



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31ST DECEMBER 2016

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. R.K OBEYSEKERE (DIRECTOR) (CEASED TO BE A DIRECTOR W.E.F 08TH JULY 2016) 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) * APPOINTED ON 11TH JULY 2016
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 NINE MONTHS ENDED 31ST DECEMBER 2016
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP					
	QUARTER ENDED			FOR THE NINE MONTHS ENDED		
	2016.12.31 Rs. 000's	2015.12.31 Rs. 000's	Change Rs. 000's + / (-)	2016.12.31 Rs. 000's	2015.12.31 Rs. 000's	Change Rs. 000's + / (-)
Revenue	1,206,382	1,384,886	(178,504)	4,145,139	3,946,783	198,356
Cost of sales	(1,040,107)	(1,190,639)	150,532	(3,477,884)	(3,442,551)	(35,333)
GROSS PROFIT	166,275	194,247	(27,972)	667,255	504,232	163,023
Other Operating Income	52,736	79,424	(26,688)	328,367	306,000	22,367
Administrative Expenses	(101,096)	(90,256)	(10,840)	(281,481)	(250,962)	(30,519)
Distribution Expenses	(95,738)	(107,043)	11,305	(271,460)	(289,127)	17,667
Other Operating Expenses	(17,204)	(24,851)	7,647	(62,599)	(61,627)	(972)
PROFIT/(LOSS) FROM OPERATIONS	4,973	51,521	(46,548)	380,082	208,516	171,566
Finance Income	168	(2,706)	2,874	26,953	3,077	23,876
Finance Expense	(24,127)	(49,055)	24,928	(70,443)	(96,928)	26,485
Net Finance - Income / (Expense)	(23,959)	(51,761)	27,802	(43,490)	(93,851)	50,361
PROFIT /(LOSS) BEFORE TAXATION	(18,986)	(240)	(18,746)	336,592	114,665	221,927
Income Tax (Expenses)/Reversal	7,292	(43)	7,335	(12,591)	(98)	(12,493)
PROFIT/(LOSS) FOR THE PERIOD	(11,694)	(283)	(11,411)	324,001	114,567	209,434
Other Comprehensive Income						
Net change in Fair Value of Available Sale Investments	3,797	(1,097,088)	1,100,885	1,176,807	208,788	968,019
Other Comprehensive Income for the Period	3,797	(1,097,088)	1,100,885	1,176,807	208,788	968,019
Total Comprehensive Income	(7,897)	(1,097,371)	1,089,474	1,500,808	323,355	1,177,453
Profit Attributable To:						
Owners of the Company	(11,613)	2,970	(14,583)	324,090	120,892	203,198
Non Controlling Interest	(81)	(3,253)	3,172	(89)	(6,325)	6,236
PROFIT/(LOSS) FOR THE PERIOD	(11,694)	(283)	(11,411)	324,001	114,567	209,434
Total Comprehensive Income Attributable To :						
Owners of the Company	(7,816)	(1,094,118)	1,086,302	1,500,897	329,680	1,171,217
Non Controlling Interest	(81)	(3,253)	3,172	(89)	(6,325)	6,236
Total Comprehensive Income For the Period	(7,897)	(1,097,371)	1,089,474	1,500,808	323,355	1,177,453
BASIC EARNINGS PER SHARE OF Rs.	(0.29)	0.07		8.10	3.02	

