to declining prices for tea.

Workforce capability and capacity in the field is measured by the plucking average for tea, tapping average for rubber and the harvesting average for oil palm which reflect the efficiency of the workers.

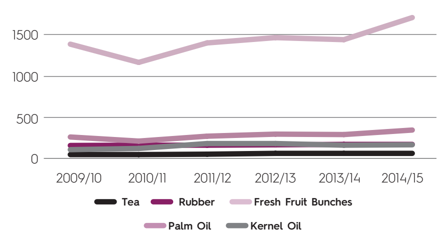
Employee Productivity



Plucking, Tapping & Harvesting Average Per Worker



Factory Worker Productivity



As can be observed the worker efficiencies have steadily increased although the rubber tapping average declined due to rain in 2012/13. Workforce capability results for the factories are measured by the output per factory labour for the respective crops increased due to employee engagement, harmonious industrial relations and modernised factory machinery.

Creating Employee Value

We create value for employees through fair remunerations and a comprehensive welfare programme that has evolved beyond a mere compliance model to one driven through effective stakeholder engagement. During the year we have directly created value to employees totalling LKR 3,309,409,000 of which LKR 3,950,193 has been spent on training & development on our staff other ways which we create value to our employees is described in this report.

Remuneration & Benefits

Our estate staff are covered by a collective bargaining agreement which is negotiated for the entire plantation industry on a bi-annual basis. The largest employee category of Associates are provided housing, primary healthcare, child care facilities and numerous other welfare facilities. Each estate operates a dispensary with a qualified estate medical officer and a midwife. Medicine are provided free of charge. Maternity clinics are available within the confines of the estate and a midwife visits regularly to monitor pregnant residents. Associates are transported by the company to the nearest district/base hospital if the need arises. All funeral expenses of Associates are paid for by the company including location of the burial site. Employees injured during work are entitled to compensation, the value of which is determined paid at a standard rate which can be referred to the Commissioner of Workmen's Compensation in event of dispute. This was extended to cover employee travel to and from work during the year. We also work in partnership with government and non-government organisations to facilitate the socio-economic advancement of the Associates and their families as enumerated on page 43 An Engaged Community.

Management of the organisation are remunerated in line with market rates prevailing in the industry and annual increments are linked to performance reviews. Employees above the category of executive on the estates and all Head office Employees are enrolled in a Medical Insurance scheme. All estate staff below the executive category are covered by a contributory medical scheme for which employees contribute 5% of their salary whilst the company contributes 10% towards the medical fund. Female employees are entitled to maternity leave of 84 working days for the first two pregnancies and 42 days for any further pregnancies as provided for by the labour regulations. Daily paid employees are entitled to a maximum of 17 days paid leave in the following year based on their attendance to work according to the labour laws of the country.

All permanent employees are enrolled in the Employee Provident Fund and Employee Trust Fund and Employees contribute 8% of their salary to the Employee Trust Fund whilst the company contributes 12% and 3% for Employee Provident Fund and Employee Trust Fund respectively. Gratuity is provided for under the Gratuities Act of 1983 which is partially funded as determined by an independent actuarial valuation which has been carried out Messrs Actuarial and Management Consultants (Pvt) Ltd. Gratuity is paid to all employees with over 5 years service at the rate of 14 days wages for every completed year of service. Executive employees on the estates and all Head office Employees are enrolled in a Medical Insurance scheme. All estate staff below the executive category are covered by a contributory medical scheme for which employees contribute 5% of their salary whilst the company contributes 10% towards the medical fund.

Training and Development

Training and Development is a key component of Watawala Plantation's value creation for employees as enables better alignment of individual and organisational goals. A comprehensive and well defined Training & Development Policy is in place encompassing all levels of staff. Training needs are identified through the Performance Management process for all levels of staff other than Associates. The Associates training requirements are determined by Estate Manager in concurrence with Estate Medical and Field Staff who have adopted a holistic model which seeks to drive productivity through identification and resolution of health, lifestyle and well-being issues enhancing the employees quality of life in order to drive productivity. Progress on the Associate productivity is encouraging particularly when mapped against the Millenium Development Goals set out on page 30.

An annual training calendar based on individuals training needs is formulated at estate level, regional level and organisation level to ensure that plans are aligned to business needs. Implementation of training plans is monitored at all three levels to ensure allocation of resources for the programmes and to evaluate its effectiveness. Training programs are conducted in the field or in the training centres as the occasion demands. We monitor effectiveness of training programmes implemented through periodic evaluations to include feedback reports from both the beneficiary and the immediate supervisors. We have covered almost all our employees providing at least 01 training program per person in the reporting period including drivers and office aides.

The management also focusses on creating an organisation culture where there is a focus on continuous improvement and knowledge sharing through targeted organisation-wide initiatives

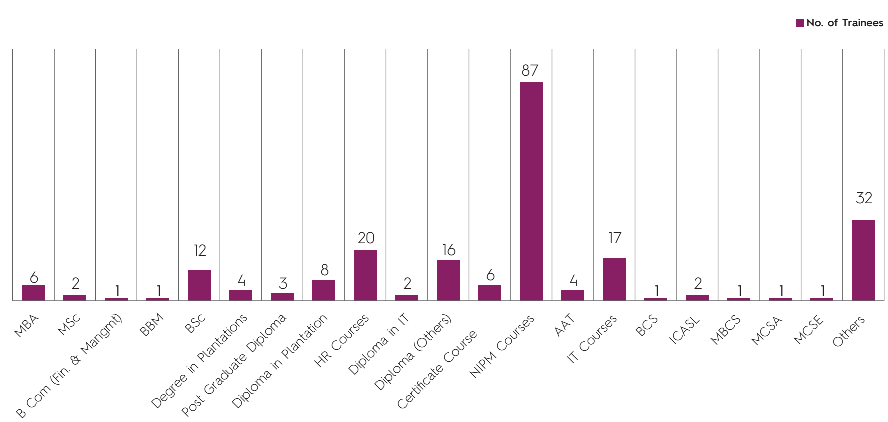
Category	No of Programs	Description
Finance	2	Effective Control of Other Assets (Cash & Bank)
		Plantation Accounts
HR	9	On Line Remittance of EPF and ETF Payments
		Cleaner Production Consultant Development Training Program 2014
		Program on Strategic Thinking
		National HR Conference 2014
		HR Strategies for Staff Retention
		Awareness Program on HRIS
		Work Shop on Psychology
		Sri Lanka Employers Symposium - Breaking Barriers for better work Place
		Supervisory Skills Development Program
Marketing	1	Social Media Marketing & Brand Management
Technical	24	Workshop for Factory Personnel
		Sustainable Product Design for Better Profits Through Eco-Design
		Efficient & Safe Operation of Boilers
		Lean Quality Circles - Workshop
		National Seminar on International Standardization & its Impacts for Competitive Advantage.
		Comprehensive Training Program on Safe Chemicals Management.
		Criteria for Performance Excellence for Sri Lankan National Quality Awards.
		1st National Business Excellence Summit 2014

Category	No of Programs	Description
		Green Reporting Systems
		Criteria for Performance Excellence for Sri Lanka National Quality Awards.
		The Engagement Formula
		Lean Management
		Seminar on Rights of Bulk Electricity Consumers
		Advance 5S for Lean Enterprises
		Quality Circle Leaders' Training Workshop
		CMA Annual Conference
		Advance Certificate in Occupational Safety & Health Course for Plantation Sector
		Advance Certificate in Occupational Safety & Health Course for Plantation Sector
		Program on Good Manufacture Practices
		National Quality Awards - Awareness for the Preparation
		Risk Management with Silicone Valley Risk Expert
		Workshop on Enhance Productivity by Managing Change
		Two Day Workshop on Boiler Operation
		Plantation Sector Networking and Learning Event 2014
Other	3	Fire Drill & Training Program
		Workshop on Business & Dining Etiquette
		Business Writing Basics for Professionals

Lifelong Learning

All employees are encouraged to undertake relevant tertiary and vocational education that will support their career development within or outside the organisation. A clearly defined the career path with minimum required qualifications and competencies is in place for the Creepers who are equivalent to management trainees. A key requirements is the National Institute of Plantation Management – NIPM qualifications covering language proficiency to Tea Manufacture /Rubber Manufacture and Factory Practice, Book Keeping and Accounts at Diplom and Higher Diploma levels followed by a degree programme. Experience though important, alone will not suffice for career progression and this is clearly communicated to our aspiring Creepers. Reimbursement of Course fees in full on successful completion of courses embarked upon was introduced as a motivating factor. Consequently, 39 Estate Assistant Managers and Managers have at least one of the NIPM qualifications required and 6 Estate Managers are currently reading for their Master in Business Administration.

Summary of Knowledge Inventory



Notes: Others include - English courses, Secretarial courses, Basic Management Courses etc.,

Life Skill Development

Life skill development programs are undertaken covering all Associates in order for them to identify their hidden talents and think out of the box. The workplace environment was improved under the concept of Quality-Of-Work-Life (QWL) to maintain health, safety and security of the workforce in the factory and support services. This area was approached through a QWL Programme embodying the establishment of a Safety Committee, Employee Wellness Programme and a Comprehensive Energy Management Plan (CEMP).

Total hours of training by employee category and gender

Employee Category	Total Training Hours	Total Number of Employees
Corporate Managers	115	11
Managers	228	70
Executives	176	32
Non Executives	19,947	630
Associates	86,115	10,166
Total	106,581	10,909

Gender	Total Training Hours	Total Number of Employees
Male	58,036	4,765
Female	48,545	6,144
Total	106,581	10,909

Workforce Change Management

We have been adapting and changing in keeping with the environment in which our plantations operate. The younger generation of our current set of Associates have shown a preference to move into other fields of work and have left the estates in search of work in the cities. To counter this we have been moving towards mechanization where possible, shearing instead of plucking being an example. We have engaged with our Trade Unions to work in partnership with us so that both benefit from it. To improve our productivity we introduced norms and increased daily tasks through the process of proactive engagement and discussion with the Unions.

Para Extension Training

Para extension approach introduces the concept of strategic business partnerships at estate level forming an important link between management and employees on the field. Under this programme, selected groups are trained by the Tea Research Institute who in turn transmit their learnings to Associates at field level using the Train the Trainer concept. The HR team is actively involved in ensuring the effective implementation of this para extension approach. In 2014, 110 got para training at TRI.

Talent and Development Highlights	
Customised Certificate course in Human Resource Management for Plantation Executives	Ten Assistant Managers from Watawala Plantations participated in a unique programme designed for the plantation sector by the Institute of Personnel Management together with veterans in the industry using dynamic training tools covering 78 training hours. An eye opener for many participants, it tackled legacy issues in the plantation sector and the need to change attitudes and mindsets to transform the industry.
Customised Foundation Course in HRM for Plantation Family Welfare Officers	This customised programme was designed with the aim of creating a career path for these officers who are a vital link between the Associates and Management. Conducted by IPM with assistance from the World University Service of Canada, this is also a key aspect required for transformation of the industry.
Workshop for Estate Medical & Welfare Staff	A workshop to improve the morale and re-visit their job descriptions of those involved in the welfare of our estate staff was conducted by the Corporate Management. Estate Medical Assistants, Plantation Family Welfare Officers, Child Development Officers and Midwives participated in the workshop which enabled identifying constraints hampering improved performance.
Workshop & Tea Tasting	Three senior Tea trade personalities conducted a workshop for our Estate Managers focusing on product quality and buyer needs in collaboration with Lanka Commodity Brokers Ltd.

Leadership and Career Progression

Career progression within the Company is structured. A planter trainee's career path is set to attain the position of the CEO, with the required criteria being the attaining of the relevant professional and academic qualifications and the meeting of the performance criteria and experience. When a senior vacancy occurs the staff are encouraged to send in their applications. An evaluation is carried out based on critical, negotiable and non-negotiable competencies. The evaluation is carried out by the Corporate team the GM's and DGM's based on a points system and results are forwarded to the CEO for the final decision.

We have also formalised career paths for Field Staff, Factory Level Staff, Office Staff and Plantation Family Welfare Officers with specified criteria for progression to each succeeding level. Family Welfare Officers roles have been expanded and they are required to follow a customized Foundation Course in HRM conducted by the Institute of Personal Management (IPM) which will improve their effectiveness in dealing with our Associates on a day to day basis.

Field level staff

- Trainee
- Junior Assistant Field Officer
- Assistant Field Officer
- Field Officer
- Field Executive

Factory Level staff

- Trainee
- Junior Assistant Factory Officer
- Assistant Factory Officer
- Senior Assistant Factory Officer
- Factory Officer
- Factory Executive

Office staff

- Office Trainee
- Junior Clerk
- Clerk
- Senior Clerk
- Chief Clerk
- Administrative Officer
- Administrative Executive

Health and Safety

The company's practices to ensure the health and safety of our employees goes beyond compliance with the guidelines set by the Factories Ordinance No. 45 of 1942 and its subsequent amendments to incorporate international best practice and is encapsulated in the Health & Safety Policy below. The Company also operates one main hospital and several maternity homes and over 18 dispensaries to provide primary health care our workers and Associates. We work closely with the Medical Officers of Health and government hospitals in the communities we operate in to co-ordinate activities to improve the health and well-being of our staff.

Health & Safety Policy

- ✓ We aim to provide all employees, contractors and visitors to Company property with the safest and healthiest conditions reasonably practicable
- ✓ We will comply with all statutory regulations and codes of practice governing health, safety and welfare work and strive to set the benchmarks for the industry.
- ✓ We will create awareness about health and safety aspects in the workplace and provide information, instruction, training and supervision to achieve our Health & Safety goals.

The operations that are at highest risk of health and safety issues are the employees in our factories and field workers who handle agro chemicals. The Factories Ordinance determines the standards of cleanliness, safety with regard to machinery handling, restrictions on women and young persons, training of young persons in the correct use of machinery, protective clothing/equipment where necessary, protection against fire with properly marked exits, welfare such as drinking water and rest and wash room facilities.

All our Associates are trained on Health & Safety procedures to be adhered to in their workplace. We have purchased and distributed required health and safety equipment to the Associates and trained them on the proper use of the equipment. Selected employees have been trained in First Aid as we recognise the importance of an informed response even in minor cases of injury. There are medical facilities within reach of all estates and transportation is available in case of need.

Health & Safety Committee have been appointed at each estate with representation from each field, the factory, all divisions of the estate and medical staff which is headed by an Executive. Overall representation of Associates and employees in factories and fields is 85% and serious issues can be escalated to the CEO for attention. Meetings are held on a regular basis of which minutes are maintained and issues raised are reported to Manager or CEO.

Occupational Health and Safety is a key area of focus due to the nature of the industry which includes hazards such as contact with agro chemicals, difficulties presented by the terrain and the bio diversity within the plantations. We have a comprehensive Health & Safety Policy and have also set in place appropriate structures, procedures and processes to identify the issues and formulate appropriate responses of which the significant initiatives are described below. Watawala Plantations is fully compliant with the Factory Ordinance No. 45 of Act 1942 and the Workmen's Compensation Ordinance of 1935 and amendments thereto. Further this area is also assessed in certifications obtained from Fair Trade, the Ethical Tea Partnership, ISO 22000 and the Rainforest Alliance.

We have also initiated TABS, a programme focussing on the need for adopting the correct behaviour at the work place both from an individual and team perspective. The acronym TABS stands for Think And Behave Safely and has been rolled out in all estates to ensure that staff understand the principles of Occupational Health & Safety regulations and utilise the facilities provided for their safety and well-being. We also maintain a health file for staff in areas more susceptible to injury or at higher risk for health issues due to the nature of their work such as spraying of chemicals. Employees assigned to work using mechanised equipment are screened for epilepsy to minimise injuries. Regular medical checks are scheduled and carried out on a regular basis and employees are rotated to mitigate and minimise possible risks to their health

The Occupational injuries recorded this year are as follows:

Occupational injuries	28
Cut Injuries	866
Fractures	122
Burns	31
Acute poisoning	4
Other	307

Community Health

As our employees reside at their workplace, employee health is a priority and as an employer, we are also able to monitor their health to identify areas of concern and implement awareness of key issues. Our Family Welfare Officers monitor our employees and their families on a number of common health conditions and implement initiatives to address these issues.

We discovered at one time Anaemia to be very common among the younger children, we have since then completely eradicated this at Watawala Plantations by introducing a simple solution of providing a mid-day meal, Iron tablets and other anaemia tablets with the help of government organisations and NGO's. Community participation was also encouraged by teaching mothers to grow their own vegetables and sharing the task of providing the mid-day meal which resulted in increasing their awareness on the subject as well.

Our policy on HIV/AIDS is intended to ensure that all employees are aware of the causes, consequences and prevention of the disease in order to adequately protect themselves and others. It fosters an environment that enables employees suffering from HIV/AIDS to work freely in a non-discriminatory environment where they could seek appropriate support with their dignity and self-esteem being protected.

Industrial Relations

Over 51% of our staff are covered by the Collective Agreement as they are members of trade unions who are parties to the Plantations Collective Agreement under the Ceylon Workers Congress umbrella. The Collective Agreement expired on 31st March 2015 and is being negotiated for the entire industry covering a number of aspects such as Salaries & Wages, Overtime, annual bonuses, statutory contributions, work practices, grievance handling and dispute procedures, trade union action. The Company maintains a regular dialogue with representatives of the trade unions and comply with the provisions of the Plantations Collective Agreement. The Collective Agreements are usually for a period of 3 years for staff and 2 years for Associates and provides for 3 months notifications period for unspecified changes. This is a critical area for the plantation sector as the agreements are not related to productivity which increases the cost without a corresponding increase in output impacting the sustainability of the plantation companies. Watawala Plantations is also a member of the Employers' Federation of Ceylon and accesses its expertise on matters relating to employment.

We have undertaken several measures to improve industrial relations with employees in the estates to create greater awareness of the issues facing the industry as understanding the issues is necessary to move forward together. Meetings at field, divisional, estate and regional level have provided effective engagement opportunities for both Associates and management to establish greater understanding, communication and migration to an inclusive approach where employee concerns are addressed and suggestions are actively encouraged. Creating a conducive work environment, designating our workers as Associates, establishment of worker management committees have all contributed to improved employee relations leading to better industrial relations. Our policy framework ensures compliance with the Collective Bargaining agreement and goes beyond to comply with voluntary certifications and guidelines such as Fair Trade, Ethical Tea Partnership, International Labour Organisation conventions, the GRI Guidelines and guidelines of the Employers' Federation of Ceylon.

We work together with regional plantation companies to create awareness of the issues with other stakeholders to ensure that agreements reached serve the interests of the two stakeholders most impacted in the long term. A poorly negotiated collective agreement has the potential to threaten the sustainability of this industry as the operating environment has become more challenging. A paradigm shift is necessary in the industry to ensure the sustainability of the industry, balancing stakeholder interests.

Employee Engagement

All new recruits are personally briefed by the CEO and handed an employee handbook, agricultural policy, Competency levels, career development plan, Our Vision / Mission and Goals statement and values statement to facilitate an understanding of the organisation culture and values. The Employee Handbook contains information about the organisation, its Vision, Mission and Goals, our HR

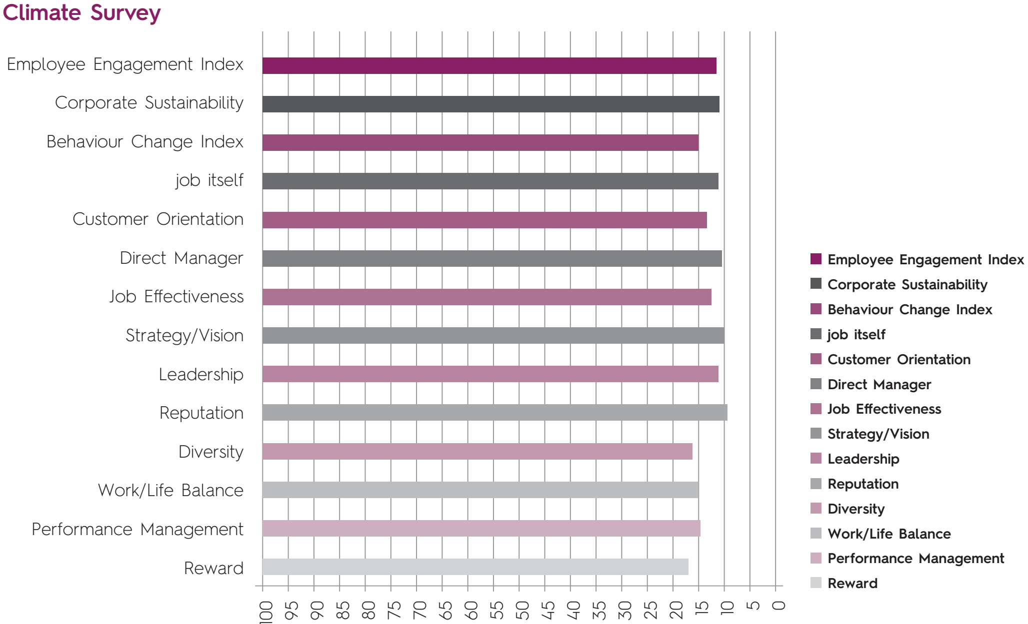
Policy and a general guideline on crisis management which serves as a useful reference and guide.

Internal communication is vital within a geographically dispersed business to create a conducive organisation culture and we achieve this through formally established communication channels as well as more relaxed employee engagement platforms. Management committees at Head Office, regional and estate level facilitate facilitates top down and bottom up communication which is supplemented by employee newsletters, notice boards and an organisation wide open door policy. Community development groups working within the estates also serve to enhance communication within the estates. Employees and their families are hosted once in two years for a family day for all head office employees, Assistant Managers and above. Estate staff and Associates together with families are sponsored an annual excursion by the company and festivities are organised during the Sinhala and Tamil New Year, Vesak and other celebrations to create promote camaraderie and harmony.

Employee Feedback

We use the Climate Survey to obtain employee feedback, opinions and suggestions about their workplace to identify areas for improvement. The survey covers all staff at Head Office and all staff and the Executive category at Plantation level and results are analysed and provided to the Corporate Management. The Chief Executive Officer conducts the discussions separately for all categories of employees after which suggestions and remedial measures are put to practice. The results from the survey which is based on 14 key areas, are largely positive and disclosed below.

Climate Survey



1. Employee Engagement

A workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being.

2. Corporate Sustainability

A business approach that creates long-term consumer and employee value by not only creating a "green" strategy aimed towards the natural environment, but taking into consideration every dimension of how a business operates in the social, cultural, and economic environment. Also formulating strategies to build a company that fosters longevity through transparency and proper employee development.

3. Behavior Change

In order to survive and grow in a dynamic Business- Change is inevitable and how best an organization is adopted to change will dictate its long term success.

4. The Job Itself

To measure how one feels about his/her job. The job itself should be a motivational factor to an employee where he/she will be encouraged to work within the organization.

5. Customer Satisfaction

Actions taken by the organization to support its sales and employees in considering their satisfaction and their major priorities.

6. Direct Manager

Impact of the direct Manager is very important when an employee is feel about their direct superiors

7. Job Effectiveness

Work related activities expected of an employee and how well those activities were executed.

8. Strategy/Vision

The individual's understanding of organization's goals, values, priorities and policies and of being clear about his or her job; the feeling that things are well organized as opposed to being confused. Clues include;

Understanding what is expected Evidence of planned, organized activity. Smooth information flow

9. Leadership

Organizations success or failure is largely dictated by the leadership practices in the organization. Towards this end it is critical to evaluate leadership practices impacting on the performance of the individuals.

10. Reputation

The overall estimation in which an organization is held by its internal and external stakeholders based on its past actions and probability of its future behavior. The organization may have a slightly different reputation with each stakeholder according to their experiences in dealing with the organization or in what they have heard about it from others.

11 Diversity

Workplace diversity refers to the variety of differences between people in an organization. That sounds simple, but diversity encompasses race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more. Diversity not only involves how people perceive themselves, but how they perceive others. Those perceptions affect their interactions.

12 Work Life Balance

Work-life balance is a concept including proper prioritizing between "work" (career and ambition) and "lifestyle" (health, pleasure, leisure, family and spiritual development). Related, though broader, terms include "lifestyle calm balance" and "lifestyle choices".

13. Performance Management

Since the organization is conducting the performance appraisals biannually, it is important to get employees feedback on how do employees feel about the system and whether they benefited through the process.

14. Reward

The feeling that people are recognized and rewarded for doing superior work. Clues include;

- Rewards and recognition outweighing threats and criticism
- Existence of promotion system that helps the best person rise to the top
- Rewards and recognition related to excellence of performance

Grievance Handling

Every estate maintains a Labour Diary to record issues pertaining to operations such as incorrect weighing, malfunctioning scales etc. These issues are resolved mainly within the Estates and issues are resolved by the Estate Manager in line with the Plantations Collective Agreement. A problem resolution procedure is also available on the estates. A Grievance Handling Book is also maintained at each Division of the Estate by the Assistant Manager and reviewed regularly by the Manager who will review steps taken for resolution of the same and escalate up to the CEO where necessary. The open door policy facilitates resolution of issues with relative ease as they arise preventing escalation.

Engaged Communities

Watawala Plantations has a high level of engagement with the residents of the plantations, many of whom are also employees. Family members of employees and other residents work in the local communities. Consequently we have a high level of engagement with the local community both within the estates and its immediate vicinity. Our actions have a direct impact on the development of these villages and we have taken significant steps to facilitate their socio economic progress through a dedicated team headed by the Estate Medical Officer who also cover employee health and wellbeing. Many of the programmes initiated for employees also cover residents within the estate.

Many of our programmes are in line with the Millenium Development Goals which were agreed upon by the 189 members of the United Nations at the Millenium Summit of the United Nations in 2000. These are discussed under each heading below.

Millenium Development Goals

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality and empower women
4. To reduce child mortality
5. To improve maternal health
6. To combat HIV/AIDS, malaria, and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development

We work very closely with many government and non-government organizations (NGO's) in order to provide highly effective training and awareness programs, and study tourswhich include World University of Canada (WUSC), CARE International, Berendina Foundation and World Vision to name some of them. We also work closely with the village committees and have established a rapport so they are able to raise issues directly with the estates through the Community Development Forum. They also have the option of reporting complaints to communicate with the Grama Niladhari and Divisional Secretariat in order to obtain their legal document to convey their grievances.

The following NGOs contribute comprehensively in the development of the communities in our estates.

Eradicate Extreme Poverty and Hunger

We are pleased to note that a single employee's average earnings are above the median of the 2nd decile of the Household Income & Expendiiture Survey 2012/13 as given below. Many of them have progressed to the 4th decile with the training provided to increase productivity. We are also pleased to note that high performing Associates in the Palm Oil plantations have earnings above tax free rates and contribute to PAYE tax. None of these employees are within the country's definition of poverty which was LKR 3,624 as at the time of the survey and earn a multiple of this.

Decile group	Range (LKR)	Mean (LKR)	Median (LKR)
1	Less than 10,836	6,700	7,029
2	10,836 - 16,531	13,790	13,850
3	16,532 - 21,286	18,962	18,944
4	21,287 - 25,903	23,589	23,563
5	25,904 - 30,814	28,291	28,236
6	30,815 - 36,758	33,597	33,500
7	36,759 - 45,000	40,582	40,543
8	45,001 - 57,495	50,640	50,425
9	57,496 - 83,815	68,362	67,173
10	More than 83,815	174,376	121,429

Several Nutrition programmes were conducted for mothers with children with the help of NGO's and government organisations. This was done with the intention of educating them with basic knowledge to consume nutritious food and to reduce poverty. Some of them were;

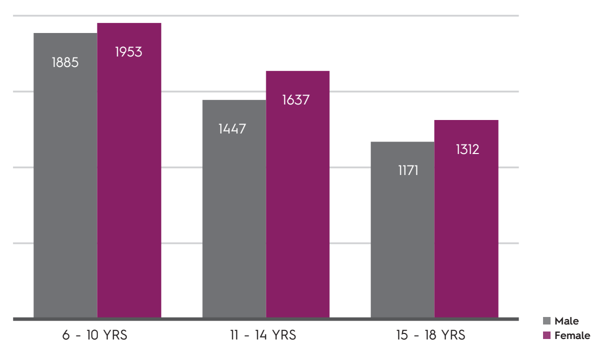
- Providing fruit plants and vegetable seeds to encourage home gardening.
- Conducting regular awareness and training programmes with the help of MOH – Medical Officer, etc.
- Instructing them on the vitamins and the influences of each vitamins and about the foods which contains the required vitamins and minerals.
- Instruction on proper hygienic cooking methods
- Encouraging most of our CDC's to provide the afternoon meal for the kids to ensure that they get nutritious food required for growing children.

Through its projects, Watawala Plantation's aim is the empowerment of communities to eradicate hunger and poverty, with particular emphasis on food and water security and unrestricted access to secure and environmentally sustainable livelihoods. Our efforts have had significant impact as we are pleased to note that at Kenilworth estate, our efforts have resulted in zero anemia in children in the Child Development Centres.

Achieve Universal Primary Education

There are 15,753 children of school going age in the estates out of which 9,321 children attend school. This amounts to more than 75 % of the total number of children. We were able to identify through our Plantation Family Welfare Officers who are pro-actively engaged in ensuring that children attend school, that the drop-out rates were high after Ordinary Level examinations. This enabled us to identify the need to set up a scholarship scheme for Advanced Level students and to encourage those qualifying for university entrance to pursue higher studies. We have Associates who have gone on to become doctors due to these programmes undertaken by us.

The chart below shows the male-female ratio of school going children which clearly indicates that the number of girls attending school is slightly higher than the number of boys thus narrowing the gender gap in the new generation.



Number of Students – Secondary and Higher Education

Age Group	Gender	G.C.E.O/L No. sat for exam in 2014	G.C.E.O/L No. passed in 2013	No. sat for G.C.E.A/L 2014	University Entrants 2013	Vocational training 2014
15-18	Male	328	149	105	10	57
	Female	348	154	92	8	43
19-24	Male	22	33	29	10	38
	Female	29	38	46	11	25
Total	Male	350	182	134	20	95
	Female	377	192	138	19	68

Scholarships

Currently, more than 88 students, who have been recognized as promising young students are being given financial assistant in the form of scholarships provided their results match the following criteria

Employee Category	Criteria
Estate associates	At least 1 A
Estate staffs	1 A , at least 3 B and other 3 passes
Head office non-executive staffs	At least 1 A
Head office executive staffs	1 A , at least 3 B and all other subjects to be obtained c

Accordingly, in 2014 21 new scholarships were given for students starting their O level and A level courses.

