



Nestlé

Good Food, Good Life

**NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
30 JUNE 2018**




NESTLÉ LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

<i>For the Period Ended 30 June</i>	<i>Quarter Performance</i>				
	<i>2018</i>	<i>Restated</i>	<i>Year to</i>	<i>Q2 2018</i>	<i>Restated</i>
	<i>Rs. '000s</i>	<i>2017</i>	<i>date %</i>	<i>Rs. '000s</i>	<i>Q2 2017</i>
		<i>Rs. '000s</i>	<i>Variance</i>		<i>Rs. '000s</i>
<i>Revenue</i>	18,649,066	17,987,095	3.7%	9,030,231	8,599,183
<i>Cost of Sales</i>	(11,761,440)	(11,597,919)	1.4%	(5,698,460)	(5,579,696)
<i>Gross Profit</i>	6,887,626	6,389,176	7.8%	3,331,771	3,019,487
<i>Other Operating Expenses</i>	(15,168)	(31,774)	-52.3%	(638)	(13,790)
<i>Marketing, Selling and Distribution Expenses</i>	(3,144,868)	(3,000,721)	4.8%	(1,459,162)	(1,337,029)
<i>Administrative Expenses</i>	(1,220,866)	(1,165,162)	4.8%	(624,972)	(598,787)
<i>Results from Operating Activities</i>	2,506,724	2,191,519	14.4%	1,246,999	1,069,881
<i>Financial Income</i>	18,422	17,967	2.5%	9,861	7,770
<i>Financial Expenses</i>	(88,813)	(66,761)	33.0%	(70,158)	(51,720)
<i>Net Financing Expenses</i>	(70,391)	(48,794)	44.3%	(60,297)	(43,950)
<i>Profit before Taxation</i>	2,436,333	2,142,725	13.7%	1,186,702	1,025,931
<i>Income Tax Expenses</i>	(757,233)	(500,575)	51.3%	(451,300)	(246,479)
<i>Profit for the Period</i>	1,679,100	1,642,150	2.3%	735,402	779,452
<u>Other Comprehensive Expenses</u>					
<i>Net Loss on Cash Flow Hedges</i>	(2,653)	-		(2,653)	-
<i>Total Comprehensive Income</i>	1,676,447	1,642,150		732,749	779,452
<i>Basic Earnings Per Share (EPS.) Rs.</i>	31.25	30.57		13.69	14.51

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


Shivani Hegde
Managing Director

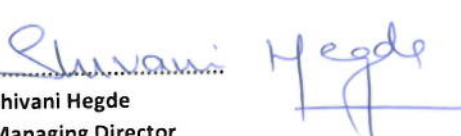
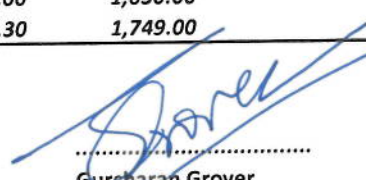

