



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015

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) MR. C.R JANSZ (DIRECTOR) MR. D.S.K AMARASEKERA (INDEPENDENT NON-EXECUTIVE DIRECTOR) DR. A. SHALTHEVALE (INDEPENDENT NON-EXECUTIVE DIRECTOR) MS. D.S.C JAYAWARDENA (DIRECTOR)
AUDITORS	- MESSRS. KPMG (CHARTERED ACCOUNTANTS) 32 A, SIR MOHAMED MACAN MARKAR MAWATHA P.O BOX 186 COLOMBO 3. SRI LANKA
SUBSIDIARY COMPANIES	- LANKA DAIRIES (PVT) LIMITED AMBEWELA LIVESTOCK COMPANY LIMITED PATTIPOLA LIVESTOCK COMPANY LIMITED AMBEWELA PRODUCTS (PVT) LIMITED INDO LANKA EXPORTS (PVT) LIMITED
BANKERS	- BANK OF CEYLON HATTON NATIONAL BANK PLC. SEYLAN BANK PLC. STANDARD CHARTERED BANK PLC. DFCC VARDDHANA BANK PLC. COMMERCIAL BANK OF CEYLON PLC HONGKONG & SHANGHAI BANKING CORPORATION LTD

LANKA MILK FOODS (CWE) PLC.
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2015
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended	Quarter Ended		GROUP Six Months Ended			Quarter Ended		COMPANY Six Months Ended		
	2015.09.30 Rs. 000's	2014.09.30 Rs. 000's	2015.09.30 Rs. 000's	2014.09.30 Rs. 000's	Change Rs. 000's + / (-)	2015.09.30 Rs. 000's	2014.09.30 Rs. 000's	2015.09.30 Rs. 000's	2014.09.30 Rs. 000's	Change Rs. 000's + / (-)
Revenue	1,183,333	1,020,994	2,561,897	1,899,161	662,736	510,303	414,995	1,206,852	745,174	461,678
Cost of sales	(1,027,004)	(895,475)	(2,251,912)	(1,705,866)	(546,046)	(451,811)	(398,811)	(1,122,403)	(722,529)	(399,874)
GROSS PROFIT	156,329	125,519	309,985	193,295	116,690	58,492	16,184	84,449	22,645	61,804
Other Operating Income	157,679	101,655	232,056	163,130	68,926	132,165	49,165	168,117	100,049	68,068
Administrative Expenses	(151,560)	(90,494)	(240,743)	(170,153)	(70,590)	(36,816)	(29,293)	(81,579)	(63,870)	(17,709)
Distribution Expenses	(22,734)	(62,791)	(102,047)	(100,436)	(1,611)	(42,109)	(20,264)	(75,746)	(31,792)	(43,954)
Other Operating Expenses	(19,122)	(12,231)	(36,776)	(27,628)	(9,148)	-	-	-	-	-
PROFIT/(LOSS) FROM OPERATIONS	120,592	61,658	162,475	58,208	104,267	111,732	15,792	95,241	27,032	68,209
Finance Income	31	10,283	303	16,011	(15,708)	(72)	9,198	198	14,904	(14,706)
Finance Expense	(17,522)	(28,158)	(47,873)	(50,062)	2,189	(9,554)	(9,668)	(18,098)	(11,270)	(6,828)
Net Finance - Income / (Expense)	(17,491)	(17,875)	(47,570)	(34,051)	(13,519)	(9,626)	(470)	(17,900)	3,634	(21,534)
PROFIT/(LOSS) BEFORE TAXATION	103,101	43,783	114,905	24,157	90,748	102,106	15,322	77,341	30,666	46,675
Income Tax (Expenses)/Reversal	(55)	1,630	(55)	(70)	15	(36)	1,630	(36)	(70)	34
PROFIT/(LOSS) FOR THE PERIOD	103,046	45,413	114,850	24,087	90,763	102,070	16,952	77,305	30,596	46,709
Other Comprehensive Income										
Net change in Fair Value of Available Sale Investments	186,012	189,808	1,305,876	341,653	964,223	186,012	189,808	1,305,876	341,653	964,223
Other Comprehensive Income for the Period	186,012	189,808	1,305,876	341,653	964,223	186,012	189,808	1,305,876	341,653	964,223
Total Comprehensive Income	289,058	235,221	1,420,726	365,740	1,054,986	288,082	206,760	1,383,181	372,249	1,010,932
Profit Attributable To:										
Owners of the Company	106,114	45,479	117,922	24,935	92,987	102,070	16,952	77,305	30,596	46,709
Non Controlling Interest	(3,068)	(66)	(3,072)	(848)	(2,224)	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	103,046	45,413	114,850	24,087	90,763	102,070	16,952	77,305	30,596	46,709
Total Comprehensive Income Attributable To :										
Owners of the Company	292,126	235,287	1,423,798	366,588	1,057,210	288,082	206,760	1,383,181	372,249	1,010,932
Non Controlling Interest	(3,068)	(66)	(3,072)	(848)	(2,224)	-	-	-	-	-
Total Comprehensive Income For the Period	289,058	235,221	1,420,726	365,740	1,054,986	288,082	206,760	1,383,181	372,249	1,010,932
BASIC EARNINGS PER SHARE OF Rs. 10/-	2.65	1.14	2.95	0.62		2.55	0.42	1.93	0.76	