We also offer 100% scholarships to all our associates and workers children who enter university. 8 new scholarships were awarded last year.

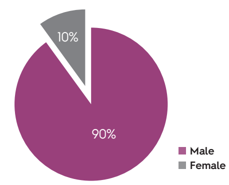
Promote Gender Equality and Empower Women

Gender Equality

Throughout the history of the plantation industry, the Kanganies or field supervisors have been males who supervised a predominantly female workforce. Consequently, females who were Associates could not aspire to career progression due to perceptions and attitudes regarding their ability to perform as Kanganies which were deeply embedded in the culture of the estate communities. Currently, we have 236 male kanganies and 16 female kanganies throughout our estates

The Udugama Region of Watawala Plantations is playing a pioneering role in women empowerment with the promotion of 9 female Associates to the position of Kanganies who have been selected from the initial Women Empowerment teams established. Their performance and acceptance has been inspiring for themselves, their colleagues and management that they could effectively discharge their duties in their new roles. The project has issues but we have provided the necessary support and counselling to facilitate discussion and resolution of problems as they arise. We are greatly encouraged by the pilot projects and will be extending the programme to other Regions as well.

Gender Analysis of Kanganies in Udugama Region



Since 70 % of the estate workforce consists of women who are working and living on the estates with their families, women empowerment is a significant issue in the plantation industry.

Empowering Women

Domestic violence and alcoholism along with child and health issues are only a few the problems our associates have to deal with. We help them with cash management and take care of their physical and mental well-being both at work and at home by appointing Family Welfare teams at each estate which comprise female employees to identify issues faced by the Associates and create and engage appropriate responses for common issues and provide counselling and support where necessary. Our response to needs identified are multi-faceted as many of our Associates are mothers and their worries and cares relate mainly to the needs of the family. These include:

- Programmes to achieve zero maternal mortality and zero infant mortality
- Ensuring 100% Institutional births amongst our Associates
- Ensuring 100% immunization of all our Associates' children
- Ensuring 100% primary education for all our Associates' children
- Provision of child care facilities on the estates to enable Associates to work

We have gone beyond the basic levels of care described above and work in collaboration with a number of non-governmental organisations who bring specialist skills to facilitate uplifting their lives. We have now established 54 Women Empowerment Teams in the Udugama Region to increase their knowledge of money management, income generation, work life balance, developing core values and various aspects of health. These teams support one another and strive to uplift the entire community as perceptions, attitudes and levels of knowledge are changed through carefully selected interventions. The table below summarises the initiatives launched in this regard.

We have had 93% women return to work after maternity which is encouraging and is a testimony to the effectiveness of our programmes.

Financial Literacy

The Financial Literacy training program was conducted for selected beneficiaries on

- Long term and short term Goal setting on Finance
- Daily Cash Management
- Planning on Income and Expenditure
- Family Budgeting
- Savings and Investment
- Expenditure plan
- Debt Management

The outcome of this training the 40% of women invest the money for sewing machine, Oven, Refrigerator, Kitchen utensils for making sweet items.

Reduce Child Mortality

We have not had any cases of child mortality within the estates during the year.

Improve Maternal Health

Female employees are entitled to maternity leave of 84 working days for the first two pregnancies and 42 days for any further pregnancies as provided for by the labour regulations. Maternity clinics are available within the confines of the estate with regular visits by the midwife.

There are more than 90 Child Development Centres (Crèche) in every division in all our estates and 2,636 children under the age of 5 are registered at these CDCs. There are functional child development committees established to ensure that these CDCs are run according to proper guidelines.

This facility enables young mothers to go back to work without worry after their maternity leave comes to an end.

Housing, Water and Sanitation

Housing

More than 13,547 families live in 11,506 number of units out of which some are either in single houses or in twin cottages. Majority of our workers live on the estate itself although we do have a small number of non-resident workers as well.

Type of Houses	No. of units	No. of Families
Single house	1714	1896
Twin Cottages	1702	2176
Line Rooms -Single barrack	3643	4363
Line Rooms -Double barrack	3548	4056
Upstairs Line Rooms	327	331
Temporary Shed	695	725
Total	11506	13547

Many residents in the communities we engage with lack basic amenities as they do not invest in the upkeep of their residences due to ownership issues. Consequently, plantation companies work with the Plantation Human Development Trust to provide them with adequate housing and accommodation to ensure that an acceptable standard of living is maintained within the estates managed by us. The PHDT is a Tripartite Organization consisting of the Government of Sri Lanka (GOSL), Regional Plantation Companies (RPCs) and Plantation Trade Unions (TU) formed by the GOSL to implement social development programmes to enhance the quality of life of the one million Plantation Community in the Estates managed by the Regional Plantation Companies of which Watawala Plantations is one. Watawala Plantations has contributed LKR 8,219,684/= to PHDT during the financial year. Given below are the projects carried out to uplift the communities together with PHDT.

Activity	Investment by PHDT	No. of Beneficiaries
Re-roofing	5.9	118
Latrines	5.5	110
Water Scheme	2.0	2
Road	7.5	1.5
Indian CDC	2.9	4
Construction of Bridge	2.0	

A lot of the families were affected with the recent landslides and flood damages and they have been compensated as well.

Water

We have made provisions for individual water supply to more than 2,066 families in the form of wells and hand pumps and an additional 10,042 families use the common well and the water supply scheme implemented in the plantation

Sanitation

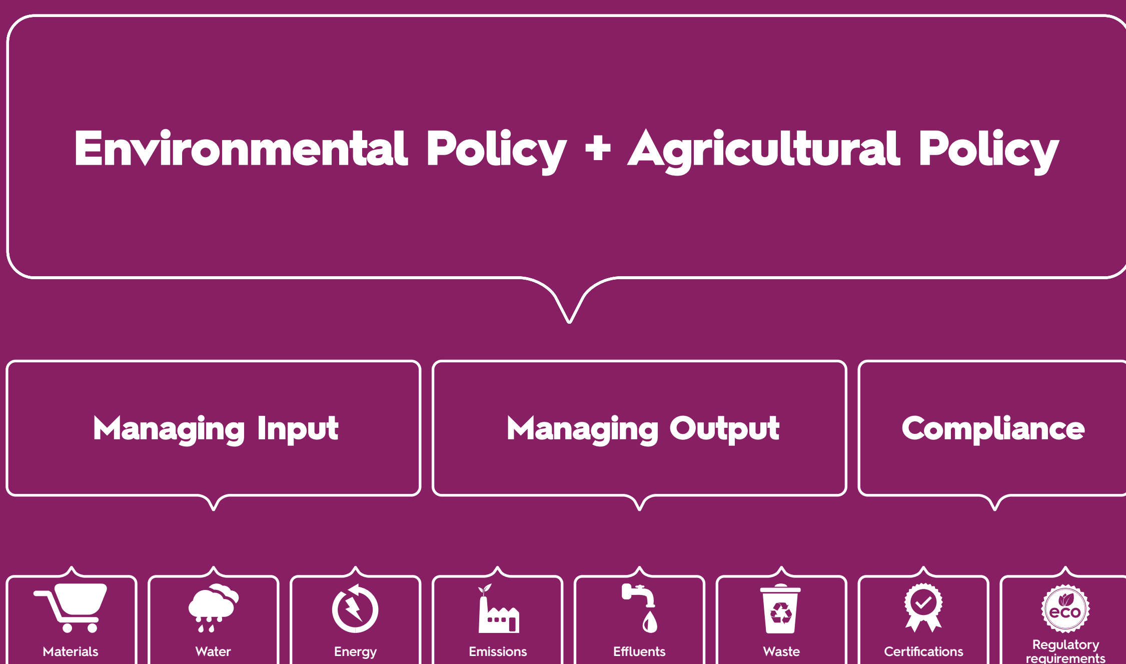
9,897 families have been provided with individual latrines while another 1,076 families make use of the common latrines. We are in the process of constructing another 3,387 new latrines to facilitate more than 2,500 families.

Environment Report

At Watawala Plantations PLC we are committed to responsible environment management taking in to account the long term needs and our responsibility to society. We understand that our approach to managing the environment is critical as we are dependent on the climate, land productivity and water for our operations. A comprehensive environmental management framework addressing the policies, procedures has been established to facilitate monitor, measure, report and control our impact on the environment.

The environmental policy framework comprises a broad environment policy that covers all the areas of water management, land conservation, biodiversity conservation, energy management, environmental compliance, training and awareness on environment protection, and a detailed agricultural policy that addresses land productivity. It also ensures compliance with environmental regulations and the criteria for assessing the environmental sustainability practices of the following certifications:

- Rainforest Alliance
- Ethical Tea Partnership
- Fair Trade



Materials

Raw Materials is a key aspect as it enables plantation companies to manage land productivity and amounts to xx% of production cost. It is of concern to the communities in which we operate as it has the potential to impact the downstream quality of water which in turn could impact the health of those communities that use this water. It also has the potential to impact the health and safety of our products which are consumed by people. Consequently, we have in place an Agricultural policy that provides specific guidance on the correct usage of agro chemicals supplemented by biological methods coupled with an Environmental Management Policy which combine to balance stakeholder interests with that of the Company. The Company uses only agro chemicals that are approved by the regulators and also conform to the certifications obtained which cover the health and safety of consumers such as ISO 22000:2005 and HACCP and the environmental management practices of the Company such as the Rainforest Alliance, Ethical Tea Partnership, Fair Trade and the combined certification provided by the Sri Lanka Standards Institution and the Sri Lanka Tea Board.

Material	Measurement Unit	Quantity 2015/14	Quantity 2014/13
Raw materials			
Green leaf-			
Own leaf	Kilograms	28,538,508	26,891,919
Bought leaf	Kilograms	16,933,324	16,927,561
Rubber latex	Litres	490,097	325,497
Oil palm fruits	Tonnes	33,039,180	35,968,615
Fertilizer	Metric Tonnes	6,106	10,383
Packaging materials			
Paper Bags	No. of bags	238,850	230,500

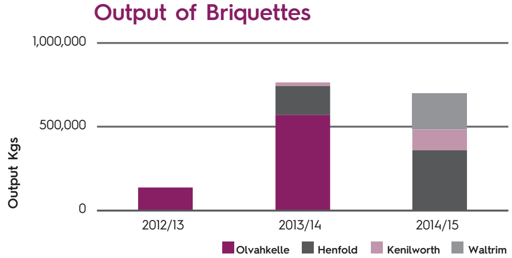
Energy Management

Energy Management Committees → **Efficient use of Energy** → **Fuel wood Planting** → **Briquettes**

Energy management is a key aspect for Watawala Plantations as the factories require significant quantities of fuel for various processes. It also has a significant economic and environmental impacts to stakeholders as the company has the ability to choose alternative sources of energy which will impact the environment and economy in different ways. Decisions with regard to energy management are taken balancing the stakeholder concerns with the company's requirements which has resulted in several initiatives to reduce the use of non-renewable energy sources. A focal initiative was the formation of Energy Management Committees at regional level and estate level with representation from all levels of employees with the objective of conducting energy audits, monitoring monthly energy consumption and conducting awareness programs on energy efficiency. These Energy Management Committees report to the 3 Regional Executive Committees who report back to the Group Management Committee. Members of the Energy Management Committees were supported with a training program on Energy Management conducted by the National Authority on Sustainable Energy Management to ensure that they are sufficiently knowledgeable and develop competencies to effectively discharge their responsibilities.

As a part of the continuous energy management initiative we invested in briquetting machines that use tea waste, paddy husks and saw dust to produce briquettes of high calorific value to minimize usage of non- renewable sources. It is also in line with the integrated energy management approach as the input to briquettes will otherwise need to be treated and disposed as waste. The briquettes are more economical and environmental friendly than other fuels due to high combustion efficiency, low net carbon emissions, lower levels of moisture and ash. Our briquetting operations help reduce the pollutions cause by outsiders as we purchase paddy husks and sawdust which would normally be strewn haphazardly or polluting streams. The briquetting machines at Olvahkelle estate was transferred to Waltrim discontinuing the briquetting operations at Olvahkelle aiming maximization of operational efficiencies and reduced transport cost. The briquette output reduced by 10% with the transformation of briquetting operations of Oluhvakelle to Waltrim estate temporary stopping the operations for a few weeks.

Output of Briquettes



Our move towards self-sufficiency in firewood has stayed on course with the matured Hectares of short term rotating crops Calliandra Calothyrsus and Gliricidia being maintained at 383 HA after the felling operations undertaken during the year. Taking forward the initiative to solar dry firewood we constructed 7 more solar drying sheds in Carolina, Abbotsleigh, Ouvahkelle, Agarakanda, Tangakelle, Waltrim, Henfold estates.

Other initiatives included conducting technical forums on Fleet Management, replacing equipment and machinery with ones that use renewable energy such as solar energy whenever possible, installing Variable Speed Drives (VSDs) in tea driers and capacitor banks to reduce energy wastage. As a part of domestic energy management drive the associates in the Upcountry estates were given CFL light bulbs at lower prices.

Source of energy	Measurement unit	Quantity 2014/15	Quantity 2013/14
Diesel- Estates	Litres	327,152	309,943
Head Office	Liters	43,265	43,062
Petrol- Estates	Litres	24,408	29,338
Firewood	Kilograms	75,076	71,266
Briquettes	Kilograms	696,554	770,990

The diesel consumption has increased marginally by 4.9% which is inevitable given the increase in production demanding more fuel for factory machinery and transport within estates, while petrol consumption reduced by 0.2%.

Water

We are dependent on rainfall to water our crops and are conscious that our water management practices affect not only the crops but the communities living in and around the estates. In our efforts to better manage water we have identified and mapped all the water bodies and the purposes for which they are used within the estates allowing a better management of the natural resources. The initiative to measure all the water withdrawals from all the sources was taken during the reporting year and we expect to provide the exact quantities of water used from the next year onwards. Approximately total domestic water consumption at estates is 2,523,870 Litres per day of which 80% is drawn from natural water bodies and the balance from pipe lines. Approximately 3.2 Mn litres of water per month is used at the factories for production.

During the financial year we continued with the best practices in consuming and conserving water. Rainwater harvesting was done in all the estates and practices as resorting to deep draining was adhered to ensure that rainwater is stored to the maximum possible levels. All the pruning materials are buried to help improve the soil water retention ability and ground moisture levels. Calliandra and Bamboo Species were planted in water logged areas and a perimeter of 60 meters from the water body is conserved as catchment areas. We maintain chemical free buffer zones around the water bodies and water withdrawn for both production and domestic consumption of estate population is checked against the standards adopted under ISO and Rainforest Alliance certification to ensure that no contaminated water is consumed.

Bio diversity

Conservation of Roositing and Nesting Sites

Bio Diversity Corridors

Awareness Programs

Chemical Free Buffer Zones

Planting Native Trees

Promoting Mini Forests

Conserving bio diversity is a primary focus in discharging our societal responsibility as our estates are rich in biodiversity and diverse ecosystems as grassland, small scale reservoirs, streams, home gardens/ bungalows. Our high grown tea estates are home to many endangered species of fauna and flora. Being mindful of this we have ensured that our Agricultural policy addresses the shade management, fertilizer and agro chemical usage and good practices to minimise disturbance to the tea plantation ecosystem while balancing the environmental concerns and profitable operations.

We continued the ingenuities introduced on conservation of biodiversity under the Rainforest Alliance Certification program. Partnering with "Friends of Horton Plains", a Non-Government Organization the series of studies aimed at identifying the present status of habitats and continuously monitor them was further expanded to 3 more estates with Henfold, Vellaioya, Abbotsleigh and 5 new species of National Red List threatened Birds and Insects were identified during the year.

	Taxonomic Group	Scientific name	Common name	National Red List Endangered
Species identified during the period 2014/15	Insects	Neurobasis chinensis	Oriental Green-wing	√
	Insects	Indolestes gracilis gracilis	Mountain Reedling	√
	Insects	Libellago finalis	Drepanosticta nietneri	√
	Birds	Culicicapa ceylonensis	Grey-Headed Canary Flycatcher	√
	Birds	Picus xanthopygaeus	Streak-throated Woodpecker	√
Species identified during the period 2013/14	Butterflies	Parantica taproba	Sri Lanka Tiger	√
	Butterflies	Lethe drypetis	Tamil Tree-brown	√
	Butterflies	Argynnis hyperbius taprobana	Indian Fritillary	√
	Butterflies	Vanessa indica nubicola	Indian Red Admiral	√
	Amphibians	Pseudophilautus alto	Horton plains shrub frog	√
	Amphibians	Pseudophilautus reticulates	Reticulated thigh shrub frog	√
	Amphibians	Pseudophilautus silus	Pugnosed shrub frog	√
	Amphibians	Pseudophilautus viridis	Dull green shrub frog	√

	Taxonomic Group	Scientific name	Common name	National Red List Endangered
Species identified during the period 2013/14	Amphibians	Pseudophilautus sarasinorum	Muller's shrub frog	√
	Amphibians	Pseudophilautus asankai	Asanka's shrub frog	√
	Reptiles	Aspidura trachyprocta	Common Rough-sided Snake	√
	Reptiles	Rhinophis blythii	Blyth's Shield Tail	√
	Reptiles	Calotes nigrilabris	Black cheek lizard	√
	Birds	Cuculus varius	Common Hawk Cuckoo	√
	Birds	Saxicola caprata	Pied Bush Chat	√
	Mammals	Prionailurus viverrinus	Fishing cat	√
	Mammals	Panthera pardus	Leopard	√
	Mammals	Semnopithecus vetulus	Sri Lanka Purple-faced langur	√
	Fishes	Pethia nigrofasciata	Sri Lanka Black Ruby Barb	√
	Fishes	Aplocheilus dayi	Sri Lanka Day's Killifish	√
	Fishes	Pethia cumingii	Sri Lanka Cuming's Barb	√
	Birds	Coturnix chinensis	Blue Breasted Quail	√

The estates maintain buffer zones along the water bodies and identified terrestrial ecosystems, practice Integrated Waste Management system to prevent contamination of water and soil. Steps to conserve nesting and roosting sites of identified bird species and to establish mini forests in bare lands, planting of native trees, propagating the under growth with natural indigenous species to provide habitats were undertaken. Awareness programs highlighting the importance of preserving and conserving biodiversity targeting estate communities and the school children in adjacent communities are conducted frequently to prevent unconsciously disturbing wildlife and ecosystems.

Emissions

The emission of Co_2 are caused at different locations as we use fuel in operating generators and machinery, vehicles at estates and at head office, transporting of produce. Our focus in reducing emissions is managing energy as emissions are driven by energy. For the first time, we have measured our emissions in order to monitor and reduce the same in the future. Being conscious of the adverse impacts on the global warming and resultant climate change due to greenhouse gas emissions, initiatives to monitor the emissions were launched. We engaged National Cleaner Production Center, an environmental consultancy agency to measure the Co_2 emissions under the 3 scope approach (direct emissions, indirect emissions of operations and other indirect emissions) which is in progress at the time of reporting. Continuing the process we expect to report green-house gas emissions from the next reporting period.

Effluents and Waste

Waste Reduction | **Waste Management**

At Watawala Plantations PLC we practice an Integrated Waste Management system focusing on strategies for both waste management and waste reduction to ensure that the neither the environment nor the community is negatively affected. As majority of our employees live on the plantations, they are both beneficiaries and violators and education plays a key role in achieving results. Our training programmes include modules on waste management and its relevance in their lives in the workplace and at home. Bio degradable waste generated in production are used to produce compost which become fertiliser for crops. Pruning waste are buried to improve soil retention and enrich the soil. Awareness has been created among the associates and estate staff to dispose household waste to composting pits which they use for home gardens avoiding contaminations of any sort. All the non-degradable and hazardous waste is disposed through Central Environmental Authority approved collectors. Waste water from factories is diverted to soak pits to prevent the discharge to natural water bodies. Under the Rainforest Alliance Certification program periodic waste water analysis are conducted to ensure that water discharged by associates comply with the approved water quality parameters given below.

Water Quality Parameter	Standard Value
Biochemical Oxygen Demand (DBO5, 20)	Less than 50 mg/L
Total suspended solids	Between 6.0 – 9.0 pH
Grease and oils	Less than 30 mg/L
Fecal coliforms	Absent

The company has taken all the precautionary approaches to ensure that hazardous material storage facilities are well covered and there were no incidents of spills during the year.

Transport

Transport is an important aspect as our products travel a long distance from their origin to reach the customers, contributing to global warming and carbon footprint through emissions. The company does not undertake transportation of sheet rubber and palm oil. In efforts to reduce the emissions through transport inside estates we conducted technical fleet management sessions for drivers, technical staff.

Compliance

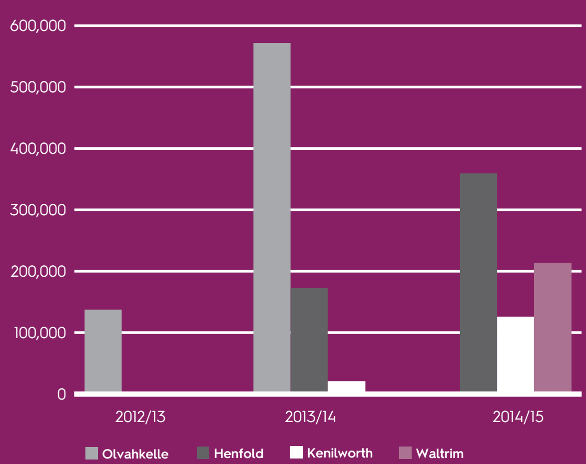
Environment Protection License | **Rainforest Alliance** | **Fair Trade** | **Ethical Tea Partnership** | **Sri Lanka Standards Institute - Sri Lanka Tea Board**

Being a responsible corporate citizen we comply with all the regulatory requirements of Central Environment Authority, certifications on environmental conscious operations Rainforest Alliance, Ethical Tea Partnership, Fair Trade, Sri Lanka Standard Institution- Sri Lanka Tea Board and voluntarily adopt environmental best practices. All the estates have Environment Protection license which certify operations are in line with the Central Environment Authority Regulations. The Quality Assurance Managers conduct surprise audits at estates to ensure operations happen according to the prescribed methods consistently. No monetary or non-monetary fines or sanctions were imposed on the company on environmental related issues during the year.

Energy Efficiency

Energy efficiency is also a key determinant of our sustainable growth and profitability as it impacts climate change and it is the second highest cost in our operations. As an agriculture company we are directly impacted by climate change and committed to changing to renewable energy sources and increasing energy efficiency.

Output of Briquettes



Briquettes

- Bio waste such a tea mulch, paddy husks and sawdust is made in to briquettes used to heat boiler boilers at the factory.

Self Sufficiency in Firewood

- Planting short term rotating crops such as Calliandra Calothyrsus and Glicirindia to use as firewood.

Solar drying of firewood

- Built solar drying sheds in xx estates using methos observed in Kenya

Steam Turbine

- The steam turbine at the Palm Oil Mill is heated with the waste from the fresh fruit bunches of Oil Palm meeting almost the entirety of its requirement.

Board of Directors

	Mr. Sunil G. Wijesinha Chairman (Non-Executive/independent) Age : 66	**Mr. G. Sathasivam** Director (Non-Executive/non-independent) Age : 68	**Mr. V. Govindasamy** Managing Director (Executive/non-independent) Age : 51	**Dr. D. V. Seevaratnam** Director/CEO (Executive/ non-independent) (Retired w.e.f. 31 May 2015) Age : 66
Qualifications/ Business Experience	MBA from Postgraduate Institute of Management, University of Sri Jayawardenapura. Fellow Member of the Chartered Institute of Management Accountants (UK). Fellow Member of the Institute of Management Services (UK). Associate Member of the Institution of Engineers, Sri Lanka.	Forty eight years experience in pharmaceutical Industries and plantation. Initiated & spearheaded joint venture with Tata Group.	Hold a MBA from University of Hartford,USA. Bachelor of Science in Electrical Engineering. University of Hartford,USA.	Doctor of Science (Honoris Causa) Wayamba University - Sri Lanka. Fellow member of Australian Institute of Management & National Institute of Plantation Management Diploma in Plantation Management
Other Key Positions	**Chairman** United Motors Lanka PLC Unimo Enterprises Ltd Orient Motor Company Ltd **Director** Siyapatha Finance PLC BizEx Consultancy (Pvt) Ltd TVS Lanka (Pvt) Ltd TVS Automotives (Pvt) Ltd Sampath Centre Ltd National Chamber of Commerce of Sri Lanka	**Chairman** Watawala Tea Ceylon Ltd Estate Management Services (Pvt) Ltd Sunshine Power (Pvt) Ltd **Director** Sunshine Holdings PLC Sunshine Energy Ltd Sunshine Healthcare Lanka Ltd	**Chairman / Director** Tata Communications Lanka Ltd Sunshine Tea (Pvt) Ltd Sunshine Healthcare Lanka Ltd **Group Managing Director** Sunshine Holdings PLC **Executive Management Committee** Tata Global Beverages Ltd- India **Director** TAL Lanka Hotels PLC Secretaries & Financial Services (Pvt) Ltd Sunshine Travels & Tours Ltd Sunshine Energy Ltd Estate Management Services (Pvt) Ltd Watawala Tea Ceylon Ltd **President** Indo Lanka Chamber of Commerce and Industry **Vice Chairman** Colombo Tea Traders Association **Commitee Member** Ceylon Chamber of Commerce	**Chairman** Ceylon Planters Provident Society Consultative Committee on Estates and Advisory (Tea Research Institute) Plantations Committee of the National Chamber of Commerce **Director** Plantation Human Development Trust **Member** Tea Research Board Coconut Research Board Board of Goveners National Institute of Plantation Management Standing Committee on Agriculture, Veterinary Medicine & Animal Science of the University Grants Commission Consultative Committee on Research(TRI)
Board meeting attendance	5/5	5/5	5/5	5/5
Audit Committee attendance	4/4	N/A	N/A	N/A

Mr. K. Venkataramanan	Mr. A. N. Fernando	Mr. M. S.Mawzoon	Mr. L. Ramanayake
Director (Non-Executive/non-independent) Age : 54	Director (Non-Executive/independent) Age : 67	Director (Non-Executive/non-independent) Age : 45	Director (Non-Executive/independent) Age : 64
Fellow Member of the Institue of Chartered Accountants of India. Associate member of the Institute of Cost and works Accountants of India. Over 20 years experience in the field of Finance.	Holds a MBA in Finance, Industrial and Corporate Strategy from IMD Business School. Lausanne, Switzerland. Fellow Member of the Institute of Chartered Accountants of Sri Lanka.	Twenty five years experience in various business industries.	MBA from Postgraduate Institute of Management, University of Sri Jayawardenapura. Fellow Member of the Institute of Certified Professional Manager. Member of the Chartered Institute of Marketing.
Executive Director Tata Coffee Ltd **Director** Watawala Tea Ceylon Ltd Estate Management Services (Pvt) Ltd	**Former Chief Partner** KPMG Ford Rhodes Thorntonand Co, Chartered Accountants **Director** Central Finance Ltd	**Managing Director** Pyramid Lanka (Pvt) Ltd Pyramid Wilmar (Pvt) Ltd Pyramid Wilmar Oils and Fats (Pvt) Ltd Pyramid Wilmar Plantations (Pvt) Ltd The Phone Company (Pvt) Ltd The Phone International (Pvt) Ltd **Director** Estate Management Services (Pvt) Ltd Watawala Tea Ceylon Ltd Shangri La Hotels Lanka (Pvt) Ltd Shangri La Investments Lanka (Pvt) Ltd Jewelsco Restaurants (Pvt) Ltd	**Former Chairman** Colombo Brokers' Association **Former Deputy Chairman** Tea Association of Sri Lanka **Former Executive Vice President** John Keells Holdings PLC **Director** Watawala Tea Ceylon Ltd
4/5	5/5	5/5	5/5
2/4	4/4	N/A	N/A

Board of Directors

	Mr. C. P. Thomas Director (Non-Executive/non-independent) Age: 45	Mr. A. K. Misra Director (Non-Executive/non-independent) Age : 58	Mr. B. A. Hulangamuwa Director (Non-Executive/non-independent) Age : 59
Qualifications/ Business Experience	Hold a Degree in Computer Sciences from Jodhpur University, Rajasthan. Over twenty two years experience in plantation industry.	Holds a MBA in Marketing from Delhi University. Holds a Degree in Civil Engineering from BITS, Pilani.	Holds a MBA from University of Colombo. Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Certified Fraud Examiner (USA).
Other Key Positions	**Managing Director** Kannan Devan Hills Plantations (Pvt) Ltd **Managing Trustee** UPASI Tea Research Foundation **Member-Executives Committee** United Planters' Association, Southern India	**Managing Director** Tata Global Beverages Ltd **Director** Watawala Tea Ceylon Ltd Estate Management Services (Pvt) Ltd	**Director** Sunshine Holdings PLC Secretaries & Financial Services (Pvt) Ltd Sunshine Power (Pvt) Ltd Healthguard Pharmacy Ltd Sunshine Energy Ltd Sunshine Healthcare Lanka Ltd Asia Siyaka Commodities PLC
Board meeting attendance	2/5	2/2	5/5
Audit Committee attendance	N/A	N/A	4/4

Ms. Samanthi Haddegoda

Company Secretary

Jt. Company Secretary

Ms. Samanthi Haddegoda is a Director of Secretaries and Financial Services (Pvt) Ltd. She holds a Degree in Bachelor of Laws and an Attorney-at-Law & Notary Public.

Executive Committee

D.V. Seevaratnam Director/CEO

(Page 54) (Retired w.e.f. 31 May 2015)

Binesh Pananwala
Deputy CEO

Counts an experience of 23 years' in plantation sector. Started his career as a Trainee Assistant Superintendent under Janatha Estates Development Board and continued with Watawala Plantations PLC. Holds a MBA from Manipal (Sikkim) University. Diploma in Management of Plantations from Kothari Agricultural Management Centre and followed a 'General Management' course at the NUS, Singapore. Currently reading for his MSC in Crop Science (plantations crops)

Yajith De Silva
General Manager Plantations/ South

Counts over 34 years of experience in the plantation sector, holds Common wealth Executives MBA from Open university of Sri Lanka, holds a degree in Plantation Management from Wayamba University of Sri Lanka and a diploma in Human Rights and peace studies from the University of Colombo. Followed a 'General Management' course at the NUS, Singapore. A fellow member of the Institute of Plantation Management. Former regional Director of the PHDT.