LANKA MILK FOODS (CWE) PLC.
CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2016
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	COMPANY					
	QUARTER ENDED			FOR THE NINE MONTHS ENDED		
	2016.12.31 Rs. 000's	2015.12.31 Rs. 000's	Change Rs. 000's + / (-)	2016.12.31 Rs. 000's	2015.12.31 Rs. 000's	Change Rs. 000's + / (-)
Revenue	395,529	592,100	(196,571)	1,610,188	1,798,952	(188,764)
Cost of sales	(395,004)	(537,762)	142,758	(1,449,924)	(1,660,165)	210,241
GROSS PROFIT	525	54,338	(53,813)	160,264	138,787	21,477
Other Operating Income	20,087	19,305	782	193,046	181,942	11,104
Administrative Expenses	(48,586)	(48,111)	(475)	(133,172)	(129,690)	(3,482)
Distribution Expenses	(30,404)	(42,114)	11,710	(87,189)	(117,860)	30,671
Other Operating Expenses	-	-	-	-	-	-
PROFIT/(LOSS) FROM OPERATIONS	(58,378)	(16,582)	(41,796)	132,949	73,179	59,770
Finance Income	(2,235)	(5,242)	3,007	21,997	436	21,561
Finance Expense	(1,002)	(32,703)	31,701	(9,588)	(50,801)	41,213
Net Finance - Income / (Expense)	(3,237)	(37,945)	34,708	12,409	(50,365)	62,774
PROFIT /(LOSS) BEFORE TAXATION	(61,615)	(54,527)	(7,088)	145,358	22,814	122,544
Income Tax (Expenses)/Reversal	9,808	(43)	9,851	(3,080)	(79)	(3,001)
PROFIT/(LOSS) FOR THE PERIOD	(51,807)	(54,570)	2,763	142,278	22,735	119,543
Other Comprehensive Income						
Net change in Fair Value of Available Sale Investments	3,797	(1,097,088)	1,100,885	1,176,807	208,788	968,019
Other Comprehensive Income for the Period	3,797	(1,097,088)	1,100,885	1,176,807	208,788	968,019
Total Comprehensive Income	(48,010)	(1,151,658)	1,103,648	1,319,085	231,523	1,087,562
Profit Attributable To:						
Owners of the Company	(51,807)	(54,570)	2,763	142,278	22,735	119,543
Non Controlling Interest	-	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	(51,807)	(54,570)	2,763	142,278	22,735	119,543
Total Comprehensive Income Attributable To :						
Owners of the Company	(48,010)	(1,151,658)	1,103,648	1,319,085	231,523	1,087,562
Non Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income For the Period	(48,010)	(1,151,658)	1,103,648	1,319,085	231,523	1,087,562
BASIC EARNINGS PER SHARE OF Rs.	(1.30)	(1.36)	3.56	0.57		

STATEMENT OF FINANCIAL POSITION

As At	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2016.12.31</u>	<u>2016.03.31</u>	<u>2016.12.31</u>	<u>2016.03.31</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	1,454,158	1,584,723	166,577	186,883
Investment in Subsidiaries	-	-	755,495	755,495
Available for Sale Investments	9,004,468	7,827,661	9,004,468	7,827,661
Biological Assets	396,777	385,063	-	-
Deferred Tax Asset	68,294	68,294	68,294	68,294
	10,923,697	9,865,741	9,994,834	8,838,333
CURRENT ASSETS				
Inventories	866,956	826,306	193,325	339,698
Biological Assets	1,025	10,245	-	-
Financial Assets Held for Trading	266,055	247,029	266,055	247,029
Trade Receivable	375,588	502,103	81,366	193,650
Other Receivables	68,026	67,574	17,192	20,265
Amounts due from Related Parties	56,140	54,298	810,773	730,416
Income Tax Receivables	41,868	38,625	24,205	18,942
Cash & Cash equivalents	20,515	44,473	10,339	17,493
TOTAL CURRENT ASSETS	1,696,173	1,790,653	1,403,255	1,567,493
TOTAL ASSETS	12,619,870	11,656,394	11,398,089	10,405,826
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	8,766,768	7,589,961	8,766,768	7,589,961
Revenue Reserves	1,726,238	1,452,146	1,397,312	1,305,032
Total Equity attributable to Equity Holders of the company	11,598,072	10,147,173	11,269,146	10,000,059
Non Controlling Interest	11,731	11,820	-	-
Total Equity	11,609,803	10,158,993	11,269,146	10,000,059
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	384,171	384,172	-	-
Deferred Tax Liability	99,778	99,778	-	-
Retirement Benefit Obligation	80,210	72,428	49,450	44,765
	564,159	556,378	49,450	44,765
CURRENT LIABILITIES				
Trade and Other Payables	184,940	214,414	35,874	68,895
Amounts due to Related Parties	22,653	28,039	26,137	26,022
Income Tax Payable	741	1,776	-	-
Loans and Borrowings	16,703	66,812	-	-
Bank Overdraft	220,871	629,982	17,482	266,085
TOTAL CURRENT LIABILITIES	445,908	941,023	79,493	361,002
TOTAL LIABILITIES	1,010,067	1,497,401	128,943	405,767
TOTAL EQUITY AND LIABILITIES	12,619,870	11,656,394	11,398,089	10,405,826
Net Asset Value Per Share Rs. Cts.	289.97	253.69	281.74	250.01

