

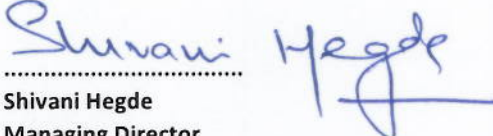


**NESTLÉ LANKA PLC**

**STATEMENT OF COMPREHENSIVE INCOME**

<i>For the Period Ended 30 June</i>	<i>Quarter Performance</i>				
	<i>2016</i>	<i>2015</i>	<i>Year to</i>	<i>2016</i>	<i>2015</i>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>	<i>date %</i>	<i>Rs. '000s</i>	<i>Rs. '000s</i>
			<i>Variance</i>		
<i>Revenue</i>	18,996,661	17,693,057	7.4%	9,236,271	8,749,988
<i>Cost of Sales</i>	(11,706,284)	(11,085,114)	5.6%	(5,729,225)	(5,342,525)
<b><i>Gross Profit</i></b>	<b>7,290,377</b>	<b>6,607,943</b>	<b>10.3%</b>	<b>3,507,046</b>	<b>3,407,463</b>
<i>Other Operating Income</i>	4,834	12,103	-60.1%	15,578	59
<i>Marketing, Selling and Distribution Expenses</i>	(3,022,916)	(2,409,672)	25.4%	(1,422,053)	(1,220,497)
<i>Administrative Expenses</i>	(1,074,937)	(1,029,277)	4.4%	(545,198)	(507,152)
<b><i>Results from Operating Activities</i></b>	<b>3,197,358</b>	<b>3,181,097</b>	<b>0.5%</b>	<b>1,555,373</b>	<b>1,679,873</b>
<i>Financial Income</i>	22,408	16,011	40.0%	4,424	5,505
<i>Financial Expenses</i>	(19,119)	(15,445)	23.8%	(14,824)	(11,478)
<b><i>Net Financing Income / (Expenses)</i></b>	<b>3,289</b>	<b>566</b>	<b>481.1%</b>	<b>(10,400)</b>	<b>(5,973)</b>
<b><i>Profit Before Taxation</i></b>	<b>3,200,647</b>	<b>3,181,663</b>	<b>0.6%</b>	<b>1,544,973</b>	<b>1,673,900</b>
<i>Income Tax Expenses</i>	(735,078)	(724,030)	1.5%	(354,797)	(374,690)
<b><i>Profit for the Period</i></b>	<b>2,465,569</b>	<b>2,457,633</b>	<b>0.3%</b>	<b>1,190,176</b>	<b>1,299,210</b>
<b><i>Basic Earnings Per Share (EPS.) Rs.</i></b>	<b>45.89</b>	<b>45.74</b>		<b>22.15</b>	<b>24.18</b>

