



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30TH JUNE 2016

LANKA MILK FOODS (CWE) PLC
CORPORATE INFORMATION

THE COMPANY	- LANKA MILK FOODS (CWE) PLC.
LEGAL STATUS	- A PUBLIC QUOTED COMPANY WITH LIMITED LIABILITY UNDER THE PROVISION OF COMPANIES ACT NO 7 OF 2007
REGISTERED OFFICE	- WELISARA, RAGAMA, SRI LANKA - TEL: +9411 5222600 FAX: +9411 2956266 - EMAIL: lakspray@lmfgroup.lk - WEBSITE: www.lmfgroup.lk
DATE OF INCORPORATION	- 12TH NOVEMBER 1981
COMPANY REGISTRATION NUMBER	- PQ 142
COMPANY SECRETARY	- MRS. W.C HEWAGE
BOARD OF DIRECTORS	- MR. D.H.S JAYAWARDENA (CHAIRMAN) MR. R.K OBEYSEKERE (DIRECTOR) (CEASED TO BE A DIRECTOR W.E.F 08TH JULY 2016) MR. C.R JANSZ (DIRECTOR) MR. D.S.K AMARASEKERA (INDEPENDENT NON-EXECUTIVE DIRECTOR) DR. A. SHAKTHEVALE (INDEPENDENT NON-EXECUTIVE DIRECTOR) MS. D.S.C JAYAWARDENA (DIRECTOR) * MR. D.HASITHA .S JAYAWARDENA (NON EXECUTIVE DIRECTOR) * APPOINTED ON 11TH JULY 2016
AUDITORS	- MESSRS. KPMG (CHARTERED ACCOUNTANTS) 32 A, SIR MOHAMED MACAN MARKAR MAWATHA P.O BOX 186 COLOMBO 3. SRI LANKA
SUBSIDIARY COMPANIES	- LANKA DAIRIES (PRIVATE) LIMITED AMBEWELA LIVESTOCK COMPANY LIMITED PATTIPOLA LIVESTOCK COMPANY LIMITED AMBEWELA PRODUCTS (PRIVATE) LIMITED INDO LANKA EXPORTS (PRIVATE) LIMITED
BANKERS	- BANK OF CEYLON HATTON NATIONAL BANK PLC. DFCC BANK PLC. COMMERCIAL BANK OF CEYLON PLC HONGKONG & SHANGHAI BANKING CORPORATION LTD

LANKA MILK FOODS (CWE) PLC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30TH JUNE 2016
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME


For The Three Months Ended	GROUP Three Months Ended			COMPANY Three Months Ended		
	2016.06.30 Rs. 000's	2015.06.30 Rs. 000's	Change Rs. 000's + / (-)	2016.06.30 Rs. 000's	2015.06.30 Rs. 000's	Change Rs. 000's + / (-)
Revenue	1,394,423	1,378,564	15,859	585,643	696,549	(110,906)
Cost of sales	(1,159,493)	(1,224,908)	65,415	(516,697)	(670,592)	153,895
GROSS PROFIT	234,930	153,656	81,274	68,946	25,957	42,989
Other Operating Income	70,591	66,605	3,986	28,395	28,180	215
Administrative Expenses	(109,445)	(89,183)	(20,262)	(50,165)	(44,763)	(5,402)
Distribution Expenses	(87,379)	(79,313)	(8,066)	(28,523)	(33,637)	5,114
Other Operating Expenses	(23,615)	(17,654)	(5,961)	-	-	-
PROFIT/(LOSS) FROM OPERATIONS	85,082	34,111	50,971	18,653	(24,263)	42,916
Finance Income	1,328	8,044	(6,716)	346	8,042	(7,696)
Finance Expense	(31,699)	(30,351)	(1,348)	(14,211)	(8,544)	(5,667)
Net Finance - Income / (Expense)	(30,371)	(22,307)	(8,064)	(13,865)	(502)	(13,363)
PROFIT/(LOSS) BEFORE TAXATION	54,711	11,804	42,907	4,788	(24,765)	29,553
Income Tax (Expenses)/Reversal	(15)	-	(15)	(13)	-	(13)
PROFIT/(LOSS) FOR THE PERIOD	54,696	11,804	42,892	4,775	(24,765)	29,540
Other Comprehensive Income						
Net change in Fair Value of Available Sale Investments	34,166	1,119,864	(1,085,698)	34,166	1,119,864	(1,085,698)
Other Comprehensive Income for the Period	34,166	1,119,864	(1,085,698)	34,166	1,119,864	(1,085,698)
Total Comprehensive Income	88,862	1,131,668	(1,042,806)	38,941	1,095,099	(1,056,158)
Profit Attributable To:						
Owners of the Company	54,700	11,808	42,892	4,775	(24,765)	29,540
Non Controlling Interest	(4)	(4)	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	54,696	11,804	42,892	4,775	(24,765)	29,540
Total Comprehensive Income Attributable To :						
Owners of the Company	88,866	1,131,672	(1,042,806)	38,941	1,095,099	(1,056,158)
Non Controlling Interest	(4)	(4)	-	-	-	-
Total Comprehensive Income For the Period	88,862	1,131,668	(1,042,806)	38,941	1,095,099	(1,056,158)
BASIC EARNINGS PER SHARE OF Rs. 10/-	1.37	0.30		0.12	(0.62)	