Gurcharan Grover
Director Finance & Control

09 August 2018



NESTLÉ LANKA PLC

STATEMENT OF FINANCIAL POSITION

AS AT :	30.06.2018	Restated 31.12.2017	Restated 01.01.2017
	Rs. '000s	Rs. '000s	Rs. '000s
ASSETS			
Non-Current Assets			
Property Plant and Equipment	5,471,541	5,365,507	5,633,264
Capital Work-In-Progress	3,466,929	2,485,503	455,619
Other Non Current Assets	341,714	319,211	320,493
	9,280,184	8,170,221	6,409,376
Current Assets			
Inventories	3,709,931	2,869,614	3,935,497
Trade and Other Receivables	3,383,378	3,646,578	2,409,092
Amount Due from Related Parties	560,964	761,444	247,957
Cash and Cash Equivalents	129,257	128,678	393,328
	7,783,530	7,406,314	6,985,874
Total Assets	17,063,714	15,576,535	13,395,250
EQUITY AND LIABILITIES			
Equity			
Stated Capital	537,255	537,255	537,255
Retained Earnings	3,253,953	4,263,780	4,931,931
	3,791,208	4,801,035	5,469,186
Non-Current Liabilities			
Retirement Benefit Obligations	394,289	454,190	464,750
Deferred Tax Liabilities	839,785	839,404	802,306
Medium and Long Term Provisions	289,459	190,220	-
Non Current Financial Debts	2,006,092	11,894	35,088
	3,529,625	1,495,708	1,302,144
Current Liabilities			
Trade and Other Payables	4,646,108	4,770,211	4,368,214
Amount Due to Related Parties	912,461	1,220,045	899,085
Current Tax Payable	656,481	529,404	806,163
Dividends Payable	166,705	167,932	151,061
Current Financial Debts	3,361,126	2,592,200	399,397
	9,742,881	9,279,792	6,623,920
Total Liabilities	13,272,506	10,775,500	7,926,064
Total Equity and Liabilities	17,063,714	15,576,535	13,395,250
<i>The figures are provisional and subject to audit</i>			
AS AT (Rs.):	30.06.2018	31.03.2018	
Net asset value per share-	Rs. 70.57	Rs. 81.93	
Market value per share recorded during the quarter			
- Highest	1,800.00	1,899.00	
- Lowest	1,650.00	1,630.00	
- Last trade price (Date 29/06/2018 , 30/03/2018)	1,743.30	1,749.00	
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">  Shivani Hegde Managing Director 09 August 2018 </div> <div style="text-align: center;">  Gurcharan Grover Director Finance & Control </div> </div>			



NESTLÉ LANKA PLC

STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 June</i>	2018	Restated
	Rs. '000s	2017
		Rs. '000s
Cash Flow from Operating Activities		
Profit before Taxation	2,436,333	2,142,725
Adjustments for ;		
Depreciation	360,748	357,757
Gain on sale of Property Plant and Equipment	(15,535)	(2,187)
Amortization of Staff Loan Interest	15,289	14,180
Interest Expense	87,790	61,241
Interest Income	(15,979)	(15,541)
Provision for Obsolete Inventories and Inventory Written Off	86,491	71,326
Provision / (Reversal) for Impairment of Trade Receivable	(2,161)	20,772
Provision for Retirement Benefit Obligation	52,080	51,330
Operating Profit before Working Capital Changes	3,005,056	2,701,603
Working Capital Changes		
(Increase) / Decrease in Inventories	(926,808)	597,481
(Increase) / Decrease in Trade and Other Receivables	265,361	(955,357)
(Increase) / Decrease in Amounts due from Related Parties	200,480	(92,758)
Decrease in Trade and Other Payables	(126,757)	(566,583)
(Decrease) / Increase in Amounts due to Related Parties	(307,584)	103,912
Cash Generated from Operations	2,109,748	1,788,298
Interest Paid	(177,852)	(61,241)
Income Tax Paid	(530,535)	(599,134)
Retirement Benefit Obligation Paid	(111,981)	(163,628)
Net Cash Flows Generated from Operating Activities	1,289,380	964,295
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(1,370,857)	(280,830)
Proceeds from Sale of Property, Plant and Equipment	28,245	1,969
(Purchase) / disposal of other non current financial assets (net)	(22,503)	13,762
Interest Received	690	1,361
Net Cash Flows used in Investing Activities	(1,364,425)	(263,738)
Cash Flow from Financing Activities		
Receipt / (Payment) of Non Current Financial Debt	1,994,198	(22,830)
Dividend Paid	(2,687,500)	(4,298,934)
Net Cash Flows used in Financing Activities	(693,302)	(4,321,764)
Net Decrease in Cash and Cash Equivalents	(768,347)	(3,621,207)
Cash and Cash Equivalent at beginning of Year	(2,463,522)	(6,068)
Cash and Cash Equivalent at End of the Period	(3,231,869)	(3,627,275)
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash in Hand and Balances with Bank	129,257	49,605
Current Financial Debts	(3,361,126)	(3,676,880)
	(3,231,869)	(3,627,275)