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,



MR. R.N Attygalle
Finance Manager
08th February 2017



MR. D.H.S Jayawardena
Chairman



MS. 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 01.04.2015	999,950	105,116	110,000	8,892,041	1,268,694	11,375,801	18,211	11,394,012
Profit /(Loss) for the Period	-	-	-	-	120,892	120,892	(6,325)	114,567
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-			208,788		208,788		208,788
Total Comprehensive Income				208,788	120,892	329,680	(6,325)	323,355
Dividend Paid					(49,998)	(49,998)		(49,998)
Balance as at 31.12 .2015	999,950	105,116	110,000	9,100,829	1,339,588	11,655,483	11,886	11,667,369
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
Profit /(Loss) for the Period	-	-	-	-	324,090	324,090	(89)	324,001
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments				1,176,807		1,176,807		1,176,807
Total Comprehensive Income				1,176,807	324,090	1,500,897	(89)	1,500,808
Dividend Paid					(49,998)	(49,998)		(49,998)
Balance as at 31.12.2016	999,950	105,116	110,000	8,766,768	1,616,238	11,598,072	11,731	11,609,803

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 01.04.2015	999,950	105,116	110,000	8,892,041	1,263,491	11,370,598
Profit /(Loss) for the Period				-	22,735	22,735
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments				208,788		208,788
Total Comprehensive Income				208,788	22,735	231,523
Dividend Paid					(49,998)	(49,998)
Balance as at 31.12.2015	999,950	105,116	110,000	9,100,829	1,236,228	11,552,123
Balance as at 01.04.2016	999,950	105,116	110,000	7,589,961	1,195,032	10,000,059
Profit /(Loss) for the Period				-	142,278	142,278
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments				1,176,807		1,176,807
Total Comprehensive Income				1,176,807	142,278	1,319,085
Dividend Paid					(49,998)	(49,998)
Balance as at 31.12.2016	999,950	105,116	110,000	8,766,768	1,287,312	11,269,146

CASH FLOW STATEMENT

For The Nine Months Ended	<u>GROUP</u>		<u>COMPANY</u>	
	2016.12.31 Rs.000's	2015.12.31 Rs.000's	2016.12.31 Rs.000's	2015.12.31 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	336,592	114,665	145,358	22,814
Adjustments for				
Depreciation on property, plant & equipment	166,719	170,184	20,816	21,882
Changes in Fair Value of Held for Trading Investments	(12,454)	27,400	(12,454)	27,400
(Gain) / Loss on disposal of Property Plant & Equipment	(775)		(775)	
(Gain) / Loss on disposal of Biological Assets	41,010	24,998	-	-
Provision for retirement benefit Obligation	10,585	7,991	6,750	4,650
Change in Fair value of Biological Assets	(84,944)	(70,512)	-	-
Interest Income	(2,964)	(439)	(2,860)	(436)
Dividend Income	(131,587)	(121,225)	(131,587)	(121,225)
Interest Paid	70,444	63,336	9,588	17,208
Operating Profit/ (Loss) before Working Capital Changes	392,626	216,398	34,836	(27,707)
(Increase)/ Decrease In Inventories and Biological Assets	(31,430)	(176,691)	146,373	(90,766)
(Increase)/ Decrease In Trade and Other Receivables	126,063	10,275	115,357	57,978
(Increase)/ Decrease Related Party Balances	(7,228)	(7,364)	(80,242)	32,670
Increase/ (Decrease) In Trade and Other Payables	(29,474)	406,522	(33,021)	347,077
Cash Flows Generated from / (used in) Operations	450,557	449,140	183,303	319,252
Interest Paid	(70,444)	(63,336)	(9,588)	(17,208)
Income Tax Paid	(16,869)	(10,117)	(8,343)	(4,850)
Retiring Gratuity Paid	(2,806)	(1,196)	(2,065)	(372)
Net Cash flows generated from/used in) Investing Activities	360,438	374,491	163,307	296,822
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	2,964	439	2,860	436
Dividend Income	131,587	121,225	131,587	121,225
Purchase & construction of Property, Plant & Equipment	(36,154)	(2,576)	(513)	(920)
Investment In Held for Trading	(6,573)	-	(6,573)	-
Proceeds from Sale of Biological Assets	52,589	35,649	-	-
Proceeds from Sale of Property Plant & Equipment	779	-	779	-
Acquisition of Biological Assets	(20,370)	(12,590)	-	-
Net Cash Flows generated from/used in Investing Activities	124,822	142,147	128,140	120,741
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(49,998)	(49,998)	(49,998)	(49,998)
Repayment of Borrowings	(50,109)	(450,109)	-	(400,000)
Net Cash Flows generated from/used in Financing Activities	(100,107)	(500,107)	(49,998)	(449,998)
Net Increase / (Decrease) in Cash & Cash Equivalent	385,153	16,531	241,449	(32,435)
Cash and Cash Equivalents at beginning of the year	(585,509)	(488,533)	(248,592)	(157,281)
Cash and Cash Equivalents at end of Period (Note A)	(200,356)	(472,002)	(7,143)	(189,716)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF PERIOD				
Cash and Cash equivalents	20,515	45,993	10,339	28,907
Bank Overdraft	(220,871)	(517,995)	(17,482)	(218,623)
	(200,356)	(472,002)	(7,143)	(189,716)

