

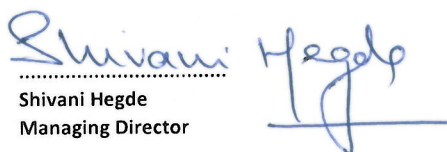


NESTLÉ LANKA PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December				Quarter Performance	
	2016 Rs. '000s	2015 Rs. '000s	Year to date % Variance	2016 Rs. '000s	2015 Rs. '000s
Revenue	36,461,695	34,702,511	5.1%	8,634,578	8,465,203
Cost of Sales	(22,274,610)	(21,380,568)	4.2%	(5,287,271)	(5,112,243)
<b>Gross Profit</b>	<b>14,187,085</b>	<b>13,321,943</b>	<b>6.5%</b>	<b>3,347,307</b>	<b>3,352,960</b>
Other Operating Expenses	(12,982)	(13,454)	-3.5%	(9,223)	(13,406)
Marketing, Selling and Distribution Expenses	(6,263,268)	(5,766,041)	8.6%	(1,631,423)	(1,888,548)
Administrative Expenses	(2,188,120)	(2,124,675)	3.0%	(586,573)	(590,836)
<b>Results from Operating Activities</b>	<b>5,722,715</b>	<b>5,417,773</b>	<b>5.6%</b>	<b>1,120,088</b>	<b>860,170</b>
Financial Income	33,095	38,328	-13.7%	6,655	12,213
Financial Expenses	(43,732)	(30,594)	42.9%	(11,172)	(1,792)
<b>Net Financing Income / (Expenses)</b>	<b>(10,637)</b>	<b>7,734</b>	<b>-237.5%</b>	<b>(4,517)</b>	<b>10,421</b>
<b>Profit before Taxation</b>	<b>5,712,078</b>	<b>5,425,507</b>	<b>5.3%</b>	<b>1,115,571</b>	<b>870,591</b>
Income Tax Expenses	(1,313,316)	(1,301,183)	0.9%	(255,461)	(230,044)
<b>Profit for the Period</b>	<b>4,398,762</b>	<b>4,124,324</b>	<b>6.7%</b>	<b>860,110</b>	<b>640,547</b>
<b><u>Other Comprehensive Income / (Expenses)</u></b>					
Actuarial gain / (loss) for the year (Net of Tax)	27,468	(16,762)		27,468	(16,762)
<b>Total Comprehensive Income</b>	<b>4,426,230</b>	<b>4,107,562</b>		<b>887,578</b>	<b>623,785</b>
<b>Basic Earnings Per Share (EPS.) Rs.</b>	<b>81.87</b>	<b>76.77</b>		<b>16.01</b>	<b>11.92</b>

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

  
Shivani Hegde  
Managing Director

  
Jagdish Kumar Singla  
Director Finance & Control

21 February 2017

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

<b>AS AT :</b>	<b>31.12.2016</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	5,524,652	5,477,442
Capital Work-In-Progress	455,619	143,597
	<b>5,980,271</b>	<b>5,621,039</b>
<b>Current Assets</b>		
Inventories	3,935,497	3,322,433
Trade and Other Receivables	2,729,585	2,107,037
Amount Due from Related Parties	247,957	203,975
Cash and Cash Equivalents	393,328	867,563
	<b>7,306,367</b>	<b>6,501,008</b>
<b>Total Assets</b>	<b>13,286,638</b>	<b>12,122,047</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated Capital	537,255	537,255
Retained Earnings	4,945,319	3,984,381
	<b>5,482,574</b>	<b>4,521,636</b>
<b>Non-Current Liabilities</b>		
Retirement Benefit Obligations	464,750	522,240
Deferred Tax Liabilities	802,306	699,452
	<b>1,267,056</b>	<b>1,221,692</b>
<b>Current Liabilities</b>		
Trade and Other Payables	4,368,214	4,137,446
Amount Due to Related Parties	899,085	713,686
Income Tax Payable	805,881	942,057
Dividends Payable	151,061	137,220
Bank Overdrafts	312,767	448,310
	<b>6,537,008</b>	<b>6,378,719</b>
<b>Total Liabilities</b>	<b>7,804,064</b>	<b>7,600,411</b>
<b>Total Equity and Liabilities</b>	<b>13,286,638</b>	<b>12,122,047</b>
<i>The figures are provisional and subject to audit</i>		
<b>AS AT (Rs.) :</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Net asset value per share-	<b>Rs. 102.05</b>	<b>Rs. 85.53</b>
Market value per share recorded during the quarter		
- Highest	<b>2,200.20</b>	<b>2,410.00</b>
- Lowest	<b>1,975.00</b>	<b>2,030.00</b>
- Last trade price (Date 30/12/2016 , 30/09/2016)	<b>2,001.90</b>	<b>2,200.10</b>