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

  
.....  
Shivani Hegde  
Managing Director

  
.....  
Jagdish Kumar Singla  
Director Finance & Control

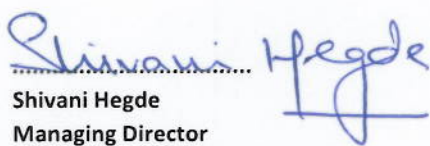
11 August 2016




**NESTLÉ LANKA PLC**

**STATEMENT OF FINANCIAL POSITION**

<b>AS AT :</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>Rs.'000s</b>	<b>Rs.'000s</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property Plant and Equipment	5,263,918	5,477,442
Capital Work-In-Progress	163,227	143,597
	<b>5,427,145</b>	<b>5,621,039</b>
<b>Current Assets</b>		
Inventories	2,979,788	3,322,433
Trade and Other Receivables	2,642,355	2,107,037
Amount Due from Related Parties	314,823	203,975
Cash and Cash Equivalents	137,785	867,563
	<b>6,074,751</b>	<b>6,501,008</b>
<b>Total Assets</b>	<b>11,501,896</b>	<b>12,122,047</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated Capital	537,255	537,255
Retained Earnings	2,984,658	3,984,381
	<b>3,521,913</b>	<b>4,521,636</b>
<b>Non-Current Liabilities</b>		
Retirement Benefit Obligations	463,403	522,240
Deferred Tax Liabilities	747,112	699,452
	<b>1,210,515</b>	<b>1,221,692</b>
<b>Current Liabilities</b>		
Trade and Other Payables	3,727,198	4,137,446
Amount Due to Related Parties	911,271	713,686
Income Tax Payable	1,161,314	942,057
Dividends Payable	135,856	137,220
Bank Overdrafts	833,829	448,310
	<b>6,769,468</b>	<b>6,378,719</b>
<b>Total Liabilities</b>	<b>7,979,983</b>	<b>7,600,411</b>
<b>Total Equity and Liabilities</b>	<b>11,501,896</b>	<b>12,122,047</b>
<i>The figures are provisional and subject to audit</i>		
<b>AS AT (Rs.) :</b>		
	<b>30.06.2016</b>	<b>31.03.2016</b>
Net asset value per share-	65.55	73.40
Market value per share recorded during the quarter		
- Highest	2,445.00	2,100.00
- Lowest	2,030.00	1,903.30
- Last trade price (Date 30/06/2016 , 31/03/2016)	2,400.00	2,028.40

  
 Shivani Hegde  
 Managing Director  
 11 August 2016

  
 Jagdish Kumar Singla  
 Director Finance & Control



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

<i>For the Period Ended 30 June</i>	<b>2016</b>	<b>2015</b>
	<i>Rs. '000s</i>	<i>Rs. '000s</i>
<b>Cash Flow from Operating Activities</b>		
<i>Profit before Taxation</i>	3,200,647	3,181,663
<b>Adjustments for ;</b>		
<i>Depreciation</i>	315,353	298,296
<i>Gain on sale of Property Plant and Equipment</i>	(29,062)	(23,116)
<i>Amortization of Staff Loan Interest</i>	8,832	8,917
<i>Interest Expense</i>	19,119	15,704
<i>Interest Income</i>	(18,653)	(16,011)
<i>Inventory Write-Off</i>	48,011	55,088
<i>Provision for Impairment of Trade Receivable</i>	20,481	12,095
<i>Provision for Retirement Benefit Obligation</i>	52,695	49,445
<b>Operating Profit before Working Capital Changes</b>	<b>3,617,423</b>	<b>3,582,081</b>
<b>Working Capital Changes</b>		
<i>Decrease / (Increase) in Inventories</i>	295,007	(485,561)
<i>Increase in Trade and Other Receivables</i>	(666,648)	(616,641)
<i>Decrease in Trade and Other Payables</i>	(213,035)	(313,404)
<b>Cash Generated from Operations</b>	<b>3,032,747</b>	<b>2,166,474</b>
<i>Interest Paid</i>	(19,119)	(15,704)
<i>Income Tax Paid</i>	(468,160)	(298,713)
<i>Retirement Benefit Obligation Paid</i>	(111,532)	(15,054)
<b>Net Cash Flows Generated from Operating Activities</b>	<b>2,433,936</b>	<b>1,837,004</b>
<b>Cash Flow from Investing Activities</b>		
<i>Purchase of Property, Plant and Equipment</i>	(133,636)	(172,374)
<i>Proceeds from Sale of Property, Plant and Equipment</i>	41,239	26,830
<i>Interest Received</i>	9,821	7,094
<b>Net Cash Flows used in Investing Activities</b>	<b>(82,576)</b>	<b>(138,450)</b>
<b>Cash Flow from Financing Activities</b>		
<i>Dividend Paid</i>	(3,466,657)	(3,023,675)
<b>Net Cash Flows used in Financing Activities</b>	<b>(3,466,657)</b>	<b>(3,023,675)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,115,297)</b>	<b>(1,325,121)</b>
<i>Cash and Cash Equivalent at beginning of Year</i>	419,253	77,161
<i>Cash and Cash Equivalent at End of Period</i>	<b>(696,044)</b>	<b>(1,247,960)</b>
<b>Analysis of Cash and Cash Equivalents at the End of the Period</b>		
<i>Cash in Hand and Balances with Bank</i>	137,785	225,236
<i>Bank Overdrafts</i>	(833,829)	(1,473,196)
	<b>(696,044)</b>	<b>(1,247,960)</b>

