

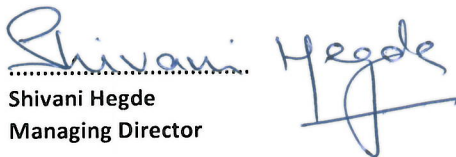


NESTLÉ LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December	Quarter Performance				
	2017 Rs. '000s	2016 Rs. '000s	Year to date % Variance	2017 Rs. '000s	2016 Rs. '000s
Revenue	37,601,472	36,461,695	3.1%	9,977,379	8,634,578
Cost of Sales	(24,268,906)	(22,274,610)	9.0%	(6,313,544)	(5,287,271)
<b>Gross Profit</b>	<b>13,332,566</b>	<b>14,187,085</b>	<b>-6.0%</b>	<b>3,663,835</b>	<b>3,347,307</b>
Other Operating Expenses	(45,336)	(12,982)	249.2%	1,289	(9,223)
Marketing, Selling and Distribution Expenses	(6,062,770)	(6,263,268)	-3.2%	(1,476,898)	(1,631,423)
Administrative Expenses	(2,348,592)	(2,188,120)	7.3%	(620,173)	(586,574)
<b>Results from Operating Activities</b>	<b>4,875,868</b>	<b>5,722,715</b>	<b>-14.8%</b>	<b>1,568,053</b>	<b>1,120,087</b>
Financial Income	30,900	33,095	-6.6%	6,355	6,655
Financial Expenses	(173,720)	(43,732)	297.2%	(44,400)	(11,172)
<b>Net Financing Expenses</b>	<b>(142,820)</b>	<b>(10,637)</b>	<b>1242.7%</b>	<b>(38,045)</b>	<b>(4,517)</b>
<b>Profit before Taxation</b>	<b>4,733,048</b>	<b>5,712,078</b>	<b>-17.1%</b>	<b>1,530,008</b>	<b>1,115,570</b>
Income Tax Expenses	(1,098,831)	(1,313,316)	-16.3%	(351,492)	(255,461)
<b>Profit for the Period</b>	<b>3,634,217</b>	<b>4,398,762</b>	<b>-17.4%</b>	<b>1,178,516</b>	<b>860,109</b>
<b><u>Other Comprehensive Income / (Expenses)</u></b>					
Actuarial gain / (loss) for the year (Net of Tax)	(5,954)	27,468		(5,954)	27,468
Net loss on available-for-sale financial assets	-	-		34	-
<b>Total Comprehensive Income</b>	<b>3,628,263</b>	<b>4,426,230</b>		<b>1,172,596</b>	<b>887,577</b>
<b>Basic Earnings Per Share (EPS.) Rs.</b>	<b>67.64</b>	<b>81.87</b>		<b>21.94</b>	<b>16.01</b>

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

  
 Shivani Hegde  
 Managing Director

  
 Gurcharan Grover  
 Director Finance & Control

22 February 2018

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

<b>AS AT :</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>Rs. '000s</b>	<b>Rs. '000s</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property Plant and Equipment	5,309,182	5,524,652
Capital Work-In-Progress	2,485,503	455,619
	<b>7,794,685</b>	<b>5,980,271</b>
<b>Current Assets</b>		
Inventories	2,869,614	3,935,497
Trade and Other Receivables	3,965,789	2,729,585
Amount Due from Related Parties	761,444	247,957
Cash and Cash Equivalents	128,678	393,328
	<b>7,725,525</b>	<b>7,306,367</b>
<b>Total Assets</b>	<b>15,520,210</b>	<b>13,286,638</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated Capital	537,255	537,255
Retained Earnings	4,275,544	4,945,319
	<b>4,812,799</b>	<b>5,482,574</b>
<b>Non-Current Liabilities</b>		
Retirement Benefit Obligations	454,190	464,750
Deferred Tax Liabilities	839,404	802,306
	<b>1,293,594</b>	<b>1,267,056</b>
<b>Current Liabilities</b>		
Trade and Other Payables	4,770,211	4,368,214
Amount Due to Related Parties	1,220,045	899,085
Current Tax Payable	719,342	805,881
Dividends Payable	167,932	151,061
Bank Overdrafts and Other Short Term Finance	2,536,287	312,767
	<b>9,413,817</b>	<b>6,537,008</b>
<b>Total Liabilities</b>	<b>10,707,411</b>	<b>7,804,064</b>
<b>Total Equity and Liabilities</b>	<b>15,520,210</b>	<b>13,286,638</b>
<i>The figures are provisional and subject to audit</i>		
<b>AS AT (Rs.) :</b>	<b>31.12.2017</b>	<b>30.09.2017</b>
<b>Net asset value per share-</b>	<b>Rs. 89.58</b>	<b>Rs. 67.76</b>
<b>Market value per share recorded during the quarter</b>		
- Highest	1,740.00	2,049.90
- Lowest	1,600.00	1,699.90
- Last trade price (Date 29/12/2017 , 29/09/2017)	1,626.00	1,699.90

