



Nestlé

Good Food, Good Life

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

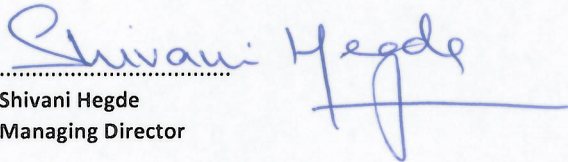


NESTLÉ LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 September	Quarter Performance				
	2018 Rs. '000s	Restated 2017 Rs. '000s	Year to date % Variance	Q3 2018 Rs. '000s	Restated Q3 2017 Rs. '000s
Revenue	27,949,535	27,624,093	1.2%	9,300,469	9,636,998
Cost of Sales	(17,350,846)	(17,953,863)	-3.4%	(5,589,406)	(6,355,944)
Gross Profit	10,598,689	9,670,230	9.6%	3,711,063	3,281,054
Other Operating Expenses	(94,480)	(46,625)	102.6%	(79,312)	(14,851)
Marketing, Selling and Distribution Expenses	(4,754,006)	(4,542,380)	4.7%	(1,609,138)	(1,541,659)
Administrative Expenses	(1,868,580)	(1,764,352)	5.9%	(647,714)	(599,190)
Results from Operating Activities	3,881,623	3,316,873	17.0%	1,374,899	1,125,354
Financial Income	32,223	24,545	31.3%	13,801	6,578
Financial Expenses	(170,674)	(137,571)	24.1%	(81,861)	(70,810)
Net Financing Expenses	(138,451)	(113,026)	22.5%	(68,060)	(64,232)
Profit before Taxation	3,743,172	3,203,847	16.8%	1,306,839	1,061,122
Income Tax Expenses	(1,122,950)	(747,339)	50.3%	(365,717)	(246,764)
Profit for the Period	2,620,222	2,456,508	6.7%	941,122	814,358
Other Comprehensive Expenses					
Net Loss on Cash Flow Hedges	(19,388)	-		(16,735)	-
Total Comprehensive Income	2,600,834	2,456,508		924,387	814,358
Basic Earnings Per Share (EPS.) Rs.	48.77	45.72		17.52	15.16

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


Shivani Hegde
Managing Director

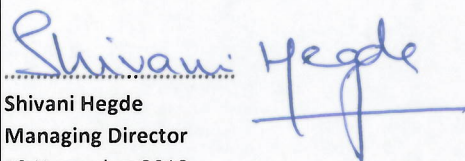

Gurcharan Grover
Director Finance & Control

13 November 2018



NESTLÉ LANKA PLC
STATEMENT OF FINANCIAL POSITION

AS AT :	30.09.2018	Restated 31.12.2017	Restated 01.01.2017
	Rs. '000s	Rs. '000s	Rs. '000s
ASSETS			
Non-Current Assets			
Property Plant and Equipment	5,364,513	5,365,507	5,633,264
Capital Work-In-Progress	3,957,007	2,485,503	455,619
Other Non Current Assets	349,585	319,211	320,493
	9,671,105	8,170,221	6,409,376
Current Assets			
Inventories	3,746,852	2,869,614	3,935,497
Trade and Other Receivables	3,678,576	3,646,578	2,409,092
Amount Due from Related Parties	542,499	761,444	247,957
Cash and Cash Equivalents	87,674	128,678	393,328
	8,055,601	7,406,314	6,985,874
Total Assets	17,726,706	15,576,535	13,395,250
EQUITY AND LIABILITIES			
Equity			
Stated Capital	537,255	537,255	537,255
Retained Earnings	4,178,340	4,263,780	4,931,931
	4,715,595	4,801,035	5,469,186
Non-Current Liabilities			
Retirement Benefit Obligations	406,804	454,190	464,750
Deferred Tax Liabilities	798,126	839,404	802,306
Medium and Long Term Provisions	289,459	190,220	-
Non Current Financial Debts	1,998,292	11,894	35,088
	3,492,681	1,495,708	1,302,144
Current Liabilities			
Trade and Other Payables	4,826,980	4,770,211	4,368,214
Amount Due to Related Parties	1,162,990	1,220,045	899,085
Current Tax Payable	775,798	529,404	806,163
Dividends Payable	174,168	167,932	151,061
Current Financial Debts	2,578,494	2,592,200	399,397
	9,518,430	9,279,792	6,623,920
Total Liabilities	13,011,111	10,775,500	7,926,064
Total Equity and Liabilities	17,726,706	15,576,535	13,395,250
<i>The figures are provisional and subject to audit</i>			
AS AT (Rs.) :	30.09.2018	30.06.2018	
Net asset value per share-	Rs. 87.77	Rs. 70.57	
Market value per share recorded during the quarter			
- Highest	1,849.90	1,800.00	
- Lowest	1,625.00	1,650.00	
- Last trade price (Date 29/09/2018, 29/06/2018)	1,649.90	1,743.30	


