



NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 December 2021




NESTLÉ LANKA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


For the Period Ended 31 December	Quarter Performance (Unaudited)			Year to date Performance (Audited)		
	Q4 2020	Q4 2021	%	2020	2021	%
	Rs. '000s	Rs. '000s	Change	Rs. '000s	Rs. '000s	Change
Revenue	9,939,581	12,503,847	25.8	37,866,215	45,420,119	19.9
Cost of Sales	(6,776,895)	(8,695,675)	28.3	(25,647,194)	(30,751,323)	19.9
Gross Profit	3,162,686	3,808,172	20.4	12,219,021	14,668,796	20.0
Other Operating Expenses	(4,503)	(13,871)	208.0	(56,654)	(35,777)	-36.9
Marketing, Selling and Distribution Expenses	(1,482,609)	(1,630,521)	10.0	(5,129,361)	(5,815,722)	13.4
Administrative Expenses	(655,629)	(676,729)	3.2	(2,536,100)	(2,554,050)	0.7
Results from Operating Activities	1,019,945	1,487,051	45.8	4,496,906	6,263,247	39.3
Net Finance Income/ (Expenses)	(43,120)	1,944	-104.5	(232,985)	(116,600)	-50.0
Profit before Taxation	976,825	1,488,995	52.4	4,263,921	6,146,647	44.2
Income Tax Expense	(286,317)	(261,171)	-8.8	(1,317,038)	(817,497)	-37.9
Profit for the Period	690,508	1,227,824	77.8	2,946,883	5,329,150	80.8
<u>Other Comprehensive Income - Net of Tax</u>						
Actuarial Gain/ (Loss) on Retirement Benefit Obligations	(81,007)	117,613	-245.2	(81,007)	108,513	-234.0
Gain/ (Loss) on Cash Flow Hedges	1,912	-	-100.0	(4,210)	1,054	-125.0
Total Comprehensive Income - Net of Tax	611,413	1,345,437	120.1	2,861,666	5,438,717	90.1
Basic Earnings Per Share (EPS.) Rs.	12.85	22.85		54.85	99.19	

Figures in brackets indicate deductions.

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Joselito Avancena
 Managing Director

18 February 2022

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Kumudu Dias
 Director Finance & Control


NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

As at :	31.12.2020	31.12.2021
	Rs. '000s	Rs. '000s
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	8,396,939	7,850,323
Capital Work-In-Progress	523,837	716,060
Other Non-Current Assets	349,027	321,761
	<u>9,269,803</u>	<u>8,888,144</u>
Current Assets		
Inventories	4,947,795	6,154,678
Trade and Other Receivables	2,045,837	2,187,972
Amount Due from Related Parties	440,332	873,080
Cash and Cash Equivalents	2,507,912	7,011,873
	<u>9,941,876</u>	<u>16,227,603</u>
Total Assets	<u>19,211,679</u>	<u>25,115,747</u>
EQUITY AND LIABILITIES		
Equity		
Stated Capital	537,255	537,255
Retained Earnings and Reserves	<u>5,396,528</u>	<u>7,897,398</u>
	<u>5,933,783</u>	<u>8,434,653</u>
Non-Current Liabilities		
Retirement Benefit Obligations	439,120	194,530
Deferred Tax Liabilities	1,036,119	724,596
Non-Current Provisions	524,089	1,023,596
Non-Current Financial Liabilities	84,460	5,417,887
	<u>2,083,788</u>	<u>7,360,609</u>
Current Liabilities		
Trade and Other Payables	6,225,296	6,417,646
Amount Due to Related Parties	1,893,087	1,988,465
Current Tax Payable	935,197	728,365
Dividends Payable	86,772	84,753
Current Financial Liabilities	<u>2,053,756</u>	<u>101,256</u>
	<u>11,194,108</u>	<u>9,320,485</u>
Total Liabilities	<u>13,277,896</u>	<u>16,681,094</u>
Total Equity and Liabilities	<u>19,211,679</u>	<u>25,115,747</u>
As at (Rs.) :		
Net asset value per share	<u>110.45</u>	<u>157.00</u>
Market value per share during the quarter		
- Highest	1,348.90	1,330.00
- Lowest	1,040.00	1,200.00
- Last traded price (Date 31/12/2020, 31/12/2021)	1,275.00	1,215.50
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Joselito Avancena Managing Director	Kumudu Dias Director Finance & Control	
18 February 2022		