H.Milton Wijepala
General Manager/ Palm Oil Mill

Counts over 29 years' experience in the field of mechanical engineering in manufacturing organization, Graduate from the faculty of Engineering of the University of Peradeniya specialized in Mechanical Engineering. Started career in 1986 as a management trainee in Pelwatta Sugar Industries Ltd and joined Watawala Plantations as Mill Engineer in 1998.

B.V.Sinthaka Ruwan
General Manager/ Finance

Holds a BSc Special Degree in Finance and an Associate Member of the Institute of Chartered Accountants of Sri Lanka. Has over 15 years of experience in Accounting and Finance in a vide spectrum of organizations.

Alex C Samuel
General Manager – Human Resources and Administration

Counts an experience of 31 years in the plantation sector, holds a Diploma in Plantation Management and a Diploma in ABE (Association of Business Executives-UK).Holds an MBA from Cardiff Metropolitan University-UK

Chamika Naranapitiya
Deputy General Manager - Business Development (w.e.f. 1 July 2014)

Counts over 23 years' experience in Plantation management of tea, rubber, oil palm & other crops who started his career as an assistant superintendent. Holds a MBA from University of Wales, Institute of Cardiff and a diploma in HRM from London & Weigh college.

Dinesh Perera
Deputy General Manager - Lindula Region (w.e.f. 1 Jan 2015)

Counts an experience of over 22 years in the plantation sector in which 3 years in Central Africa. He worked for Maskeliya Plantations and Kegalle Plantations and joined Watawala In 2009. Holds a Diploma in Plantation Management from NIPM. A member of Executive Committee of Fairtrade Labelling Organization.

Robin Winter
Deputy General Manager - Hatton Watawala Region (w.e.f. 1 Jan 2015)

Joined Watawala Plantations as an Assistant Manager at Abbotsleigh estate in 1997. He has over 22 years of experience in the plantation sector. Holds a Diploma in Plantation Management from NIPM.

Ratnam Thiruppen
Deputy General Manager - Systems Assurance

Counts over 24 years' experience in plantation sector out of which 6 years in overseas Plantations. Chartered IT professional of BCS.UK (British Computer Society), Professional Member of BCS.UK. Holds Higher Diploma in Financial Management (India) diploma in IT and diploma in Business Management (Australia).

Management Team

Head Office Management Team

Mr. Gamini Wanasekara - *Senior Manager Purchasing*
Mr. Thusith Jayawardana - *Senior Manager Finance*
Mr. Rexy R Perera - *Manager Internal Audit*
Mr. Uditha Karunarathna - *Manager Marketing*

Regional Executive Committee Members

Udugama

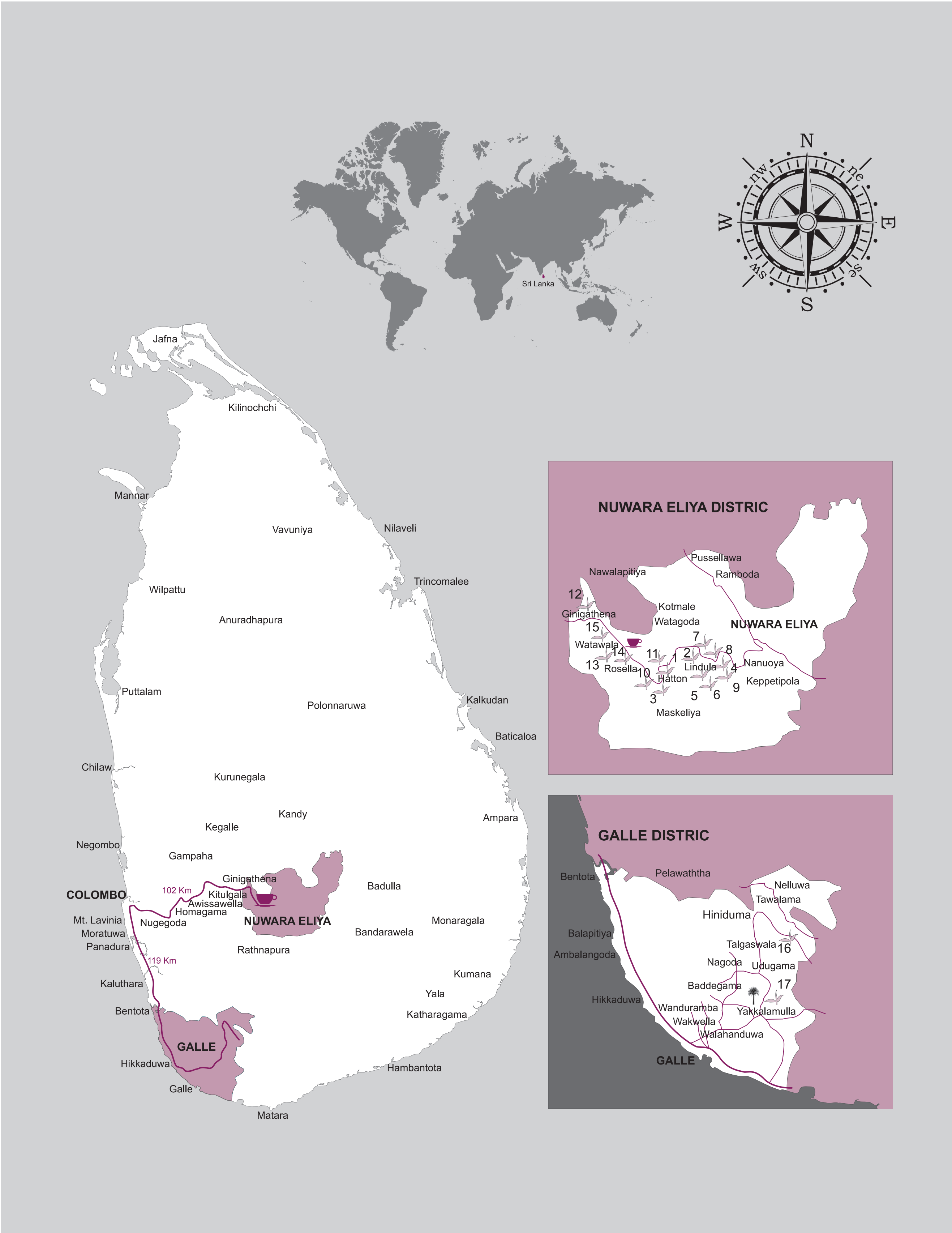
Name	Designation	Estate
Mr. Gamini Ratnayake	Senior Manager	Homadola
Mr. Dhanushka Daswatta	Acting Senior Manager	Nakiadeniya Rubber
Mr. Ruwan Gunaratna	Manager	Nakiadeniya Oil Palm
Mr. K.H.Thanushka	Production Engineer	Nakiadeniya OP Mill
Mr. Haresh Wijesinghe	Deputy Manager	Talangaha
Mr. P.B.V. Indika Kumara	Deputy Manager	Homadola
Mr. Nilantha Seneviratne	Senior Assistant Manager	Nakiadeniya Oil Palm
Mr. Chathura Gunathilake	Assistant Manager	Homadola
Mr. Rohana Deshapriya	Assistant Manager	Homadola

Lindula

Name	Designation	Estate
Mr. U. Wanigatunga	Senior Manager	Waltrim
Mr. K. Sumanarathna	Acting Senior Manager	Henfold
Mr. Harsha Hulangamuwa	Manager	Ouvahkelle
Mr. L. Abeywardena	Manager	Tangakelle
Mr. P. Sunilaratne	Manager	Lippekelle
Mr. R. Galagoda	Deputy Manager	Henfold
Mr. Kusal Chandreasekara	Senior Assistant Manager	Tangakelle

Hatton/Watawala

Name	Designation	Estate
Mr. Prasanna Premachandra	Manager	Carolina
Mr. Suranga Dela Bandara	Manager	VellaiOya
Mr. Somasundaram Nandakumar	Manager	Dickoya
Mr. Shameera Rathnayake	Manager	Strathdon
Mr. Angappan Jeyaram	Manager	Lonach
Mr. Mihiraj Samaraweera	Manager	Dendro
Mr. Zaman Imthiyas	Deputy Manager	Kenilworth
Mr. Dinesh Jayaweera	Senior Assistant Manager	Carolina
Mr. Jaliya Wijekoon	Assistant Manager	Strathdon
Mr. Sean Slemmerman	Assistant Manager	Abbotsleigh
Mr. Mohan Illangamthilaka	Assistant Manager	Wigton
Mr. Dinesh Jayaweera	Senior Assistant Manager	Carolina


Sri Lanka
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Jafna
Kilinochchi
Mannar
Vavuniya
Nilaveli
Trincomalee
Wilpattu
Anuradhapura
Puttalam
Polonnaruwa
Kalkudan
Baticaloa
Chilaw
Kurunegala
Kandy
Kegalle
Ampara
Negombo
Gampaha
Ginigathena
COLOMBO
102 Km
Kitulgala
Awissawella
Homagama
Badulla
Mt. Lavinia
Moratuwa
Panadura
Nugegoda
NUWARA ELIYA
Monaragala
Bandarawela
Rathnapura
119 Km
Kumana
Kaluthara
Yala
Bentota
Katharagama
GALLE
Hikkaduwa
Hambantota
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Ramboda
Nawalapitiya
12
Kotmale
Watagoda
Ginigathena
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13
Rosella
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Lindula
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Nanuoya
Hatton
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GALLE DISTRIC
Bentota
Pelawaththa
Nelluwa
Tawalama
Hiniduma
Balapitiya
Talgaswala
16
Ambalangoda
Nagoda
Udugama
Baddegama
17
Hikkaduwa
Wanduramba
Yakkalamulla
Wakwella
Walahanduwa
GALLE

Corporate Governance

As large scale employer, we rely on a strong corporate governance framework to deliver performance. Our Corporate Culture is key to good governance and is influenced and nurtured through a robust policy framework which is reviewed, updated and consistently applied across all locations. An organization structure that facilitates regular and rigorous review at 3 levels drives performance to achieve our strategic goals. Our commitment to sustainability is embedded in the policy framework, communicated to our employees through regular training and reinforced in applying these principles in the day to day decision making processes. The Board acknowledges the need to set the tone at the top and ensures that the values that govern the Board Room are no different from the values that govern the estates through the Watawala Plantations PLC's Charter for the Board of Directors and guidelines for Corporate Governance which explicitly states the responsibilities placed on its Board.

We comply with the Code of Best Practices of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL), and the Securities Exchange of Sri Lanka (SEC), as reported in the following pages which provides a comprehensive view of the Governance System in the Company. We have also complied with the requirements for Related Party Transactions Committee to comply with the latest directive issued by the SEC and set in place a process to facilitate compliance.

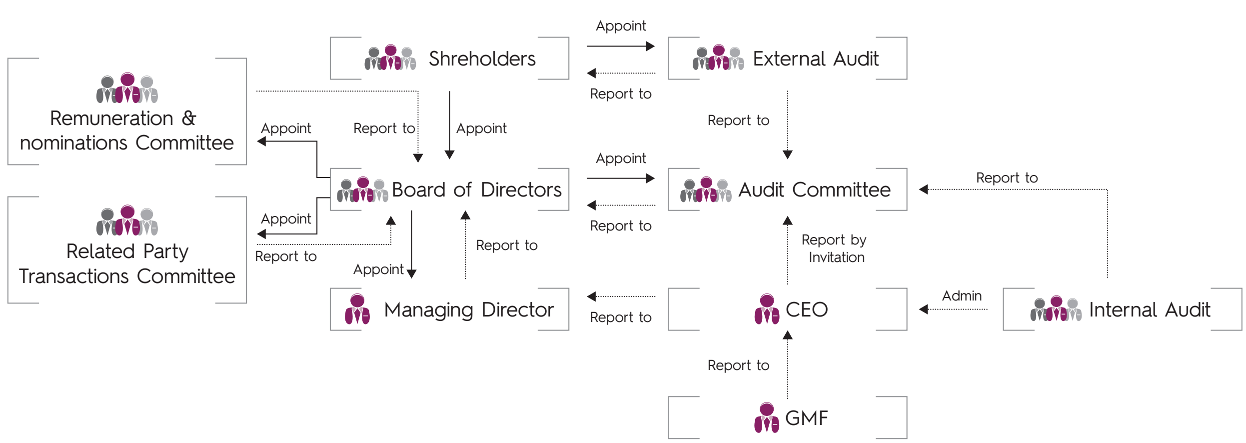
In a challenging year, our governance structure and policy frameworks have proved a strength to driving performance and minimising potential losses as issues are escalated to the Board in a timely manner. It is the rock on which we build the organisation and we continue to be committed to good governance with the conviction that it is the only way forward.

Sunil G. Wijesinha
Chairman
21 May 2015

Governance Structure

The Board of Directors address key aspects of Watawala Plantations governance systems by setting in place appropriate governance structures, policies and procedures to facilitate achievement of its corporate vision in compliance with its legal, regulatory and societal responsibilities. The Board is responsible and accountable for the actions of the executive management who implement agreed strategy within the defined policy framework and takes several measures in this regard.

The composition of the Company's Board has been structured in keeping with principles of good governance and long term strategy. The Charter defines the Directors responsibilities, the Board structure, Committees of the Board and other Board practices.



We have increased our number of independent directors to three, one of which is our Chairman Mr. Sunil G. Wijesinha. Three of the Non-executive Board Members have been nominated by Tata Global Beverages Ltd one of the largest branded Tea Companies in the world and holds a share of 31.85% in Estate Management Services (Pvt) Ltd, our parent company, and one Nominee by Pyramid Wilmar Plantations (Pvt) Ltd, a joint venture between Asia's leading agri- business group Wilmar International Limited and Wressle Holdings Ltd, who obtained a 35% of Estate Management Services (Pvt) Ltd on 17 June 2013.

Composition of the Board and Sub-Committees

Member of the Board and Board Committees	Executive directors	Non-Executive directors	
		Independent	Non Independent
Board of directors	2	3	6
Audit Committee		2	2
Remuneration and Nomination committee		2	1
Related party transactions committee		2	2

We are governed by the Code of Best Practice of Corporate Governance, published jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The code of Best practice of Corporate Governance which cover the company and the shareholders are set out in more detail in the pages 62 to 76 of our Annual report for the year under review.

Quality of the Board

The Company's Board of Directors consists of professionals in different fields such as Plantation Management, Export Marketing, Tea Industry and Finance etc. Our Chairman Mr.Sunil G. Wijesinha has chaired several Boards. Mr. Ajoy Misra, the Managing Director of Tata Global Beverages Ltd is one of the three of Board nominees of Tata Global Beverages Ltd. Mr. M.S. Mawsoon Managing Director of several Pyramid Wilmar Group Companies in Sri Lanka, and Board nominee of Pyramid Wilmar International brings with him over 20 years' experience in the agricultural commodities value chain. Mr. C.P. Thomas, board nominee of the Tata Global beverage Group, has over 20 years' experience in the Plantation Industry and is the Managing Director of Kannan Devan Hills Plantations (Pvt) Ltd, the first ever employee owned plantation tea company in India. Our Board was further strengthened by the appointment of an independent non-executive director Mr. Nirmal Fernando is the former Managing Partner of KPMG and chairs the Audit Committee. Executive directors are veterans in the industry and bring expert knowledge to the deliberations.

Areas of Expertise of Board Members

Area of expertise	No. of board members with expertise
Business management	6
Financial and management accounting	3
Plantation management	3
Engineering	3
Marketing	2

Measures Against Corruption

Our reputation and future prospects are heavily dependent upon the standards of business conduct demonstrated by all our employees. In our policy on Business Ethics, the company articulates the highest ethical standards it expects from its employees concerning such matters as conflicts of interest, payments to outside entities and individuals, political contributions, and the maintenance of proper books, records and controls. Public awareness of our consistent commitment to the high standards contained in this policy protects both the Company and its employees in their dealings with others.

The policy enables us to promote ethical behavior in all interactions by living the values and creating a conducive work environment which has been articulated and disseminated to all employees in all three languages. Additionally the competency framework also addresses the need to maintain high standards of ethics and to ensure that employees are sufficiently knowledgeable about their areas of expertise. The performance appraisal criteria also address the values and ethics exhibited by employees. Reprimands issued in case of breaches are recorded in personnel files and serve as early warning signs for monitoring by management

Compliance

Watawala Plantations complies with the Companies Act No.7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Continued Listing Requirements of the Colombo Stock Exchange as a public listed company. As an employer we also comply with the Employees' Provident Fund Act, the Employees' Trust Fund Act, the Payment of Gratuity Act, Maternity Benefits Ordinance, the Medical Wants Ordinance, the Shop and Office Act, the Industrial Disputes Act, the Factories Ordinance, the Workmen's' Compensation Ordinance and the Collective Agreement entered in to between the EFC, the CESU and NESU. We have also voluntarily adopted the Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka and the Company Secretary, who is an Attorney-at-Law, advices on matters pertaining to governance. Watawala Plantations also complies with the Inland Revenue Act No.38 of 2000 in discharge of fiscal obligations and other laws relating to fiscal matters and we retain consultants to ensure adherence to regulatory requirements in this regard.

This report has been organized along the structure of the Code of Best Practice on Corporate Governance as graphically summarized below.

Code of Best Practice on Corporate Governance

The Company

- Directors
- Directors' Remuneration
- Relations with Shareholders
- Accountability & Audit

Shareholders

- Institutional Investors
- Other Shareholders

Sustainability

Directors A

Principle A 1 An Effective Board

The Board of Directors comprises of eleven Directors of which Three of them are Executive and the others Non-Executive Directors. Two of the Non-Executive Directors are also Independent Directors. Details of the Board are given on page 54 to 56.

A 1.1 Frequency of Board Meetings

The Board meets once a quarter to discuss and review the performance of the past quarter and the future performance. Further, additional Board Meetings are summoned when the Board feels it is necessary to meet. The Audit Committee which is a subcommittee of the Board also meets quarterly. Additional meetings of the Audit Committee are summoned as an when the Audit Committee feels it is fit to do so.

Estate management, Regional Executive Committee and the Corporate Management Committee meet on a monthly basis to review performance against the strategic plan and budgets to identify matters requiring intervention and escalation to Board.

A 1.2 Responsibilities of the Board

The company's Board of Directors reviews the business strategies especially at times when the commodity prices reach lower levels. The Company's Executive Committee which comprises of the CEO and other Sector Heads, discuss in depth any suggested new strategies and the methods prior to recommending same to the Board of Directors for discussion. The committee is chaired by the CEO of the Company. The newly setup Regional Executive Committees has streamlined the flow of information to the Executive Committee for fast decision making. The Five Year Strategic Plan, the Annual Budget are discussed in great detail at the Executive Committee prior to submitting to the Board for approval. This enables the Board to take faster decisions.

The profiles of the CEO and the Management Team are produced on pages 54 to 58. The resume of the Managing Director is on page 54. The Chief Executive Officer who is overall in charge of the activities of the company reports direct to the Managing Director who is an Executive Director of the Company.

The Companies' Executive Committee (Ex Com) which assists in the decision making process comprises the CEO and one other Executive Director. It also includes the Area Plantation Heads, GM Finance, the Head of Human Resource Management, the Head of Sales and Marketing and GM Palm Oil Mill operations. The second level of Ex Com which is now known as the Regional Ex Com has been developed which have proven to be a good provider of information from the regions. This process assists the CEO in his decision making process

A succession planning role was introduced to cover the more important roles in the company. The relevant training is being provided to those especially in the weaker areas. Soft skills and Management of Human Resources are some of the areas identified. All members of the management are encouraged to follow MBA programmes.

This is delegated through the Audit Committee to the senior management of the company. The functions and the responsibilities of the Audit Committee is described in pages 83 and 84 of this report. The Audit Committee periodically reviews the reports of the internal auditor, financial statements of the company, companies business plan etc.. The companies risk assessment is also reviewed by the members of the Audit Committee.

The Board of Directors is committed to comply with all laws, rules and regulations, ethical standards. The company has complied a detailed check list to ascertain the compliance with laws and regulations of which a summary is appended on page 72 of this report.

The company's Board of Directors considers stakeholders' requirements as important in taking corporate decisions. Diversification in to Exports, Dairy Farming etc. has been carried out to have sustainable profits and to enhance the stake holder value. The Company has also embarked on several cost reduction methods which are addressed in the Managing Directors Report. CSR which is discussed else ware in this report has received much focus by the company in the recent years.

As per the pronouncements made by the Institute of Chartered Accountants of Sri Lanka the company has now fully migrated to Sri Lanka Financial Reporting Standards keeping in line with IFRS. The migration to SLFRS has been reviewed by the Audit Committee and also certified by the Auditors PriceWaterhouseCoopers. Board makes every endeavor to fulfill their obligation to the stakeholders.

☑ A 1.3 Act in Accordance with the Relevant Laws and Seek Independent Professional Advice

Board ensures compliance with the applicable laws wherever required. Page 70 to 72 of this report list down the laws (in the best possible manner) applicable to the organization and its compliance.

The Board also obtains professional advice from outside parties whenever necessary. The company has appointed F. J. & G De Saram as their legal consultants. The company also obtains advice on other issues such as Taxation, Actuarial Services, Product Development (Palm Oil Refinery), Process Development, Productivity Development (Oil Palm) wherever necessary. Any Director may obtain independent professional advice that may be required in discharging his responsibilities effectively, at company's expense.

☑ A 1.4 Company Secretary

The company secretaries are Secretaries and Financial Services (Private) Ltd who acts as secretaries to the Board and make their presents at every board meeting. The company Secretaries advises the board on all regulatory matters pertaining to Colombo Stock Exchange, Securities &

Exchange Commission. The Secretaries also records minutes which are tabled for the next meeting for effective follow-up on decisions taken. The directors have independent access to the Company Secretary.

A 1.5 Independent Judgment

The Directors use their independent judgments in making decisions. Nine of the Eleven Directors are non-executive and three are independent as given on page 61.

A 1.6 Director's Dedication of time and Effort

In addition to the attendance and participation at the Board Meetings, the Board Members make their time available for consultation if and whenever it becomes necessary. All Board papers are sent to the Members of the Board well in advance and all queries raised by them are answered before or even after the meetings. The Board has met five times during the as reported on page 54 to 56. The Board is satisfied that all Non-Executive Directors have committed sufficient time during the year under review.

A 1.7 Training for Directors

The Executive Directors participated in several study tours of Plantations outside Sri Lanka. The Managing Director participated for a 10 weeks training programme for corporate directors conducted by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.

Principle A2 Chairman and CEO

The Chairman is a non-executive member of the board and the CEO is an executive director. The Chief Executive Officer who manages the business of the company reports direct to the Managing Director. The CEO is also a member of the Board. This creates a clear segregation of duties between the Chairman, the Managing Director and the CEO.

Principle A3 Chairman's Role

The Chairman conducts the Board Meetings which are generally held once a quarter. He also ensures the balance between Executive and Non-Executive, and Independent and non-independent Directors are maintained to conduct business efficiently.

The Chairman conducts all board meetings and the Managing Director presents all detail operating results to the board along with the Chief Executive Officer and the Head of Financial.

The board comprises of Eleven directors of whom Nine are non-executive. Three of the non-executive directors are nominees of TATA Global Beverages Ltd., India who adds expertise knowledge to the board.

The Chairman encourages participation of all directors in decision making. The Financial Performance is presented by the Managing Director and all Capital Expenditure forwarded for approval of the Board is supported by a Feasibility Study with a Return on Investment working. The Chairman always encourages active participation of all the Directors at Board Meetings. He also ensures that the Board is in complete control of companies affairs.

Principle A4 Financial Acumen

The board consists of three Chartered Accountants and one Chartered Management Accountant i.e. Mr. K Venketramanan –FCA of Tata Global Beverages Limited, Mr. B.A. Hulangamuwa – FCA, MBA and Mr. A.N. Fernando – FCA, MBA and Mr. Sunil Wijesinha FCMA. The company also has in its employment two Chartered Accounts serving in the Finance Department.

Principle A5 Board Balance

The Board consists of Nine Non-Executive Directors which constitutes 81.8% of the Board of Directors of which three are Independent. Of the eleven members of the board, the following directors have executive powers of the company's affairs.

Mr. V. Govindasamy - *Executive Director*
Dr. D. V. Seevaratnam - *Executive Director(Retired w.e.f. 31 May 2015)*

Following are non-executive directors of the company.

Mr. G. Sathasivam - *Non-Executive non-independent Director*
Mr. A. K. Misra - *Non-Executive non independent Director*
Mr. K. Venkataramanan - *Non-Executive non independent Director*
Mr. B. A. Hulangamuwa - *Non-Executive non-independent Director*
Mr. A.N. Fernando - *Non-Executive independent Director*
Mr. S.G. Wijesinha - *Non-Executive independent Director*
Mr. M.R. Mawsoon - *Non-Executive, Non-independent Director*
Mr. L. Ramanayake - *Non-Executive, Independent Director*
Mr. C.P. Thomas - *Non-Executive non-independent Director*

Of the above non-executive directors Messrs. K. Venkataramanan,

A. K. Misra and C. P. Thomas are nominees of the TATA Group of India. The three Independent Directors mentioned above are totally independent of the Management and free of any business relationship that could interfere in their independent judgment. Declaration of Independence as per the code of best practices in Corporate Governance has been obtained from the Non-Executive Directors. The Board has determined that the following Non-Executive Directors are Independent

A.N. Fernando

S.G. Wijesinha

L. Ramanayake

The full Board of Directors are indicated on page 54 to 56.

If there are any concerns of Directors that cannot be unanimously settled such issues are recorded in the minutes by the Secretary and circulated to the Board prior to the next Board meeting where the minutes are adopted.

To date such situations have not arisen in the company.

Principle A6 Supply of Information. ☑

The board meets quarterly, if required more frequently. The board is supplied with all information including the following.

- Quarterly financial statements reviewed and recommended by the Audit Committee.
- Minutes of the previous board meeting and follow-up action.
- Proceedings of the monthly review meetings of the company.
- Recommendation of capital expenditure and its justifications.
- Next quarters projected performance and how the year would end.
- Any other matter of importance.
- Annual Business Plan.
- A full presentation is made to the Board by the CEO on the performance of the Company during the period under review.
- Capital and revenue budget for the season.

The Members of the Board provided with Board Papers prior to the Board Meeting. Further, Board Members could request for any additional information if required. All documents listed under (A6) are circulated to the entire board 7 days before the Board Meeting.

Principle A 7 Appointments to the Board ☑

The nomination and remuneration committee recommends the appointment of new Directors to the board. In finding suitable candidates the Board assesses its composition to ascertain whether the combined knowledge and experience of the board could meet the strategic demands facing the company. New appointments are made only after the above assessments are completed. One new appointment was made during the Financial Year. Details of the current Board of Directors are given on page 54 to 56 of this report.

Mr. Ajoy Misra was appointed to the Board during the year under review. His brief resume and all other relevant details were delivered to the CSE in the required manner.

Principle A8 Re Election ☑

At the first Annual General Meeting of the Company, all the Directors, with the exception of the Managing Director and the appointed directors shall retire from office and every subsequent year, one third of the directors except the Managing Director shall retire from office at every annual general meeting as required by the Company's Articles of Association. A retiring Director is eligible for re-appointment.

Principle A9 Appraisal of Board Performance ☑

The Board of Directors evaluates their past performance as against the strategies adopted which is generally done at every Board Meeting. In the light of this evaluation and considering the future and the challenges that need to be met the Board considers the following areas in evaluating its performance.

- The past performance.
- Reviewing and formulating a sound business strategy.
- Ensuring that the CEO and the Management Team's capability in achieving the said standards.
- Securing an effective information, control and audit systems.
- Prevention or minimizing risks.
- Ensuring compliance with legal/ethical standards.
- Principle A 10 Disclosure of information in respect of Directors

- A detailed profile in respect of the Directors is disclosed in page no 54 to 56 of this report.
- Related party transactions are showed on pages 126 to 127 of this report.
- The details of Board Meetings attended are on pages 54 to 56.
- Board Committees that the Directors serve on and their attendance is on pages 54 to 56.

Principle A 11 Appraisal of CEO and Managing Director ☑

The Chief Executive Officer of the Company reports direct to the Managing Director who is also an Executive Director of the company. The performance of the Managing Director is evaluated by the Board on his meeting the companies short and medium term targets and his capability of meeting the future targets. He submits a detail performance of the company to the Chairman for this purpose. The performance of the Chief Executive Officer (who is also a member of the board) is assessed by the Managing Director.

At the commencement of the Financial Year a detailed Budget is prepared which is presented to the Board for approval. Once the Budget is approved, the Managing Director and the CEO has indicative targets to work on. Any specific deviations from the approved budget on expenses such as capital expenditure need to have the approval of the Board.

At the end of the year, the Board evaluates the performance of the Managing Director and CEO on the final performance of the Company.

Directors' Remuneration B

Principle B1 Remuneration Committee ☑

The remuneration Committee determines the remuneration of the Managing Director and other Executive Directors. In deciding this remuneration the remuneration Committee takes in to consideration the levels of remuneration met by similar companies. Executive Directors who draw their remuneration from this company are also entitled to a performance related incentive. They are given specific targets at the commencement of the year and their remuneration is decided at the year-end after their performances have been appraised. The Company does not have a Share option Scheme nor a Pension scheme. The report of the Remuneration Committee is on page 85 of this report.

Mr. B.A. Hulangamuwa, Mr. A.N. Fernando, Mr. L. Ramanayake and Mr. S.G. Wijesinha draws a fee and the other Non-Executive Directors do not get any remuneration from the company.

Remuneration of the Management Staff is also approved by the Board in total.

The Directors' remuneration is disclosed in Note no 129 to the Financial Statement and the Management Staff remuneration is disclosed in Note 37 (v) to the financial statements.