SEGMENTAL INFORMATION

For The Nine Months Ended	POWDERED MILK		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2016.12.31 Rs.000's	2015.12.31 Rs.000's	2016.12.31 Rs.000's	2015.12.31 Rs.000's	2016.12.31 Rs.000's	2015.12.31 Rs.000's	2016.12.31 Rs.000's	2015.12.31 Rs.000's	2016.12.31 Rs.000's	2015.12.31 Rs.000's
Total Revenue	1,610,188	1,798,952	2,745,621	2,331,208	364,085	281,506	(574,755)	(464,883)	4,145,139	3,946,783
Profit/(Loss) from operations	132,949	73,179	228,417	110,256	18,716	25,081	-	-	380,082	208,516
Net finance Income / (expenses)	12,409	(50,365)	(50,225)	(40,239)	(5,674)	(3,247)	-	-	(43,490)	(93,851)
Income tax expenses	(3,080)	(79)	(7,604)	(19)	(1,908)	-	-	-	(12,591)	(98)
Profit / (Loss) for the Period	142,278	22,735	170,588	69,998	11,134	21,834	-	-	324,001	114,567

NOTES TO THE FINANCIAL 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 the publication of Annual Report 2016.
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 31st December 2016
Mr. D. H.S Jayawardena	Nil
Mr. R.K Obeyesekere (Ceased to be a Director w.e.f 08th July	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 31st December		
			<u>2016.12.31</u>	<u>2015.12.31</u>
	Highest Price	Rs. Cts.	127.70	155.00
	Lowest Price	Rs. Cts.	117.00	120.00
	Last Traded Price	Rs. Cts.	119.00	135.00

10.	Twenty Major Shareholders			
			% ON TOTAL ISSUED	
	NAME OF THE SHAREHOLDER	NO OF SHARES		CAPITAL
	1. MILFORD EXPORTS (CEYLON) (PVT) LIMITED	13,426,540		33.57
	2. MELSTACORP LIMITED	6,710,084		16.78
	3. MILLS ENTERPRISES LIMITED	6,120,290		15.30
	4. MELLON BANK N.A- COMMONWEALTH OF MASSACHU	1,346,814		3.37
	5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,289,338		3.22
	6. E.W BALASURIYA & CO. (PVT) LTD	619,212		1.55
	7. YUSUF HUSSEINALLY ABDULHUSSEIN	601,933		1.50
	8. WALDOCK MACKENZIE LTD/MR H.M ABDULHUSSEIN	547,118		1.37
	9. MELLON BANK N.A- THE FRONTIER EMERGING MARKI	488,075		1.22
	10. RUKAIYA HUSSEINALLY ABDULHUSSEIN	400,000		1.00
	11. HUSSEINALLY MOHSINALLY ABDULHUSSEIN	280,266		0.70
	12. SAEMA ENAYAT LOKHANDWALLA	280,000		0.70
	13. COMMERCIAL BANK OF CEYLON PLC A/C No.04	250,000		0.63
	14. HALLSVILLE TRADING GROUP INC.	249,221		0.62
	15. J.B. COCOSHELL (PVT) LTD	242,399		0.61
	16. COMMERCIAL BANK OF CEYLON PLC/SITHIJAYA FUNE	235,492		0.59
	17. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	185,689		0.46
	18. DINESH NAGENDRA SELLAMUTTU	183,502		0.46
	19. PHILLIP SECURITIES PTE LTD	182,000		0.46
	20. GULAMHUSSEIN MOSHINALLY ABDULHUSSEIN	153,222		0.38
	SUB TOTAL	33,791,195		84.49
	OTHER SHAREHOLDERS	6,206,805		15.51
	GRAND TOTAL	39,998,000		100.00

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 31ST DECEMBER 2016 IS 34.35%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 31ST DECEMBER 2016 - 3244