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 31 December</i>	2020 <i>Rs. '000s</i>	2021 <i>Rs. '000s</i>
Cash Flows from Operating Activities		
<i>Profit before Taxation</i>	4,263,921	6,146,647
Adjustments for :		
<i>Depreciation of Property, Plant and Equipment</i>	968,272	973,386
<i>Loss/ (Gain) on sale of Property, Plant and Equipment</i>	2,205	(47,597)
<i>Imputed Interest cost of Staff Loan</i>	31,731	27,864
<i>Interest Expense</i>	270,314	189,347
<i>Interest Income</i>	(39,170)	(63,647)
<i>Movement of Retirement Benefit Obligation (Excluding Actuarial Gain/ Loss)</i>	(42,330)	(105,920)
Operating Profit before Working Capital Changes	5,454,943	7,120,080
Working Capital Changes		
<i>(Increase)/ Decrease in Inventories</i>	(1,461,665)	(1,206,883)
<i>(Increase)/ Decrease in Trade and Other Receivables</i>	636,894	(149,883)
<i>(Increase)/ Decrease in Amount due from Related Parties</i>	(5,856)	(432,748)
<i>Increase/ (Decrease) in Trade and Other Payables</i>	1,249,597	224,639
<i>Increase/ (Decrease) in Amount due to Related Parties</i>	1,086,329	93,497
Cash Generated from Operations	6,960,242	5,648,702
<i>Income Tax Paid</i>	(859,873)	(866,912)
Net Cash Flows Generated from Operating Activities	6,100,369	4,781,790
Cash Flow from Investing Activities		
<i>Investment in Property, Plant and Equipment</i>	(413,148)	(599,245)
<i>Proceeds from Sale of Property, Plant and Equipment</i>	840	26,858
<i>Movement of Other Non-Current Financial Assets</i>	17,088	27,266
Net Cash Flows used in Investing Activities	(395,220)	(545,121)
Cash Flow from Financing Activities		
<i>Loans Obtained from Related Parties</i>	-	5,373,200
<i>Repayment of Loans Obtained from Related Parties</i>	-	(1,893,000)
<i>Payment of Lease Liabilities</i>	(65,887)	(80,660)
<i>Dividend Paid</i>	(2,543,473)	(2,939,866)
<i>Interest Paid</i>	(265,547)	(174,656)
<i>Interest Received</i>	7,439	25,501
Net Cash Flows Generated from/ (Used in) Financing Activities	(2,867,468)	310,519
Net Increase in Cash and Cash Equivalents	2,837,681	4,547,188
<i>Effect of Exchange Rate changes on Cash and Cash Equivalents</i>	(3,017)	10,282
<i>Cash and Cash Equivalents at the Beginning of the Year</i>	(416,550)	2,418,114
Cash and Cash Equivalents at the End of the Year	2,418,114	6,975,584
Analysis of Cash and Cash Equivalents at the End of the Year		
<i>Cash and Cash Equivalents in the Statement of Financial Position</i>	2,507,912	7,011,873
<i>Current Financial Liabilities for the purpose of the Statement of Cash Flows</i> <small>[Excluding Short Term Lease Liabilities of Rs. 64,967 (2020 - Short Term Lease Liabilities Rs. 70,958 and Loan from Related Party)]</small>	(89,798)	(36,289)
Cash and Cash Equivalents in the Statement of Cash Flows	2,418,114	6,975,584



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	<i>Stated Capital</i>	<i>Retained Earnings</i>	<i>Other Equity Reserves *</i>	<i>Total</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>
Balance as at 1 January 2020 (Audited)	537,255	4,925,608	46,746	5,509,609
Total Comprehensive Income for the year				
<i>Profit for the Period</i>	-	2,946,883	-	2,946,883
<i>Other Comprehensive Income/ (Expenses)</i>	-	-	(85,217)	(85,217)
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend Written Back</i>	-	114,467	-	114,467
<i>Interim Dividend</i>	-	(1,611,764)	-	(1,611,764)
<i>Final Dividend</i>	-	(940,195)	-	(940,195)
Balance as at 31 December 2020 (Audited)	537,255	5,434,999	(38,471)	5,933,783
Balance as at 1 January 2021	537,255	5,434,999	(38,471)	5,933,783
Total Comprehensive Income for the year				
<i>Profit for the Period</i>	-	5,329,150	-	5,329,150
<i>Other Comprehensive Income/ (Expenses)</i>	-	-	109,567	109,567
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Unclaimed Dividend Written Back</i>	-	17,053	-	17,053
<i>Interim Dividend</i>	-	(1,880,391)	-	(1,880,391)
<i>Final Dividend</i>	-	(1,074,509)	-	(1,074,509)
Balance as at 31 December 2021 (Audited)	537,255	7,826,302	71,096	8,434,653

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



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

1. The Interim Financial Statements have been prepared in accordance with Sri Lanka Accounting Standard - LKAS 34 Interim Financial Reporting and other applicable Sri Lanka Accounting Standards.