Principle B2 Level of Makeup of Remuneration ☑

The Executive Directors who draw salaries from the company are remunerated in keeping with the market rates and are also entitled to defined incentive schemes. The annual salary increments are granted after a year end appraisal. There is no Executive Share Option Scheme in the company. There were no instances where compensation was paid on early termination. Mr. B.A. Hulangamuwa, Mr. A.N. Fernando, Mr. L. Ramanayake and Mr. S.G. Wijesinha draws a fee and the other Non-Executive Directors do not get any remuneration from the company.

Principle B3 Disclosure of Remuneration ☑

Remuneration Committee report on page 85 .will give the members of the Remuneration committee and the remuneration policy. The remuneration of the Executive Directors and the key managers are disclosed in Note 37 (v) to the financial statements.

Relations with Shareholders C

Principle C1 Constructive Use of the Annual General Meeting (AGM)

The Company Secretary ensures that adequate notice is given to all shareholders as required by the Companies Act No. 7 of 2007 of its Annual General Meeting and presents them with an Annual Report at the time of such notice. Active participation of its shareholders is welcome where all relevant questions are answered by the Board of Directors. The Board Members representing Tata Global Beverages Ltd treats this as a very important occasion who make it a point to attend every year. The Chairman of the Audit Committee, the CFO and other Managers of divisions make themselves physically present at this meeting. The annual General Meeting of the Company will be held on the 30 of July 2015.

Proxy forms are sent to all shareholders with the Annual Report. On the day of the Annual General Meeting a separate counter is setup to receive and record proxy forms. The Company proposes separate resolutions for substantially separate issues. Adoption of Report and Accounts are taken as separate item in the Agenda. The Chairmen of the two subcommittees, the Audit Committee and the Remunerations Committee make themselves available at the AGM. The Company Secretary ensures that adequate notice is given to all shareholders as required by the Companies Act No. 7 of 2007 of its Annual General Meeting and presents them with an Annual Report at the time of such notice. Summary of the voting procedure is stated in the Proxy Form which is circulated to all shareholders along with the Annual Report.

There were no Major Transactions during the year as specified by Sec. 185 of the Companies Act No. 7 of 2007.

Accountability and Audit D

Principle D1 Financial Reporting

In the preparation of the annual and quarterly financial statements, the company complies to the requirements of the

- Companies act No. 7 of 2007.
- Sri Lanka Accounting Standards.
- Listing rules of the Colombo Stock Exchange.

The table below depicts the dates the quarterly accounts were published within the prescribed time of the listing rules.

1st Quarter	25 July 2014
2nd Quarter	27 October 2014
3rd Quarter	23 January 2015
4th Quarter	22 May 2015

The Annual Report is prepared at the end of the year covering the whole year. All price sensitive information such as appointment of new Directors retirement of Directors and other price sensitive information was conveyed to the CSE within time.

- Directors Report is presented on pages 78 to 80 of this report.
- Management Discussion and Analysis on pages 10 to 52 in this report.
- A comprehensive risk assessment is on pages 73 to 76.
- Industrial Structure and Developments, opportunities and threats are stated in the Chairman's and Managing Directors reports on pages 10 to 17.
- Social and Welfare work and development of Human Resources and Industrial Relations is on pages 30 to 52 in the Sustainability Report.
- The responsibility of the Board on the presentation of Financial Statements together with the Auditors Statement have been presented on pages 78 to 80 and 87 respectively.
- Directors Report on page 78 confirm that the business is a Going Concern.

Net assets of the company have not fallen below 50% of shareholders' funds.

Principle D2 Internal Control

The Board is overall responsible in establishing a good system if internal control in the company and delegated much of it to the Audit Committee. This committee in turn reviews all management accounts, directs the Internal Audit Team to carry out checks on areas of verification other than their normal checks.

The Audit Committee reviews all Internal Audit Reports which are circulated to them quarterly and discusses the salient features at the Audit Committee Meeting with the Internal Auditor the CEO and the Head of Finance. In the year under review the Audit Committee also outsourced few of the Internal Audits of Estates to Ms. Ernst and Young purely to have a view of a third party on the systems and controls. At the end of the second quarter a limited review is carried out by the external auditors M/s PriceWaterhouseCoopers and their reports are discussed in length at the Audit Committee Meetings. The year-end Management Letter submitted by the External Auditor is also discussed at the final Audit Committee Meeting during the Financial year.

Principle D3 Audit Committee

The Board has delegated their responsibility to the Audit Committee with regard to selecting and application of accounting policies, financial reporting and internal control and maintaining an appropriate relationship with the company's auditors. The Accounting Policies are discussed and agreed with the External Auditors.

The Audit Committee of the company consists of four Non-executive Directors :

Mr. B.A. Hulangamuwa

Non-Executive Non independent Director. Fellow Member of the Institute of Chartered Accountants of Sri Lanka

Mr. K. Venkataramanan

Non-Executive Non independent Director. Fellow Member of the Institute of Chartered Accountants of India. Vice President of Tata Global Beverages Ltd.

Mr. A.N. Fernando

Non Executive Independent Director, Chartered Accountant and the former Chief Partner of KPMG

Mr. S.G. Wijesinha

Non Executive Independent Director, Chartered Management Accountant and the former Chairman of Dankatuwa Porcelain.

The Audit Committee has two Independent Non-Executive Directors out of four members. The Head of the Audit Committee is Mr. A.N. Fernando who is an Independent Non-Executive Director.

The Audit Committee views at different intervals the independence of the External Auditors. The External Auditors on the other hand discusses with the Management before taking up any other assignment in the company and would take over such assignments if it relates to work involving Audit and Assurance only. The auditors, PWC in addition to Audit Services also provide Tax services.

The Audit Committee functions on clear guidelines given to them by the Board Directors as set out in the Report of the Audit Committee on pages 83 and 84.

Principle D4Code of Business Conduct and Ethics.

The company has a practice where it regularly draws attention of the Executive Directors and Senior Managers to the Company's Policy on Business Ethics by obtaining their signature on a copy of same. This document covers the following main areas:

1. Conflict of Interest with the business of the company.
2. Relations with Customers, Government and Labour.
3. Confidentiality of documents, books and records.
4. Supplier relations.
5. Conduct.

Where ever there are transactions with connected companies such transactions are disclosed under the related party transactions. The Company is compliant with the Code of Best Practice on Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The company has published the best businesses practices and ethics in the form of an employee hand book and have distributed to all the employees of the organization. This covers a wide area of activity including policies and business ethics of the company. These policies are regularly reviewed and updated by the Human Resource Division of the organization.

Principle D5 Corporate Governance Disclosures.

The company has complied with the "Code of Best Practice on Corporate Governance" issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and

Exchange Commission of Sri Lanka.

The company has been publishing quarterly financial statements with the necessary explanatory notes as required by the Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration, is promptly disclosed to the public.

The Company has included a detailed report in the Annual Report.

Institutional Investors & Other Shareholders E & F

The company through company secretary, Secretarial & Financial Services maintains an active dialog with the shareholders, potential investors, investment banks etc. All Intuitional Shareholders are encouraged to participate at the Annual General Meeting and exercise their vote. All regulatory notices are sent to them on time.

Principle F: Other Investors.

The company at different intervals throughout the year encourages Stock Brokers to publish research reports giving a full analysis of company's affairs. John Keels Stockbrokers have published such reports several times during the year. The Annual Report of the company also gives a full analysis of the affairs of the company.

Sustainability G

This report is a full sustainability report. The GRI Index on page 138 to 142 provides a comprehensive reference to information disclosed in this report.

Rule No.	Requirement	Compliance	Reference in this Report
7.10.1(a)	**Non Executive Directors (NED)** 2 or at least 1/3 of the total number of Directors should be NEDs	✓	Principle A1
7.10.2(a)	**Independent Directors (ID)** 2 or1/3 of NEDs, whichever is higher, should be independent	✓	Principle A1
7.10.2(b)	**Independent Directors (ID)** Each NED should submit a declaration of independence	✓	Available with the Secretaries for review
7.10.3(a)	**Disclosure relating to Directors** ■ The Board shall annually determine the independence or otherwise of the NEDs ■ Names of IDs should be disclosed in the Annual Report (AR)	✓	Directors' Profiles
7.10.3(b)	**Disclosure relating to Directors** The basis for the Board's determination of ID, if criteria specified for independence is not met	Complied	Direcotrs' Profiles
7.10.3(c)	**Disclosure relating to Directors** A brief resume of each Director should be included in the AR including the Director's areas of expertise	✓	Directors' Profiles
7.10.3(d)	**Disclosure relating to Directors** Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE	✓	Directors' profiles
7.10.4 (a-h)	**Determination of Independence** Requirements for meeting criteria	✓	Corporate Governance
7.10.5	**Remuneration Committee (RC)** The RC of the individual RC committee may function as the RC	✓	Remuneration Committee Report
7.10.5(a)	**Composition of Remuneration Committee** Shall comprise of NEDs, a majority of whom will be independent	✓	
7.10.5.(b)	**Functions of Remuneration Committee** The RC shall recommend the remuneration of the Chief Executive Officer (CEO) and NEDs	✓	
7.10.5.(c)	**Disclosure in the Annual Report relating to Remuneration Committee** ■ Names of Directors comprising the RC ■ Statement of Remuneration Policy ■ Aggregated remuneration paid to NED/NIDs and NED/IDs	✓	Remuneration Committee Report on page 85
7.10.6	**Audit Committee (AC)** The Company shall have an AC	✓	Principle D3 and Audit Committee Report on page 83
7.10.6(a)	**Composition of Audit Committee** ■ Shall comprise of NEDs a two of whom will be Independent ■ A NED shall be appointed as the Chairman of the Committee ■ CEO and Chief Financial Officer (CFO) should attend AC meetings ■ The Chairman of the AC or one member should be a member of a professional accounting body	✓	Corporate Governance and the Board Committee Reports

Rule No.	Requirement	Compliance	Reference in this Report
7.10.6(b)	**Audit Committee Functions** **Overseeing of the –** ■ Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards ■ Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements ■ Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards ■ Assessment of the independence and performance of the external auditors ■ Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor	✓	Corporate Governance and the Board Committee Reports
7.10.6(c)	**Disclosure in Annual Report relating to Audit Committee** ■ Names of Directors comprising the AC ■ The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination ■ The AR shall contain a Report of the AC setting out the manner of compliance with their functions	✓	Corporate Governance and the Board Committee Reports
	■ Related party transactions review committee ■ Names of Directors comprising the Committee. ■ Will monitor and approve recurrent and non-recurrent related party transactions as set out in the Group policy guidelines.	Voluntarily complied with effect from 1 April 2014	Corporate Governance Report

Compliance Report 2014/15

	Reporting Party Institute /personnel	Subject	Responsibility	Deadline	Status of compliance
	CSE/SEC	1. Quarterly Financial Report	GMF/CEO	30th of the month following the qtr	Complied
		2. Annual Financial Report	GMF/CEO	30th May	Complied
STATUTORY	Inland Revenue	3. Income Tax Payment	GMF/CEO	30th September	Complied
		4. Income Tax Return	GMF/CEO	30th November	Complied
		5. VAT Payment	GMF/CEO	15th of the following month	Complied
		6. VAT Return	GMF/CEO	30th of the following month end of qtr.	Complied
		7. NBT Payment	GMF/CEO	20th of the following month	Complied
		8. NBT Return	GMF/CEO	20th of the following qtr	Complied
		9. PAYE Payment	GMF/CEO	15th of the following month	Complied
		10. ESC Payment	GMF/CEO	20th of the month following qtr	Complied
		11. ESC Return	GMF/CEO	Annually	Complied
		12. Stamp Duty Return & Payment	GMF/CEO	15th of the month following qtr	Complied
		13. Assessment/Default notices	GMF/CEO	On given dates	Complied
	Department of Labour	14. EPF Payment	GMF/CEO	30th of the following month	Complied
	ETF Board	15. ETF Payment	GMF/CEO	30th of the following month	Complied
	Department of Labour	16. Gratuity - Provision/ Payment	GMF/CEO	Within one month of resignation	Complied
	SLAASMB	17. Annual Financial Report	GMF/CEO	By 05th June	Complied
		18. All Financial Reports are prepared in accordance with SLFLKR	GMF/CEO	Monthly	Complied
	Finance Department	19. Monthly Financial Statements	GMF/CEO	10th of the following month	Complied
		20. Interim Financial Statements	GMF/CEO	10th of the following month	Complied
	Chairman & BOD	21. Board approval obtained for any new projects/ Investment / venture the company is planning to embark upon	GMD/CEO	Relevant Papers to be delivered to directors 7 Days before the board meeting	Complied

Risk Management

The Board acknowledges its responsibility towards the Group to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board is responsible for reviewing the adequacy and effectiveness of risk management and the system of internal control. A sound risk management and internal control system includes the establishment of an appropriate control environment and framework, encompassing financial, operational and compliance controls and management of risks throughout its operations.

The Group has in place, an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies.

Risk Management Process

a) The Board obtains an assurance from the Chief Executive Officer (CEO) of the effectiveness over corporate risk management procedures in place on a quarterly basis. The respective heads of the departments directly report to CEO on a regular basis of the risks involved in the individual departments and the business processes. The existing risks and also the new risks that have been identified during the period are discussed in detail at the monthly and quarterly business review meetings along with the action plans for eliminating or mitigating the risks.

b) The Audit Committee also plays a vital role in reviewing the effectiveness of risk management process in place to monitor the risks in order to give an assurance to the Board on the overall effectiveness over the framework and processes adopted by the Board. The CEO reports to the Audit Committee on a quarterly basis of the systems established and its effectiveness over identifying, assessing, managing and monitoring risks. Further, Internal Audit Division provide an assurance to the Audit Committee on a quarterly basis of the effectiveness over risk management and internal control procedures been established in the Company.

Being in the plantation business, Watawala Plantations is inherently exposed to countless risks in achieving its short-term and long-term goals. The schedule given below shows the top and emerging risks arising from the Company's operating environment during the financial year 2014/15.

Risk-1

Risk category :

Land productivity

Specific risk :

Low yielding tea fields

Risk description :

Company has a land bank of 1,720 hectares planted with seedling tea yielding below average resulting in high cost of production and low profits

Risk mitigation :

- Manage with limited resources.
- Converting to forestry and other high value lucrative crops.
- Replant with high yielding clones (VP)

Risk rating : High

Risk-2

Risk category :

Energy efficiency

Specific risk :

High cost of power and fuel

Risk description :

It requires a considerable amount of energy to produce ten million kilograms of tea in 15 tea factories and ten million kilograms of Crude Palm Oil in our Palm Oil mill. Increased cost of power and fuel cost would result in high cost of production and less profits.

Risk mitigation :

- Factories are converted from fuel to firewood.
- Generating cheaper cost of firewood as a substitute for rubber firewood.
- Bio gas, mini-hydro projects.

Risk rating : High

Risk-3

Risk category :

Market

Specific risk :

Volatility in commodity market prices

Risk description :

Adverse movement in the local and international market for tea, rubber and crude palm oil has a significant impact on the prices realized resulting in low margins.

Risk mitigation

- Monitor price movement of global crude palm oil prices very closely.
- Enter into forward contracts.

Risk rating : High

Risk-4

Risk category :

Labour

Specific risk :

Drying up plantation skill labour force

Risk description :

Deficit of skilled and experienced workers in the plantation sector has resulted in low land productivity and high cost of labour.

Risk mitigation :

- Introduce mechanical harvesting for tea and palm oil.
- Contracting out agricultural activities.

Risk rating : Medium

Risk-5

Risk category :

Labour

Specific risk :

Insufficient labour productivity in tea

Risk description :

Labour cost account for approximately 70% of the total cost of production of tea. Rapid increase in wage cost doesn't correlate to the productivity resulting in unmanageable labour cost.

Risk mitigation:

- Introduce mechanical harvesting.
- Continuous worker skill development.

Risk rating : High

Risk-6

Risk category :

Materials

Specific risk :

Insufficient green leaf to meet factory capacities in tea

Risk description :

Approximately 40% of the tea factory capacity is met by procuring green leaf from external out-growers at high cost with insufficient quality resulting in high cost and low quality output.

Risk mitigation :

- Shout-down inefficient factories and divert their estate leaf to factories which produce good quality teas.
- Enter into contracts with green leaf suppliers for acquiring good quality leaf.
- Improve own estates' yields.

Risk rating : High

Risk-7

Risk category :

Land

Specific risk :

Unavailability of suitable lands for expansion of palm oil

Risk description :

Palm oil being the highest contributor to the profit, Company is highly dependent on Palm oil. Over 90% of the lands available for Palm oil has already been used. Unavailability of land for Palm oil expansion will restrict profit gain from this sector.

Risk mitigation:

- Improve land productivity by adopting best agro practices.
- Convert rubber in to palm oil as palm oil is more profitable than rubber.
- Find suitable lands outside the company.

Risk rating : Medium

Risk-8

Risk category :

Manufacturing

Specific risk :

Inadequate tea factory capacity during rush cropping period

Risk description :

Inability to accept additional green leaf coming into our tea factories especially during rush cropping period result in loss of profit.

Risk mitigation:

- Reduce bought leaf.
- Accept only good quality green leaf.

Risk rating : Medium

Risk-9

Risk category :

Environment

Specific risk :

Failure in adhering to environmental protection regulations lead to financial losses in the form of fines and destruction for manufacturing.

Risk description :

Our manufacturing processes includes 17 tea factories,2 rubber factories, and a palm oil mill which are exposed to various environment risks of polluting water, air and soil.

Risk mitigation:

- Compliance and certifications.
- Carry out compliance reviews more frequently in order to identify gaps and address them timely.

Risk rating : High

Risk-10

Risk category :

Products

Specific risk :

Inconsistency or failure to meet quality standards would result less demand and attracting low prices.

Risk mitigation:

- Close monitoring of quality parameters at the factories.
- Set quality standards in all our factories.

Risk rating : High

Risk-11

Risk category :

Materials

Specific risk :

Unavailability of fertilizer

Risk description :

Unavailability of sufficient quantities of some of the essential fertilizers in the local market has a significant impact on the plantation yields resulting uneconomical crop yields.

Risk mitigation:

- Enter into forward contracts with the fertilizer suppliers in order to secure the quantities.
- Direct import of essential fertilizer.
- Substitute with organic fertilizers wherever possible.

Risk rating : Medium

Risk-12

Risk category :

Capital

Specific risk :

Drop in tea yield due to insufficient replanting

Risk description :

Due to uncertainty of returns and the extended payback period, company was not able to find capital for replanting and as a result the replanting ratio has not been maintained in line with the industry standard. This has caused low yields and poor performance in tea.

Risk mitigation :

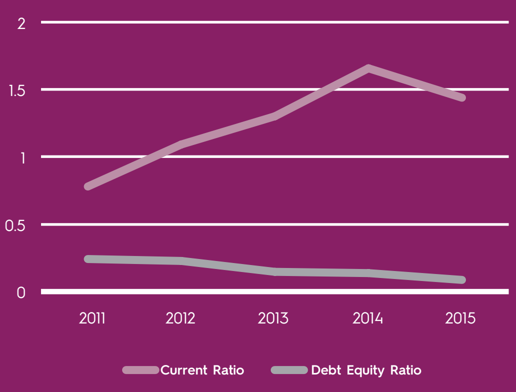
- Look for cheaper source of funds with extended grace periods.
- Switch internally generated funds from the other segments.

Risk rating : Medium

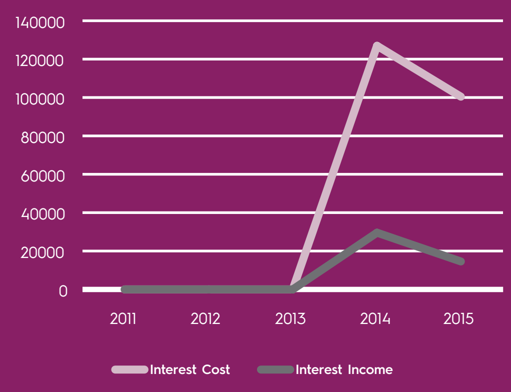
Efficient Working Capital Management

Managing our financial capital is key to delivering value to our stakeholders in a timely manner. We strive to optimize utilization of finances through appropriate financing of operational requirements and planned investments. We have reduced financial costs through appropriate financing and effective working capital management through continuous monitoring of cash flow and matching planned outflows to determine optimal levels of financing required.

Working Capital Management



Interest Cost Vs Interest Income



Annual Report of the Board of Directors on the Affairs of the Company

The Directors have pleasure In presenting the Annual Report for the year ended 31 March 2015 which covers business strategy, strategic imperatives, audited financial statements, share-related Information and reviews on risk management, governance and sustainability.

The details set out provide the pertinent information required by the Companies Act No.07 of 2007, listing rules of the Colombo Stock Exchange and are guided by recommended best reporting practices.

Principal Activities

Watawala Plantations PLC is a holding Company that owns, directly, 100% stake in Watawala Tea Australia Pty Ltd. The principal activities of the Group during the year under review were cultivation, manufacturing and sale of tea, rubber, palm oil and direct exports of bulk and value added tea.

There was no significant change in the nature of business of the Company or its subsidiary during the year that may have a significant impact on the state of affairs of the Group.

Review of Operations and Future Developments

A review of the financial and operational performance and future business developments of the Company's business segments are discussed in the Chairman's report on pages 10 to 12 and Managing Director's review on pages 14 to 17 These reports together with the audited financial statements (pages 88 to 127) and financial review (pages 19 to 23) provide a comprehensive assessment on the financial performance, financial position and the state of affairs of the Company and its subsidiary.

The Directors, to the best of their knowledge and belief, confirm that the Group has not engaged in any activities that contravene laws and regulations.

Financial Statements

The financial statements of the Company and the Group for the year ended 31 March 2015 duly signed by the General Manager-Finance, two of the Directors of the Company are given on pages 88 to 127 which form an integral part of the Annual Report of the Board of Directors.

Directors' Responsibility for Financial Statements

The Directors are responsible for the preparation of the financial statements of the Company and the Group to represent a true and fair view of its state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' responsibility for Financial Reporting is given on page 82 and forms an integral part of the Annual Report of the Board of Directors.

Auditor's Report

Company's Auditors, Messrs PricewaterhouseCoopers, carried out the statutory audit on the financial statements of the Company and the consolidated financial statements of the Group for the year ended 31 March 2015 and the report on those financial statements is given on page 87 of this Annual Report.

Significant Accounting Policies

The accounting policies adopted by the Company and its subsidiary in the preparation of financial statements are stated on pages 92 to 127.

Going Concern

The Directors, after making necessary inquiries and reviews, including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risk, cash flows and borrowings facilities, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis is adopted in the preparation of the financial statements.

Revenue

The revenue of the Group for 2014/2015 was LKR 6,848,491,000 (2013/2014: LKR 6,246,271,000) while the Company's revenue was LKR 6,773,635,000 (2013/2014: LKR 6,142,624,000). An analysis of income is given in note 26 to the financial statements.

Financial Results

The Group's profit for the year amounted to LKR 390,747,000/-.(2013/2014: LKR 497,194,000/-) while the Company recorded a net profit of LKR 390,565,000/- (2013/2014: LKR 497,452,000/-).

The Group total comprehensive income for the year is LKR 407,579,000/- (2013/14: LKR 434,047,000/-) while the Company has recorded a total comprehensive income of LKR 407,397,000/- (2013/14: LKR 434,305,000/-)

The Consolidated Income Statement along with the Company's Income Statement for the year are given on page 89. Details of transfer to / from reserves in respect of the Group and the Company are shown in the Statement of Changes in Equity on page 90.

Stated Capital and Reserves

The stated capital of the Company as at 31 March 2015 is LKR 460,000,000/- comprising of 236,666,670 ordinary shares and 1 Golden share. There were no changes in the stated capital during the year from previous financial year.

The capital and reserves of the Group and the Company as at 31 March 2015 amounts to LKR 4,282,741,000/- (2013/2014: LKR 4,218,328,000/-) and LKR 4,282,629,000/- (2013/2014: LKR 4,218,398,000/-), respectively.

Dividend on Ordinary Shares

A final dividend of LKR 118,333,336 (LKR 0.50 per share) was paid on 09 July 2014 to the ordinary shareholders of the Company for the financial year ended 31 March 2014. During the year, an interim dividend of LKR 224,833,337 (LKR 0.95 per share) was paid. The Directors recommend that the final cash dividend of LKR 0.50 per share be paid for the year ended 31 March 2015.

Corporate Donations

During the year the Company made charitable donations amounting to LKR 6,770,364. (2013/2014: LKR Nil)

Provision for Taxation

The profit of the Company is liable for income tax at varying rates. The profit from agriculture is liable for income tax at 10% while profit earned on manufacturing of tea is liable for income tax at 28%. The income tax rate applicable on profit from export on bulk tea 28% and 10% on value added tea. The subsidiary company Watawala Tea Australia Pty Ltd. is liable for income tax at 30%.

The Group has also provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

Information on the income tax expense and the deferred taxes of the Company and the Group is given in note 31 and 23 to the financial statements.

Capital Expenditure

The total capital expenditure on purchase and construction of property, plant & equipment and expenditure incurred on immature plantations by the Company and the Group amounted to LKR 590,342,000 (2013/2014: LKR 617,466,000/-). The movement in property, plant & equipment is set out in note No 8 to the financial statements on page 106.

Property, Plant and Equipment

The details of property, plant and equipment are given in note No 8 to the financial statements.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the Government Institutions have been made up to date.

Events After the Reporting Date

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements.

Directors' Interest Register

In compliance with the Companies Act No. 07 of 2007, the Company maintained the Interest Registers. Particulars of entries in the interest register are set out in note 37 to the financial statements.

Share Information

Information relating to earnings, dividend, net assets and market price per share is given in the Ten Years Summary on pages 132 to 135.

Shareholdings

As at 31 March 2015 there were 16,614 registered shareholders. (2013/14: 17,370) Information on the distribution of shareholding, categories of shareholders and the percentage holding of twenty largest shareholders is indicated on pages 136 to 137.

Equitable Treatment to Shareholders

The Company has at all times ensured that all shareholders are treated equitably.

Directors' Interest in Transactions

The Directors of the Group made the general disclosures provided for in Section 192 (2) of the Companies Act No.07 of 2007. Note 37 to the financial statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings (no of shares) of

Directors are as follows.

	As at 31/03/15	As at 31/03/14
S.G.Wijesinha	-	-
G.Sathasivam	-	-
V.Govindasamy	-	-
D.V.Seevaratnam	30,173	30,173
A.K. Misra	-	-
K.Venkataramanan	-	-
A.N.Fernando	-	-
M.S.Mawzoon	-	-
L.Ramanayake	-	-
C.P.Thomas	-	-
B.A.Hulangamuwa	-	-

Directors' Emoluments

Directors' emoluments, in respect of the Company and the Group for the financial year ended 31 March 2015 are given in note 37 to the financial statements.

The Board of Directors

As at 31 March 2015, the Board of Directors of Watawala Plantations PLC consisted of eleven members. Names of the Directors and their brief profiles appear on pages 54 to 56 of the Annual Report.

Auditors

Messes. PricewaterhouseCoopers, (PWC) Chartered Accountants are deemed to be re-appointed as auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

The audit fees paid to PwC during the year under review by the Company amounted to LKR 2,073,000/-. (2013/14: LKR 1,871,000/-). Further the Company has paid LKR 268,000/- (2013/14: LKR 200,000/-) for reimbursement of expenses.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company or of its subsidiary other than those disclosed above. The auditors also do not have any interests in the Company or of its subsidiary.

Corporate Governance/ Internal Control

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Group are explained in the Corporate Governance reports on pages 60 to 71.

Environmental Protection

To the best of knowledge of the Board, the Group has complied with the relevant environmental laws and regulations. The Group has not engaged in any activity that is harmful or hazardous to the environment.

Directors' Meetings

The details of the Directors' meetings which comprise Board Meetings, Audit Committee Meetings, Remuneration & Nomination Committee Meetings, Related Party Transactions Committee and attendance of Directors at these meetings are given in the Annual Report under Corporate Governance, Audit Committee Report, and Remuneration Committee Report etc.

Annual General Meeting

The Annual General Meeting will be held at the "Committee Room B" of the Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07, on Tuesday 30 June 2015 at 10.00am. The Notice of the Annual General Meeting appears on page 144 for and on behalf of the Board.

V.Govindasamy
Managing Director

Sunil G. Wijesinha
Chairman

Secretaries and Financial Services (Pvt) Ltd
Secretaries
21 May 2015

Managing Director's and General Manager-Finance's Responsibility Statement

The Financial Statements of the Watawala Plantations PLC are prepared in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act, No 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The Accounting Policies used in the preparation of the financial statements are appropriate and are consistently applied by the Company. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information is reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and General Manager-Finance of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The financial statements of the company were audited by Messrs PricewaterhouseCoopers, Chartered Accountants and their report is given on page 87 of the Annual Report.

The Audit Committee of the Company meets periodically with the internal audit team and the external auditors to review their audit plans, assess the manner in which these auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the external auditors and the internal auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that the Company have complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company.

V. Govindasamy
Managing Director

B. V. Sinthaka Ruwan
General Manager-Finance
21 May 2015

Statement of Directors' Responsibility

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the financial statements.

The Directors are required by the Companies Act No. 07 of 2007, to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these financial statements on ongoing concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the said basis.

The Directors consider that in preparing the financial statements on pages 88 to 127 the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimated that all accounting standards, which they consider to be applicable, are followed.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial position of the Company and which will enable them to ensure that financial statements comply with the Companies Act. No. 07 of 2007.

The Directors are generally responsible for taking such steps that are reasonably for them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are confident that they discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the Statement of financial position date, are paid or where relevant, provided for.

By Order of the Board.

V. Govindasamy
Managing Director
21 May 2015

Sunil G. Wijesinha
Chairman

Report of the Audit Committee

Role of the Audit Committee

The terms of reference "Charter" provides a clear understanding of the committee's role, structure, processes, and membership requirements. This conveys the framework for the committee's organization and responsibilities that can be referred to by the Board, committee members, management and external and internal auditors. The Audit Committee reviews the charter quarterly and updates to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

Composition

The Audit Committee comprises the following four members, two of whom, including the Chairman, are Independent Non-Executive Directors.

