



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30TH JUNE 2017

LANKA MILK FOODS (CWE) PLC
CORPORATE INFORMATION

THE COMPANY	- LANKA MILK FOODS (CWE) PLC.
LEGAL STATUS	- A PUBLIC QUOTED COMPANY WITH LIMITED LIABILITY UNDER THE PROVISION OF COMPANIES ACT NO 7 OF 2007
REGISTERED OFFICE	- WELISARA, RAGAMA, SRI LANKA - TEL: +9411 5222600 FAX: +9411 2956266 - EMAIL: lakspray@lmfgroup.lk - WEBSITE: www.lmfgroup.lk
DATE OF INCORPORATION	- 12TH NOVEMBER 1981
COMPANY REGISTRATION NUMBER	- PQ 142
COMPANY SECRETARY	MS. H.K BULATHWATTE
BOARD OF DIRECTORS	- MR. D.H.S JAYAWARDENA (CHAIRMAN) MR. C.R JANSZ (DIRECTOR) MR. D.S.K AMARASEKERA (INDEPENDENT NON-EXECUTIVE DIRECTOR) DR. A. SHAKTHEVALE (INDEPENDENT NON-EXECUTIVE DIRECTOR) MS. D.S.C JAYAWARDENA (DIRECTOR) MR. D.HASITHA .S JAYAWARDENA (NON EXECUTIVE DIRECTOR)
AUDITORS	- MESSRS. KPMG (CHARTERED ACCOUNTANTS) 32 A, SIR MOHAMED MACAN MARKAR MAWATHA P.O BOX 186 COLOMBO 3. SRI LANKA
SUBSIDIARY COMPANIES	- LANKA DAIRIES (PRIVATE) LIMITED AMBEWELA LIVESTOCK COMPANY LIMITED PATTIPOLA LIVESTOCK COMPANY LIMITED AMBEWELA PRODUCTS (PRIVATE) LIMITED INDO LANKA EXPORTS (PRIVATE) LIMITED
BANKERS	- HATTON NATIONAL BANK PLC. DFCC BANK PLC. COMMERCIAL BANK OF CEYLON PLC HONGKONG & SHANGHAI BANKING CORPORATION LTD

LANKA MILK FOODS (CWE) PLC.
CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30TH JUNE 2017
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

GROUP			
FOR THE THREE MONTHS ENDED			
	2017.06.30	2016.06.30	Change
	Rs. 000's	Rs. 000's	Rs. 000's
			+ / (-)
Revenue	1,210,028	1,394,423	(184,395)
Cost of sales	(1,026,721)	(1,159,493)	132,772
GROSS PROFIT	183,307	234,930	(51,623)
Other Operating Income	75,612	70,591	5,021
Administrative Expenses	(100,411)	(109,445)	9,034
Distribution Expenses	(84,611)	(87,379)	2,768
Other Operating Expenses	(15,871)	(23,615)	7,744
PROFIT/(LOSS) FROM OPERATIONS	58,026	85,082	(27,056)
Finance Income	25,536	1,328	24,208
Finance Expense	(16,249)	(31,699)	15,450
Net Finance - Income / (Expense)	9,287	(30,371)	39,658
PROFIT / (LOSS) BEFORE TAXATION	67,313	54,711	12,602
Income Tax (Expenses)/Reversal	(6,007)	(15)	(5,992)
PROFIT/(LOSS) FOR THE PERIOD	61,306	54,696	6,610
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Net change in Fair Value of Available Sale Investments	1,381,799	34,166	1,347,633
Items that will never be reclassified to profit or loss			
actuarial Gain/(Loss) on Defined benefit Obligation (Net of tax)	-	-	-
Other Comprehensive Income/(Expense) for the Period	1,381,799	34,166	1,347,633
Total Comprehensive Income/(Expense)	1,443,105	88,862	1,354,243
Profit Attributable To:			
Owners of the Company	61,333	54,700	6,633
Non Controlling Interest	(27)	(4)	(23)
PROFIT/(LOSS) FOR THE PERIOD	61,306	54,696	6,610
Total Comprehensive Income Attributable To :			
Owners of the Company	1,443,132	88,866	1,354,266
Non Controlling Interest	(27)	(4)	(23)
Total Comprehensive Income For the Period	1,443,105	88,862	1,354,243
BASIC EARNINGS PER SHARE OF Rs.	1.53	1.37	