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

3. Impact due to the COVID – 19

The outbreak of COVID 19 has continued to cause disruptions to many businesses and economic activities in 2021 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.

The Company has also proactively taken measures to reduce all non-essential expenses including deferral of non critical CAPEX during these turbulent times in order to preserve cash flows.

4. Income Tax Expense

The Company has used new tax rates introduced in the Inland Revenue (amendment) Act No. 10 of 2021 certified on 13 May 2021, (with retrospective effect from 01 Jan 2020) for the income and deferred taxation.

Accordingly, 18% for Manufacturing Business Profits, 14% for Export Profits and 24% for Trading and Other Income has been used as against the previous standard rate of 28%. The resultant impact has been recognised in Statement of Profit or Loss and Other Comprehensive Income.

5. Company has obtained a USD denominated loan from Nestlé Treasury Center - Middle East and Africa Ltd during the quarter amounting to Rs. 5.4 Bn (USD 26.6 Mn), in order to fund operational foreign currency requirements. This was approved by the Related Party Transactions Review Committee meeting held on 22 September 2021.

6. Events Occurring After the Reporting Date

The Board of Directors have declared an interim dividend of Rs. 20.00 per share on 18 February 2022 and have also proposed a final dividend of Rs. 35.00 per share for the year ended 31 December 2021; subject to approval by the shareholders at the upcoming Annual General Meeting.

Further, the Government of Sri Lanka in its Budget for 2022 has proposed a one-time tax, referred to as a surcharge tax of 25% to be imposed on companies that have earned a taxable income in excess of Rs. 2.0 Bn for the year of assessment 2020/2021. The proposed tax should be deemed an expenditure in the financial statements relating to the year of assessment 2020/2021. The Bill introducing the proposed tax was published after the reporting period and it has not been placed on the Order Paper of the Parliament for its first reading before the date these financial statements were authorised for issue. The proposed tax has not been substantively enacted by the end of the reporting period. Therefore, the financial statements have not been adjusted to reflect the consequences of this proposal.

Except for above, there are no material events occurring after the reporting date that require a disclosure or an adjustment to the Financial Statements.

7. Contingent Liabilities

There are no material contingent liabilities as at 31 December 2021.

8. 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 liabilities.

9. 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 - 8.05%, Number of public shareholders - 5,911
- Float Adjusted Market capitalization as at 31 December 2021 : Rs. 5,265,916 (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.	49,400,234	91.95
2	Sri Lanka Insurance Corporation Ltd - Life Fund	264,404	0.49
3	Miss Harnam Neesha Joint Mrs. Jasbinderjit Kaur Piara Singh	200,000	0.37
4	Deutsche Bank AG Singapore A/C2 (DCS CLT Acc For Deutsche Bank Ag Singapore - PWM WM Client)	154,297	0.29
5	Seylan Bank PLC/ W D N H Perera	149,878	0.28
6	SSBT- Al Mehwar Commercial Investments L.L.C	144,758	0.27
7	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	141,342	0.26
8	BPSS SIN-BNP PARIBAS ARBITRAGE S.N.C.	135,067	0.25
9	Employees Provident Fund	100,000	0.19
10	Ceylon Investment PLC	85,000	0.16
11	BNYM RE-GHI Holdings Maruitius	75,000	0.14
12	Mrs. Jasbinderjit Kaur Piara Singh	74,661	0.14
13	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	61,980	0.12
14	Ceylon Guardian Investment Trust PLC	60,400	0.11
15	Mr. Udeshi Harin Noraji	60,000	0.11
16	Colombo Investment Trust PLC	50,904	0.09
17	Fairfirst Insurance Limited - Technical Reserve	50,000	0.09
18	Mr. Udeshi Morarji Meghji Joint Mrs. Asha Ajay Merchant	45,000	0.08
19	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
20	Miss. M.P. Radhakrishnan Meenambigai Priyadarshini	36,667	0.07