*Shivani Hegde*  
 Shivani Hegde  
 Managing Director  
 22 February 2018

*Gurcharan Grover*  
 Gurcharan Grover  
 Director Finance & Control

**Nestlé****NESTLÉ LANKA PLC****STATEMENT OF CASH FLOWS**

<i>For the Year Ended 31 December</i>	<b>2017</b> <i>Rs. '000s</i>	<b>2016</b> <i>Rs. '000s</i>
<b>Cash Flow from Operating Activities</b>		
Profit before Taxation	4,733,048	5,712,078
<b>Adjustments for ;</b>		
Depreciation	639,117	625,058
(Gain)/Loss on sale of Property Plant and Equipment	8,393	(14,584)
Amortization of Staff Loan Interest	26,976	17,118
Interest Expense	173,720	43,732
Interest Income	(28,772)	(27,015)
Provision for Obsolete Inventories and Inventory Written Off	193,036	153,298
Provision for Impairment of Trade Receivable	32,092	11,909
Provision for Retirement Benefit Obligation	102,660	105,390
<b>Operating Profit before Working Capital Changes</b>	<b>5,880,270</b>	<b>6,626,984</b>
<b>Working Capital Changes</b>		
Decrease/(Increase) in Inventories	883,799	(764,367)
Increase in Trade and Other Receivables	(1,781,783)	(678,440)
Increase in Trade and Other Payables	711,983	414,171
<b>Cash Generated from Operations</b>	<b>5,694,269</b>	<b>5,598,348</b>
Interest Paid	(173,720)	(43,732)
Income Tax Paid	(1,145,935)	(1,357,316)
Retirement Benefit Obligation Paid	(121,490)	(124,730)
<b>Net Cash Flows Generated from Operating Activities</b>	<b>4,253,124</b>	<b>4,072,570</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(2,466,385)	(1,007,879)
Proceeds from Sale of Property, Plant and Equipment	4,461	38,173
Interest Received	1,796	9,896
<b>Net Cash Flows used in Investing Activities</b>	<b>(2,460,128)</b>	<b>(959,810)</b>
<b>Cash Flow from Financing Activities</b>		
Dividend Paid	(4,281,166)	(3,451,452)
<b>Net Cash Flows used in Financing Activities</b>	<b>(4,281,166)</b>	<b>(3,451,452)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(2,488,170)</b>	<b>(338,692)</b>
Cash and Cash Equivalent at beginning of Year	80,561	419,253
<b>Cash and Cash Equivalent at End of Year</b>	<b>(2,407,609)</b>	<b>80,561</b>
<b>Analysis of Cash and Cash Equivalents at the End of the Year</b>		
Cash in Hand and Balances with Bank	128,678	393,328
Bank Overdrafts and Other Short Term Finance	(2,536,287)	(312,767)
	<b>(2,407,609)</b>	<b>80,561</b>



**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 2016</i>	<b>537,255</b>	<b>3,984,381</b>	<b>4,521,636</b>
<i>Profit for the Year</i>	-	4,398,762	4,398,762
<i>Interim Dividend for 2015</i>	-	(1,853,528)	(1,853,528)
<i>Final Dividend for 2015</i>	-	(1,611,764)	(1,611,764)
<i>Other Comprehensive Income</i>	-	27,468	27,468
<b><i>Balance as at 31 December 2016</i></b>	<b>537,255</b>	<b>4,945,319</b>	<b>5,482,574</b>
<i>Balance as at 01 January 2017</i>	537,255	4,945,319	5,482,574
<i>Profit for the Year</i>	-	3,634,217	3,634,217
<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>Other Comprehensive Expenses</i>	-	(5,954)	(5,954)
<b><i>Balance as at 31 December 2017</i></b>	<b>537,255</b>	<b>4,275,544</b>	<b>4,812,799</b>



## NESTLÉ LANKA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### Notes to the 31 December 2017 Quarterly Financial Statements

1. The Accounting policies and methods of computation followed in the Interim Accounts is the same as that of the latest year end Financial Statements.
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 22 February 2018 and have also proposed a final dividend of Rs. 25.00 per share for the year ended 31 December 2017 to be approved at the Annual General Meeting to be held on 04 May 2018.
4. Contingent Liability
  - An Income Tax assessment for Rs. 120 million was issued on the Company for year of assessment 2014/15. 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. 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 - 5,395.
- Float Adjusted Market capitalization : Rs. 8,019,427 (Rs'000)
- The Directors of the company hold no shares in the Company except for Mr. Mahendra Dayananda, who holds 1000 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	438,655	0.82
3	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	288,500	0.54
4	HSBC International Nominees Limited - BBH - Fidelity Funds	237,282	0.44
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	Employees Provident Fund	100,000	0.19
11	HSBC International Nominees Limited - JPMCB NA - Fidelity Asian Values PLC	98,730	0.18
12	HSBC International Nominees Limited -UBS AG Singapore Branch (EX SBC)	84,304	0.16
13	HSBC International Nominees Limited - SSBT - Russell Investments Institutional Funds Public Limited Company	69,151	0.13
14	Mrs. Singh Jasbinderjit Kaur Piara	64,300	0.12
15	Seylan Bank PLC/W.D.N.H.Perera	60,000	0.11
16	Colombo Investment Trust PLC	50,904	0.09
17	Mr. Bandaranayake Jayampathi Divale	44,100	0.08
18	Mrs. Merchant Asha Ajay	43,000	0.08
19	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
20	Mr. Maheswaran Radhakrishnan	36,671	0.07