Shivani Hegde
Managing Director
13 November 2018


Gurcharan Grover
Director Finance & Control



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

<i>For the Period Ended 30 September</i>	2018	Restated
	Rs. '000s	2017
		Rs. '000s
Cash Flow from Operating Activities		
Profit before Taxation	3,743,172	3,203,847
Adjustments for ;		
Depreciation	539,903	539,714
(Gain)/Loss on sale of Property Plant and Equipment	(12,737)	8,371
Amortization of Staff Loan Interest	22,375	20,933
Interest Expense	166,892	129,320
Interest Income	(23,210)	(22,376)
Provision for Obsolete Inventories and Inventory Written Off	164,502	118,113
Provision / (Reversal) for Impairment of Trade Receivable	13,003	29,730
Provision for Retirement Benefit Obligation	78,120	77,082
Operating Profit before Working Capital Changes	4,692,020	4,104,734
Working Capital Changes		
(Increase) / Decrease in Inventories	(1,041,740)	1,090,064
Increase in Trade and Other Receivables	(45,001)	(1,353,703)
(Increase) / Decrease in Amounts due from Related Parties	218,945	(150,614)
Increase / (Decrease) in Trade and Other Payables	37,384	(258,558)
Increase / (Decrease) in Amounts due to Related Parties	(57,055)	56,247
Cash Generated from Operations	3,804,553	3,488,170
Interest Paid	(297,164)	(129,320)
Income Tax Paid	(818,598)	(827,202)
Retirement Benefit Obligation Paid	(125,506)	(127,427)
Net Cash Flows Generated from Operating Activities	2,563,285	2,404,221
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(1,895,647)	(1,073,972)
Proceeds from Sale of Property, Plant and Equipment	28,243	3,552
(Purchase) / disposal of other non current financial assets (net)	(30,374)	(9,229)
Interest Received	835	1,443
Net Cash Flows used in Investing Activities	(1,896,943)	(1,078,206)
Cash Flow from Financing Activities		
Receipt / (Payment) of Non Current Financial Debt	1,986,398	(16,713)
Dividend Paid	(2,680,038)	(4,290,775)
Net Cash Flows used in Financing Activities	(693,640)	(4,307,488)
Net Decrease in Cash and Cash Equivalents	(27,298)	(2,981,473)
Cash and Cash Equivalent at beginning of Year	(2,463,522)	(6,068)
Cash and Cash Equivalent at End of the Period	(2,490,820)	(2,987,541)
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash in Hand and Balances with Bank	87,674	64,380
Current Financial Debts	(2,578,494)	(3,051,921)
	(2,490,820)	(2,987,541)



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)
<i>Adjusted Balance as at 01 January 2017</i>	537,255	4,931,931	5,469,186
<i>Net profit (Restated) for the 9 months ended 30 Sep 2017</i>	-	2,456,508	2,456,508
<i>Interim Dividend for 2016</i>	-	(2,149,019)	(2,149,019)
<i>Final Dividend for 2016</i>	-	(2,149,019)	(2,149,019)
<i>Balance as at 30 September 2017</i>	537,255	3,090,401	3,627,656
<i>Net profit (Restated) for the 3 months ended 31 Dec 2017</i>	-	1,179,333	1,179,333
<i>Other Comprehensive Expenses</i>	-	(5,954)	(5,954)
<i>Balance as at 31 December 2017</i>	537,255	4,263,780	4,801,035
<i>Balance as at 01 January 2018</i>	537,255	4,263,780	4,801,035
<i>Net profit for the 9 months ended 30 Sep 2018</i>	-	2,620,222	2,620,222
<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>	-	(19,388)	(19,388)
<i>Balance as at 30 September 2018</i>	537,255	4,178,340	4,715,595



NESTLÉ LANKA PLC

NOTES TO THE FINANCIAL STATEMENTS

Notes to the 30 September 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 the 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. This change 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. This change 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. This change 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. A formal appeal to the Commissioner General of Inland Revenue has already been lodged, 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. This has resulted an increase in the effective rate of Income Taxes.

6. Non Current Financial Debts

Company has obtained a loan from Nestlé Treasury Center - Middle East and Africa Ltd during the second 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 - 5,342.
- Float Adjusted Market capitalization : Rs. 8,137,302,681
- 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	Ms. Neesha Harnam	200,000	0.37
6	Sri Lanka Insurance Corporation Ltd - Life Fund	180,466	0.34
7	HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C 01	155,600	0.29
8	SEB AB-Tundra Frontier Opportunities Fund	126,537	0.24
9	BBH - Fidelity Funds	107,209	0.20
10	Employees Provident Fund	100,000	0.19
11	HINL-SSBT - Al Mehwar Commercial Investments L.L.LC	80,000	0.15
12	BNYH RE-GHI Holdings Maruitius	75,000	0.14
13	HSBC International Nominees Limited - SSBT - Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
14	Union Assurance PLC / Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	69,551	0.13
15	Mrs. Singh Jasbinderjit Kaur Piara	69,300	0.13
16	Mr. Subasinghe Prabhash	58,338	0.11
17	Colombo Investment Trust PLC	50,904	0.09
18	HSBC International Nominees Limited - SSBT - Russell Investments Institutional Funds Public Limited Company	49,151	0.09
19	Mr.Udeshi Morarjinnmeghji Joint Mrs. Merchant Asha Ajay	45,000	0.08
20	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08