A N Fernando - Chairman
(Independent, Non-Executive Director)

S G Wijesinha
(Independent, Non-Executive Director)

K Venkataramanan
(Non-Independent, Non-Executive Director)

B A Hulangamuwa
(Non-Independent, Non-Executive Director)

Profiles of the members are given on pages 54 to 56 Secretaries and Financial Services (Pvt) Ltd, the Group Secretaries functions as the Secretaries to the Audit Committee.

Meetings and Minutes

The number of meetings the committee holds is influenced by its objectives and scope of activities, and the size and nature of the business.

The Audit Committee met four (4) times during the year.

Members and attendance at meetings held during the year ended 31 March 2015 are given below.

A N Fernando	4/4
S G Wijesinha	4/4
K Venkataramanan	2/4
B A Hulangamuwa	4/4

The Chief Executive Officer and General Manager-Finance shall normally attend meetings of the Audit Committee. The Head of Internal Audit also attended these meetings by invitation. On the invitation of the Audit Committee, the Engagement Partner of the Company's External Auditors, Messrs PricewaterhouseCoopers attended two committee meetings.

The Audit Committee shall report to the Board.

Responsibilities

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

Tasks of the Audit Committee

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2015.

Financial Reporting

- Reviewed the quarterly and year-to-date financial results of the Group and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.
- Reviewed the annual report and the annual audited financial statements of the Company and the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the listing requirements of

CSE, provisions of the Companies Act, No. 7 of 2007, applicable to Sri Lanka Accounting Standards and any other relevant legal and regulatory requirements.

In the review of the annual audited financial statements, the Committee discussed with the Chief Executive Officer, General Manager- Finance and External Auditor the significant accounting policies, estimates and judgments applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the financial statements.

Internal Control and Risk Management and Internal Audit

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on pages 73 to 76.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration of the required controls and risks attached to different areas of operation. It also reviewed the reports from the internal audit team summarizing the audit findings and recommendations and describing actions taken by management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses and invited management to the Committee to further understand progress where it felt it was necessary.

External Audit

- Reviewed with the external auditors their audit scope, audit strategy and audit plan for the year and their proposed fees for the statutory audit.
- Reviewed the external audit reports and areas of concern highlighted in the Management letter including Management's responses to the findings of the External Auditors.
- Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.
- Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the External Auditors for provision of any non- audit services. The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.
- Reviewed the performance of the External Auditors, Messrs PricewaterhouseCoopers and recommended their re-appointment to the Board for financial year ended 31 March 2015 subject to the approval of the shareholders at the next Annual General Meeting.

Regulatory Compliance

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. Chief Executive Officer along with the General Manager-Finance submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Group was in compliance with mandatory statutory requirements.

Audit Committee Effectiveness

The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Group's assets are safeguarded and the financial position of the Group is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the financial statement is appropriate. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved.

On behalf of the Audit Committee;

A N Fernando
Chairman – Audit Committee
21 May 2015

Report of the Remuneration & Nominations Committee

Terms of Reference

The Charter determines the terms of reference for the Remuneration Committee. The Remuneration Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Chief Executive Officer, members of the Executive Committee, and setting the broad parameters of remuneration for senior executives across the Group.

Composition

The Committee is made up of four Non-Executive Directors namely A. N. Fernando, G. Sathasivam, S. G. Wijesinha, A. K. Misra and The Committee is chaired by G. Sathasivam.

Secretaries and Financial Services (Private) Limited acts as the Secretaries to the Remuneration Committee. The Minutes of the Remuneration Committee approved by the said committee is circulated and affirmed by the Board of Directors.

Remuneration Policy

The Group's remuneration policy aims to attract and retain management with the appropriate professional, managerial and operational expertise necessary to achieve the Group's objectives and create value for our shareholders.

A significant portion of executives' total potential remuneration is performance related in order to drive the right behavior to optimize Group performance. Stretch targets are set for the plantation managers on a quarterly basis in the context of prevailing market conditions in which it operates. The remuneration packages which are linked to individual performances are aligned with the Group's short-term and long-term strategy.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit and overall performance of the Group and market practices.

The Committee continues to provide analysis and advice to ensure key management personnel remuneration is competitive in the market place. The Committee has the authority to seek external independent professional advice on matters within its purview.

Non-executive Directors' Fees

Non-executive Directors receive fees for services on Board and Board Committees. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes. The fees for the Non-executive Directors are recommended by the remuneration committee to the Board for their approval, after considering input from the Executive Directors.

The Directors emoluments are disclosed on note 28 to the financial statements .

On behalf of the Remuneration Committee;

G. Sathasivam
Chairman – Remuneration Committee
21 May 2015

Financial Calender

2015

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
25 JULY 2014	27 OCTOBER 2014	23 JANUARY 2015	22 MAY 2015

2014

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
30 JULY 2013	30 OCTOBER 2013	24 JANUARY 2014	20 MAY 2014

Annual General Meetings

2002/2003	-	Annual Report Published on 13th May,2003 and 10th AGM on 04th June,2003
2003/2004	-	Annual Report Published on 13th May,2004 and 11th AGM on 04th June,2004
2004/2005	-	Annual Report Published on 12th May,2005 and 12th AGM on 03rd June,2005
2005/2006	-	Annual Report Published on 19th May,2006 and 13th AGM on 12th June,2006
2006/2007	-	Annual Report Published on 30th May,2007 and 14th AGM on 22nd June,2007
2007/2008	-	Annual Report Published on 14th June 2008 and 15th AGM on 07th July,2008
2008/2009	-	Annual Report Published on 15th June,2009 and 16th AGM on 14th July,2009
2009/2010	-	Annual Report Published on 11th June,2010 and 17th AGM on 07th July,2010
2010/2011	-	Annual Report Published on 16th June,2011 and 18th AGM on 08th July,2011
2011/2012	-	Annual Report Published on 12th June,2012 and 19th AGM on 06th July,2012
2012/2013	-	Annual Report Published on 17th June,2013 and 20th AGM on 9th July ,2013
2013/2014	-	Annual Report Published on 5th June,2014 and 21st AGM on 30th June,2014
2014/2015	-	Annual Report Published on 8th June,2015 and 22nd AGM on 30th June,2015

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To the Members of Watawala Plantations PLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of Watawala Plantations PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statements of financial position as at 31 March 2015, and the statements of income, comprehensive income and changes in equity and, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out in pages 8 to 45.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion the financial statements give a true and fair view of the financial position of Watawala Plantations PLC as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

7. In our opinion, the consolidated financial statements give a true and fair view of the financial position of Watawala Plantations PLC and its subsidiaries as at 31 March 2015 and their financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards.

Report on other Legal and Regulatory Requirements

8. These financial statements also comply with the requirements of Section 151 (2) and Sections 153 (2) to 153 (7) of the Companies Act, No. 7 of 2007.

PricewaterhouseCoopers

CHARTERED ACCOUNTANTS
COLOMBO
21 May 2015

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Partners **Y. Kanagasabai FCA, D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, N.R. Gunasekera FCA, S. Gajendran FCA, Ms. S. Hadgie FCA, Ms. S. Perera ACA, T.U. Jayasinghe ACA**

Statement of financial position

In Rs.'000s	Notes	Group		Company	
As at 31 March		2015	2014	2015	2014
ASSETS					
Non-current assets					
Leasehold right to bare land of JEDB / SLSPC estates	6	212,543	219,578	212,543	219,578
Immovable estate assets on finance lease (other than land)	7	142,033	159,492	142,033	159,492
Property, plant and equipment	8	1,921,745	1,840,625	1,921,745	1,840,625
Biological assets - bearer	9.1	2,743,030	2,518,564	2,743,030	2,518,564
Biological assets - consumable	9.2	566,967	575,944	566,967	575,944
Biological assets - livestock	10	40,256	45,061	40,256	45,061
Gratuity investments	11	220,262	200,000	220,262	200,000
Investment in subsidiary	12	-	-	852	852
Investment in related company	13	10,882	-	10,882	-
		5,857,718	5,559,264	5,858,570	5,560,116
Current assets					
Inventories	15	693,086	939,982	693,086	939,982
Trade and other receivables	16	491,241	447,044	488,148	440,506
Cash and cash equivalents	17	72,031	114,660	67,832	111,851
		1,256,358	1,501,686	1,249,066	1,492,339
Total assets		7,114,076	7,060,950	7,107,636	7,052,455
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	18	460,000	460,000	460,000	460,000
Retained earnings and other reserves		3,822,741	3,758,328	3,822,629	3,758,398
		4,282,741	4,218,328	4,282,629	4,218,398
Non-current liabilities					
Borrowings	19.2	187,500	270,242	187,500	270,242
Leasehold rights obtained from SLSPC and JEDB	20	342,526	348,506	342,526	348,506
Retirement benefit obligations	21	1,005,185	949,697	1,005,185	949,697
Deferred income and capital grants	22	213,610	223,803	213,610	223,803
Net deferred tax liability	23	206,954	144,930	207,040	145,040
		1,955,775	1,937,178	1,955,861	1,937,288
Current liabilities					
Borrowings	19.2	183,809	304,574	183,809	304,574
Finance lease obtained from SLSPC and JEDB	20	6,210	5,980	6,210	5,980
Trade and other payables	24	671,541	540,940	665,127	532,265
Current income tax liabilities	25	14,000	53,950	14,000	53,950
		875,560	905,444	869,146	896,769
Total liabilities		2,831,335	2,842,622	2,825,007	2,834,057
Total equity and liabilities		7,114,076	7,060,950	7,107,636	7,052,455

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

B. V. Sinthaka Ruwan
General Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by Board of Directors on 21 May 2015.

V. Govindasamy
Managing Director
21 May 2015

Sunil G. Wijesinha
Chairman

The notes on pages 92 to 127 form an integral part of these financial statements.

Statement of income

In Rs.'000s	Notes	Group		Company	
Year ended 31 March		2015	2014	2015	2014
Revenue	26	6,848,491	6,246,271	6,773,635	6,142,624
Cost of sales		(6,048,447)	(5,300,696)	(5,975,837)	(5,200,158)
Gross profit	26	800,044	945,575	797,798	942,466
Other operating income	27	119,151	89,656	119,151	89,555
Administrative expenses		(369,572)	(264,586)	(367,487)	(261,270)
Management fees	28	-	(92,264)	-	(92,264)
Operating profit	29	549,623	678,381	549,462	678,487
Finance income	30	14,601	29,485	14,556	29,485
Finance cost	30	(100,475)	(127,085)	(100,475)	(127,085)
Net finance costs		(85,874)	(97,600)	(85,919)	(97,600)
Profit before income tax		463,749	580,781	463,543	580,887
Income tax expense	31	(73,002)	(83,587)	(72,978)	(83,435)
Profit for the year		390,747	497,194	390,565	497,452
Basic Earnings per share (Rs.)	32	1.65	2.10	1.65	2.10

Statement of comprehensive income

In Rs.'000s		Group		Company	
Year ended 31 March	Notes	2015	2014	2015	2014
Profit for the year		390,747	497,194	390,565	497,452
Other comprehensive income					
Items that may not be subsequently reclassified to profit or loss:					
Actuarial gain / (loss) on gratuity	21	19,854	(89,302)	19,854	(89,302)
Tax on actuarial gain / (loss) on gratuity	31	(3,022)	26,155	(3,022)	26,155
Total other comprehensive income / (loss) for the year (net of tax)		16,832	(63,147)	16,832	(63,147)
Total comprehensive income for the year		407,579	434,047	407,397	434,305
Total comprehensive income attributable to :					
Equity holders of the Company		407,579	434,047	407,397	434,305
Total comprehensive income for the year		407,579	434,047	407,397	434,305

Statement of changes in equity - Group

In Rs.'000s	Notes	Stated capital	Retained earnings	Total equity
Balance at 1 April 2013		460,000	3,383,448	3,843,448
Net profit for the year		-	497,194	497,194
Actuarial loss on gratuity		-	(89,302)	(89,302)
Tax on actuarial loss on gratuity		-	26,155	26,155
Total comprehensive income for the year		-	434,047	434,047
Transactions with owners of the Company, recognised directly in equity				
Dividends paid for the year ended 31 March 2013	33	-	(59,167)	(59,167)
Balance at 31 March 2014		460,000	3,758,328	4,218,328
Balance at 1 April 2014		460,000	3,758,328	4,218,328
Net profit for the year			390,747	390,747
Actuarial gain on gratuity			19,854	19,854
Tax on actuarial gain on gratuity			(3,022)	(3,022)
Total comprehensive income for the year			407,579	407,579
Transactions with owners of the Company, recognised directly in equity				
Dividends paid for the year ended 31 March 2014	33		(118,333)	(118,333)
Interim dividends paid for the year ended 31 March 2015	33		(224,833)	(224,833)
Balance at 31 March 2015		460,000	3,822,741	4,282,741

Statement of changes in equity - Company

In Rs.'000s	Notes	Stated capital	Retained earnings	Total equity
Balance at 1 April 2013		460,000	3,383,260	3,843,260
Net profit for the year		-	497,452	497,452
Actuarial loss on gratuity		-	(89,302)	(89,302)
Tax on actuarial loss on gratuity		-	26,155	26,155
Total comprehensive income for the year		-	434,305	434,305
Transactions with owners of the Company, recognised directly in equity				
Dividends paid for the year ended 31 March 2013	33	-	(59,167)	(59,167)
Balance at 31 March 2014		460,000	3,758,398	4,218,398
Balance at 1 April 2014		460,000	3,758,398	4,218,398
Net profit for the year			390,565	390,565
Actuarial gain on gratuity			19,854	19,854
Tax on actuarial gain on gratuity			(3,022)	(3,022)
Total comprehensive income for the year			407,397	407,397
Transactions with owners of the Company, recognised directly in equity				
Dividends paid for the year ended 31 March 2014	33		(118,333)	(118,333)
Interim dividends paid for the year ended 31 March 2015	33		(224,833)	(224,833)
Balance at 31 March 2015		460,000	3,822,629	4,282,629

Statement of cash flows

In Rs.'000s		Group		Company	
Year ended 31 March	**Notes**	**2015**	**2014**	**2015**	**2014**
Cash flows from operating activities					
Cash generated from operations	36	1,279,466	621,363	1,278,121	629,903
Interest paid	30	(100,475)	(127,085)	(100,475)	(127,085)
Tax paid	25	(53,950)	(25,916)	(53,950)	(25,731)
Retirement benefit obligations paid	21	(94,287)	(99,036)	(94,287)	(99,036)
Interest received	30	14,601	29,485	14,556	29,485
Net cash generated from operating activities		1,045,355	398,811	1,043,965	407,536
Cash flows from investing activities					
Field development expenditure	9	(357,798)	(360,867)	(357,798)	(360,867)
Purchase of property, plant and equipment	8	(232,664)	(286,145)	(232,664)	(286,145)
Proceeds from sale of property, plant and equipment		12,802	37,483	12,802	37,483
Proceeds from sale of consumable biological assets		73,243	15,404	73,243	15,404
Re-investment / investment in gratuity fund	11	(20,262)	(72,733)	(20,262)	(72,733)
Investment in associate company	13	(10,882)	-	(10,882)	-
Net cash used in investing activities		(535,561)	(666,858)	(535,561)	(666,858)
Cash flows from financing activities					
Dividends paid	33	(343,166)	(59,167)	(343,166)	(59,167)
Proceeds from borrowings	19.1	249,579	534,019	249,579	534,019
Repayment of borrowings	19.1	(493,231)	(218,068)	(493,231)	(218,068)
Repayment of lease principal		(5,750)	(5,554)	(5,750)	(5,554)
Net cash generated / (used) from financing activities		(592,568)	251,230	(592,568)	251,230
Decrease in cash and cash equivalents		(82,774)	(16,817)	(84,164)	(8,092)
Movement in cash and cash equivalents					
At the beginning of year		20,754	37,571	17,945	26,037
Decrease for the year		(82,774)	(16,817)	(84,164)	(8,092)
At end of year	17	(62,020)	20,754	(66,219)	17,945

Notes to the financial statements

1. General information

1.1 Reporting entity

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 Maratha, Colombo 3.

The principal activities of the Company during the year continued to be cultivation, manufacture and sale of tea, rubber and palm oil, direct exports of bulk and value added tea.

1.2 Group financial statements

The consolidated financial statements of the Watawala Plantations PLC as at and for the year ended 31 March 2015 comprised the Company and its fully-owned subsidiary Watawala Tea Australia Pty Ltd (the Group) which continues to promote branded tea business in Australia.

The financial statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 21 May 2015.

2. Basis of preparation and adoption of Sri Lanka Accounting Standards ('SLFRS')

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS), which comprises Sri Lanka Financial Reporting Standards (SLFRSs), Sri Lanka Accounting Standards (LKASs), relevant interpretations of the Standards Interpretations Committee (SIC) and International Financial Reporting Interpretations which are collectively referred to as SLFRSs. The Company and the Group have consistently applied the accounting policies throughout all periods presented, as if these policies had always been in effect.

These financial statements have been prepared under the historical cost convention except for financial assets liabilities and certain biological assets which are measured at fair value.

2.1 Changes in accounting policies and disclosures

(a) New accounting standards, amendments and interpretations adopted in 2014/2015.

The following standards have been adopted by the Company and the Group for the first time with effect from financial year beginning on 1 April 2014.

(i) SLFRS 10 'Consolidated Financial Statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

(ii) SLFRS 11 'Joint Arrangements', focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operators account for its share of the assets, liabilities, revenue and expenses. Joint ventures are accounted for under equity method. Proportional consolidation of joint arrangements is no longer permitted.

(iii) SLFRS 12 'Disclosure of Interests in Other Entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

(iv) SLFRS 13 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Sri Lanka Accounting Standards.

(v) IFRIC 21 'Levies', establishes the accounting for an obligation to pay a levy if that liability is within the scope of LKAS 37 'Provisions'. The interpretation addresses what the obligating event which gives rise to pay a levy and when a liability should be recognised. The Company and the Group has applied the IFRIC 21 and there has been no significant impact on the Company and the Group financial statements.

(vi) Amendment to LKAS 1 'Financial Statement Presentation', regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(vii) Amendments to LKAS 32 'Financial Instruments: Presentation', with regard to offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment does not have a significant effect on the Company and the Group financial statements.

(viii) Amendments to LKAS 36 'Impairment of Assets', regarding recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of 'Cash-Generating Units'(CGUs) which had been included in LKAS 36 by the issue of SLFRS 13. The amendment does not have a significant effect on the Company and the Group financial statements.

(ix) Amendments to LKAS 39 'Financial Instruments: Recognition and Measurement', on novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under LKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment is not applicable to the Company and the Group financial statements in the current financial year.

(b) New accounting standards, amendments and interpretations issued but not yet adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Company and the Group, except as set out below:

(i) SLFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of SLFRS 9 was issued in July 2014. It replaces the guidance in LKAS 39 that relates to the classification and measurement of financial instruments. SLFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in LKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under LKAS 39. The standard is effective for accounting periods beginning on or after 1 April 2018. Early adoption is permitted. The Company and the Group are yet to assess the full impact of SLFRS 9.

(ii) SLFRS 15, 'Revenue from Contracts with Customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces LKAS 18 and LKAS 11 and related interpretations. This standard will be effective for annual periods beginning on or after 1 April 2017 and earlier application is permitted.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact to the Company and the Group.

2.2 Statement of compliance

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report of amounts of revenue and expenses during the reporting period. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within next financial year are given in Note 5.

2.3 Basis of consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the parent company's financial statements, investments in subsidiaries are carried at cost less provision for any impairment. Provision for impairment is made when in the opinion of the Directors there has been a decline, other than temporary, in the value of the investment.

2.3.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date control is lost, with the change in carrying amount recognised in profit or loss.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees (LKR), which is the Company's functional and the Group's presentation currency.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Monetary assets and liabilities balances are translated at year end exchange rate.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost.

2.4.3 Foreign operations

The results and financial position of all the group entities that have a functional currency different to presentation currency Sri Lankan Rupees (LKR) are translated to LKR as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the statement of financial position.

(ii) Income and expenses for each income statement are translated at average exchange rates

(iii) All resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

2..5.1 Recognition and measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the asset can be measured reliably. All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. The cost includes expenditure that is directly attributable to the acquisition of assets. The self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Group applies cost model to property, plant and equipment.

2.5.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The cost of improvements to or on leasehold property, is capitalised, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, which ever is shorter.

2.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset when it is available for use. Capital work-in-progress is stated at cost less any accumulated impairment losses.

2.5.4 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed off or held for sale. Classification as discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale.

2.5.5 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.5.6 Depreciation and amortisation

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. Assets held under finance lease are amortised over the shorter of the lease term and their useful lives, in equal amounts.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is discontinued.

The economic useful lives of assets are estimated below for depreciation/amortisation purposes.

	Freehold assets (Years)	Leasehold assets (Years)
Land	-	53
Improvements to land	-	30
Vested other assets	-	30
Buildings	40	25
Plant and machinery	13	13
Equipment	8	-
Computer equipment	4	-
Computer software	6	-
Furniture and fittings	10	-
Motor vehicles	5	5
Sanitation, water and electricity	20	20
Roads and bridges	40	40
Fences and security lights	3	-
Mini hydro plants	-	10
Mature plantation		
Tea	33	30
Rubber	20	20
Palm oil	20	20
Caliandra	15	-
Coconut	33	-

These assets residual values and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.7 Biological assets

Biological assets are classified as bearer biological assets and consumable biological assets. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Bearer biological assets are those other than consumable biological assets which are not agricultural produce but rather, are self-regenerating.

Biological assets are further classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications for consumable biological assets or are able to sustain regular harvest for bearer biological assets. Immature biological assets are those that have not yet attained harvestable specifications.

The Group recognise the biological assets when, and only when, it controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and fair value or cost of the assets can be measured reliably.

(i) Bearer biological assets

Tea, rubber, oil palm, caliandra ,sundry crops and nurseries are classified as bearer biological assets. The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of Sri Lanka Accounting standard LKAS 16 - Property Plant and Equipment as per the ruling issued by Institute of Chartered Accountants of Sri Lanka (CASL) gazetted on 26 November 2012.

General charges incurred on the re-plantation and new plantation are apportioned based on labour days spent on respective replanting and new planting and capitalised on immature areas. The remaining portion of the general charges are expensed in the accounting period in which it is incurred.

The nurseries are carried at cost. The costs consist of direct materials, direct labour and an appropriate proportion of other directly attributable overheads.

The cost of areas coming in to bearing is transferred to mature plantations and depreciated over their useful lives using the depreciation rates given in note 2.5.6.

(ii) Consumable biological assets

Timber plantation that are managed by the group is classified as consumable biological assets and are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Cost to sell include all costs that would be necessary to sell the assets, including transportation costs if any. The fair value of trees younger than 5 years cannot be reliably estimated and are carried at cost less impairment. The cost include direct material, direct labour and appropriate proportion of directly attributable overheads.

Gains or losses arising on initial recognition of timber plantation at fair values less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in profit or loss for the period in which they arise. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise.

Standing timber is transferred to inventories at its fair value less cost to sell at the date of harvest.

(iii) Infilling cost on bearer biological assets

Where infilling results in an increase in the economical life of a relevant field beyond its previously assessed standard of performance, the cost is capitalised in accordance with Sri Lanka Accounting standard LKAS 16 - Property Plant and Equipment and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling cost that are not capitalised are charged to the income statement in the year in which they are incurred.

(iv) Livestock

Livestock is measured at their fair value less estimated point-of- sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. In measuring fair value, the Group does not consider the value of calves who are less than six months old as at the date of valuation. Changes in fair value of livestock are recognised in the income statement.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalised as part of livestock.

2.8 Financial assets

2.8.1 Classification

The Company and the Group classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the reporting period and as at the statement of financial position date, the Group did not have financial assets classified as fair value through profit or loss and held to maturity.

a Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprises of 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.12 and 2.15). Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non current.

b Available-for-sale Financial Assets (AFS)

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose off within twelve (12) months from the end of the reporting period.

2.8.2 Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company and the Group commit to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. AFS financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8.4 Impairment of financial assets

a. Assets carried at amortised cost

The Company and the Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

b Assets classified as available-for-sale financial assets

The Company and the Group assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity securities classified as AFS, in addition to the criteria for 'Assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the statement of comprehensive income. The amount of cumulative loss that is reclassified to the statement of comprehensive income is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as AFS are not reversed through the statement of comprehensive income.

2.9 Inventories

(i) Produce stock

The Group has valued unsold produce stock (tea, rubber, palm oil) at since realised prices. The Group takes into consideration of the most recent selling prices available subsequent to the year end in estimating the since realised price for valuing the unsold produce stock as at the date of the financial position.

(ii) Finished goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/ or cost of conversion from their existing state to saleable condition.

(iii) Raw material, spares and consumables.
Valued at actual cost on weighted average basis.

2.10 Trade receivables

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.12 Stated capital

Ordinary shares are classified as stated capital in equity.

Dividend distributed to the Company's shareholders is recognized as a liability in the period in which the dividends are approved by the Company's shareholders.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.15 Borrowing costs

The borrowing costs are recognised in the statement of income in the period in which they are incurred.

2.16 Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is recognised in the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.17 Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.18 Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

2.19.1 Defined contribution plans

Defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as and when they are due.

(i) Provident fund contributions

All employees of the Group are members of the Employees' Provident Fund or the Estate Staff Provident Society or Ceylon Planters' Provident Fund to which the Company contributes 12% of the salary of each employee.

(ii) Trust fund contributions

The Company contributes 3% of the salary of each employee to the Employee Trust Fund.

2.19.2 Defined benefit plan - Gratuity

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees. The benefit plan is internally and partially funded.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the statement of financial position date together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the income statement, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

As recommended by the Board, the Company has partially established an internal fund to meet its liabilities towards gratuity.

2.20 Grants

Grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are credited to other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group for expenses or losses already incurred are recognised in other income of the period in which it becomes receivable and when the expenses are recognised.

2.21 Provisions

Provisions are recognised when the Company and the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be measured reliably. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. All known liabilities and provisions have been accounted for in preparing the financial statements.

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents an amount receivable for goods supplied, services performed and stated net of discounts, taxes and levies. The Group recognises revenue when the amount of revenue can be reliable measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

2.22.1 Perennial crops

Revenue from perennial crops are recognised in the year of harvesting and sale. Revenue comprises of invoiced value of sales, net of brokerage, public sale expenses, and other levies related to turnover.

(i) Sale of tea at auction

As per the Tea By-Laws and Conditions issued by the Ceylon Tea Traders' Association (Section 17), the highest bidder (buyer) is accepted and a sale is completed at the fall of the hammer. The sale is recorded at the price and quantity agreed upon and raising the Sale Note.

(ii) Sale of rubber at auction

As per the Rubber By-Laws and Conditions issued by the Colombo Rubber Traders' Association, the highest bidder (buyer) is accepted and a sale is completed at the fall of the hammer. The sale is recorded at the price and quantity agreed upon and raising the Sale Note.

(iii) Sale of palm oil

The revenue is recognised on invoicing and oil is ready for delivery.

2.22.2 Income from sale of trees

Revenue from the sale of timber / trees is recognized at the point that the legal ownership, risk of loss and the rewards have been passed to the purchaser and the quantity sold is determinable. Revenue on harvesting of timber / trees is recognised when the purchaser acquires the right to harvest specified timber / trees on a tract of land, at an agreed-to price per unit by entering into a contractual agreement at which point the risk and rewards are transferred.

2.22.3 Income from exports

If the export is on FOB (Free On Board) terms, the revenue is recognised when the goods are cleared at the port of shipment and the documents of title are delivered to buyer (or handed over to the local bank).

If the export is on CIF (Cost, Insurance and Freight) terms, the Group delivers the goods to the port of shipment, providing export clearance while arranging and paying for the carriage and insurance. Hence revenue is recognised on delivery to the buyer or transfer of the documents of title to the goods, whichever is later.

2.22.4 Other income

Other income is recognised on an accrual basis.

(i) Profit / (loss) on disposal of property, plant and equipment

Profit / (loss) from sale of property, plant and equipment is recognised in the period in which the sale occurs and the delivery order is issued.

(ii) Interest income

Interest income is recognised using the effective interest method. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(iii) Dividend income

Dividend income is recognised in the income statement on an accrual basis when the Group's right to receive the dividend is established.

2.23 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.24 Events after the reporting period

Events after the reporting period are events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue as given in Note 38.

2.25 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting. If the dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period. The details of dividends are detailed in note 33.

3 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Board of directors are responsible for allocating resources and assessing performance of the operating segments. The Board plays the role of the chief operating decision maker.

The Group comprises of the following major business segments;

(i) Tea
(ii) Rubber
(iii) Palm oil
(iv) Exports

Measurement of segment assets, liabilities, segment revenue and results is based on the accounting policies set out above. Segment expenses are expenses that are directly attributed to a segment or a relevant portion of expenses that can be allocated on a reasonable basis as determined by the management. Inter-segment pricing is determined on an arms length basis based on fair market prices. Considering the activities of the operations, segment information based on geographical segments does not arise.

The segment information is given in Note 26 to the financial statements.

4. Financial risk management

4.1 Financial risk factors

The Group is exposed to a variety of financial risks. These include market risks, credit risks, and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Based on our economic outlook and the Group's exposure to these risks, the Board of directors approves various risk management strategies from time to time.

4.1.1 Market risks

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

As at 31 March	2015	2014
Rate of exchange LKR per 1 USD	132.90	131.04

The Group manages the foreign exchange risk by matching foreign currency export income with foreign currency imports and receivables with payables. The net impact is exposed to foreign currency translation risk.

Sensitivity analysis

At 31 March 2015, if the USD had strengthened 1%/ weakened 1% against the financial year with all other variables held constant, profit after tax would have been Rs, 4,948, 485 higher/lower, mainly as a results of foreign exchange gain/loss on transaction of US doller denominated sales.

(ii) Interest rate risk

The Group's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

(iii) Price risks

The Group is exposed to the commodity price risk of mainly tea, rubber and palm oil. The Group monitors commodity price on a dynamic basis and manages inventory levels to minimize the impact.

4.1.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers. Credit control assess the credit quality of the customers taking into account its financial position, past performance and other factors. Credit limits are set and the utilisation of credit limits is regularly monitored.

