



Good Food, Good Life

NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 JUNE 2020



NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period Ended 30 June (Unaudited)	Quarter Performance			Year to date Performance		
	Q2 2019 Rs.'000s	Q2 2020 Rs.'000s	% Variance	2019 Rs.'000s	2020 Rs.'000s	% Variance
Revenue	8,443,158	8,259,998	-2.2	17,320,082	17,430,132	0.6
Cost of Sales	(5,660,583)	(5,679,153)	0.3	(11,612,587)	(11,884,676)	2.3
Gross Profit	2,782,575	2,580,845	-7.2	5,707,495	5,545,456	-2.8
Other Operating Expenses	(44,252)	(15,296)	-65.4	(45,840)	(25,792)	-43.7
Marketing, Selling and Distribution Expenses	(1,344,584)	(942,640)	-29.9	(2,719,531)	(2,261,047)	-16.9
Administrative Expenses	(602,473)	(580,476)	-3.7	(1,235,926)	(1,263,039)	2.2
Results from Operating Activities	791,266	1,042,433	31.7	1,706,198	1,995,578	17.0
Net Finance Expenses	(77,803)	(66,106)	-15.0	(170,659)	(114,837)	-32.7
Profit before Taxation	713,463	976,327	36.8	1,535,539	1,880,741	22.5
Income Tax Expense	(337,712)	(381,420)	12.9	(586,889)	(641,533)	9.3
Profit for the Period	375,751	594,907	58.3	948,650	1,239,208	30.6
Other Comprehensive Income						
Gain / (Loss) on Cash Flow Hedges - Net of Tax	31,584	(3,836)	-112.1	(9,988)	(8,551)	-14.4
Total Comprehensive Income	407,335	591,071	45.1	938,662	1,230,657	31.1
Basic Earnings Per Share (EPS.) Rs.	6.99	11.07		17.66	23.07	

Figures in brackets indicate deductions.

.....
Fabrice Cavallin
Managing Director

.....
Gurcharan Grover
Director Finance & Control

11 August 2020

**NESTLÉ LANKA PLC****STATEMENT OF FINANCIAL POSITION**

<i>As at :</i>	31.12.2019	30.06.2020
	<i>Rs. '000s</i>	<i>Rs. '000s</i>
	<i>Audited</i>	<i>Unaudited</i>
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,012,305	8,603,476
Capital Work-In-Progress	377,235	363,546
Other Non-Current Assets	366,115	364,572
	<u>9,755,655</u>	<u>9,331,594</u>
Current Assets		
Inventories	3,486,130	4,613,240
Trade and Other Receivables	2,686,713	2,692,328
Amount Due from Related Parties	434,476	562,653
Cash in Hand and Balances with Bank	507,585	794,307
	<u>7,114,904</u>	<u>8,662,528</u>
Total Assets	<u>16,870,559</u>	<u>17,994,122</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	4,972,354	4,689,970
	<u>5,509,609</u>	<u>5,227,225</u>
Non-Current Liabilities		
Retirement Benefit Obligations	368,940	408,941
Deferred Tax Liabilities	997,439	1,076,297
Non-Current Provisions	421,434	524,090
Non-Current Financial Liabilities	1,984,029	1,962,106
	<u>3,771,842</u>	<u>3,971,434</u>
Current Liabilities		
Trade and Other Payables	4,951,225	5,866,524
Amount Due to Related Parties	805,046	1,327,466
Current Tax Payable	652,508	544,685
Dividends Payable	192,752	94,642
Current Financial Liabilities	987,577	962,146
	<u>7,589,108</u>	<u>8,795,463</u>
Total Liabilities	<u>11,360,950</u>	<u>12,766,897</u>
Total Equity and Liabilities	<u>16,870,559</u>	<u>17,994,122</u>
As at (Rs.):		
Net asset value per share	102.55	97.30
Market value per share during the quarter		
- Highest	1,439.70	1,100.00
- Lowest	1,150.00	985.00
- Last traded price (Date 31/12/2019, 30/06/2020)	1,299.80	1,082.00

.....
Fabrice Cavallin
Managing Director

.....
Garcharan Grover
Director Finance & Control

11 August 2020



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 June (Unaudited)</i>	2019 <i>Rs. '000s</i>	2020 <i>Rs. '000s</i>
Cash Flows from Operating Activities		
Profit before Taxation	1,535,539	1,880,741
Adjustments for :		
Depreciation of Property, Plant and Equipment	503,976	488,487
Loss on sale of Property, Plant and Equipment	16,155	821
Amortization of Staff Loan	15,543	24,793
Interest Expense	184,562	142,482
Interest Income	(19,999)	(27,770)
Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/Loss)	13,252	40,001
Operating Profit before Working Capital Changes	2,249,029	2,549,555
Working Capital Changes		
Increase in Inventories	(921,955)	(1,127,110)
Decrease/(Increase) in Trade and Other Receivables	371,789	(10,183)
Decrease / (Increase) in Amount due from Related Parties	381,049	(128,177)
Increase in Trade and Other Payables	722,413	909,694
Increase in Amount due to Related Parties	88,455	521,261
Cash Generated from Operations	2,890,780	2,715,040
Income Tax Paid	(597,652)	(566,221)
Net Cash Flows Generated from Operating Activities	2,293,128	2,148,819
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(146,630)	(67,629)
Proceeds from Sale of Property, Plant and Equipment	5,270	840
Movement of Other Non-Current Financial Assets	13,150	1,543
Net Cash Flows used in Investing Activities	(128,210)	(65,246)
Cash Flow from Financing Activities		
Payment of Lease Liabilities	(36,894)	(30,538)
Dividend Paid	(2,686,517)	(1,611,151)
Interest Paid	(189,129)	(141,807)
Interest Received	4,456	2,977
Net Cash Flows used in Financing Activities	(2,908,084)	(1,780,519)
Net Increase in Cash and Cash Equivalents	(743,167)	303,054
Cash and Cash Equivalents at the beginning of the period	(1,225,301)	(416,550)
Cash and Cash Equivalents at the end of the period	(1,968,468)	(113,496)
Analysis of Cash and Cash Equivalents at the end of the period		
Cash in Hand and Balances with Bank	149,349	794,307
Current Financial Liabilities	(2,117,817)	(907,803)
[Excluding Short Term Lease Liabilities of Rs. 54,343 (2019 - Rs. 63,442)]	(1,968,468)	(113,496)