STATEMENT OF FINANCIAL POSITION

As At	GROUP		COMPANY	
	2016.06.30 Rs. 000's	2016.03.31 Rs. 000's	2016.06.30 Rs. 000's	2016.03.31 Rs. 000's
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,532,988	1,584,723	180,828	186,883
Investment in Subsidiaries	-	-	755,495	755,495
Available for Sale Investments	7,861,827	7,827,661	7,861,827	7,827,661
Biological Assets	386,661	385,063	-	-
Deferred Tax Asset	68,294	68,294	68,294	68,294
	9,849,770	9,865,741	8,866,444	8,838,333
CURRENT ASSETS				
Inventories	1,172,207	826,306	634,453	339,698
Biological Assets	10,672	10,245	-	-
Financial Assets Held for Trading	243,335	247,029	243,335	247,029
Trade Receivable	533,712	502,103	182,454	193,650
Other Receivables	63,637	67,574	27,246	20,265
Amounts due from Related Parties	55,380	54,298	779,114	730,416
Income Tax Receivables	43,311	38,625	21,947	18,942
Cash & Cash equivalents	34,675	44,473	16,661	17,493
	2,156,929	1,790,653	1,905,210	1,567,493
TOTAL ASSETS	12,006,699	11,656,394	10,771,654	10,405,826
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital (Note 07)	999,950	999,950	999,950	999,950
Capital Reserves	105,116	105,116	105,116	105,116
Available for Sale Reserve	7,624,127	7,589,961	7,624,127	7,589,961
Revenue Reserves	1,506,846	1,452,146	1,309,807	1,305,032
Total Equity attributable to Equity Holders of the company	10,236,039	10,147,173	10,039,000	10,000,059
Non Controlling Interest	11,816	11,820	-	-
Total Equity	10,247,855	10,158,993	10,039,000	10,000,059
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	384,171	384,172	-	-
Deferred Tax Liability	99,778	99,778	-	-
Retirement Benefit Obligation	76,177	72,428	46,432	44,765
	560,126	556,378	46,432	44,765
CURRENT LIABILITIES				
Trade and Other Payables	626,896	214,414	421,178	68,895
Amounts due to Related Parties	12,748	28,039	25,331	26,022
Income Tax Payable	-	1,776	-	-
Loans and Borrowings	50,109	66,812	-	-
Bank Overdraft	508,965	629,982	239,713	266,085
	1,198,718	941,023	686,222	361,002
TOTAL LIABILITIES	1,758,844	1,497,401	732,654	405,767
TOTAL EQUITY AND LIABILITIES	12,006,699	11,656,394	10,771,654	10,405,826
Net Asset Value Per Share Rs. Cts.	255.91	253.69	250.99	250.01

I certify that the Financial Statements have been prepared in compliance with the requirements of Companies Act No 07 of 2007.

The Board of Directors is responsible for the preparation and presentation of these Financial statements. Signed for and on behalf of the Board by:



MR. R.N Attygalle
Finance Manager
10th August 2016



MR. D.H.S Jayawardena
Chairman



MS. D.S.C Jayawardena
Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Stated Capital	Revaluation Reserve	Dairy Development Project Reserve	Available for Sale Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S
Balance as at 01.04.2015	999,950	105,116	110,000	8,892,041	1,268,694	11,375,801	18,211	11,394,012
Profit/(Loss) for the Period	-	-	-	-	11,808	11,808	(4)	11,804
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-	-	-	1,119,864	-	1,119,864	-	1,119,864
Total Comprehensive Income				1,119,864	11,808	1,131,672	(4)	1,131,668
Balance as at 30.06 .2015	999,950	105,116	110,000	10,011,905	1,280,502	12,507,473	18,207	12,525,680
Balance as at 01.04 .2016	999,950	105,116	110,000	7,589,961	1,342,146	10,147,173	11,820	10,158,993
Profit/(Loss) for the Period	-	-	-	-	54,700	54,700	(4)	54,696
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-	-	-	34,166	-	34,166	-	34,166
Total Comprehensive Income				34,166	54,700	88,866	(4)	88,862
Balance as at 30.06.2016	999,950	105,116	110,000	7,624,127	1,396,846	10,236,039	11,816	10,247,855