4.1.3 Liquidity risk

Cash flow forecasting is performed in the Group which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's debt financing plans.

The table below analyses the Group's financial liabilities and financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2015	Note	Within one year	2-3 years	4-5 years	More than 5 years	Total
Financial Liabilities - Group						
Borrowings	19	183,635	31,250	93,750	62,500	371,135
(excluding finance lease)						
Trade and other payables	24	671,541	-	-	-	671,541
(excluding statutory liabilities)						
		855,176	31,250	93,750	62,500	1,042,676
Financial Assets - Group						
Trade and other receivables	16	347,850	-	-	-	347,850
Cash and cash equivalents	17	72,031	-	-	-	72,031
		419,881	-	-	-	419,881

4.1.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and noncurrent borrowings' as Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio as at the date of the financial position is given below:

		Group		Company	
As at 31 March	Note	2015	2014	2015	2014
Total borrowings	19 & 20	720,045	929,302	720,045	929,302
Less: cash and cash equivalents	17	72,031	114,660	67,832	111,851
Net debt		648,014	814,642	652,213	817,457
Total equity		4,282,741	4,218,328	4,282,629	4,218,398
Total capital		4,930,755	4,678,484	4,586,106	4,681,363
Gearing ratio		13.1%	9.8%	13.2%	9.8%

5 Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

5.1 Income taxes

The Group is subject to income taxes in Sri Lanka and Australia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax assessment issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5.2 Pension benefits - Gratuity

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions and are disclosed in note 21.

5.3 Estimated useful lives of property, plants and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans, strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment which increases the recorded depreciation charge and decreases the carrying value of property, plant and equipment.

5.4 Provisions

The Group recognises provisions when they have a present legal or constructive obligation arising as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. The recording of provision requires the application of judgment about ultimate resolution of their obligations.

5.5 Impairment of trade receivables

The Group assesses at the date of statement of financial position whether there is an objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual anticipated impairments.

5.6 Consumable biological assets

In measuring fair value of trees management estimates and judgement are required. These estimates and judgement relates to the market prices, average volume of trees and quality of trees. Trees grow at different rates and there can be a considerable spread in the quality and volume of trees and that affect the prices achieved.

6 Leasehold right to land of JEDB / SLSPC estates - Group and Company

In Rs. '000s	Group and Company	
	2015	2014
Cost		
As at 1 April	372,840	372,840
Accumulated amortisation As at 1 April	153,262	146,227
Amortization for the year	7,035	7,035
As at 31 March	160,297	153,262
Carrying value As at 31 March	212,543	219,578

The leases of JEDB/SLSPC estates handed over to the Company for a period of 53 years have all been executed. The leasehold rights to the land on all these estates have been taken into the books of the Company as at 18 June 1992 immediately after formation of the Company. The bare land has been recorded at the value established for each land by valuation specialist, D R Wickramasinghe, just prior to the formation of the Company. The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

7 Immovable estate assets on leasehold rights (other than bare land) - Group and Company

In Rs. '000s	Improvements to land	Other vested assets	Mature plantations	Roads and bridges	Water supply	Buildings	Mini-hydro power plant	Machinery	Total
Cost									
As at 31 March 2014	3,340	3,305	406,633	484	3,838	93,279	1,540	32,506	544,925
As at 31 March 2015	3,340	3,305	406,633	484	3,838	93,279	1,540	32,506	544,925
Accumulated amortization									
As at 1 April 2013	2,306	933	249,192	245	3,838	77,538	1,540	32,506	368,098
Amortisation for the year	111	44	13,415	11	-	3,754	-	-	17,335
As at 31 March 2014	2,417	977	262,607	256	3,838	81,292	1,540	32,506	385,433
Amortisation for the year	111	44	13,541	11	-	3,752	-	-	17,459
As at 31 March 2015	2,528	1,021	276,148	267	3,838	85,044	1,540	32,506	402,892
Carrying value									
As at 31 March 2014	923	2,328	144,026	228	-	11,987	-	-	159,492
As at 31 March 2015	812	2,284	130,485	217	-	8,235	-	-	142,033

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively retroactive from 18 June 1992. For this purpose the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

(b) Investment by the Company on mature and immature plantations is shown separately under biological assets - bearer.

8. Property, Plant and Equipment - Group and Company

In Rs. '000s	Buildings	Capital work in progress	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Total
Cost									
As at 1 April 2013	775,968	45,614	313,902	1,119,116	129,367	15,409	35,321	151,885	2,586,582
Additions	74,417	(20,604)	25,382	174,524	7,642	3,151	2,810	18,823	286,145
Disposals	-	-	(5,622)	-	-	-	-	-	(5,622)
As at 31 March 2014	850,385	25,010	333,662	1,293,640	137,009	18,560	38,131	170,708	2,867,105
Additions	50,467	7,873	12,177	143,069	10,618	2,041	809	5,610	232,664
Disposals	-	-	(18,506)	-	-	-	-	-	(18,506)
As at 31 March 2015	900,852	32,883	327,333	1,436,709	147,627	20,601	38,940	176,318	3,081,263
Accumulated depreciation									
As at 1 April 2013	106,448	-	156,823	455,581	98,495	6,541	27,891	37,148	888,927
Charge for the year	19,985	-	33,356	73,189	7,015	3,793	1,316	3,731	142,385
Disposals	-	-	(4,832)	-	-	-	-	-	(4,832)
As at 31 March 2014	126,433	-	185,347	528,770	105,510	10,334	29,207	40,879	1,026,480
Charge for the year	21,396	-	35,059	80,813	5,939	3,201	1,421	3,715	151,544
Disposals	-	-	(18,506)	-	-	-	-	-	(18,506)
As at 31 March 2015	147,829	-	201,900	609,583	111,449	13,535	30,628	44,594	1,159,518
Carrying value									
As at 31 March 2014	723,952	25,010	148,315	764,870	31,499	8,226	8,924	129,829	1,840,625
As at 31 March 2015	753,023	32,883	125,433	827,126	36,178	7,066	8,312	131,724	1,921,745

(i) The assets shown above include assets vested in the Company by Gazette notification on the date of formation of the Company (18 June 1992) and all the investments made in the fixed assets by the Company since its formation. The assets taken over by way of estate leases have been set out in Notes 6 and 7.

(ii) Cost of fully depreciated assets stll in use as at 31 March 2015 amounts to Rs 590,592,917 (2014 - Rs. 411,373,805).

(iii) Depreciation expense of Rs. 127,379,120 (2014 - Rs. 120,341,312) has been charged in cost of goods sold and Rs. 24,164,880 (2014 - Rs. 22,043,688) in administrative expenses.

9 Biological assets - Group and Company

9.1 Biological assets - bearer - Group and Company

In Rs.'000'	Nurseries	Immature plantations	Mature plantations	Total
Cost				
As at 1 April 2013	27,224	678,395	2,057,431	2,763,050
Additions	16,050	321,444	-	337,494
Impairment losses and write-downs	-	-	(13,544)	(13,544)
Transfers	(26,107)	(295,677)	295,677	(26,107)
As at 31 March 2014	17,167	704,162	2,339,564	3,060,893
Additions	14,753	321,603	-	336,356
Impairment losses and write-downs	-	-	-	-
Transfers	-	(424,854)	424,854	-
As at 31 March 2015	31,920	600,911	2,764,418	3,397,249
Accumulated depreciation				
As at 1 April 2013	-	-	(446,392)	(446,392)
Charge for the year	-	-	(98,646)	(98,646)
Depreciation on impaired plantations			2,709	2,709
As at 31 March 2014	-	-	(542,329)	(542,329)
Charge for the year	-	-	(111,890)	(111,890)
Depreciation on impaired plantations	-	-	-	-
As at 31 March 2015	-	-	(654,219)	(654,219)
Carrying value				
As at 31 March 2014	17,167	704,162	1,797,235	2,518,564
As at 31 March 2015	31,920	600,911	2,110,199	2,743,030

(i) Investments in bearer biological assets since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea, rubber and palm oil plantations. Bearer biological assets are stated at cost.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 2 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost using LKAS 16 - 'Property, Plant and equipment'.

(ii) The transfer of immature plantations to mature plantations commences at the time the plantation is ready for commercial harvesting.

9.2 Biological assets - consumable - Group and Company

In Rs.'000'	Nurseries	Immature plantations	Mature plantations	Total
Cost				
As at 1 April 2013	1,985	47,551	481,654	531,190
Additions	2,375	20,167	-	22,542
Transfers	(1,893)	(2,178)	2,178	(1,893)
Decrease due to harvest/ disposals	-	-	(2,865)	(2,865)
Gain arising from changes in fair value less cost to sell	-	-	26,970	26,970
As at 31 March 2014	2,467	65,540	507,937	575,944
Additions	-	21,322	-	21,322
Transfers	-	(2,412)	2,412	-
Decrease due to harvest / disposals	-	-	(36,947)	(36,947)
Gain arising from changes in fair value less cost to sell	-	-	6,648	6,648
As at 31 March 2015	2,467	84,450	480,050	566,967

The mature consumer biological assets are stated at fair value determined based on an independent valuation of timber/tree reserves performed by Messrs.' S Sivakantha, Bsc Estate Management and Valuation. The key assumptions and judgements include the following:

- Expected rate of return p.a 12.5% (2014 - 15%)
- Maturity for harvesting - 25 years (2014 - 25 years)

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

Sensitivity analysis

The financial impact on the value appearing in the statement of financial position due to change of selling price and variation of discount rate is given below.

Sensitivity variation sales price (using 10% estimated variation)

In Rs.'000'

Year	+10% Increase	Value as stands	-10%Decrease
2015	528,054	480,049	432,044

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for the timber show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

In Rs.'000'

Year	+1% Increase	Value as stands	-1%Decrease
2015	492,270	480,049	468,786

10 Biological assets - Livestock

Livestock is measured on initial recognition at each reporting date at its fair values less point of sale costs. Fair value of livestock is determined at the best available estimates for livestock with similar attributes. Any gain or loss arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in profit or loss in the period in which it arises.

In Rs.'000'	Group and Company	
	2015	2014
As at 1 April	45,061	32,231
Increase due to purchases	120	831
Increase due to births	-	5,590
Decrease due to sales	(3,690)	(4,400)
Decrease due to deaths	(1,235)	(1,877)
Price and physical changes	-	12,686
As at 31 March	40,256	45,061

As at 31 March 2015 livestock comprised 186 cattle (2014: 144 cattle). During the year Company sold 10 (died 3) cattle (2014: 29 cattle).

11 Gratuity investments

In Rs.'000'	Group and Company	
	2015	2014
As at 1 April	200,000	127,267
Investments made during the year	-	72,733
Reinvestment of income	20,262	-
As at 31 March	220,262	200,000

As at the date of the financial reporting, the Company has set-aside and invested Rs. 220,262,000/- in a portfolio of investments in order to cover up part of the future liabilities towards the retirement benefit obligations. The management of fund is assigned to Guardian Fund Management Limited. The average yield for the year was 10.13%.

12 Investments in subsidiary

Investments wholly consist of 100% controlling interest (7500 shares) of Watawala Tea Australia Pty Limited.

In Rs.'000'	Company	
As at 31 March	2015	2,014
Opening balance	852	852
Closing balance	852	852

13 Investment in related company

	Group and Company	
	2015	2014
At 1 April	-	-
Investment made during the year	10,882	-
As at 31 March	10,882	-

The investment represent the investment in Sunshine Power (Private) Limited.

14. Financial instruments by category

In accordance with the LKAS 39 on "Financial Instruments Recognition and Measurement" financial assets have been classified as follows:

		Group		Company	
As at 31 March	**Notes**	**2015**	**2014**	**2015**	**2014**
Assets as per statement of financial position					
Loans and receivables					
Trade and other receivable excluding pre-payments	16	347,850	284,510	344,757	277,972
Cash and cash equivalents	17	72,031	114,660	67,832	111,851
Gratuity investment	11	220,262	200,000	220,262	200,000
Total Loans and receivables		640,143	599,170	632,851	599,170
Available-for-sale financial assets					
Investment in related company	13	10,882	-	10,882	-
Total financial assets		651,025	599,170	643,733	599,170

In accordance with the LKAS 39 on "Financial Instruments Recognition and Measurement" financial liabilities have been classified as follows:

	Group		Company	
As at 31 March	**2015**	**2014**	**2015**	**2014**
Liabilities as per statement of financial position				
Other financial liabilities at amortised cost				
Borrowings (excluding finance lease liability)	371,135	572,481	371,135	572,481
Trade and other payables excluding non financial liabilities	671,541	504,940	665,127	532,265
Total financial liabilities	1,042,676	1,113,421	1,036,262	1,104,746

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Cash at bank and short- term bank deposits - Company

		Group		Company	
As at 31 March	**Rating**	**2015**	**2014**	**2015**	**2014**
Cash at bank					
Public Bank Berhad	AAA	216	942	216	942
Hong Kong and Shanghai Banking Corporation	AAA	13,734	27,229	13,734	27,229
Peoples Bank PLC	AA	4,125	1,505	4,125	1,505
Sampath Bank PLC	AA-	480	482	480	482
ICICI Bank Limited	BBB-	-	7,711	-	7,711
Hatton National Bank PLC	AA-	8,772	26,030	8,772	26,030
Citi Bank, N.A.	AAA	5	21,772	5	21,772
Commercial Bank of Ceylon PLC	AA	4,612	306	4,612	306
Bank of Ceylon	AA+	209	535	209	535
Nation Trust Bank PLC	A	-	6,522	-	6,522
Standard Chartered Bank	AAA	82	82	82	82
Amana Bank	BB	55	392	55	392
		32,290	93,508	32,290	93,508
Counterparties without external credit rating and cash in hand		6,803	4,645	2,604	1,836
Hatton National Bank PLC - Short-term deposits	AA-	32,938	16,507	32,938	16,507
		72,031	114,660	67,832	111,851

Trade receivable

	Group		Company	
As at 31 March	2015	2014	2015	2014
Existing customers with no default history	160,372	120,516	157,279	113,978
	160,372	120,516	157,279	113,978

The age analysis of the past due but not impaired trade receivables are as follows;

	Group		Company	
As at 31 March	2015	2014	2015	2014
Up to 3 months	160,372	120,516	157,279	113,979
	160,372	120,516	157,279	113,979

Above related to a number of independent customers for whom there is no recent history of credit default and the total trade receivables were fully performing.

15 Inventories

In Rs.'000'	Group and Company	
As at 31 March	2015	2014
Harvested crops	502,109	710,559
Export stocks	81,957	92,655
Refined palm oil	5,925	2,168
Raw materials, spares and consumables	103,095	134,600
	693,086	939,982

The cost of inventory included in the cost of sales for the year amounted to Rs. 502,109,477 (2014-Rs. 710,558,670).

16 Trade and other receivables

In Rs.'000'		Group		Company	
As at 31 March	Notes	2015	2014	2015	2014
Trade receivables		160,372	120,516	157,279	113,978
Due from related companies	37 (iv)	79,125	73,709	79,125	73,709
Employee advances		54,522	46,771	54,522	46,771
Deposits		14,924	2,193	14,924	2,193
Other receivables		38,907	41,321	38,907	41,321
		347,850	284,510	344,757	277,972
Classified as financial assets, loans and receivables (other than cash and cash equivalents)		347,850	284,510	344,757	277,972
Taxes recoverable-net		99,900	123,749	99,900	123,749
Advances paid to suppliers		34,753	35,470	34,753	35,470
Advance paid on importation of goods		8,738	3,315	8,738	3,315
Non-financial assets		143,391	162,534	143,391	162,534
Total trade and other receivables		491,241	447,044	488,148	440,506

(i) Taxes recoverable includes Advance Company Tax of Rs 36,359,166 (2014 - Rs41,359,166), Value Added Tax of Rs 52,923,609 (2014 - Rs. 26,829,677) and Economic Service Charge of Rs 33,408,479 (2014 - Rs 41,042,915).

(ii) Employee advances are recovered from payroll within 12 months.

17. Cash and cash equivalents

In Rs.'000'	Group		Company	
As at 31 March	**2015**	**2014**	**2015**	**2014**
Cash at bank - local currency	15,281	55,632	11,082	52,823
Cash at bank - foreign currency	21,250	40,685	21,250	40,685
Cash in hand - local currency	2,293	1,517	2,293	1,517
Cash in hand - foreign currency	269	319	269	319
Short-term bank deposits	32,938	16,507	32,938	16,507
	72,031	114,660	67,832	111,851

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

In Rs.'000'		Group		Company	
As at 31 March		**2015**	**2014**	**2015**	**2014**
Bank overdrafts	19.6	(134,051)	(93,906)	(134,051)	(93,906)
Cash and bank balance		72,031	114,660	67,832	111,851
		(62,020)	20,754	(66,219)	17,945

The average interest yield on short term deposits was 4.5% (2014 - 10%).

18 Stated capital

In Rs.'000'	Group and Company	
	2015	**2014**
Issued and fully paid		
236,666,670 ordinary shares and 1 golden share		
As at 31 March	460,000	460,000

The Golden Shareholder

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

(i) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantation Corporation.

(ii) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

(iii) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.

(iv) The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.

(v) The Golden Shareholder can request the Board of Directors of the Company to meet with him / his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

19 Borrowings

19.1 Movement of borrowings during the year:

							Group and Company	
In Rs.'000'	Notes	Leases	Bank overdrafts	Packing credit	Money market	Term loan	2015 Total	2014 Total
As at 1 April		2,335	-	26,800	100,000	351,775	480,910	164,959
Obtained during the year		-	-	8,579	241,000	-	249,579	534,019
Repaid during the year		(2,161)	-	(35,379)	(341,000)	(114,691)	(493,231)	(218,068)
Bank overdrafts	19.6		134,051	-	-	-	134,051	93,906
As at 31 March		174	134,051	-	-	237,084	371,309	574,816

19.2 Analysis of borrowings by year of repayment

In Rs.'000's		Group and Company	
As at 31 March	**Notes**	**2015**	**2014**
Repayable within one year			
Term loans	19.4	49,584	81,792
Other assets obtained on leases	19.5	174	2,076
Packing credit loan / money market loans		-	126,800
Bank overdrafts	19.6	134,051	93,906
		183,809	304,574
Repayable after one year			
Term loans	19.4	187,500	269,983
Other assets obtained on leases	19.5	-	259
		187,500	270,242
Total borrowings		371,309	574,816

19.3 'Total borrowings at 31 March can be analysed as follows:

		Analysis of borrowings based on the repayment schedule.				
Group and company **In Rs. '000's**	**Notes**	**Within one year**	**2-3 years**	**4-5 years**	**More than 5 years**	**Total**
Term loan	19.4	49,584	31,250	93,750	62,500	237,084
Other assets obtained on lease	19.5	174	-	-	-	174
Bank overdraft	19.6	134,051	-	-	-	134,051
As at 31 March 2015		183,809	31,250	93,750	62,500	371,309
As at 31 March 2014		304,574	65,799	110,693	93,750	574,816

19.4 Term loans - Group and Company

		Outstanding liability			Outstanding liability			
	Notes	**Repayable within one year**	**Repayable after one year**	**Balance as at 31 March 2015**	**Repayable within one year**	**Repayable after one year**	**Balance as at 31 March 2014**	**Security**
Commercial Bank of Ceylon PLC	19.4.1	-	-	-	20,976	28,887	49,863	
Hatton National Bank PLC	19.4.2	31,250	187,500	218,750	39,583	218,750	258,333	Unsecured
ICICI Bank Limited	19.4.3	18,334	-	18,334	20,000	18,334	38,334	Unsecured
Public Bank Berhad	19.4.4	-	-	-	1,233	4,012	5,245	
		49,584	187,500	237,084	81,792	269,983	351,775	

19.4.1 Commercial Bank of Ceylon PLC

Purpose - For field development activities under ADB re-finance scheme:

				2014 / 2015			2013 / 2014			
Year	Loan number	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2015	Repayable within one year	Repayable after one year	Balance as at 31 March 2014	Repayment terms
2000	68675	60,052	11.5	-	-	-	1,501	-	1,501	40 equal quarterly instalments commencing from May 2004
2000	77841	25,067	11.5	-	-	-	1,253	-	1,253	40 equal quarterly instalments commencing from September 2004
2001	88285	46,663	11.5	-	-	-	4,666	1,167	5,833	40 equal quarterly instalments commencing from September 2004
Sub total		131,782		-	-	-	7,420	1,167	8,587	

Purpose - For process development, purchase of commercial vehicles and equipment under ADB re-finance scheme:

				2014 / 2015			2013 / 2014			
Year	Loan number	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2015	Repayable within one year	Repayable after one year	Balance as at 31 March 2014	Repayment terms
2006	369491 & 369487	50,340	9.74	-	-	-	6,804	11,331	18,135	96 equal monthly instalments commencing from October 2008
2007	375394 & 375396	48,479	9.74	-	-	-	6,605	15,982	22,587	96 equal monthly instalments commencing from June 2009
2008	501241	1,181	9.74	-	-	-	147	407	554	96 equal monthly instalments commencing from January 2010
Sub total		100,000		-	-	-	13,556	27,720	41,276	
Grand total							20,976	28,887	49,863	

19.4.2 Hatton National Bank PLC

Purpose - For environment friendly activities from Hatton National Bank PLC:

				2014 / 2015			2013 / 2014			
Year	Loan number	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2015	Repayable within one year	Repayable after one year	Balance as at 31 March 2014	Repayment terms
2008		50,000	6.5	-	-	-	8,333	-	8,333	72 equal monthly instalments commencing from March 2009
Sub total		50,000		-	-	-	8,333	-	8,333	

Purpose - To finance re-planting of plantation

Year	Loan number	Original amount	Interest rate % p.a.	2014 / 2015 Repayable within one year	2014 / 2015 Repayable after one year	2014 / 2015 Balance as at 31 March 2015	2013 / 2014 Repayable within one year	2013 / 2014 Repayable after one year	2013 / 2014 Balance as at 31 March 2014	Repayment terms
2014		250,000	AWPLR + 0.5%	31,250	187,500	218,750	31,250	218,750	250,000	96 equal monthly instalments commencing from April 2014
Sub total		250,000		31,250	187,500	218,750	31,250	218,750	250,000	
Grand total				31,250	187,500	218,750	39,583	218,750	250,000	

19.4. 3 ICICI Bank Limited

Purpose - For purchase of fixed assets in factories

Year	Loan number	Original amount	Interest rate % p.a.	2014 / 2015 Repayable within one year	2014 / 2015 Repayable after one year	2014 / 2015 Balance as at 31 March 2015	2013 / 2014 Repayable within one year	2013 / 2014 Repayable after one year	2013 / 2014 Balance as at 31 March 2014	Repayment terms
2011	180	50,000	SLIBOR + 1% 1 year	9,167	-	9,167	10,000	9,167	19,167	60 equal monthly instalments commencing from March 2011
2011	181	50,000	SLIBOR + 1% 2 to 5 years	9,167	-	9,167	10,000	9,167	19,167	60 equal monthly instalments commencing from March 2011
Sub total		100,000		18,334	-	18,334	20,000	18,334	38,334	
Grand total				18,334	-	18,334	20,000	18,334	38,334	

19.4.4 Public Bank Berhad

Purpose - For purchase of vehicles

Year	Loan number	Original amount	Interest rate % p.a.	2014 / 2015 Repayable within one year	2014 / 2015 Repayable after one year	2014 / 2015 Balance as at 31 March 2015	2013 / 2014 Repayable within one year	2013 / 2014 Repayable after one year	2013 / 2014 Balance as at 31 March 2014	Repayment terms
2012		5,850	13.5%	-	-	-	905	3,060	3,965	60 equal monthly instalments commencing from March 2012
2012		1,935	13.5%	-	-	-	328	952	1,280	60 equal monthly instalments commencing from March 2012
Sub total		7,785		-	-	-	1,233	4,012	5,245	
Grand total				-	-	-	1,233	4,012	5,245	

19.5 Obligation on other assets obtained on lease

as at 31 March	Current	Non-current	Total 2015	Total 2014
Hatton National Bank PLC				
Finance lease liabilities - minimum lease payments	174	-	174	1,219
Finance charge allocated to future periods	-	-	-	(28)
Present value of finance lease liabilities	174	-	174	1,191
Peoples Leasing Limited				
Finance lease liabilities - minimum lease payments	-	-	-	1,172
Finance charge allocated to future periods	-	-	-	(28)
Present value of finance lease liabilities	-	-	-	1,144
Total	174	-	174	2,335

19.6 Bank Overdrafts

Nature of liability outstanding as at 31 March	2015	2014	Security
Hatton National Bank PLC	46,397	23,491	Leasehold rights on specific estates.
Commercial Bank of Ceylon PLC	15,746	27,112	Unsecured
Hong Kong and Shanghai Banking Corporation	-	13,882	Unsecured
Citi Bank, N.A.	13,139	-	Mortgage over stocks and book debts.
ICICI Bank Limited	2,790	-	Unsecured
MCB Bank Limited	-	29,421	Mortgage over stocks and book debts.
Nation Trust Bank	54,734	-	Unsecured
Seylan Bank Limited	1,245	-	Unsecured
	134,051	93,906	

20 Leasehold rights obtained from SLSPC and JEDB

As at 31 March	Group and Company 2015 Current	2015 Non-current	2014 Current	2014 Non-current
Gross liability	20,320	603,620	20,320	609,600
Less: Interest in suspense	(14,110)	(261,094)	(14,340)	(261,094)
Net liability to lessor	6,210	342,526	5,980	348,506
Leasehold rights can be analysed as follows:				
	Total	1- 2 years	2 - 5 years	More than 5 years
Net liability				
As at 31 March 2015	348,736	6,210	20,170	322,356
As at 31 March 2014	354,486	5,980	19,390	329,116

The annual lease series of payments payable by the Company with effect from 18 June 1996 in respect of these estates is Rs 20.32 million (basic lease series of payments) plus an amount to reflect inflation during the previous year determined by multiplying Rs 20.32 million by Gross Domestic Product (GDP) deflator of the preceding year.

The gross liability to the lessor represents the total basic lease series payable by the Company for the remaining term of the lease. The net liability to the lessor is the present value of annual basic lease series of payments over the remaining tenure of the lease. The discount rate used is 6% p.a.

The interest in suspense is the total amount of interest payable during the remaining tenure of the lease at 6% p.a. on the net liability to the lessor on 18 June each year. The basic lease series of payments paid each year (in equal quarterly installments in advance) has been debited to the gross liability and the appropriate interest amount for the year is charged to finance costs by crediting the interest in suspense account.

21. Retirement benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

In Rs. '000's	Notes	Group and Company	
As at 31 March		**2015**	**2014**
Present value of obligation			
Covered by investments	11	220,262	200,000
Not covered by investments		784,923	749,697
Liability in the statement of financial position		1,005,185	949,697

The movement in the defined benefit obligation over the year is as follows:

In Rs. '000's	Group and Company	
	2015	**2014**
As at 1 April	949,697	801,767
Current service cost	65,160	61,452
Interest cost	104,469	96,212
Actuarial (gain) / loss	(19,854)	89,302
Benefits paid	(94,287)	(99,036)
At 31 March	1,005,185	949,697

The movement in the retirement benefit obligations over the year is as follows:

In Rs. '000's	Group and Company	
	2015	**2014**
Current service cost	65,160	61,452
Interest cost	104,469	96,212
Total included in the staff cost [Note 29.2]	169,629	157,664
Actuarial (gain) / loss recognised in the statement of other comprehensive income	(19,854)	89,302
Total recognised in the comprehensive income	149,775	246,966

An actuarial valuation for defined benefit obligation was carried out as at 31 March 2015 by Mr.M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

(i)	Rate of interest (net of tax)	11 % p.a. (2014 - 11%)
(ii)	Rate of salary increase	
	- tea estate workers	19% every two years
	- rubber estate workers	19% every two years
	- oil palm factory workers	19% every two years
	- estate staff	20% every three years and 2.5% per annum.
	- estate management and head office staff	7.5% every year
(iii)	Retirement age	60 years
(iv)	The company will continue in business as a going concern.	

Sensitivity analysis

In order to illustrate the significance of the salary /wage escalation rate and the discount rate assumed in this valuation as at 31 March 2015, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

Discount rate	Salary/wage escalation rate	Present value of defined benefit obligation	
In Rs. '000's		Staff	Workers
One percentage point increase	As given above	113,680	808,907
One percentage point decrease	As given above	130,717	970,199
As given above	One percentage point increase	131,419	925,901
As given above	One percentage point decrease	112,950	843,626

22 Deferred income and capital grants

In Rs. '000's	Group and Company	
	2015	2014
Capital grants		
As at 1 April	223,803	234,585
Less: Amortised during the year	(10,193)	(10,782)
As at 31 March	213,610	223,803

Funds have been received from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also included above. The amounts spent have been capitalised under the relevant property, plant and equipment category. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

23 Deferred income tax

In Rs. '000's		Group		Company	
	Note	2015	2014	2015	2014
As at 1 April		144,930	118,462	145,040	118,751
Recognised in income statement	31	59,002	52,623	58,978	52,444
Recognised in other comprehensive income	31	3,022	(26,155)	3,022	(26,155)
As at 31 March		206,954	144,930	207,040	145,040

Deferred tax is calculated on temporary differences between carrying value of fixed assets and tax written down value of such assets, as analysed by each taxable activity.

The reconciliation of tax effect arising from the timing differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

Deferred income tax - Group

In Rs. '000's	2015 Deferred tax assets	2015 Deferred tax liability	2015 Net deferred tax	2014 Deferred tax assets	2014 Deferred tax liability	2014 Net deferred tax
Property plant and equipment	-	88,832	88,832	-	93,105	93,105
Biological assets - bearer	-	341,504	341,504	-	276,330	276,330
Biological assets - consumable	-	48,050	48,050	-	50,794	50,794
Retirement benefit obligations	152,827	-	152,827	147,826	-	147,826
Capital grants	59,811	-	59,811	62,665	-	62,665
Tax losses carried forward	58,794	-	58,794	64,808	-	64,808
Asset / (liability) as at 31 March	271,432	478,386	206,954	275,299	420,229	144,930

Deferred income tax - Company

In Rs. '000's	2015 Deferred tax asset	2015 Deferred tax liability	2015 Net deferred tax	2014 Deferred tax asset	2014 Deferred tax liability	2014 Net deferred tax
Property plant and equipment	-	88,918	88,918	-	93,215	93,215
Bearers biological assets	-	341,504	341,504	-	276,330	276,330
Consumable biological assets	-	48,050	48,050	-	50,794	50,794
Retirement benefit obligations	152,827	-	152,827	147,826	-	147,826
Capital grants	59,811	-	59,811	62,665	-	62,665
Tax losses carried forward	58,794	-	58,794	64,808	-	64,808
Asset / (liability) as at 31 March	271,432	478,472	207,040	275,299	420,339	145,040

Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. Accordingly, the Group has used following tax rates in assessing the deferred tax asset/ liability for the current financial year.