LANKA MILK FOODS (CWE) PLC.
CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30TH JUNE 2017
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<u>COMPANY</u>			
<u>FOR THE THREE MONTHS ENDED</u>			
	<u>2017.06.30</u>	<u>2016.06.30</u>	<u>Change</u>
	<u>Rs. 000's</u>	<u>Rs. 000's</u>	<u>Rs. 000's</u>
			<u>+ / (-)</u>
Revenue	416,118	585,643	(169,525)
Cost of sales	(401,223)	(516,697)	115,474
GROSS PROFIT	14,895	68,946	(54,051)
Other Operating Income	23,383	28,395	(5,012)
Administrative Expenses	(37,060)	(50,165)	13,105
Distribution Expenses	(23,977)	(28,523)	4,546
Other Operating Expenses	-	-	-
PROFIT/(LOSS) FROM OPERATIONS	(22,759)	18,653	(41,412)
Finance Income	30,381	346	30,035
Finance Expense	(907)	(14,211)	13,304
Net Finance - Income / (Expense)	29,474	(13,865)	43,339
PROFIT /(LOSS) BEFORE TAXATION	6,715	4,788	1,927
Income Tax (Expenses)/Reversal	(1,800)	(13)	(1,787)
PROFIT/(LOSS) FOR THE PERIOD	4,915	4,775	140
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Net change in Fair Value of Available Sale Investments	1,381,799	34,166	1,347,633
Items that will never be reclassified to profit or loss			
actuarial Gain/(Loss) on Defined benefit Obligation (Net of tax)	-	-	-
Other Comprehensive Income/(Expense) for the Period	1,381,799	34,166	1,347,633
Total Comprehensive Income/(Expense)	1,386,714	38,941	1,347,773
Profit Attributable To:			
Owners of the Company	4,915	4,775	140
Non Controlling Interest	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	4,915	4,775	140
Total Comprehensive Income Attributable To :			
Owners of the Company	1,386,714	38,941	1,347,773
Non Controlling Interest	-	-	-
Total Comprehensive Income For the Period	1,386,714	38,941	1,347,773
BASIC EARNINGS PER SHARE OF Rs.	0.12	0.12	

STATEMENT OF FINANCIAL POSITION

As At	<u>GROUP</u>		<u>COMPANY</u>	
	<u>AUDITED</u>		<u>AUDITED</u>	
	<u>2017.06.30</u>	<u>2017.03.31</u>	<u>2017.06.30</u>	<u>2017.03.31</u>
	<u>Rs. 000's</u>	<u>Rs. 000's</u>	<u>Rs. 000's</u>	<u>Rs. 000's</u>
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,514,328	1,564,886	157,498	162,710
Investment in Subsidiaries	-	-	755,262	755,262
Available for Sale Investments	10,371,082	8,989,283	10,371,082	8,989,283
Biological Assets	486,800	476,725	-	-
Deferred Tax Asset	89,152	89,152	89,152	89,152
	12,461,362	11,120,046	11,372,994	9,996,407
CURRENT ASSETS				
Inventories	1,325,653	823,102	787,126	262,735
Biological Assets	22,977	19,208	-	-
Financial Assets Held for Trading	281,432	244,838	281,432	244,838
Trade Receivable	411,493	367,598	112,724	113,453
Other Receivables	139,491	100,692	79,173	15,868
Amounts due from Related Companies	39,482	43,948	902,400	958,492
Income Tax Receivables	48,070	51,373	28,065	27,736
Cash & Cash equivalents	150,701	188,117	116,248	161,432
	2,419,299	1,838,876	2,307,168	1,784,554
TOTAL ASSETS	14,880,661	12,958,922	13,680,162	11,780,961
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital (Note 7)	999,950	999,950	999,950	999,950
Capital Reserves	105,116	105,116	105,116	105,116
Available for Sale Reserve	10,133,382	8,751,583	10,133,382	8,751,583
Revenue Reserves	2,004,689	1,943,356	1,492,979	1,488,064
Total Equity attributable to Equity Holders of the company	13,243,137	11,800,005	12,731,427	11,344,713
Non Controlling Interest	11,570	11,597	-	-
Total Equity	13,254,707	11,811,602	12,731,427	11,344,713
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	317,359	317,359	-	-
Deferred Tax Liability	114,178	114,178	-	-
Retirement Benefit Obligation	86,225	82,913	53,255	51,429
	517,762	514,450	53,255	51,429
CURRENT LIABILITIES				
Trade and Other Payables	956,257	341,215	764,321	182,427
Amounts due to Related Companies	15,741	9,813	120,534	124,650
Income Tax Payable	-	701	-	-
Loans and Borrowings	50,110	66,812	-	-
Bank Overdraft	86,084	214,329	10,625	77,742
	1,108,192	632,870	895,480	384,819
TOTAL LIABILITIES	1,625,954	1,147,320	948,735	436,248
TOTAL EQUITY AND LIABILITIES	14,880,661	12,958,922	13,680,162	11,780,961
Net Asset Value Per Share Rs. Cts.	331.09	295.01	318.30	283.63