COMPANY

	Stated Capital	Revaluation Reserve	Dairy Development Project Reserve	Available for Sale Reserve	Retained Earnings	Total
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 01.04.2015	999,950	105,116	110,000	8,892,041	1,263,491	11,370,598
Profit/(Loss) for the Period	-	-	-	-	(24,765)	(24,765)
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments	-	-	-	1,119,864	-	1,119,864
Total Comprehensive Income				1,119,864	(24,765)	1,095,099
Balance as at 30.06.2015	999,950	105,116	110,000	10,011,905	1,238,726	12,465,697
Balance as at 01.04.2016	999,950	105,116	110,000	7,589,961	1,195,032	10,000,059
Profit/(Loss) for the Period	-	-	-	-	4,775	4,775
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments	-	-	-	34,166	-	34,166
Total Comprehensive Income				34,166	4,775	38,941
Balance as at 30.06.2016	999,950	105,116	110,000	7,624,127	1,199,807	10,039,000

CASH FLOW STATEMENT

	<u>GROUP</u>		<u>COMPANY</u>	
	2016.06.30 Rs.000's	2015.06.30 Rs.000's	2016.06.30 Rs.000's	2015.06.30 Rs.000's
For The Three Months Ended				
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	54,711	11,804	4,788	(24,765)
Adjustments for				
Depreciation on property, plant & equipment	55,052	58,195	6,209	8,033
Changes in Fair Value of Held for Trading Investments	10,266	(7,772)	10,266	(7,772)
(Gain) / Loss on disposal of Biological Assets	14,387	8,165	-	-
Provision for retirement benefit Obligation	4,368	4,247	2,250	1,550
Change in Fair value of Biological Assets	(24,864)	(22,307)	-	-
Interest Income	(117)	(97)	(111)	(95)
Dividend Income	(3,943)	(2,605)	(3,943)	(2,605)
Interest Paid	10,822	30,280	3,944	8,544
Operating Profit/ (Loss) before Working Capital Changes	120,682	79,910	23,403	(17,110)
(Increase)/ Decrease In Inventories and Biological Assets	(346,328)	329,140	(294,755)	339,602
(Increase)/ Decrease In Trade and Other Receivables	(27,672)	(18,467)	4,215	24,047
(Increase)/ Decrease Related Party Balances	(16,373)	(20,196)	(49,389)	(91,908)
Increase/ (Decrease) In Trade and Other Payables	412,482	5,185	352,283	31,631
Cash Flows Generated from / (used in) Operations	142,791	375,572	35,757	286,262
Interest Paid	(10,822)	(30,280)	(3,944)	(8,544)
Income Tax Paid	(6,477)	(2,731)	(3,017)	(1,426)
Retiring Gratuity Paid	(619)	(1,487)	(583)	(22)
Net Cash flows generated from/used in) Investing Activities	124,873	341,074	28,213	276,270
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	117	97	111	95
Dividend Income	3,943	2,605	3,943	2,605
Purchase & construction of Property, Plant & Equipment	(3,317)	(3,066)	(154)	(255)
Investment In Held for Trading	(6,573)	-	(6,573)	-
Proceeds from Sale of Biological Assets	14,870	9,100	-	-
Acquisition of Biological Assets	(5,991)	(1,895)	-	-
Net Cash Flows generated from/used in Investing Activities	3,049	6,841	(2,673)	2,445
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Borrowings	(16,703)	(211,135)	-	(200,000)
Net Cash Flows generated from/used in Financing Activities	(16,703)	(211,135)	-	(200,000)
Net Increase / (Decrease) in Cash & Cash Equivalent	111,219	136,780	25,540	78,715
Cash and Cash Equivalents at beginning of the year	(585,509)	(488,537)	(248,592)	(157,283)
Cash and Cash Equivalents at end of Period (Note A)	(474,290)	(351,757)	(223,052)	(78,568)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF PERIOD				
Cash and Cash equivalents	34,675	49,782	16,661	33,513
Bank Overdraft	(508,965)	(401,539)	(239,713)	(112,081)
	(474,290)	(351,757)	(223,052)	(78,568)