(i) Agricultural undertakings - 10%

(ii) Exports bulk tea - 28%

(iii) Exports value added tea - 10%

(iv) Other - 28%

24 Trade and other payables

In Rs. '000's As at 31 March	Notes	Group 2015	Group 2014	Company 2015	Company 2014
Trade payables		160,064	167,041	153,650	158,366
Employee related dues		178,861	158,209	178,861	158,209
Provisions and accruals		258,416	147,102	258,416	147,102
Other payables		74,200	62,444	74,200	62,444
Due to related companies	37	-	6,144	-	6,144
		671,541	540,940	665,127	532,265

25 Current income tax liabilities

In Rs. '000's	Note	Group		Company	
		2015	2014	2015	2014
As at 1 April		53,950	48,902	53,950	48,690
Charge for the Year	31	14,000	30,964	14,000	30,991
Tax paid		(53,950)	(25,916)	(53,950)	(25,731)
As at 31 March		14,000	53,950	14,000	53,950

26 Segmental analysis by principal activities

The analysis by the principal activities, is as follows:

In Rs. '000's	Group		Company	
Year ended 31 March	2015	2014	2015	2014
Revenue				
Tea	4,716,540	4,164,561	4,716,540	4,164,561
Rubber	89,280	168,721	89,280	168,721
Palm oil and others	1,555,064	1,392,375	1,555,064	1,392,375
Exports	487,607	520,614	412,751	416,967
	6,848,491	6,246,271	6,773,635	6,142,624
Gross profit				
Tea	(78,430)	88,374	(78,430)	88,374
Rubber	(52,646)	17,532	(52,646)	17,532
Palm oil	897,689	805,808	897,689	805,808
Exports	33,431	33,861	31,185	30,752
	800,044	945,575	797,798	942,466

Management has determined the operating segments based on information reviewed by the Board of Directors for the purpose of allocating resources and assessing performance.

The Board of Directors consider the business mainly from commodity perspective. Management separately considers exports that comprise of tea and other commodities exported by the company. The Group does not consider geographical segmentation as activities in Australia by Watawala Tea Australia Pty Limited are not significant.

The Board of Directors assesses the performance of the operating segments based on a measure of profitability , excluding non recurring and discontinued operations.

26.1 Segmental analysis by principal activities - Group

In Rs. '000's	Tea		Rubber		Palm Oil		Export		Other		Inter segment adjustments		Total	
Year ended 31 March	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	4,716,540	4,164,561	89,280	168,721	1,555,064	1,392,375	487,607	520,614	-	-	-	-	6,848,491	6,246,271
Gross profit	(78,430)	88,374	(52,646)	17,532	897,689	805,808	33,431	33,861	-	-	-	-	800,044	945,575
Other operating income	-	-	-	-	-	-	-	-	119,151	89,656	-	-	119,151	89,656
Administrative expenses	(246,752)	(169,878)	(24,497)	(22,535)	(95,310)	(64,774)	(3,017)	(4,081)	-	-	4	(3,318)	(369,572)	(264,586)
Management fees	-	1,726	-	(221)	-	(82,088)	-	(2,667)	-	(9,456)	-	-	-	(92,264)
Operating profit	(325,182)	(79,778)	(77,143)	(4,782)	802,379	658,946	30,414	27,113	119,151	80,200	4	(3,318)	549,623	678,381
Net finance (cost) / income	(63,559)	(75,438)	(11,829)	(11,390)	(10,531)	(10,772)	45	-	-	-	-	-	(85,874)	(97,600)
Profit before tax	(388,741)	(155,216)	(88,972)	(16,172)	791,848	648,174	30,459	27,113	119,151	80,200	4	(3,318)	463,749	580,781
Tax	(56,006)	(79,988)	(856)	(6,482)	(12,542)	287	(3,598)	506	-	2,090	-	-	(73,002)	(83,587)
Profit for the year	(444,747)	(235,204)	(89,828)	(22,654)	779,306	648,461	26,861	27,619	119,151	82,290	4	(3,318)	390,747	497,194
Other Comprehensive Income														
Actuarial (loss) / gain on gratuity	19,851	(58,986)	(1,344)	(7,825)	1,347	(22,491)	-	-	-	-	-	-	19,854	(89,302)
Tax on actuarial gain / (loss) on gratuity	(3,021)	17,278	204	2,290	(205)	6,587	-	-	-	-	-	-	(3,022)	26,155
Total other comprehensive (loss) / income	16,830	(41,708)	(1,140)	(5,535)	1,142	(15,904)	-	-	-	-	-	-	16,832	(63,147)
Total comprehensive income for the year	(427,917)	(276,912)	(90,968)	(28,189)	780,448	632,557	26,861	27,619	119,151	82,290	4	(3,318)	407,579	434,047
Segment assets	3,319,311	3,644,719	285,997	303,809	2,120,928	1,963,247	152,633	163,977	1,235,207	985,198		-	7,114,076	7,060,950
Segment liabilities	2,431,703	2,404,517	87,638	88,651	177,264	175,563	6,328	15,460	128,402	158,431		-	2,831,335	2,842,622
Other segment items														
Capital expenditure	302,227	217,159	6,698	13,272	250,033	369,625	-	-	31,384	17,410	-	-	590,342	617,466
Depreciation	117,753	115,232	15,651	15,158	100,053	81,369	-	-	47,436	46,606	-	-	280,893	258,365
Amortisation	4,894	4,894	1,337	1,337	804	804	-	-	-	-	-	-	7,035	7,035

26.2 Segmental analysis by principal activities - Company

In Rs. '000's	Tea		Rubber		Palm Oil		Export		Other		Total	
Year ended 31 March	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Revenue	4,716,540	4,164,561	89,280	168,721	1,555,064	1,392,375	412,751	416,967	-	-	6,773,635	6,142,624
Gross profit	(78,430)	88,374	(52,646)	17,532	897,689	805,808	31,185	30,752	-	-	797,798	942,466
Other operating income	-	-	-	-	-	-	-		119,151	89,555	119,151	89,555
Administrative expenses	(246,752)	(169,878)	(24,497)	(22,535)	(95,310)	(64,774)	(928)	(4,083)	-	-	(367,487)	(261,270)
Management fees	-	1,726	-	221	-	(82,088)	-	(2,667)	-	(9,456)	-	(92,264)
Operating profit	(325,182)	(79,778)	(77,143)	(4,782)	802,379	658,946	30,257	24,002	119,151	80,099	549,462	678,487
Net finance (cost) / income	(63,559)	(75,438)	(11,829)	(11,390)	(10,531)	(10,772)	-	-	-	-	(85,919)	(97,600)
Profit before tax	(388,741)	(155,216)	(88,972)	(16,172)	791,848	648,174	30,257	24,002	119,151	80,099	463,543	580,887
Tax	(56,006)	(79,988)	(856)	(6,482)	(12,542)	287	(3,574)	658	-	2,090	(72,978)	(83,435)
Net profit	(444,747)	(235,204)	(89,828)	(22,654)	779,306	648,461	26,683	24,660	119,151	82,189	390,565	497,452
Other Comprehensive Income												
Actuarial (loss) / gain on gratuity	19,851	(58,986)	(1,344)	(7,825)	1,347	(22,491)	-	-	-	-	19,854	(89,302)
Tax on actuarial (gain) /loss on gratuity	(3,021)	17,278	204	2,290	(205)	6,587	-	-	-	-	(3,022)	26,155
Total other comprehensive income/ (loss)	16,830	(41,708)	(1,140)	(5,535)	1,142	(15,904)	-	-	-	-	16,832	(63,147)
Total comprehensive income for the year	(427,917)	(276,912)	(90,968)	(28,189)	780,448	632,557	26,683	24,660	119,151	82,189	407,397	434,305
Segment assets	3,319,311	3,644,719	285,997	303,809	2,120,928	1,963,247	146,193	155,482	1,235,207	985,198	7,107,636	7,052,455
Segment liabilities	2,431,703	2,404,517	87,638	88,651	177,264	175,563	-	-	128,402	165,326	2,825,007	2,834,057
Other segment items												
Capital expenditure	302,227	217,159	6,698	13,272	250,033	369,625	-	-	31,384	17,410	590,342	617,466
Depreciation	117,753	115,232	15,651	15,158	100,053	81,369	-	-	47,436	46,606	280,893	258,365
Amortisation	4,894	4,894	1,337	1,337	804	804	-	-	-	-	7,035	7,035

27 Other operating income

In Rs. '000's		Group		Company	
Year ended 31 March		2015	2014	2015	2014
Profit on sale of property, plant and equipment		7,877	7,835	7,877	7,835
Amortisation of capital grants	22	10,193	10,782	10,193	10,782
Harvesting of biological assets - consumable		36,296	14,562	36,296	14,562
Biological assets - gain on fair valuation	9.2	6,648	26,971	6,648	26,971
Hydro power income		48,207	27,640	48,207	27,640
Net sundry income		9,930	1,866	9,930	1,765
		119,151	89,656	119,151	89,555

a) The gain on fair value of biological assets represent the unrealised gain from valuation of trees/timber at the date of financial position.

28 Management fees

Pursuant to the agreement reached with Estate Management Services (Private) Limited, the board of directors of the Company consented to mutually terminate the agreement for management services and payment of management fees entered into by and between Estate Management Services (Private) Ltd. and Watawala Plantations PLC w.e.f. 1 April 2014. The Board also agreed to take over the related expenses associated with the provision of management services.

Management fee was payable as per the understanding with the Ministry of Plantation Industries and in agreement with the managing agent Messrs.' Estate Management Services (Private) Limited. The management fee was calculated on EBITDA (Earnings before interest, tax, depreciation and land amortization). The rate applicable for the financial year ended 31 March 2014 was 10% of EBITDA, Rs. 92,264,678.

29 Expenses by nature

29.1 Profit before income tax is stated after charging the following

In Rs. '000's	Notes	Group		Company	
Year ended 31 March		2015	2014	2015	2014
Auditors' remuneration					
- Audit		2,503	2,513	2,073	1,871
- Non audit		268	200	268	200
Amortisation					
- leasehold right to bear land	6	7,035	7,035	7,035	7,035
Depreciation					
- Immovable leased assets	7	17,459	17,335	17,459	17,335
- Property, plant and equipment	8	151,544	142,385	151,544	142,385
- Biological assets - bearer	9.1	111,890	98,646	111,890	98,646
Directors' emoluments		34,849	36,418	34,849	36,177
Staff costs	29.2	3,309,409	3,212,558	3,309,409	3,212,558
Cost of inventories sold other than expenses as staff costs		2,451,110	1,822,737	2,378,500	1,722,199
Transport cost		35,548	31,155	35,548	31,155
Other expenses		296,404	194,300	294,749	191,867
Total cost of sales and administrative expenses		6,418,019	5,565,282	6,343,324	5,461,428

29.2 Staff costs

In Rs. '000's		Group		Company	
Year ended 31 March	Notes	2015	2014	2015	2014
Wages and salaries		2,884,402	2,815,077	2,884,402	2,815,077
Defined contribution plan		233,859	225,107	233,859	225,107
Defined benefit plan	21	169,629	157,664	169,629	157,664
Workers' profit share bonus		21,519	14,710	21,519	14,710
	29.1	3,309,409	3,212,558	3,309,409	3,212,558
Average number of persons employed during the year Full time		11,404	11,537	11,404	11,537
Average cost per employee Rs.'000		290.20	278.46	290.20	278.46

30 Finance expenses and finance income

Recognised in profit or loss for the reporting periods consists of the following:

In Rs. '000's	Group		Company	
Year ended 31 March	2015	2014	2015	2014
(i) Finance costs				
Interest expense for borrowings at amortised cost				
- Interest on term loans	27,694	28,877	27,694	28,877
- Interest on bank overdrafts	9,955	39,616	9,955	39,616
	37,649	68,493	37,649	68,493
Contingent lease series of payments				
- Interest on leasehold rights payable to JEDB/SLSPC	62,739	58,249	62,739	58,249
- Interest on finance lease liabilities-other	87	343	87	343
Total finance costs	100,475	127,085	100,475	127,085
(ii) Finance income				
Interest income on short-term bank deposits	14,601	29,485	14,556	29,485
Net finance costs	85,874	97,600	85,919	97,600

31 Income tax expense

In Rs. '000's		Group		Company	
Year ended 31 March	Note	2015	2014	2015	2014
Current tax	25	14,000	30,964	14,000	30,991
Deferred tax recognised in the income statement	23	59,002	52,623	58,978	52,444
Taxes included in income for the period		73,002	83,587	72,978	83,435
Deferred tax recognised in other comprehensive income	23	3,022	(26,155)	3,022	(26,155)
Taxes included in total comprehensive income		76,024	57,432	76,000	57,280

Company

Tax is calculated using tax rates enacted for the year of assessment. The profits from agricultural activities are taxed at 10%. The profits from other activities are taxed at 28%, Export of bulk and packeted teas' are taxed at 28% and 10% respectively.

Reconciliation between current tax expenses and the accounting profit:

In Rs. '000's		Group		Company	
Year ended 31 March	Notes	2015	2014	2015	2014
Accounting profit before tax		463,749	580,781	463,543	580,887
Expenses not deductible for tax purposes		487,634	530,021	487,634	530,201
Expenses deductible for tax purposes		(828,325)	(766,280)	(828,325)	(766,286)
Taxable profit		123,058	344,522	122,852	344,802
Utilisation of previously unrecognised tax losses		(42,992)	(120,681)	(42,992)	(120,681)
Taxable profit		80,066	223,841	79,860	224,121
Tax at effective rates		14,000	30,964	14,000	30,991
Deferred income tax	23	62,024	26,468	62,000	26,289
		76,024	57,432	76,000	57,280

The advance company tax carried forward as at the reporting date amounted to Rs 36,359,166 (2014 - Rs41,359,166).

The unutilised tax loss carried forward as at the reporting date amounted to Rs 221,000,109 (2014 -Rs 263,991,651).

32 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year, as per the requirements of the Sri Lanka Accounting Standard -LKAS 33 on 'Earning per Share'.

Calculation of Earnings per share	Group		Company	
As at 31 March	2015	2014	2015	2014
Net profit attributable to shareholders - continuing operations	390,747	497,194	390,565	497,452
Weighted average number of ordinary	236,667	236,667	236,667	236,667
shares in issue (thousands)				
Basic earnings per share (Rs) - continuing operations	1.65	2.10	1.65	2.10

33 Dividends

Calculation of dividend per share		Company	
Year ended 31 March	Dividend per share	2015	2014
First and final dividend - 2013/2014	0.50	118,333	-
Interim dividend - 2014/2015	0.95	224,833	-
Final dividend - 2012/2013	0.25	-	59,167
		343,166	59,167
Number of ordinary shares		236,667	236,667
Dividend per share		1.45	0.25

The Board of Directors of the Company has approved the payment of a final dividend of Rs 0.50 cents per share for the year ended 31 March 2015. In accordance with the - LKAS 10 on 'Event after the Reporting Period', this final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2015.

34 Commitments

a) Financial commitments

The future minimum lease payments for the leases as at the end of the reporting period are disclosed in notes 19.5 and 20.

b) Other commitments

The Future Lease payments of the operating lease arrangement with Central Finance PLC

c) Capital commitments

Capital expenditure approved by the Board of Directors for which provision has not been made in the accounts is detailed below.

In Rs. '000's	Company	
Year ended 31 March	**2015**	**2014**
Approved and contracted for	590,342	617,466
Approved and not contracted for	-	-
Total	590,342	617,466

There were no other capital commitments as at 31st March 2015. The budgeted capital expenditure but not committed by the Group / Company for the financial year 2015/16 is Rs 407,092,000 (2014/15 is Rs.591,114,045).

35 Contingent liability

Bank guarantees amounting to Rs. 10,356,126 were issued in favour of the Sri Lanka Customs to facilitate the Company to import green tea. As at the date of financial position the company is in compliance with the terms and conditions of the imports.

The Group confirms that there are no cases (including the LT cases) filed against the Group which is not disclosed which would have been a material impact on the financial position of the Group.

36 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations.

In Rs. '000's		Group		Company	
Year ended 31 March	**Notes**	**2015**	**2014**	**2015**	**2014**
Net profit before taxation		463,749	580,781	463,543	580,887
Adjustments for:					
Depreciation	7, 8 and 9	280,893	258,365	280,893	258,365
Profit on sale of property, plant and equipment	27	(7,877)	(7,835)	(7,877)	(7,835)
Profit on sale of consumable biological assets	27	(36,296)	(14,562)	(36,296)	(14,562)
Timber fair valuation (loss) / gain	27	(6,648)	(26,971)	(6,648)	(26,971)
Amortisation of leasehold right to land	6	7,035	7,035	7,035	7,035
Amortisation of capital grants	22	(10,193)	(10,782)	(10,193)	(10,782)
Finance income	30	(14,601)	(29,485)	(14,556)	(29,485)
Finance costs	30	100,475	127,085	100,475	127,085
Changes in working capital					
- Inventories		246,896	(304,030)	246,896	(304,030)
- Trade and other receivables		(44,197)	(9,650)	(47,642)	(4,877)
- Trade and other payables		130,601	(106,252)	132,862	(102,591)
Provision for retirement benefit obligations	21	169,629	157,664	169,629	157,664
Cash generated from operations		1,279,466	621,363	1,278,121	629,903

37 Related party transactions

The Company is controlled by Estate Management Services (Private) Limited which owns 75.65% of ordinary shares (2014 - 75.65%) of the Company. The remaining ordinary shares are widely held. The ultimate parent company of the Group is Sunshine Holdings Plc.

Directors' interest in contracts

a. Messrs. G Sathasivam, V Govindasamy, K Venkataramanan M S Mawzoon and A K Misra, who are directors of the Company are also directors of Estate Management Services (Private) Limited.

b. Messrs V Govindasamy who is a director of the Company is also a director of Sunshine Tea (Private) Limited and Secretaries and Financial Services (Private) Limited.

c. Messrs. G Sathasivam, V Govindasamy and B A Hulangamuwa who are directors of the Company are also directors of Sunshine Healthcare Lanka Limited, Sunshine Power (Private) Limited and Sunshine Holdings PLC.

d. Mr V Govindasamy who is a director of the Company is also a director of Sunshine Packaging (Private) Limited and Sunshine Travels Limited.

e. Messrs G Sathasivam, V Govindasamy, K Venkataramanan, M S Mawzoon and A K Misra, who are directors of the Company are also directors of Watawala Tea Ceylon Limited.

f. Mr. V Govindasamy is a director of the Company is also a director of Watawala Tea-Australia Pty Limited.

g. Mr. B A Hulangamuwa who is a director of the Company is also a director of Secretaries and Financial Services (Private) Limited.

h. Mr. M S Mawzoon is a director of the Company is also a director of Pyramid Lanka (Private) Limited.

In Rs. '000's	Group		Company	
Year ended 31 March	**2015**	**2014**	**2015**	**2014**
(i) Sales of goods and services				
Sunshine Tea (Private) Limited	756	1,760	756	1,760
Tata Global Beverages Limited	412,751	416,998	412,751	416,998
Secretaries and Financial Service (Private) Limited	864	864	864	864
Watawala Tea Ceylon Limited	76,987	5,371	76,987	5,371
Sunshine Holdings PLC	1,591	786	1,591	786
Sunshine Travels Limited	36	-	36	-
Sunshine Healthcare Lanka Limited	1,060	1,933	1,060	1,933
Sunshine Power (Private) Limited	10,013	11,896	10,013	11,896
Pyramid Lanka (Private) Limited	1,320,867	924,199	1,320,867	924,199
(ii) Purchase of goods and services				
Estate Management Services (Private) Limited	46,981	108,175	46,981	108,175
Sunshine Tea (Private) Limited	37,987	46,054	37,987	46,054
Secretaries and Financial Services (Private) Limited	2,429	3,269	2,429	3,269
Health Guard Limited	1,678	1,313	1,678	1,313
Sunshine Packaging Lanka Limited	26	-	26	-
Sunshine Travels Limited	10,713	-	10,713	-
Sunshine Healthcare Lanka Limited	321	150	321	150
Sunshine Holdings PLC	2,372	4,688	2,372	4,688

In Rs. '000's	Group		Company	
As at 31 March	**2015**	**2014**	**2015**	**2014**
Outstanding balances arising from purchase of goods and services				
(iii) Amounts due to related companies				
Estate Management Services (Private) Limited	-	6,144	-	6,144
	-	6,144	-	6,144
(iv) Amounts due from related companies				
Tata Global Beverages Limited	64,235	62,827	64,235	62,827
Sunshine Power (Private) Limited	10,839	10,882	10,839	10,882
Watawala Tea Ceylon Limited	4,051	-	4,051	-
	79,125	73,709	79,125	73,709

Transactions with related parties have been carried out on normal commercial terms.

The directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at meetings of the directors.

Sunshine Power (Pvt) Ltd., will issue shares to the outstanding balances as at 31 March 2015 immediately after the completion of the financial year.

(v) Key management compensation

Key management includes the executive committee of the Group / Company. The compensation paid or payable to key management for employee services is shown below:

In Rs. '000's	Group		Company	
Year ended 31 March	**2015**	**2014**	**2015**	**2014**
Salaries and other short term employee benefits	77,339	65,536	77,112	65,296

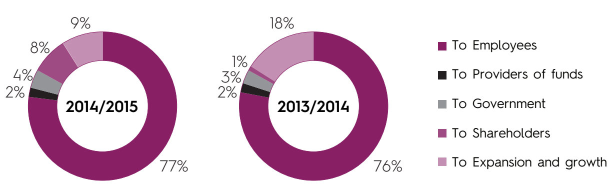
38 Events after the reporting date

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements.

Value Added Statement

Rs.'000	Group				Company			
	2014/15	%	2013/14	%	2014/15	%	2013/14	%
Revenue	6,848,491		6,246,271		6,773,635		6,142,624	
Other income	119,151		89,656		119,151		89,555	
	6,967,642		6,335,927		6,892,786		6,232,179	
Cost of materials and services obtained	(2,650,464)		(2,086,567)		(2,575,814)		(1,982,712)	
Value Addition	4,317,178		4,249,360		4,316,972		4,249,467	
Value allocated to:								
To Employees								
Salaries,wages and other benefits	3,309,409	77	3,212,558	76	3,309,409	77	3,212,558	76
To Providers of funds								
Interest to money lenders	100,475	2	103,794	2	100,475	2	103,794	2
To Government								
JEDB/SLSPC Lease rental	68,489		64,188		68,489		64,188	
Value Added Tax	50		256		50		256	
Nation Building Tax	39,230		32,673		39,230		32,673	
Economics Service Charges	4,440		15,639		4,440		15,639	
Stamp Duty	437		226		437		226	
Income Tax	53,950		30,964		53,950		30,991	
	166,595	4	143,946	3	166,595	4	143,973	3
To providers of capital								
Dividend paid to shareholders	343,166	8	59,167	1	343,166	8	59,167	1
To Expansion and growth								
Profit retained	47,581		438,026		47,399		438,285	
Depreciation & amortization	287,928		265,401		287,928		265,401	
Deferred Taxation	62,024		26,468		62,000		26,289	
	397,533	9	729,895	18	397,327	9	729,975	18
	4,317,178	100	4,249,360	100	4,316,972	100	4,249,467	100

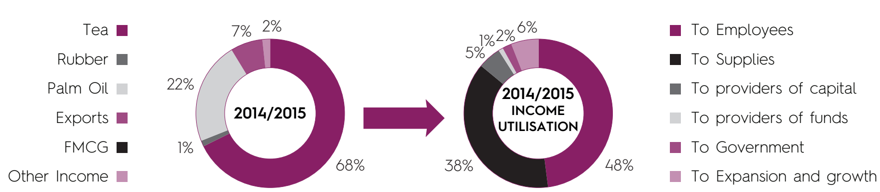
	GROUP		GROUP	
	2014/2015	%	2013/2014	%
To Employees	3,309,409	77%	3,212,558	76%
To Providers of funds	100,475	2%	103,794	2%
To Government	166,595	4%	143,946	3%
To Shareholders	343,166	8%	59,167	1%
To Expansion and growth	397,533	9%	729,895	18%
	4,317,178	100%	4,249,360	100%



Sources and Utilisation of Income

Rs.'000	Group 2014/15	%	Group 2013/14	%	Group 2012/13	%	Group 2011/12	%	Group 2010/11	%
Sources Of Income										
Tea	4,716,540	68%	4,164,561	66%	3,655,744	66%	2,858,702	63%	3,558,239	57%
Rubber	89,280	1%	168,721	3%	183,787	3%	267,744	6%	334,721	5%
Palm Oil	1,555,064	22%	1,392,375	22%	1,323,444	24%	903,857	20%	701,679	11%
Exports	487,607	7%	520,614	8%	271,804	5%	145,128	3%	176,125	3%
FMCG	-	0%	-	0%	-	0%	-	0%	1,387,482	22%
Other income	119,151	2%	89,656	1%	139,585	2%	348,716	8%	124,369	2%
	6,967,642	100%	6,335,927	100%	5,574,364	100%	4,524,147	100%	6,282,615	100%
Utilisation Of Income										
To Employees										
Salaries,wages and other benefits	3,309,409	48%	3,212,558	51%	2,771,499	50%	2,596,362	58%	2,173,009	35%
To Providers of funds										
Interest paid to money lenders	100,475	1%	103,794	2%	78,522	1%	88,816	2%	85,984	1%
To Supplies & Service Providers	2,650,464	38%	2,086,567	33%	1,563,195	28%	893,860	20%	2,946,823	47%
To Providers of capital										
Dividend paid to shareholders	343,166	5%	59,167	1%	201,167	4%	201,167	4%	65,083	1%
To Government										
Lease Rent,VAT,NBT,BTT,SRL	166,595	2%	143,946	2%	232,660	4%	180,921	4%	191,639	3%
To Expansion & growth										
Retained Profits,depreciation	397,533	6%	729,895	11%	727,321	13%	563,021	12%	820,077	13%
	6,967,642	100%	6,335,927	100%	5,574,364	100%	4,524,147	100%	6,282,615	100%

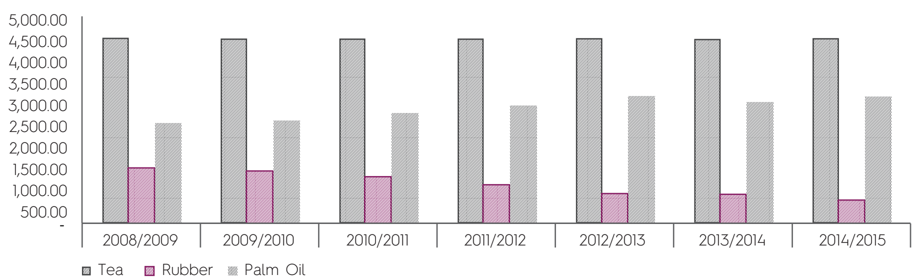
	GROUP 2014/15		GROUP 2013/14	
To Employees	3,309,409	48%	3,212,558	51%
To Supplies	2,650,464	38%	2,086,567	33%
To providers of capital	343,166	5%	59,167	1%
To Providers of funds	100,475	1%	103,794	2%
To Government	166,595	2%	143,946	2%
To Expansion and growth	397,533	6%	729,895	11%
-	6,967,642	100%	6,335,927	100%



Estate Hectarage Statement

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Tea Mature	4,345.94	4,330.14	4,334.04	4,346.78	4,356.79	4,373.35	4,369.24
Tea Immature	133.71	133.43	126.61	113.87	115.61	77.30	100.40
Tea	4,479.65	4,463.57	4,460.65	4,460.65	4,472.40	4,450.65	4,469.64
Rubber Mature	1,140.90	1,088.79	1,045.52	860.52	687.33	651.62	520.73
Rubber Immature	201.02	175.84	82.47	66.47	34.74	49.86	38.50
Rubber	1,341.92	1,264.63	1,127.99	926.99	722.07	701.48	559.23
OP Mature	1,878.93	1,845.93	1,874.52	1,871.41	1,909.51	1,935.69	2,152.63
OP Immature	537.99	628.37	787.41	975.20	1,161.60	985.59	904.04
Oil Palm	2,416.92	2,474.30	2,661.93	2,846.61	3,071.11	2,921.28	3,056.67
Fuelwood	1,187.71	861.13	997.13	1,332.00	1,392.00	1,495.31	1,388.41
Nursery	29.71	29.60	31.94	33.69	42.40	28.40	28.40
Minor Crop	219.89	213.87	208.82	211.37	174.12	177.49	186.08
Other Area	2,764.21	3,132.91	2,951.55	2,628.70	2,565.91	2,665.40	2,751.58
Other	4,201.52	4,237.51	4,189.44	4,205.76	4,174.43	4,366.60	4,353.22
Company	12,440.01	12,440.01	12,440.01	12,440.01	12,440.01	12,440.01	12,440.01

Cultivated Extent



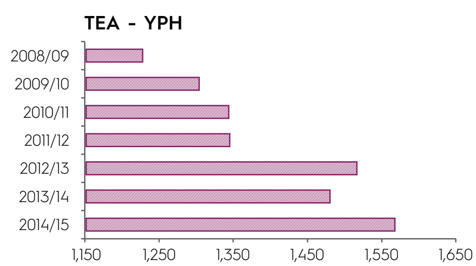
Crops and Yields

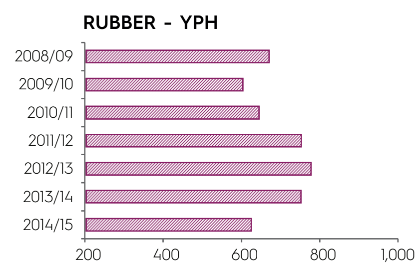
Production (Kg'000)

