



NESTLÉ LANKA PLC
INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2018



NESTLÉ LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December	Quarter Performance				
	2018 Rs. '000s	Restated 2017 Rs. '000s	Year to date % Variance	Q4 2018 Rs. '000s	Restated Q4 2017 Rs. '000s
Revenue	37,336,943	37,601,472	-0.7%	9,387,408	9,977,379
Cost of Sales	(23,486,542)	(24,525,485)	-4.2%	(5,904,265)	(6,416,602)
Gross Profit	13,850,401	13,075,987	5.9%	3,483,143	3,560,777
Other Operating Expenses	(134,510)	(45,336)	196.7%	(63,688)	1,289
Marketing, Selling and Distribution Expenses	(6,085,584)	(5,827,929)	4.4%	(1,500,201)	(1,408,650)
Administrative Expenses	(2,482,926)	(2,314,740)	7.3%	(653,496)	(582,308)
Results from Operating Activities	5,147,381	4,887,982	5.3%	1,265,758	1,571,108
Financial Income	45,606	30,050	51.8%	13,383	5,505
Financial Expenses	(251,530)	(183,360)	37.2%	(80,856)	(45,789)
Net Financing Expenses	(205,924)	(153,310)	34.3%	(67,473)	(40,284)
Profit before Taxation	4,941,457	4,734,672	4.4%	1,198,285	1,530,824
Income Tax Expenses	(1,455,656)	(1,098,831)	32.5%	(332,706)	(351,492)
Profit for the Period	3,485,801	3,635,841	-4.1%	865,579	1,179,332
Other Comprehensive Income/(Expenses)					
Actuarial gain / (loss) for the year (Net of Tax)	34,783	(5,954)		34,783	(5,954)
Gain / (Loss) on Cash Flow Hedges (Net of Tax)	(189)	-		19,199	-
Total Comprehensive Income	3,520,395	3,629,887		919,561	1,173,378
Basic Earnings Per Share (EPS.) Rs.	64.88	67.67		16.11	21.95

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

.....
Fabrice Cavallin
Managing Director

.....
Gurcharan Grover
Director Finance & Control

21 February 2019



NESTLÉ LANKA PLC

STATEMENT OF FINANCIAL POSITION

AS AT :	31.12.2018	Restated 31.12.2017	Restated 01.01.2017
	Rs. '000s	Rs. '000s	Rs. '000s
ASSETS			
Non-Current Assets			
Property Plant and Equipment	9,210,242	5,365,507	5,633,264
Capital Work-In-Progress	673,117	2,485,503	455,619
Other Non Current Assets	353,884	319,211	320,493
	10,237,243	8,170,221	6,409,376
Current Assets			
Inventories	2,987,844	2,869,614	3,935,497
Trade and Other Receivables	3,361,854	3,646,578	2,409,092
Amount Due from Related Parties	854,134	761,444	247,957
Cash and Cash Equivalents	217,731	128,678	393,328
	7,421,563	7,406,314	6,985,874
Total Assets	17,658,806	15,576,535	13,395,250
EQUITY AND LIABILITIES			
Equity			
Stated Capital	537,255	537,255	537,255
Retained Earnings and Reserves	5,097,901	4,263,780	4,931,931
	5,635,156	4,801,035	5,469,186
Non-Current Liabilities			
Retirement Benefit Obligations	390,700	454,190	464,750
Deferred Tax Liabilities	1,000,725	839,404	802,306
Non Current Provisions	289,459	190,220	-
Non Current Financial Liabilities	2,007,954	11,894	35,088
	3,688,838	1,495,708	1,302,144
Current Liabilities			
Trade and Other Payables	4,634,844	4,770,211	4,368,214
Amount Due to Related Parties	1,312,575	1,220,045	899,085
Current Tax Payable	681,215	529,404	806,163
Dividends Payable	182,004	167,932	151,061
Current Financial Liabilities	1,524,174	2,592,200	399,397
	8,334,812	9,279,792	6,623,920
Total Liabilities	12,023,650	10,775,500	7,926,064
Total Equity and Liabilities	17,658,806	15,576,535	13,395,250
<i>The figures are provisional and subject to audit</i>			
AS AT (Rs.):	31.12.2018	30.09.2018	Restated 31.12.2017
Net asset value per share-	Rs. 104.89	Rs. 87.77	Rs. 89.36
Market value per share recorded during the quarter			
- Highest	1,797.00	1,849.90	1,740.00
- Lowest	1,600.00	1,625.00	1,600.00
- Last trade price (Date 31/12/2018, 29/09/2018, 29/12/2017)	1,700.00	1,649.90	1,626.00
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>..... Fabrice Cavallin Managing Director 21 February 2019</p> </div> <div style="width: 45%; text-align: right;"> <p>..... Gurcharan Grover Director Finance & Control</p> </div> </div>			