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Retained Earnings	Other Equity Reserves *	Total
	Rs. '000s	Rs. '000s	Rs. '000s	Rs. '000s
Balance as at 1 January 2019 (Audited)	537,255	5,034,985	62,916	5,635,156
Total Comprehensive Income for 6 months ended 30 June 2019				
Profit for the Period	-	948,650	-	948,650
Other Comprehensive Income	-	-	(9,988)	(9,988)
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 June 2019 (Unaudited)	537,255	3,297,361	52,928	3,887,544
Total Comprehensive Income for 6 months ended 31 December 2019				
Profit for the Period	-	1,617,333	-	1,617,333
Other Comprehensive Income	-	-	4,732	4,732
Balance as at 31 December 2019 (Audited)	537,255	4,914,694	57,660	5,509,609
Total Comprehensive Income for 6 months ended 30 June 2020				
Profit for the Period	-	1,239,208	-	1,239,208
Other Comprehensive Income	-	-	(8,551)	(8,551)
Transactions with Owners of the Company Recognised Directly in Equity				
Unclaimed Dividend Write Back	-	98,723	-	98,723
Interim Dividend for 2019	-	(1,611,764)	-	(1,611,764)
Balance as at 30 June 2020 (Unaudited)	537,255	4,640,861	49,109	5,227,225

* Includes Actuarial Gain/(Loss) and Results of Cash Flow Hedges



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The Financial Statements of the Company for the interim period have been prepared on the same basis as the most recent audited Financial Statements and are in compliance with Sri Lanka Accounting Standard LKAS 34 Interim Financial Reporting.

2. The Stated Capital consists of 53,725,463 ordinary shares.

3. Impact due to the COVID – 19

The outbreak of COVID 19 has caused disruption to many business and economic activities across the globe including Sri Lanka. The Company has implemented all health & safety guidelines published by the Health Authorities in Sri Lanka and the World Health Organization for the safety of our workforce.

Quarterly sales was impacted due to the imposition of island wide curfew from 20th March that continued for a major part of the second quarter. The curfew had an adverse impact on the business operations consequent to the closure of distributor points, grocery stores, street channel, hotels and restaurants etc. in domestic market and exports. Consequently our factory was unable to operate in its full capacity and we optimized our capacity to cater essential food and beverage requirements of our consumers under strict health and safety measures. Alternative routes to the market including focus on home delivery through retail hubs, mobile stores and e-commerce platforms etc. were activated to ensure availability of the company's products to the consumers at their homes.

The Company has also proactively taken measures to reduce and defer all non-essential expenses under these turbulent times including temporarily deferring some capital expenditure while persevering cash flows.

4. Income Tax Expense

The Company has made provision for the income tax liability and deferred taxation at the standard rate of 28% as per the current Income Tax Act, No. 24 of 2017 since the proposed changes have not yet been enacted into the law.

5. Events Occurring After the Reporting Date

There are no material events occurring after the reporting that require an adjustment to the Financial Statements.

6. Contingent Liabilities

During the period under review, there was no material change in the nature of contingent liabilities which were disclosed in the Annual Report for the year ended 31 December 2019.

7. Fair Value Measurement and Related Disclosures

There were no significant differences in the comparison made between fair value and carrying value of financial assets and financial liabilities.

8. 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 - 5,540
- Float Adjusted Market capitalization as at 30 June 2020 : Rs. 5,336,421 (Rs'000)
As the floated adjusted market capitalization is over Rs. 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	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49
4	RBC Investor Services Bank-Coeli Sicav I-Frontier Markets Fund	251,742	0.47
5	Deutsche Bank AG-London	250,000	0.47
6	Miss Harnam Neesha Joint Mrs. Jasbinderjit Kaur Piara Singh	200,000	0.37
7	SSBT- Deutsche Bank AG Singapore A/C 02	155,600	0.29
8	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
9	Employees Provident Fund	100,000	0.19
10	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	82,311	0.15
11	BNYM RE-GHI Holdings Maruitius	75,000	0.14
12	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
13	Mrs. Jasbinderjit Kaur Piara Singh	71,300	0.13
14	Commercial Bank of Ceylon PLC/P.Subasinghe	67,300	0.13
15	Union Assurance PLC-Universal Life Fund	54,718	0.10
16	Colombo Investment Trust PLC	50,904	0.09
17	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
18	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
19	Mr. Maheswaran Radhakrishnan	36,671	0.07
20	Miss.Radhakrishnan Meenambigai Priyadarshini	36,667	0.07