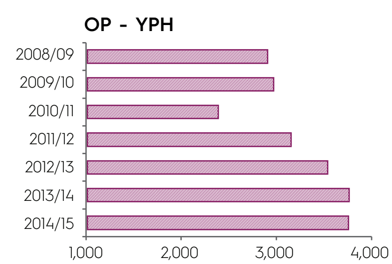
Region	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	15 Months 2001/02
Tea														
Watawala	2,754	2,563	2,778	2,245	2,364	2,189	2,076	2,156	1,654	2,127	2,047	2,058	2,498	2,284
Hatton	4,402	4,388	4,066	3,875	3,872	3,577	3,012	2,837	2,773	3,007	2,931	2,435	2,948	2,700
Lindula	2,881	2,682	2,759	2,388	2,513	2,359	2,174	2,250	1,981	2,447	2,606	2,603	2,751	2,543
Udugama	274	294	285	886	1,081	963	723	1,104	1,189	1,581	1,654	1,755	1,934	1,830
Tea	10,311	9,926	9,888	9,394	9,830	9,087	7,986	8,347	7,597	9,162	9,238	8,851	10,131	9,357
Rubber	325	490	535	648	674	658	766	884	854	1,001	874	1,027	978	1,119
Palm oil	8,854	8,127	7,455	6,584	5,080	6,164	6,162	5,671	7,563	7,330	6,244	4,644	4,557	4,156

Yield per Hectarage (Kg)

Region	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	15 Months 2001/02
Tea														
Watawala	1,533	1,420	1,533	1,262	1,209	1,152	1,158	1,152	1,062	1,372	1,346	1,397	1,611	1,595
Hatton	1,624	1,570	1,532	1,365	1,342	1,378	1,245	1,235	1,201	1,470	1,487	1,445	1,638	1,579
Lindula	1,523	1,415	1,472	1,343	1,396	1,295	1,235	1,267	1,258	1,382	1,332	1,330	1,623	1,544
Udugama	1,761	1,745	1,762	1,799	1,782	1,752	1,486	1,674	1,341	1,457	1,439	1,546	1,625	1,830
Tea	1,568	1,480	1,517	1,345	1,344	1,304	1,228	1,243	1,192	1,413	1,392	1,395	1,626	1,583
Rubber	625	752	778	753	645	604	671	755	671	779	652	816	783	852
Palm oil	3,757	3,765	3,537	3,156	2,391	2,973	2,908	2,734	2,781	2,814	2,512	2,321	2,609	2,755







Historical Financial Information

In Rs.'000s	2005/06	2006/07	2007/08	2008/09 Group	2008/09 Company	2009/10 Group
Statement of Income						
Revenue	2,855,036	3,169,788	4,313,604	4,124,503	4,121,976	5,615,167
Gross profit	464,467	502,376	811,320	487,193	489,495	851,239
Other Operating income	55,101	76,946	84,563	43,523	45,223	130,603
Administrative expenses	(86,465)	(92,054)	(128,637)	(138,479)	(137,225)	(164,099)
Distribution expenses	(71,702)	(105,281)	(148,084)	(201,360)	(200,981)	(231,657)
Management fees	(60,702)	(50,960)	(75,427)	(35,112)	(35,112)	(75,798)
Operating profit	300,699	330,826	543,735	155,765	161,400	510,288
Net finance cost	(89,819)	(83,092)	(87,902)	(71,057)	(71,415)	(79,669)
Profit /(loss) before Tax	218,893	247,734	455,833	84,708	89,985	430,619
Tax expense	(14,315)	(26,034)	(51,879)	(10,000)	(10,000)	(4,000)
Profit /(loss) for the year from continuing operations	204,578	221,700	403,954	74,708	79,985	426,619
Total comprehensive income for the year	204,578	221,700	403,954	74,708	79,985	426,619
Statement of Financial Position						
Non Current Assets						
Leasehold right to bare land of JEDB/SLPC estates	267,756	260,928	261,788	254,753	254,753	247,718
Immovable estate assets on finance lease	296,958	277,534	265,062	247,415	247,415	229,768
Property, plant and equipment	656,823	722,453	885,477	1,068,101	1,062,527	1,486,213
Biological assets-bearer	884,880	990,204	1,168,364	1,376,476	1,376,476	1,603,713
Biological assets-consumables	-	-	-	-	-	-
Biological assets-live stock	-	-	-	-	-	-
Investment in Gratuity Fund	-	-	-	-	-	-
Investments	205,820	203,416	-	-	16,125	-
Available for sale financial assets	-	-	-	-	-	-
Total Non Current Assets	2,312,237	2,454,535	2,580,691	2,946,745	2,957,296	3,567,412
Current Assets						
Inventories	260,926	292,917	540,488	351,370	342,092	540,583
Trade and other receivables	340,306	336,986	439,337	525,966	530,740	464,611
Cash and cash equivalents	66,148	75,356	90,434	73,615	67,920	53,442
Total Current Assets	667,380	705,259	1,070,259	950,951	940,752	1,058,636
Total Assets	2,979,617	3,159,794	3,650,950	3,897,696	3,898,048	4,626,048
Capital and Reserves						
Stated capital	460000	460000	460000	460000	460000	460000
Negative goodwill	92,477	-	-	-	-	-
Investment reserve	147,926	146,030	-	-	-	-
Retained earnings	483,876	768,470	1,137,408	1,154,267	1,159,678	1,584,167
Total equity attributable to equity holders of the company	1,184,279	1,374,500	1,597,408	1,614,267	1,619,678	2,044,167
Minority interests	-	-	3,110	3,571	-	290

	2009/10 Company	2010/11 Group	2010/11 Company	2011/12 Group	2011/12 Company	2012/13 Group	2012/13 Company	2013/14 Group	2013/14 Company	2014/15 Group	2014/15 Company
	5,611,731	6,158,246	4,663,744	4,175,421	4,172,214	5,434,779	5,340,962	6,246,271	6,142,624	6,848,491	6,773,635
	860,887	1,199,796	683,004	398,167	394,950	1,051,048	1,048,233	945,575	942,466	800,044	797,798
	132,303	124,369	239,309	348,716	621,206	139,585	140,575	89,656	89,555	119,151	119,151
	(178,687)	(342,364)	(220,759)	(211,231)	(203,235)	(246,238)	(242,464)	(264,586)	(261,270)	(369,572)	(367,487)
	(231,375)	(167,142)	-	-	-	-	-	-	-	-	-
	(75,798)	(90,033)	(90,033)	(49,331)	(49,331)	(137,510)	(137,510)	(92,264)	(92,264)	-	-
	507,330	724,626	611,521	486,221	763,590	806,885	808,834	678,381	678,487	549,623	549,462
	(79,711)	(85,984)	(84,951)	(111,103)	(111,103)	(77,530)	(77,919)	(97,600)	(97,600)	(85,874)	(85,919)
	427,619	638,642	526,570	375,118	652,487	729,355	730,915	580,781	580,887	463,749	463,543
	(4,000)	3,830	5,830	(89,837)	(89,196)	(49,111)	(49,041)	(83,587)	(83,435)	(73,002)	(72,978)
	423,619	642,472	532,400	285,281	563,291	680,244	681,874	497,194	497,452	390,747	390,565
	423,619	642,472	532,400	339,420	447,674	725,212	726,842	434,047	434,305	407,579	407,397
	247,718	240,683	240,683	233,648	233,648	226,613	226,613	219,578	219,578	212,543	212,543
	229,768	212,121	212,121	194,474	194,474	176,827	176,827	159,492	159,492	142,033	142,033
	1,478,604	1,750,413	1,632,149	1,690,078	1,690,078	1,697,655	1,697,655	1,840,625	1,840,625	1,921,745	1,921,745
	1,603,713	1,825,149	1,825,149	2,115,980	2,115,980	2,316,658	2,316,658	2,518,564	2,518,564	2,743,030	2,743,030
	-	615,816	615,816	630,566	630,566	531,190	531,190	575,944	575,944	566,967	566,967
	-	19,355	19,355	20,037	20,037	32,231	32,231	45,061	45,061	40,256	40,256
	-	-	-	42,641	42,641	127,267	127,267	200,000	200,000	220,262	220,262
	-	-	355,852	-	852	-	852	-	852	-	852
	-	-	-	-	-	-	-	-	-	10,882	10,882
	3,559,803	4,663,537	4,901,125	4,927,424	4,928,276	5,108,441	5,109,293	5,559,265	5,560,116	5,857,718	5,858,570
	540,583	760,125	531,484	465,980	465,980	635,951	635,951	939,982	939,982	693,086	693,086
	471,112	487,347	311,213	324,290	342,374	444,289	435,631	447,044	440,506	491,241	488,148
	52,369	40,697	15,061	470,231	447,716	443,333	431,799	114,660	111,851	72,031	67,832
	1,064,064	1,288,169	857,758	1,260,501	1,256,070	1,523,573	1,503,381	1,501,686	1,492,339	1,256,358	1,249,066
	4,623,867	5,951,706	5,758,883	6,187,925	6,184,346	6,632,014	6,612,674	7,060,950	7,052,455	7,114,076	7,107,636
	460000	460000	460000	460000	460000	460000	460000	460,000	460,000	460,000	460,000
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	1,583,297	2,721,150	2,611,078	2,859,403	2,857,585	3,383,448	3,383,260	3,758,328	3,758,398	3,822,741	3,822,629
	2,043,297	3,181,150	3,071,078	3,319,403	3,317,585	3,843,448	3,483,260	4,218,328	4,218,398	4,282,741	4,282,629
	-	-	-	-	-	-	-	-	-	-	-

Historical Financial Information

In Rs.'000s	2005/06	2006/07	2007/08	2008/09 Group	2008/09 Company	2009/10 Group
Non-current Liablilites						
Long term borrowings	225,056	221,371	303,168	246,811	246,811	412,824
Obligations under finance lease obtained from SLPC/JEDB	390,170	385,628	380,896	375,983	375,983	370,870
Retirement benefit obligation	288,034	357,538	420,624	439,939	439,939	643,388
Deferred income and capital grants	136,790	139,632	156,618	177,421	177,421	228,732
Net Deferred tax liability	-	-	10,000	20,000	20,000	-
Total Non-current liablilites	1,040,050	1,104,169	1,271,306	1,260,154	1,260,154	1,655,814
Current Liablilites						
Short-term borrowings	362,906	343,866	287,444	503,704	503,704	262,895
Obligations under finance lease obtained from SLPC/JEDB	4,360	4,542	4,720	4,910	4,910	5,113
Trade and other payables	388,022	325,722	453,985	466,621	465,133	589,297
Current tax payable	-	6,995	32,977	44,469	44,469	68,472
Total Current liablilites	755,288	681,125	779,126	1,019,704	1,018,216	925,777
Total Liabilities	1,795,338	1,785,294	2,050,432	2,279,858	2,278,370	2,581,591
Total Equity & Liabilities	2,979,617	3,159,794	3,650,950	3,897,696	3,898,048	4,626,048
Cash Flows						
Cash generated/(used in) from/to operations	404,188	418,681	529,981	520,845	526,931	891,758
Net cash inflow/(outflow) from operating activities	271,821	297,699	404,297	375,135	380,863	752,710
Net cash inflow/(outflow) from investing activities	(162,743)	(217,720)	(364,299)	(512,966)	(520,091)	(727,659)
Net cash inflow/(outflow) from financing activities	(78,980)	(59,530)	(44,107)	(20,451)	(20,451)	120,393
Increase/(decrease) in cash and cash equivalents	30,098	20,449	(4,109)	(158,282)	(159,679)	145,444
Operating Ratios						
Annual turnover growth %	5	11	36	(4)	(4)	36
Profit Growth %	26	8	82	(82)	(80)	471
Turnover per employee (Rs.'000)	201	225	302	309	309	431
Financial Ratios						
Return on equity %	17.26	16.13	25.20	4.60	4.90	4.79
Current ratio (Times)	0.88	1.04	1.37	0.93	0.92	1.14
Debt equity ratio (Times)	0.49	0.41	0.37	0.46	0.46	0.33
Interest cover (Times)	3.44	3.98	6.19	2.19	2.26	6.40
Total assets to current liabilities %	25	22	21	26	26	20
Investor Ratios						
Annualised earning per share (Rs.)	8.64	9.37	17.07	3.21	3.38	1.80
Price earning share (Times)	4.60	5.66	5.04	18.53	17.31	9.76
Dividend per share (Rs.)	1.25	1.50	2.50	-	-	2.75
Dividend cover (Times)	6.91	6.24	6.83	-	-	6.55
Market Capitalization (Rs.'000)	940,751	1,254,298	2,035,333	1,384,500	1,384,500	4,165,333
Net assets value per share (Rs.)	5.00	5.81	6.75	6.82	6.84	8.64

2009/10 Company	2010/11 Group	2010/11 Company	2011/12 Group	2011/12 Company	2012/13 Group	2012/13 Company	2013/14 Group	2013/14 Company	2014/15 Group	2014/15 Company
412,824	304,730	304,730	210,727	210,727	100,568	100,568	270,242	270,242	187,500	187,500
370,870	365,560	365,560	360,253	360,253	354,293	354,293	348,506	348,506	342,526	342,526
643,388	643,872	638008	815,851	815,851	801,767	801,767	949,697	949,697	1,005,185	1,005,185
228,732	255,798	255,798	244,935	244,935	234,585	234,585	223,803	223,803	213,610	213,610
-	27,129	26,161	82,792	82,939	118,462	118,751	144,930	145,040	206,954	207,040
1,655,814	1,597,089	1,590,257	1,714,558	1,714,705	1,609,675	1,609,964	1,937,178	1,937,288	1,955,775	1,955,861
262,895	437,029	437,029	546,145	546,145	470,152	470,152	304,574	304,574	183,809	183,809
5,113	5,313	5,313	5,310	5,310	5,750	5,750	5,980	5,980	6,210	6,210
588,277	717,122	642,236	588,677	588,631	654,087	634,858	540,940	532,265	671,541	665,127
68,471	14,003	12,970	13,832	12,970	48,902	48,690	53,950	53,950	14,000	14,000
924,756	1,173,467	1,097,548	1,153,964	1,152,056	1,178,891	1,159,450	905,444	896,769	875,560	869,146
2,580,570	2,770,556	2,687,805	2,868,522	2,866,761	2,788,566	2,769,414	2,842,622	2,834,057	2,831,335	2,825,007
4,623,867	5,951,706	5,758,883	6,187,925	6,184,346	6,632,014	6,612,674	7,060,950	7,052,455	7,114,076	7,107,636
893,936	856,487	981,602	1,020,651	604,155	1,049,724	1,059,071	636,767	645,308	1,352,079	1,351,364
754,846	686,166	813,026	815,083	399,399	883,607	893,598	414,214	422,940	1,118,598	1,117,208
(725,173)	(694,755)	(846,182)	(194,182)	224,623	(517,667)	(516,677)	(682,262)	(682,262)	(608,804)	(608,804)
120,393	(123,925)	(123,921)	(308,782)	(308,782)	(395,581)	(395,581)	251,230	251,230	(592,568)	(592,568)
150,066	(132,514)	(157,077)	312,119	315,240	(29,641)	(18,660)	(16,818)	(8,092)	(82,774)	(84,164)
36	10	(17)	(32)	(11)	30	28	15	15	10	10
430	51	26	(47)	(16)	114	62	(40)	(40)	(21)	(21)
430	472	358	342	342	445	438	541	532	628	621
4.82	20.20	17.34	10.23	13.49	18.87	18.91	10.29	10.30	9.12	9.12
1.15	1.10	0.78	1.09	1.09	1.29	1.30	1.65	1.66	1.43	1.44
0.33	0.50	0.52	0.52	0.52	0.42	0.42	0.46	0.46	0.46	0.46
6.36	8.43	7.20	4.38	6.87	10.41	10.38	6.95	6.95	6.40	6.40
20	20	19	19	19	18	17	8	8	8	8
1.79	2.72	2.25	1.43	1.89	3.06	3.07	1.83	1.84	1.65	1.65
9.83	9.21	1.11	6.97	5.29	3.66	3.65	6.11	5.34	12.11	12.12
2.75	0.85	0.85	0.35	0.35	0.75	0.75	0.85	0.75	1.45	1.45
6.51	3.19	2.65	4.10	5.4	3.61	3.61	2.16	2.45	1.14	1.14
4,165,333	5,916,675	5,916,675	2,366,670	2,366,670	2,650,670	2,650,670	2,319,337	2,319,337	4,733,340	4,733,340
8.63	13.44	12.98	14.03	14.02	16.24	16.24	17.82	17.82	18.10	18.10

Shareholders' & Investors' Information

Stock Exchange Listing

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka. The Audited Consolidated Income Statements for the year ended 31st March 2015 and the Audited Consolidated Balance Sheets at that date have been submitted to the Colombo Stock Exchange within three months of the Balance Sheet date.

Shareholders Information

Total No of Shareholders as at 31st March 2015: 16,614 (as at 31st March 2014: 17,370)

Public Share Holding

The Percentage of shares held by the public : 24.35% (2014 - 24.35%)

A). Distibution of Shareholding

	Residents				Non Residents				Total			
Shareholdings	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)
1 to 1,000	8,517	51.26	4,045,742	1.71	10	0.06	4,990	0.00	8,527	51.32	4,050,732	1.71
1,001 to 5,000	7,644	46.01	14,540,363	6.14	8	0.05	22,300	0.01	7,652	46.06	14,562,663	6.15
5,001 to 10,000	253	1.52	1,899,217	0.80	6	0.04	39,978	0.02	259	1.56	1,939,195	0.82
10,001 to 50,000	121	0.73	2,783,024	1.18	6	0.04	190,371	0.08	127	0.76	2,973,395	1.26
50,001 to 1,000,000	35	0.21	6,747,882	2.85	5	0.03	643,044	0.27	40	0.24	7,390,926	3.12
Over 1,000,000	8	0.05	203,749,760	86.09	1	0.01	2,000,000	0.85	9	0.05	205,749,760	86.94
Total	16,578	99.78	233,765,988	98.77	36	0.22	2,900,683	1.23	16,614	100.00	236,666,671	100.00

B). Categories of Shareholders

	Institutional				Non Institutional				Total			
Shareholdings	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)	No of Shareholders	Percentage (%)	No of Shares	Percentage (%)
1 to 1,000	36	0.22	18,189	0.01	8,491	51.11	4,032,543	1.70	8,527	51.32	4,050,732	1.71
1,001 to 5,000	44	0.26	139,055	0.06	7,608	45.79	14,423,608	6.09	7,652	46.06	14,562,663	6.15
5,001 to 10,000	21	0.13	151,931	0.06	238	1.43	1,787,264	0.76	259	1.56	1,939,195	0.82
10,001 to 50,000	22	0.13	585,999	0.25	105	0.63	2,387,396	1.01	127	0.76	2,973,395	1.26
50,001 to 1,000,000	15	0.09	3,998,298	1.69	25	0.15	3,392,628	1.43	40	0.24	7,390,926	3.12
Over 1,000,000	7	0.04	198,091,024	83.70	2	0.01	7,658,736	3.24	9	0.05	205,749,760	86.94
Total	145	0.87	202,984,496	85.77	16,469	99.13	33,682,175	14.23	16,614	100.00	236,666,671	100.00

Share Trading Information from 1 April to 31 March

	2015	2014
Highest during the period	21.00	13.70
Lowest during the period	9.90	9.20
Closing price	20.00	9.80
No. of Transactions	10,397	5,323
No. of Shares Traded	47,584,718	62,373,304
Value of Shares Traded (Rs)	784,365,650	844,264,245

Twenty (20) Largest Shareholders as at

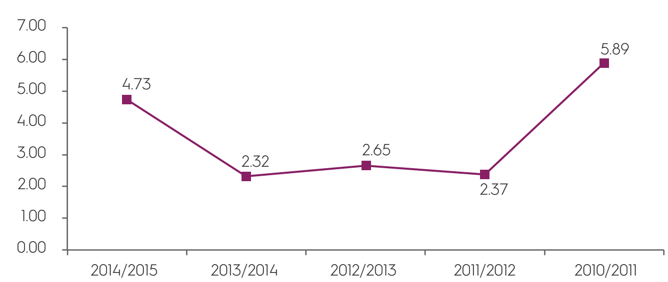
Name	31st March 2015 No of Shares held	31st March 2015 % of the holding	31st March 2014 No of Shares held	31st March 2014 % of the holding
Estate Management Services (Pvt) Ltd	179,034,370	75.65	179,034,370	75.65
Sampath/Seylan Bank Plc/Dr.T.Senthil Verl	22,670,323	9.58	-	-
K.C.Vignarajah	2,045,067	0.86	1,620,553	0.68
HSBC International Nominees Ltd-SSBT-Deustche Bank	2,000,000	0.85	2,000,000	0.85
Vyjayanthi & Company Limited	1,000,000	0.42	1,000,000	0.42
National Savings Bank	588,301	0.25	419,500	0.18
N.Muljie	552,900	0.23	552,900	0.23
S.Vignarajah	362,539	0.15	353,539	0.15
Bank of Ceylon No.1 Account	350,100	0.15	350,100	0.15
M.I.Abdul Hameed	350,000	0.15	350,000	0.15
Merchant Bank of Sri Lanka Limited/Union Investment	250,000	0.11	250,000	0.11
Perera and sons (Bakers) Limited	250,000	0.11	-	-
Commercial Bank of Ceylon Plc/S.A.Gulamhusein	237,500	0.10	-	-
Cocoshell Activated Carbon Company Limited	219,811	0.09	434,348	0.18
D.D.Gunaratne	210,000	0.09	300,000	0.13
Harnam Holdings SDN BHD	201,344	0.09	-	-
ACL Plastics Ltd	200,000	0.08	-	-
CAPT.W.Baptista	200,000	0.08	-	-
C M Holdings PLC	170,000	0.07	-	-
M.M. Hashim	170,000	0.07	622,000	0.26
Sub Total	211,062,255	89.18	187,287,310	79.14
Others	25,604,416	10.82	49,379,361	20.86
Grand Total	236,666,671	100.00	236,666,671	100.00

Share Trading Information - Last Five Years

	2014/15	2013/14	2012/13	2011/12	2010/11
Highest during the year	21.00	13.70	14.00	28.80	34.70
Lowest during the year	9.90	9.20	6.40	8.80	24.90
As at 31st March	20.00	9.80	11.20	10.00	24.90
No.of shares	236,666,671	236,666,671	236,666,671	236,666,671	236,666,671

Market Capitalization (Bn)

Year	Rs. Bn
2014/2015	4.73
2013/2014	2.32
2012/2013	2.65
2011/2012	2.37
2010/2011	5.89



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Notes

Notice of Meeting

NOTICE is hereby given that the Twenty Second (22nd) Annual General Meeting of Watawala Plantations PLC will be held at the 'Committee Room B', Bandaranaike Memorial International Conference Hall (BMICH) Bauddhaloka Mawatha Colombo 07 on Tuesday the 30th June 2015 at 10.00 a.m. and the business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2015 with the report of the Auditors' thereon.
2. To declare a final Dividend of Rs. 0.50 (Cents fifty) per share as recommended by the Directors.
3. To re-appoint Mr.A.Misra as per article 28 (2) of the Articles of Association, who has been appointed by the Board, since the last Annual General Meeting, a Director.
4. To re-elect Mr.B.A.Hulangamuwa who retires by rotation at the Annual General Meeting, a Director as per Article 30 of the Articles of Association.
5. To re-elect Mr. S.G.Wijesinha who retires by rotation at the Annual General Meeting, a Director as per Article 30 of the Articles of Association.
6. To re-elect Mr. K. Venkataramanan who retires by rotation at the Annual General Meeting, a Director as per Article 30 of the Articles of Association.
7. To re-appoint Messrs. PricewaterhouseCoopers (Chartered Accountants) as Auditors of the company and authorize the Directors to determine their remuneration
8. To authorize the Directors to determine contributions to Charities.

By order of the Board
Secretaries & Financial Services (Pvt) Ltd.,
Secretaries, Watawala Plantations PLC.,

Colombo
21/05/2015
We shall be obliged if the Shareholders/ proxies attending the Annual General Meeting, produce their National Identity Card to the Security Personnel stationed at the entrance

Form of Proxy

I/We .... of ....

being a member /members of Watawala Plantations PLC, hereby appoint :

....of...

.... or failing him, Mr. S.G.Wijesinha (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to vote as indicated hereunder for me/us and on my/our behalf at the twenty second (22nd) Annual General Meeting of the Company to be held on Tuesday 30th June 2015 at 10.00 a.m. and at every poll which may be taken in consequence of aforesaid meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2015 with the report of the Auditors' thereon.		
2. To declare a final Dividend of Rs. 0.50 (Cents fifty) per share as recommended by the Directors.		
3. To re-appoint Mr. A. K. Misra who was appointed during the year a Director.		
4. To re-elect Mr. B. A. Hulangamuwa who retires by rotation at the Annual General Meeting, a Director.		
5. To re-elect Mr. S.G.Wijesinha who retires by rotation at the Annual General Meeting, a Director.		
6. To re-elect Mr. K. Venkataramanan who retires by rotation at the Annual General Meeting, a Director.		
7. To re-appoint Messrs. PricewaterhouseCoopers (Chartered Accountants) as Auditors of the company and authorize the Directors to determine their remuneration		
8. To authorize the Directors to determine contributions to Charities.		

Dated .... day of 2015

....

Signature of Shareholder

i) A proxy need not to be a member of the Company

ii) Instructions regarding completion appear overleaf

Instructions as to Completion of the Form of Proxy

1. to be valid, the completed form of proxy should be deposited at the Registered Office of the Company at No. 60, Dharmapala Mawatha, Colombo 03, not less than 48 hours before the time of the meeting
2. In perfecting the form of proxy, please ensure that all the details are legible
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors of the Company) as your proxy, please insert the relevant details.
4. Please indicate with an 'x' in the space provided how your proxy is to vote on each resolution. If no indication is given, the proxy, in his discretion, will vote, as he thinks fit
5. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office for registration.

Glossary

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statements.

WATA
CSE identification code for the Company.

ACCRUAL BASIS
Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

GSA
The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP
The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea /Rubber /Palm Oil)

CPO
Crude Palm Oil

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

EBITDA
Earning before interest, tax, depreciation and amortization.

VALUE ADDITIONS
The quantum of wealth generated by the activities of the company and its application.

EARNING PER SHARE – EPS
Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

ENTERPRISE VALUE – EV
Market Capitalization plus Debt, Minority Interest & Preferred shares minus total Cash & Cash equivalents.

ENTERPRISE MULTIPLE – EM
Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation & Amortization (EBITDA)

MARKET VALUE ADDED – MVA
Shareholder funds divided by the market value of shares

PRICE EARNINGS RATIO - PE
Market Price of a share divided by earnings per share.

MARKET CAPITALIZATION
Number of Shares issues multiplied by the market value of each share at the year end.

NET ASSETS
Sum of fixed Assets and Current Assets less total liabilities.

NET ASSETS PER SHARE
Net Assets at the end of the period divided by the number of Ordinary Shares in issues.

RETURN ON EQUITY
Attributable profits divided by average shareholders' funds.

INTEREST COVER
Profit before tax plus interest charges divided by interest charges.

DIVIDEND COVER
Profit attributable to shareholders divided by gross dividend.

DIVIDENT PAYOUT
Profit paid out to share holders as dividends as a percentage of profits made during the year.

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the Company.

CONTINGENT LIABILITIES
Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

WORKING CAPITAL
Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

TOTAL BORROWINGS
Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

NET BORROWINGS
Total borrowings less liquid funds.

CASH EQUIVALENTS
Liquid investments with original maturities of three months or less.

CURRENT RATIO
Current Assets divided by current liabilities

DEBT TO EQUITY RATIO
Borrowing divided by equity

GERAING RATIO
Interest bearing Capital divided by total Capital (interest bearing and non interest bearing)

TURNOVER PER EMPLOYEE
Consolidated turnover of the company for the year divided by the number of employees employed at the year end.

EXTENT IN BEARING

The extent of land. From which crop is being harvested. Also see "Immature Plantation"

CROP

The total produce harvested during a financial year

IMMATURE PLANTATIONS

The extent of plantation that is under- development and is not being harvested.

MATURE PLANTATIONS

The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

IN FILLING

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

REPLANTING

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

YIELD (YPH)

The average crop per unit extent of land over a given period of time (usually Kgs. Per hectare per year)

ISO

International Standards Organization

HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

5S

A Japanese management technique on the organization of the workplace. 5s stands for Seiri (Sorting), Seiton (Organizing), Seiso (Cleaning), Seiketso (Standardization), Shitsuke (Sustenance).

YoY : Year on Year

FY 13 : FY 2012/13.

FY 14 : FY 2013/14.

FY 15 : FY 2014/15.

FY 16 : FY 2015/16

1QFY14 : First quarter of the financial year 2013/14.

NP : Total comprehensive income

FFB : Fresh Fruit Bunches (Palm oil)

Corporate Information

Name of the Company
Watawala Plantations PLC

Legal form
A Public Company With Limited liability registered under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange.

Date of Incorporation
18 June 1992

Registration No
PQ 65

Accounting Year
31 March

Directors
S.G.Wijesinha-Chaiman
G.Sathasivam (Alternate-S.G.Sathasivam)
V. Govindasamy - Managing Director
D. V. Seevaratnam - Chief Executive Officer (retired w.e.f 31.05.2015)
A.K. Misra (appointed w.e.f. 25.10.2014)
K. Venkataramanan
A.N.Fernando
M.S.Mawzoon
L.Ramanayake
C.P. Thomas
B. A. Hulangamuwa

Secretaries - Jt
Samanthi Haddegoda and
Secretaries & Financial Services Pvt Ltd
60, Dharmapala Mawatha, Colombo 03

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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Designed by 'C+'designs
Digital Plates & printing by Softwave Printing and Packaging (Pvt) Ltd

www.watawalaplantations.lk

Watawala Plantations PLC
No:60, Dharmapala Mawatha, Colombo 03, Sri Lanka.