**Nestlé****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 2015</i>	537,255	3,550,673	4,087,928
<i>Super Gain Tax</i>	-	(638,365)	(638,365)
<b><i>Adjusted Balance as at 01 January 2015</i></b>	<b>537,255</b>	<b>2,912,308</b>	<b>3,449,563</b>
<i>Net profit for the 6 months ended 30 June 2015</i>	-	2,757,633	2,757,633
<i>Second Interim Dividend for 2014</i>	-	(1,531,176)	(1,531,176)
<i>Final Dividend for 2014</i>	-	(1,504,313)	(1,504,313)
<b><i>Balance as at 30 June 2015</i></b>	<b>537,255</b>	<b>2,634,452</b>	<b>3,171,707</b>
<i>Net profit for the 6 months ended 31 December 2015</i>	-	1,366,691	1,366,691
<i>Other Comprehensive Expenses</i>	-	(16,762)	(16,762)
<b><i>Balance as at 31 December 2015</i></b>	<b>537,255</b>	<b>3,984,381</b>	<b>4,521,636</b>
<i>Balance as at 01 January 2016</i>	537,255	3,984,381	4,521,636
<i>Net profit for the 6 months ended 30 June 2016</i>	-	2,465,569	2,465,569
<i>Interim Dividend for 2015</i>	-	(1,853,528)	(1,853,528)
<i>Final Dividend for 2015</i>	-	(1,611,764)	(1,611,764)
<b><i>Balance as at 30 June 2016</i></b>	<b>537,255</b>	<b>2,984,658</b>	<b>3,521,913</b>



**NESTLÉ LANKA PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Notes to the 30 June 2016 Quarterly 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:  
As proposed in the 2016 Budget and subsequent circular issued by the Department of Inland Revenue, the Current income Tax Rate of 28% will be reduced to 17.5%. However the Company has considered a tax rate of 28% for taxation provisions, as the new rate is not substantially enacted as of the reporting date.
4. **Contingent Liability**  
There have been no material changes to the contingent liabilities since the last annual reporting period.
5. **Comparative Information**  
The Company has netted off some Trade Related Expenses (Rs. 643 Mio in H1 2016 and Rs. 319 Mio in Q2 2016) from revenue which were earlier reported as part of "Marketing, Selling and Distribution Expenses" for better presentation of the statement of comprehensive income. Comparative amounts have also been reclassified for consistency (Rs. 568 Mio in H1 2015 and Rs. 289 Mio in Q2 2015). This adjustment has no impact on the profit or net assets of the company in both the reported periods.



## NESTLÉ LANKA PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### Additional Notes and other information

- Public Holding Percentage: 9.18%. Number of Public shareholders - 5,285.
- Market capitalization of the Public Holding : Rs.11,833,721 (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	HSBC International Nominees Limited - State Street London C/O - SSBT - Fundsmith Emerging Equities Trust PLC	386,576	0.72
3	HSBC International Nominees Limited - SSBT - Wasatch Frontier Emerging Small Countries Fund	343,163	0.64
4	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	238,500	0.44
5	Ms. Neesha Harnam	200,000	0.37
6	HSBC International Nominees Limited - MSIP - Coupland Cardiff Funds PLC - CC Asian Evolution Fund	195,961	0.36
7	HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C 01	155,600	0.29
8	HSBC International Nominees Limited - SSBT - Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	128,076	0.24
9	HSBC International Nominees Limited - SSBT - Multipartner SICAV - WMP EM Established Leaders Fund	114,000	0.21
10	Employees Provident Fund	100,000	0.19
11	HSBC International Nominees Limited - JPMCB NA - Fidelity Asian Values PLC	90,002	0.17
12	CB NY S/A Wasatch Frontier Emerging Small Countries CIT Fund	85,650	0.16
13	HSBC International Nominees Limited -UBS AG Singapore Branch (EX SBC)	85,000	0.16
14	Colombo Investment Trust PLC	50,904	0.19
15	HSBC International Nominees Limited - BBH - Fidelity Funds	47,725	0.09
16	Mr. Bandaranayake Jayampathi Divale	44,100	0.08
17	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
18	Mrs. Merchant Asha Ajay	41,000	0.08
19	Mrs. Singh Jasbinderjit Kaur Piara	40,100	0.07
20	Mr. Maheswaran Radhakrishnan	36,671	0.07