



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2019



NESTLÉ LANKA PLC
STATEMENT OF COMPREHENSIVE INCOME

	Year to date Performance			Quarter Performance		
	2019	2018	%	Q3 2019	Q3 2018	%
<i>For the Period Ended 30 September</i>	Rs. '000s	Rs. '000s	Variance	Rs. '000s	Rs. '000s	Variance
Revenue	26,866,536	27,949,535	-3.9%	9,546,454	9,302,238	2.6%
Cost of Sales	(17,622,040)	(17,702,361)	-0.5%	(6,025,609)	(5,739,609)	5.0%
Gross Profit	9,244,496	10,247,174	-9.8%	3,520,845	3,562,629	-1.2%
Other Operating Expenses	(104,247)	(70,822)	47.2%	(42,251)	(58,855)	-28.2%
Marketing, Selling and Distribution Expenses	(4,171,788)	(4,557,495)	-8.5%	(1,470,291)	(1,536,900)	-4.3%
Administrative Expenses	(1,922,259)	(1,737,234)	10.7%	(668,299)	(591,975)	12.9%
Results from Operating Activities	3,046,202	3,881,623	-21.5%	1,340,004	1,374,899	-2.5%
Financial Income	26,528	32,223	-17.7%	12,625	13,801	-8.5%
Financial Expenses	(279,638)	(170,674)	63.8%	(95,076)	(81,861)	16.1%
Net Financing Expenses	(253,110)	(138,451)	82.8%	(82,451)	(68,060)	21.1%
Profit before Taxation	2,793,092	3,743,172	-25.4%	1,257,553	1,306,839	-3.8%
Income Tax Expense	(944,000)	(1,122,950)	-15.9%	(357,111)	(365,717)	-2.4%
Profit for the Period	1,849,092	2,620,222	-29.4%	900,442	941,122	-4.3%
Other Comprehensive Income/(Expenses)						
Gain / (Loss) on Cash Flow Hedges (Net of Tax)	25	(19,388)		10,013	(16,735)	
Total Comprehensive Income	1,849,117	2,600,834		910,455	924,387	
Basic Earnings Per Share (EPS.) Rs.	34.42	48.77		16.76	17.52	

Figures in brackets indicate deductions.
The figures are provisional and subject to audit


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Fabrice Cavallin
Managing Director


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Gurcharan Grover
Director Finance & Control

07 November 2019



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

AS AT :	30.09.2019	31.12.2018
	Rs. '000s	Rs. '000s
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,183,975	9,210,242
Capital Work-In-Progress	198,725	673,117
Other Non Current Assets	368,428	353,884
	<u>9,751,128</u>	<u>10,237,243</u>
Current Assets		
Inventories	3,504,290	2,987,844
Trade and Other Receivables	3,217,581	3,361,854
Amount Due from Related Parties	308,984	854,134
Cash and Cash Equivalents	296,760	217,731
	<u>7,327,615</u>	<u>7,421,563</u>
Total Assets	<u>17,078,743</u>	<u>17,658,806</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,260,744	5,097,901
	<u>4,797,999</u>	<u>5,635,156</u>
Non-Current Liabilities		
Retirement Benefit Obligations	452,620	390,700
Deferred Tax Liabilities	1,027,291	1,000,725
Non Current Provisions	421,434	289,459
Non Current Financial Liabilities	2,003,848	2,007,954
	<u>3,905,193</u>	<u>3,688,838</u>
Current Liabilities		
Trade and Other Payables	4,807,901	4,634,844
Amount Due to Related Parties	1,558,265	1,312,575
Current Tax Payable	594,782	681,215
Dividends Payable	187,262	182,004
Current Financial Liabilities	1,227,341	1,524,174
	<u>8,375,551</u>	<u>8,334,812</u>
Total Liabilities	<u>12,280,744</u>	<u>12,023,650</u>
Total Equity and Liabilities	<u>17,078,743</u>	<u>17,658,806</u>

The figures are provisional and subject to audit

AS AT (Rs.) :	30.06.2019	30.09.2019	31.12.2018
Net asset value per share-	Rs. 72.36	Rs. 89.31	Rs. 104.89
Market value per share during the quarter			
- Highest	1,680.00	1,510.00	1,797.00
- Lowest	1,450.00	1,300.00	1,600.00
- Last trade price (Date 28/06/2019, 27/09/2019 31/12/2018)	1,452.20	1,330.00	1,700.00

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Fabrice Cavallin
Managing Director
 07 November 2019

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Gurcharan Grover
Director Finance & Control



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 September</i>	2019 <i>Rs. '000s</i>	2018 <i>Rs. '000s</i>
Cash Flows from Operating Activities		
Profit before Taxation	2,793,092	3,743,172
Adjustments for ;		
Depreciation of Property, Plant and Equipment	771,815	539,903
(Gain)/Loss on sale of Property, Plant and Equipment	19,100	(12,737)
Amortization of Staff Loan	22,708	22,375
Interest Expense	279,638	166,892
Interest Income	(27,956)	(23,210)
Net Movement in Retirement Benefit Obligation	61,920	(47,386)
Operating Profit before Working Capital Changes	3,920,317	4,389,009
Working Capital Changes		
Increase in Inventories	(516,446)	(877,238)
Decrease / (Increase) in Trade and Other Receivables	118,193	(31,998)
Decrease in Amount due from Related Parties	545,150	218,945
Increase in Trade and Other Payables	199,185	37,384
Increase / (Decrease) in Amount due to Related Parties	249,362	(57,055)
Cash Generated from Operations	4,515,761	3,679,047
Income Tax Paid	(871,915)	(818,598)
Net Cash Flows Generated from Operating Activities	3,643,846	2,860,449
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(245,778)	(1,758,206)
Proceeds from Sale of Property, Plant and Equipment	5,305	28,243
Movement of other non current financial assets (net)	(14,544)	(30,374)
Net Cash Flows used in Investing Activities	(255,017)	(1,760,337)
Cash Flow from Financing Activities		
Receipt of Non Current Financial Debt	-	1,893,000
Payment of Lease Liabilities	(57,227)	(41,181)
Dividend Paid	(2,681,016)	(2,680,038)
Interest Paid	(283,588)	(296,828)
Interest Received	5,248	835
Net Cash Flows used in Financing Activities	(3,016,583)	(1,124,212)
Net Increase/ (Decrease) in Cash and Cash Equivalents	372,246	(24,100)
Cash and Cash Equivalent at beginning of Year	(1,225,301)	(2,407,609)
Cash and Cash Equivalent at End of the Period	(853,055)	(2,431,709)
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash in Hand and Balances with Bank	296,760	87,674
Current Financial Liabilities	(1,149,815)	(2,519,383)
[Excluding Short Term Lease Liability of 77,526 (2018 - 59,111)]	(853,055)	(2,431,709)