  
 Shivani Hegde  
 Managing Director  
 21 February 2017

  
 Jagdish Kumar Singla  
 Director Finance & Control



**NESTLÉ LANKA PLC**

**STATEMENT OF CASH FLOWS**

<i>For the Year Ended 31 December</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>	5,712,078	5,425,507
<b>Adjustments for ;</b>		
<i>Depreciation</i>	625,058	602,523
<i>Gain on sale of Property Plant and Equipment</i>	(14,584)	(31,100)
<i>Amortization of Staff Loan Interest</i>	17,118	17,929
<i>Interest Expense</i>	43,732	30,594
<i>Interest Income</i>	(27,015)	(28,870)
<i>Inventory Write Off</i>	153,298	120,309
<i>Provision for Impairment of Trade Receivable</i>	11,909	7,696
<i>Provision for Retirement Benefit Obligation</i>	105,390	98,890
<b>Operating Profit before Working Capital Changes</b>	<b>6,626,984</b>	<b>6,243,478</b>
<b>Working Capital Changes</b>		
<i>Increase in Inventories</i>	(764,367)	(462,235)
<i>Increase in Trade and Other Receivables</i>	(678,440)	(197,472)
<i>Increase in Trade and Other Payables</i>	414,171	309,746
<b>Cash Generated from Operations</b>	<b>5,598,348</b>	<b>5,893,517</b>
<i>Interest Paid</i>	(43,732)	(30,594)
<i>Income Tax Paid</i>	(1,357,316)	(999,988)
<i>Super Gain Tax Paid</i>	-	(638,365)
<i>Retirement Benefit Obligation Paid</i>	(124,730)	(114,670)
<b>Net Cash Flows Generated from Operating Activities</b>	<b>4,072,570</b>	<b>4,109,900</b>
<b>Cash Flow from Investing Activities</b>		
<i>Purchase of Property, Plant and Equipment</i>	(1,007,879)	(812,982)
<i>Proceeds from Sale of Property, Plant and Equipment</i>	38,173	35,457
<i>Interest Received</i>	9,896	10,941
<b>Net Cash Flows used in Investing Activities</b>	<b>(959,810)</b>	<b>(766,584)</b>
<b>Cash Flow from Financing Activities</b>		
<i>Dividend Paid</i>	(3,451,452)	(3,001,224)
<b>Net Cash Flows used in Financing Activities</b>	<b>(3,451,452)</b>	<b>(3,001,224)</b>
<b>Net Decrease / Increase in Cash and Cash Equivalents</b>	<b>(338,692)</b>	<b>342,092</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>80,561</b>	<b>419,253</b>
<b>Analysis of Cash and Cash Equivalents at the End of the Period</b>		
<i>Cash in Hand and Balances with Bank</i>	393,328	867,563
<i>Bank Overdrafts</i>	(312,767)	(448,310)
	<b>80,561</b>	<b>419,253</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>Profit for the year</i>	-	4,124,324	4,124,324
<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)
<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>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>



**NESTLÉ LANKA PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Notes to the 31 December 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;

- The Directors have declared an interim dividend of Rs. 40.00 per share on 21 February 2017 and have also proposed a final dividend of Rs. 40.00 per share for the year ended 31 December 2016 to be approved at the Annual General Meeting to be held on 05 May 2017.

#### **4. Contingent Liability**

An Income Tax assessment for Rs. 285 million was issued on the Company for year of assessment 2011/12, 2012/13 and 2013/14. 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 are no other material contingent liabilities other than those disclosed above.

#### **5. Comparative Information**

The Company has netted off some Trade Related Expenses (Rs. 1,323 Mio in 2016 and Rs. 336 Mio in Q4 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. 1,152 Mio in 2015 and Rs. 299 Mio in Q4 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 - 5,306.
- Market capitalization of the Public Holding : Rs.9,870,802 (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	392,453	0.73
3	RBC Investor Services Bank - Coeli Sicav I-Frontier Markets Fund	238,500	0.44
4	HSBC International Nominees Limited - SSBT - Wasatch Frontier Emerging Small Countries Fund	233,027	0.43
5	HSBC International Nominees Limited - BBH - Fidelity Funds	214,302	0.40
6	Ms. Neesha Harnam	200,000	0.37
7	Northern Trust Company S/A Coupland Cardiff Funds PLC-CC Asian Evolution Fund	195,961	0.36
8	HSBC International Nominees Limited - SSBT - Deutsche Bank AG Singapore A/C 01	155,600	0.29
9	HSBC International Nominees Limited - JPMCB NA - Fidelity Asian Values PLC	142,193	0.26
10	HSBC International Nominees Limited - SSBT - Frank Russel Trust Company Comingled Benefit Funds Trust GNA-6QH3	128,076	0.24
11	HSBC International Nominees Limited - SSBT - Multipartner SICAV - WMP EM Established Leaders Fund	114,000	0.21
12	Employees Provident Fund	100,000	0.19
13	HSBC International Nominees Limited -UBS AG Singapore Branch (EX SBC)	85,000	0.16
14	Colombo Investment Trust PLC	50,904	0.09
15	Mr. Bandaranayake Jayampathi Divale	44,100	0.08
16	Mr. Hirdaramani Anil Kumar Lalchand	42,500	0.08
17	Mrs. Merchant Asha Ajay	42,000	0.08
18	Mrs. Singh Jasbinderjit Kaur Piara	40,100	0.07
19	Mr. Maheswaran Radhakrishnan	36,671	0.07
20	Miss. Radhakrishnan Andal	36,667	0.07