I certify that the Financial Statements have been prepared in compliance with the requirements of Companies Act No 07 of 2007.

The Board of Directors is responsible for the preparation and presentation of these Financial statements. Signed for and on behalf of the Board by,



R.N Attygalle
Finance Manager
08th August 2017



Dr. A. Shakthevale
Director



D.S.C Jayawardena
Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Stated Capital	Revaluation Reserve	Dairy Development Project Reserve	Available for Sale Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S
Balance as at 01.04.2016	999,950	105,116	110,000	7,589,961	1,342,146	10,147,173	11,820	10,158,993
Total Comprehensive Income								
Profit /(Loss) for the Period	-	-	-	-	54,700	54,700	(4)	54,696
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-	-	-	34,166	-	34,166	-	34,166
Actuarial Loss on Defined Benefit obligation, Net of Tax	-	-	-	-	-	-	-	-
Total Comprehensive Income / (Expense)				34,166	54,700	88,866	(4)	88,862
Balance as at 30.06.2016	999,950	105,116	110,000	7,624,127	1,396,846	10,236,039	11,816	10,247,855
Balance as at 01.04 .2017	999,950	105,116	110,000	8,751,583	1,833,356	11,800,005	11,597	11,811,602
Total Comprehensive Income								
Profit /(Loss) for the Period	-	-	-	-	61,333	61,333	(27)	61,306
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-	-	-	1,381,799	-	1,381,799	-	1,381,799
Actuarial Loss on Defined Benefit obligation, Net of Tax	-	-	-	-	-	-	-	-
Total Comprehensive Income / (Expense)				1,381,799	61,333	1,443,132	(27)	1,443,105
Balance as at 30.06.2017	999,950	105,116	110,000	10,133,382	1,894,689	13,243,137	11,570	13,254,707

COMPANY

	Stated Capital	Revaluation Reserve	Dairy Development Project Reserve	Available for Sale Reserve	Retained Earnings	Total
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 01.04.2016	999,950	105,116	110,000	7,589,961	1,195,032	10,000,059
Total Comprehensive Income						
Profit /(Loss) for the Period	-	-	-	-	4,775	4,775
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments	-	-	-	34,166	-	34,166
Actuarial Loss on Defined Benefit obligation, Net of Tax	-	-	-	-	-	-
Total Comprehensive Income / (Expense)				34,166	4,775	38,941
Balance as at 30.06.2016	999,950	105,116	110,000	7,624,127	1,199,807	10,039,000
Balance as at 01.04 .2017	999,950	105,116	110,000	8,751,583	1,378,064	11,344,713
Total Comprehensive Income						
Profit /(Loss) for the Period	-	-	-	-	4,915	4,915
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments	-	-	-	1,381,799	-	1,381,799
Actuarial Loss on Defined Benefit obligation, Net of Tax	-	-	-	-	-	-
Total Comprehensive Income / (Expense)				1,381,799	4,915	1,386,714
Balance as at 30.06.2017	999,950	105,116	110,000	10,133,382	1,382,979	12,731,427