NESTLÉ LANKA PLC

STATEMENT OF CHANGES IN EQUITY

	<i>Stated Capital</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>
<i>Balance as at 01 January 2017, As previously Reported</i>	537,255	4,945,319	5,482,574
<i>Impact of Change in Accounting Policy - SLFRS 16 Leases</i>	-	(13,388)	(13,388)
Adjusted Balance as at 01 January 2017	537,255	4,931,931	5,469,186
<i>Net profit (Restated) for the 6 months ended 30 June 2017</i>	-	1,642,150	1,642,150
<i>Interim Dividend for 2016</i>	-	(2,149,019)	(2,149,019)
<i>Final Dividend for 2016</i>	-	(2,149,019)	(2,149,019)
Balance as at 30 June 2017	537,255	2,276,043	2,813,298
<i>Net profit (Restated) for the 6 months ended 31 Dec 2017</i>	-	1,993,691	1,993,691
<i>Other Comprehensive Expenses</i>	-	(5,954)	(5,954)
Balance as at 31 December 2017	537,255	4,263,780	4,801,035
Balance as at 01 January 2018	537,255	4,263,780	4,801,035
<i>Net profit for the 6 months ended 30 June 2018</i>	-	1,679,100	1,679,100
<i>Interim Dividend for 2017</i>	-	(1,343,137)	(1,343,137)
<i>Final Dividend for 2017</i>	-	(1,343,137)	(1,343,137)
<i>Other Comprehensive Expenses</i>	-	(2,653)	(2,653)
Balance as at 30 June 2018	537,255	3,253,953	3,791,208



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Notes to the 30 June 2018 Interim Financial Statements

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, other than following :

SLFRS 09 - Financial Instruments

- The Company has adopted SLFRS 09 - *Financial Instruments* from 1 January 2018, using the retrospective approach except for Hedge Accounting, and has no material impact on the Company's results and the financial position.

SLFRS 15 - Revenue from Contracts with Customers

- The Company has adopted SLFRS 15 - *Revenue from Contracts with Customers* from 1 January 2018, using the full retrospective approach, and has no material impact on the Company's results and the financial position.

SLFRS 16 - Leases

- The Company has early adopted SLFRS 16 - *Leases* from 1 January 2018, using the full retrospective approach with restatement of comparative information and has no material impact on the Company's results and the financial position.

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

3. Events Occurring After the Reporting Date

There were 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. 24 million was issued on the Company for year of assessment 2015/16. Company is in the process of lodging a formal appeal to the Commissioner General of Inland Revenue, 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. Income Taxes

With the application of New Inland Revenue 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.

6. Non Current Financial Debts

Company has obtained a loan from Nestlé Treasury Center - Middle East and Africa Ltd during the quarter amounting to LKR 1.89 billion (USD 12.0 million), in order to fund ongoing Capital Expenditure. This was approved by the Related Party Transactions Review Committee meeting held on 22 February 2018.

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 - 5,363.
- Float Adjusted Market capitalization : Rs. 8,137,795,881
- 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	Citi Bank New York S/A Norges Bank Account 2	493,037	0.92
3	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	308,500	0.57
4	Deutsche Bank AG-London	250,000	0.47
5	SEB AB-Tundra Frontier Opportunities Fund	206,537	0.38
6	Ms. Neesha Harnam	200,000	0.37
7	Sri Lanka Insurance Corporation Ltd - Life Fund	180,466	0.34
8	HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C 01	155,600	0.29
9	HSBC International Nominees Limited - SSBT - Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	128,076	0.24
10	HSBC International Nominees Limited - BBH - Fidelity Funds	107,209	0.20
11	Employees Provident Fund	100,000	0.19
12	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	69,551	0.13
13	Mrs. Singh Jasbinderjit Kaur Piara	69,300	0.13
14	HSBC International Nominees Limited -UBS AG Singapore Branch (EX SBC)	56,147	0.10
15	Colombo Investment Trust PLC	50,904	0.09
16	HSBC International Nominees Limited - SSBT - Russell Investments Institutional Funds Public Limited Company	49,151	0.09
17	Mrs. Merchant Asha Ajay	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