SEGMENTAL INFORMATION

For The Three Months Ended	POWDERED MILK		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2016.06.30	2015.06.30	2016.06.30	2015.06.30	2016.06.30	2015.06.30	2016.06.30	2015.06.30	2016.06.30	2015.06.30
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Total Revenue	585,643	696,549	904,561	768,137	77,636	78,596	(173,417)	(164,718)	1,394,423	1,378,564
Profit/(Loss) from operations	18,653	(24,263)	89,754	59,008	(23,325)	(634)	-	-	85,083	34,111
Net finance Income / (expenses)	(13,865)	(502)	(14,529)	(20,478)	(1,978)	(1,327)	-	-	(30,372)	(22,307)
Income tax expenses	(13)	-	-	-	(2)	-	-	-	(15)	-
Profit / (Loss) for the Period	4,775	(24,765)	75,225	38,530	(25,305)	(1,961)	-	-	54,696	11,804

NOTES TO THE FINANCIAL STATEMENTS

1. The above figures are provisional and subject to audit.
2. These Interim Financial statements have been prepared in compliance with the requirements of the new Sri Lanka Accounting Standard LKAS 34 on 'Interim Financial Reporting'. There were no changes to the Accounting policies and methods of computation since the the publication of Annual Report 2016.
3. There have been no material events subsequent to the period, which require additional disclosure in the Financial Statements.
4. Comparative figures have been re-classified according to current period classification wherever necessary.
5. There are no material contingent liabilities or assets which require disclosure in these Interim Financial Statements.
6. All known expenses including Management fees and similar expenses have been provided for, in these Financial statements.
7. Stated Capital of the Company as at Balance Sheet date is 39,998,000 ordinary shares.
8. Directors' Shareholdings

The Directors' shareholdings in the Company were as follows.

Name of the Director	As at 30th June 2016
Mr. D. H.S Jayawardena	Nil
Mr. R.K Obeyesekere (Ceased to be a Director w.e.f 08th July	Nil
Mr. C.R Jansz	Nil
Ms. D.S.C Jayawardena	Nil
Mr. D.S.K Amarasekera	Nil
Dr. A. Shakthevale	Nil
Mr. D. Hasitha .S Jayawardena (Appointed on 11th July 2016)	Nil

9. Share Trading

The market price recorded during the quarter ended 30th June

		2016.06.30	2015.06.30
Highest Price	Rs. Cts.	125.00	180.00
Lowest Price	Rs. Cts.	109.00	140.00
Last Traded Price	Rs. Cts.	110.70	155.00

10. Twenty Major Shareholders

NAME OF THE SHAREHOLDER	NO OF SHARES	% ON TOTAL ISSUED CAPITAL
1. MILFORD EXPORTS (CEYLON) (PVT) LIMITED	13,426,540	33.57
2. MELSTACORP LIMITED	6,710,084	16.78
3 MILLS ENTERPRISES LIMITED	6,120,290	15.30
4. MELLON BANK N.A COMMONWEALTH OF MASSACHUSETTS	1,346,814	3.37
5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,235,171	3.09
6 E.W BALASURIYA & CO. (PVT) LTD	619,212	1.55
7 YUSUF HUSSEINALLY ABDULHUSSEIN	601,933	1.50
8 WALDOCK MACKENZIE LTD/MR H.M.S ABDULHUSSEIN	547,118	1.37
9 MELLON BANK N.A THE FRONTIER EMERGING MARKETS	488,075	1.22
10. RUKAIYA HUSSEINALLY ABDULHUSSEIN	400,000	1.00
11. HUSSEINALLY MOHSINALLY SHAIKH ABDULHUSSEIN	280,266	0.70
12. SAEMA ENAYAT LOKHANDWALLA	280,000	0.70
13. COMMERCIAL BANK OF CEYLON PLC A/C No.04	250,000	0.63
14. HALLSVILLE TRADING GROUP INC.	249,221	0.62
15. COMMERCIAL BANK OF CEYLON PLC/SITHIJAYA FUNDS	200,772	0.50
16. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	185,689	0.46
17. DEUTSCHE BANK AG-NAMAL GROWTH FUND	185,000	0.46
18. DINESH NAGENDRA SELLAMUTTU	183,502	0.46
19. PHILLIP SECURITIES PTE LTD	182,000	0.46
20. GULAMHUSSEIN MOSHINALLY ABDULHUSSEIN	153,222	0.38
SUB TOTAL	33,644,909	84.12
OTHER SHAREHOLDERS	6,353,091	15.88
GRAND TOTAL	39,998,000	100.00

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 30TH JUNE 2016 IS 34.35%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 30TH JUNE 2016 - 3239