CASH FLOW STATEMENT

For The Three Months Ended	<u>GROUP</u>		<u>COMPANY</u>	
	2017.06.30 Rs.000's	2016.06.30 Rs.000's	2017.06.30 Rs.000's	2016.06.30 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	67,313	54,711	6,715	4,788
Adjustments for				
Depreciation on property, plant & equipment	56,959	55,052	5,932	6,209
Changes in Fair Value of Held for Trading Investments	(19,044)	10,266	(19,044)	10,266
(Gain) / Loss on disposal of Biological Assets	9,892	14,387	-	-
Provision for retirement benefit Obligation	3,586	4,368	2,100	2,250
Change in Fair value of Biological Assets	(37,610)	(24,864)	-	-
Interest Income	(4,397)	(117)	(10,033)	(111)
Dividend Income	-	(3,943)	-	(3,943)
Interest Paid	16,250	10,822	907	3,944
Operating Profit/ (Loss) before Working Capital Changes	92,949	120,682	(13,423)	23,403
(Increase)/ Decrease In Inventories and Biological Assets	(506,320)	(346,328)	(524,391)	(294,755)
(Increase)/ Decrease In Trade and Other Receivables	(82,694)	(27,672)	(62,576)	4,215
(Increase)/ Decrease Related Party Balances	10,393	(16,373)	51,976	(49,389)
Increase/ (Decrease) In Trade and Other Payables	615,042	412,482	581,894	352,283
Cash Flows Generated from / (used in) Operations	129,370	142,791	33,480	35,757
Interest Paid	(16,250)	(10,822)	(907)	(3,944)
Income Tax Paid	(3,405)	(6,477)	(2,129)	(3,017)
Retiring Gratuity Paid	(274)	(619)	(274)	(583)
Net Cash flows generated from/used in) Investing Activities	109,441	124,873	30,170	28,213
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	4,397	117	10,033	111
Dividend Income	-	3,943	-	3,943
Purchase & construction of Property, Plant & Equipment	(6,400)	(3,317)	(720)	(154)
Investment In Held for Trading	(17,550)	(6,573)	(17,550)	-
Proceeds from Sale of Biological Assets	27,972	14,870	-	-
Acquisition of Biological Assets	(10,329)	(5,991)	-	(6,573)
Net Cash Flows generated from/used in Investing Activities	(1,910)	3,049	(8,237)	(2,673)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Borrowings	(16,702)	(16,703)	-	-
Net Cash Flows generated from/used in Financing Activities	(16,702)	(16,703)	-	-
Net Increase / (Decrease) in Cash & Cash Equivalent	90,829	111,219	21,933	25,540
Cash and Cash Equivalents at beginning of the year	(26,212)	(585,509)	83,690	(248,592)
Cash and Cash Equivalents at end of Period (Note A)	64,617	(474,290)	105,623	(223,052)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF PERIOD				
Cash and Cash equivalents	150,701	34,675	116,248	16,661
Bank Overdraft	(86,084)	(508,965)	(10,625)	(239,713)
	64,617	(474,290)	105,623	(223,052)

SEGMENTAL INFORMATION

For The Three Months Ended	<u>POWDERED MILK</u>		<u>LIQUID MILK AND OTHERS</u>		<u>AGRICULTURE</u>		<u>ELIMINATION</u>		<u>GROUP</u>	
	2017.06.30 Rs.000's	2016.06.30 Rs.000's	2017.06.30 Rs.000's	2016.06.30 Rs.000's	2017.06.30 Rs.000's	2016.06.30 Rs.000's	2017.06.30 Rs.000's	2016.06.30 Rs.000's	2017.06.30 Rs.000's	2016.06.30 Rs.000's
Total Revenue	416,118	585,643	929,522	904,561	115,297	77,636	(250,909)	(173,417)	1,210,028	1,394,423
Profit/(Loss) from operations	(22,759)	18,653	78,568	89,754	2,217	(23,325)	-	-	58,026	85,082
Net finance Income / (expenses)	29,474	(13,865)	(12,989)	(14,529)	(1,545)	(1,978)	(5,653)	-	9,287	(30,372)
Income Tax (Expenses)/Reversal	(1,800)	(13)	(3,678)	-	(529)	(2)	-	-	(6,007)	(15)
Profit / (Loss) for the Period	4,915	4,775	61,901	75,225	143	(25,305)	(5,653)	-	61,306	54,696