NESTLÉ LANKA PLC
STATEMENT OF CASH FLOWS

For the Year Ended 31 December	2018	Restated 2017
	Rs. '000s	Rs. '000s
Cash Flows from Operating Activities		
Profit before Taxation	4,941,457	4,734,672
Adjustments for ;		
Depreciation including ROU Assets	754,183	723,948
(Gain)/Loss on sale of Property Plant and Equipment	(12,807)	8,393
Amortization of Staff Loan	29,960	26,976
Interest Expense	251,530	183,360
Interest Income	(31,146)	(28,772)
Provision for Inventories and Inventory Written Off	269,625	193,036
Net Impairment of Trade Receivable	16,369	12,604
Provision for Retirement Benefit Obligation	104,160	102,660
Operating Profit before Working Capital Changes	6,323,331	5,956,877
Working Capital Changes		
(Increase) / Decrease in Inventories	(387,855)	872,847
Decrease / (Increase) in Trade and Other Receivables	313,575	(1,250,090)
Increase in Amount due from Related Parties	(92,690)	(513,487)
(Decrease) / Increase in Trade and Other Payables	(180,849)	401,997
Increase in Amount due to Related Parties	67,878	320,960
Cash Generated from Operations	6,043,390	5,789,104
Interest Paid	(225,901)	(185,074)
Income Tax Paid	(1,056,739)	(1,145,957)
Retirement Benefit Obligation Paid	(119,340)	(121,490)
Net Cash Flows Generated from Operating Activities	4,641,410	4,336,583
Cash Flow from Investing Activities		
Investment in Property, Plant and Equipment	(2,608,832)	(2,466,385)
Proceeds from Sale of Property, Plant and Equipment	30,965	4,461
(Purchase) / disposal of other non current financial assets (net)	(34,673)	1,282
Interest Received	1,186	1,796
Net Cash Flows used in Investing Activities	(2,611,354)	(2,458,846)
Cash Flow from Financing Activities		
Receipt of Non Current Financial Debt	1,893,000	-
Payment of Lease Liabilities	(68,546)	(84,741)
Dividend Paid	(2,672,202)	(4,281,166)
Net Cash Flows used in Financing Activities	(847,748)	(4,365,907)
Net Decrease in Cash and Cash Equivalents	1,182,308	(2,488,170)
Cash and Cash Equivalent at beginning of Year	(2,407,609)	80,561
Cash and Cash Equivalent at End of the Period	(1,225,301)	(2,407,609)
Analysis of Cash and Cash Equivalents at the End of the Period		
Cash in Hand and Balances with Bank	217,731	128,678
Current Financial Liabilities [Excluding Short Term Lease Liability of 81,142 (2017 - 55,913)]	(1,443,032)	(2,536,287)
	(1,225,301)	(2,407,609)

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

	<i>Stated Capital</i> Rs. '000s	<i>Retained Earnings</i> Rs. '000s	<i>Other Equity Reserves</i> Rs. '000s	<i>Total</i> Rs. '000s
Balance as at 01 January 2017, As previously Reported	537,255	4,911,043	34,276	5,482,574
<i>Impact of Changes in Accounting Policies and Other Retrospective Adjustments</i>	-	(13,388)	-	(13,388)
Restated Balance as at 01 January 2017	537,255	4,897,655	34,276	5,469,186
Total Comprehensive Income for the Year (Restated)				
<i>Profit for the Year</i>	-	3,635,841	-	3,635,841
<i>Other Comprehensive Income</i>	-	-	(5,954)	(5,954)
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Interim Dividend for 2016</i>	-	(2,149,019)	-	(2,149,019)
<i>Final Dividend for 2016</i>	-	(2,149,019)	-	(2,149,019)
Restated Balance as at 31 December 2017	537,255	4,235,458	28,322	4,801,035
Restated Balance as at 1 January 2018	537,255	4,235,458	28,322	4,801,035
Total Comprehensive Income for the Year				
<i>Profit for the Year</i>	-	3,485,801	-	3,485,801
<i>Other Comprehensive Income</i>	-	-	34,594	34,594
Transactions with Owners of the Company Recognised Directly in Equity				
<i>Interim Dividend for 2017</i>	-	(1,343,137)	-	(1,343,137)
<i>Final Dividend for 2017</i>	-	(1,343,137)	-	(1,343,137)
Balance as at 31 December 2018	537,255	5,034,985	62,916	5,635,156



NESTLÉ LANKA PLC
NOTES TO THE FINANCIAL STATEMENTS

Notes to the 31 December 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, other than the following;

- The Directors have declared an interim dividend of Rs. 25.00 per share on 21 February 2019 and have also proposed a final dividend of Rs. 25.00 per share for the year ended 31 December 2018 to be approved at the Annual General Meeting to be held on 08 May 2019.

4. Contingent Liability

- Income Tax assessments for Rs. 268 million were issued to the Company. Appeals have been lodged against the taxes assessed and the Company is of the view that provisions are not required as at reporting date since the Company believes it has a strong case.

- There are no other material contingent liabilities other than those disclosed above.

5. 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 for the company.

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 Rs. 1.89 billion (USD 12.0 million), in order to fund 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 - 5,320
- Float Adjusted Market capitalization : Rs. 8,384,395,756
- 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	308,500	0.57
4	Deutsche Bank AG-London	250,000	0.47
5	Miss Harnam Neesha Joint Mrs. J.K.P. Singh Jasbinderjit Kaur Piara	200,000	0.37
6	SEB AB -Tundra Frontier Opportunities Fund	186,509	0.35
7	Sri Lanka Insurance Corporation Ltd - Life Fund	180,466	0.34
8	SSBT- Deutsche Bank AG Singapore A/C 01	155,600	0.29
9	SSBT- Al Mehwar Commercial Investments L.L.LC	148,000	0.28
10	Employees Provident Fund	100,000	0.19
11	BNYH RE-GHI Holdings Maruitius	75,000	0.14
12	Union Assurance PLC/ Account No.5 (Unit-Linked Life Insurance Fund - Equity Fund)	74,551	1.14
13	SSBT-Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	72,040	0.13
14	Mrs. Singh Jasbinderjit Kaur Piara	69,300	0.13
15	Mr. Subasinghe Prabhash	62,714	0.12
16	Colombo Investment Trust PLC	50,904	0.09
17	SSBT- Russell Investments Institutional Funds Public Limited Company	49,151	0.09
18	Mr. Udeshi Morarjinmeghji Joint Mrs. A.A.Merchant Asha Ajay	45,000	0.08
19	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
20	Mr. Maheswaran Radhakrishnan	36,671	0.07