**Nestlé****NESTLÉ LANKA PLC****STATEMENT OF CHANGES IN EQUITY**

	Stated Capital Rs. '000s	Retained Earnings Rs. '000s	Other Equity Reserves Rs. '000s	Total Rs. '000s
Balance as at 1 January 2018	537,255	4,235,458	28,322	4,801,035
Total Comprehensive Income for 9 months ended 30 September 2018				
Profit for the Year	-	2,620,222	-	2,620,222
Other Comprehensive Income	-	-	(19,388)	(19,388)
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend for 2017	-	(1,343,137)	-	(1,343,137)
Final Dividend for 2017	-	(1,343,137)	-	(1,343,137)
Balance as at 30 September 2018	537,255	4,169,406	8,934	4,715,595
Total Comprehensive Income for 3 months ended 31 December 2018				
Profit for the Year	-	865,579	-	865,579
Other Comprehensive Income	-	-	53,982	53,982
Balance as at 31 December 2018	537,255	5,034,985	62,916	5,635,156
Total Comprehensive Income for 9 months ended 30 September 2019				
Profit for the Period	-	1,849,092	-	1,849,092
Other Comprehensive Income	-	-	25	25
Transactions with Owners of the Company Recognised Directly in Equity				
Interim Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Final Dividend for 2018	-	(1,343,137)	-	(1,343,137)
Balance as at 30 September 2019	537,255	4,197,803	62,941	4,797,999



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Interim Financial Statements for the period ended 30 September 2019

1. The Accounting policies and methods of computation followed in the Interim Financial Statements are the same as that of the latest year end Financial Statements.
2. The Stated Capital consists of 53,725,463 Ordinary shares.
3. **Events Occurring After the Reporting Date**
There have been no material events occurring after the reporting date that require adjustment or disclosure in the financial statements.
4. **Contingent Liability**
An Income Tax assessment for Rs. 33 million was issued on the Company for year of assessment 2016/17. The Company has already lodged a formal appeal to the Tax Appeal Commission, setting out our submissions and requesting for withdrawal of the assessment. The Company believes it has a strong case.

There have been no other material changes to the contingent liabilities since the last annual reporting period, other than those disclosed above.
5. **Net Financial Expenses**
Net Financial Expenses increased mainly due to the borrowings for significant Capital Expenditure and cessation of capitalization of borrowing costs on completion of a key project.
6. **Income Taxes**
With the application of New Inland Revenue Act w.e.f 01 April 2018, the Company's profit is liable to tax at 28%. Whereas, prior to 01 April 2018, qualifying export profits were taxed at a concessionary rate of 12%, profits from the Ready-To-Drink milk business were taxed at a concessionary rate of 10% and profits with respect to off-shore business earned in foreign currency were exempt from income tax. This has resulted in a significant increase in the overall tax cost of the company.
7. Comparative information has been reclassified where necessary, to confirm to current year's presentation.



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Additional Notes and other information

- Public Holding Percentage: 9.18%. Number of Public shareholders - 5,431
- Float Adjusted Market capitalization : Rs. 6,559,556,679.52
- As the floated adjusted market capitalization is over LKR 5 billion, Nestlé Lanka PLC complies under option 3 of Rule 7.13.1 (a) of Listing Rules
- The Directors of the company hold no shares in the Company except for Mr. Mahendra Dayananda, who holds 1,000 shares as at period closing.

Names and the number of shares held by the 20 major shareholders, and the percentages of such shares.

No	Names	No. of Shares	%
1	Nestlé S.A	48,793,746	90.82
2	Citibank New York S/A Norges Bank Account 2	493,037	0.92
3	RBC Investor Services Bank-Coeli Sicav I-Frontier Markets Fund	301,742	0.56
4	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49
5	Deutsche Bank AG-London	250,000	0.47
6	Miss Harnam Neesha Joint Mrs. Jashinderjit Kaur Piara Singh	200,000	0.37
7	SSBT- Deutsche Bank AG Singapore A/C 01	155,600	0.29
8	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
9	SEB AB -Tundra Sustainable Frontier Fund	105,252	0.20
10	Employees Provident Fund	100,000	0.19
11	BNYM RE-GHI Holdings Maruitius	75,000	0.14
12	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	74,179	0.14
13	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
14	Mrs. Jashinderjit Kaur Piara Singh	71,300	0.13
15	Colombo Investment Trust PLC	50,904	0.09
16	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
17	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
18	Mr. Maheswaran Radhakrishnan	36,671	0.07
19	Miss.Radhakrishnan Meenambigai Priyadarshini	36,667	0.07
20	Miss.Radhakrishnan Andal	36,667	0.07