NOTES TO THE FINACIAL STATEMENTS

1. The above figures are provisional and subject to audit.
2. These Interim Financial statements have been prepared in compliance with the requirements of the new Sri Lanka Accounting Standard LKAS 34 on 'Interim Financial Reporting'. There were no changes to the Accounting policies and methods of computation since the publication of Annual Report 2017.
3. There have been no material events subsequent to the period, which require additional disclosure in the Financial Statements.
4. Comparative figures have been re-classified according to current period classification wherever necessary.
5. There are no material contingent liabilities or assets which require disclosure in these Interim Financial Statements.
6. All known expenses including Management fees and similar expenses have been provided for, in these Financial statements.
7. Stated Capital of the Company as at Balance Sheet date is 39,998,000 ordinary shares.
- 8 Directors' Shareholdings

The Directors' shareholdings in the Company were as follows.

Name of the Director	As at 30th June 2017
Mr. D. H.S Jayawardena	Nil
Mr. C.R Jansz	Nil
Ms. D.S.C Jayawardena	Nil
Mr. D.S.K Amarasekera	Nil
Dr. A. Shakthevale	Nil
Mr. D. Hasitha .S Jayawardena (Appointed on 11th July 2016)	Nil

9.	Share Trading			
	The market price recorded during the quarter ended 30th June			
			2017.06.30	2016.06.30
	Highest Price	Rs. Cts.	140.00	125.00
	Lowest Price	Rs. Cts.	115.00	109.00
	Last Traded Price	Rs. Cts.	135.00	110.70

10.	Twenty Major Shareholders			
	NAME OF THE SHAREHOLDER	NO OF SHARES		% ON TOTAL ISSUED CAPITAL
	1. MILFORD EXPORTS (CEYLON) (PVT) LIMITED	13,426,540		33.57
	2. MELSTACORP PLC	6,715,784		16.79
	3. MILLS ENTERPRISES LIMITED	6,120,290		15.30
	4. CACEIS BANK LUXEMBOURG S/A BARCA GLOBAL MAS	1,766,075		4.42
	5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,515,025		3.79
	6. RUKAIYA HUSSEINALLY ABDULHUSSEIN	680,000		1.70
	7. E.W BALASURIYA & CO. (PVT) LTD	619,212		1.55
	8. YUSUF HUSSEINALLY ABDULHUSSEIN	601,933		1.50
	9. WALDOCK MACKENZIE LTD/MR H.M ABDULHUSSEIN	548,118		1.37
	10. J.B. COCOSHELL (PVT) LTD	356,182		0.89
	11. HUSSEINALLY MOHSINALLY ABDULHUSSEIN	280,266		0.70
	12. COMMERCIAL BANK OF CEYLON PLC A/C No.04	250,000		0.63
	13. HALLSVILLE TRADING GROUP INC.	249,221		0.62
	14. COMMERCIAL BANK OF CEYLON PLC/SITHIJAYA FUND	228,572		0.57
	15. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	187,189		0.47
	16. DINESH NAGENDRA SELLAMUTTU	183,502		0.46
	17. PHILLIP SECURITIES PTE LTD	182,000		0.46
	18. GULAMHUSSEIN MOSHINALLY ABDULHUSSEIN	153,622		0.38
	19. MARK ANTHONY THEODOOR RAAYMAKERS	148,593		0.37
	20. MANICKAM VALLIPURAM THEAGARAJAH	140,933		0.35
	SUB TOTAL	34,353,057		85.89
	OTHER SHAREHOLDERS	5,644,943		14.11
	GRAND TOTAL	39,998,000		100.00

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 30TH JUNE 2017 IS 34.34%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 30TH JUNE 2017 - 3190