STATEMENT OF FINANCIAL POSITION

As At	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2015.09.30</u> <u>Rs. 000's</u>	<u>2015.03.31</u> <u>Rs. 000's</u>	<u>2015.09.30</u> <u>Rs. 000's</u>	<u>2015.03.31</u> <u>Rs. 000's</u>
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,681,321	1,789,252	200,980	214,959
Investment in Subsidiaries	-	-	762,244	762,244
Available for Sale Investments	10,435,616	9,129,741	10,435,616	9,129,741
Biological Assets	365,514	371,253	-	-
Deferred Tax Asset	47,936	47,936	47,742	47,742
	12,530,387	11,338,182	11,446,582	10,154,686
CURRENT ASSETS				
Inventories	782,968	1,031,396	349,988	618,716
Biological Assets	15,218	9,350	-	-
Financial Assets Held for Trading	311,409	305,929	311,409	305,929
Trade Receivable	425,861	465,344	134,722	231,173
Other Receivables	46,878	74,187	8,384	17,688
Amounts due from Related Parties	49,683	35,870	855,590	837,739
Income Tax Receivables	30,197	24,297	14,615	11,184
Cash & Cash equivalents	44,884	22,347	20,564	15,767
TOTAL CURRENT ASSETS	1,707,098	1,968,720	1,695,272	2,038,196
TOTAL ASSETS	14,237,485	13,306,902	13,141,854	12,192,882
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	10,197,917	8,892,041	10,197,917	8,892,041
Revenue Reserves	1,446,618	1,378,694	1,400,798	1,373,491
Total Equity attributable to Equity Holders of the company	12,749,601	11,375,801	12,703,781	11,370,598
Non Controlling Interest	15,139	18,211	-	-
Total Equity	12,764,740	11,394,012	12,703,781	11,370,598
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	450,984	450,984	-	-
Deferred tax liability	83,042	83,042	-	-
Retirement Benefit Obligation	65,331	60,822	41,835	38,826
	599,357	594,848	41,835	38,826
CURRENT LIABILITIES				
Trade and Other payables	301,451	321,654	127,181	182,721
Amounts due to Related Parties	5,851	17,675	25,174	27,689
Income Tax Payable	-	1,021	-	-
Loans and Borrowings	33,406	466,812	-	400,000
Bank Overdraft	532,680	510,880	243,883	173,048
TOTAL CURRENT LIABILITIES	873,388	1,318,042	396,238	783,458
TOTAL LIABILITIES	1,472,745	1,912,890	438,073	822,284
TOTAL EQUITY AND LIABILITIES	14,237,485	13,306,902	13,141,854	12,192,882
Net Asset Value Per Share Rs. Cts.	318.76	284.41	317.61	284.28

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

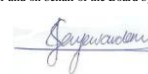
The Board of Directors is responsible for the preparation and presentation of these Financial statements. Signed for and on behalf of the Board by,



Finance Manager



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 01.04.2014	999,950	105,116	110,000	7,468,485	1,271,580	9,955,131	22,827	9,977,958
Profit for the Period	-	-	-	-	24,935	24,935	(848)	24,087
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available Sale Financial Assets	-	-	-	341,653	-	341,653	-	341,653
Total Comprehensive Income				341,653	24,935	366,588	(848)	365,740
Balance as at 30.09 .2014	999,950	105,116	110,000	7,810,138	1,296,515	10,321,719	21,979	10,343,698
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 for the Period	-	-	-	-	117,922	117,922	(3,072)	114,850
Dividend paid	-	-	-	-	(49,998)	(49,998)	-	(49,998)
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available Sale Financial Assets	-	-	-	1,305,876	-	1,305,876	-	1,305,876
Total Comprehensive Income				1,305,876	67,924	1,373,800	(3,072)	1,370,728
Balance as at 30.09.2015	999,950	105,116	110,000	10,197,917	1,336,618	12,749,601	15,139	12,764,740

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 01.04.2014	999,950	105,116	110,000	7,468,485	1,199,267	9,882,818
Profit for the Period	-	-	-	-	30,596	30,596
Other Comprehensive Income					-	-
Net change in fair value of Available Sale Financial Assets	-	-	-	341,653	-	341,653
Total Comprehensive Income				341,653	30,596	372,249
Balance as at 30.09.2014	999,950	105,116	110,000	7,810,138	1,229,863	10,255,067
Balance as at 01.04.2015	999,950	105,116	110,000	8,892,041	1,263,491	11,370,598
Profit for the Period	-	-	-	-	77,305	77,305
Dividend paid	-	-	-	-	(49,998)	(49,998)
Other Comprehensive Income					-	-
Net change in fair value of Available Sale Financial Assets	-	-	-	1,305,876	-	1,305,876
Total Comprehensive Income				1,305,876	27,307	1,333,183
Balance as at 30.09.2015	999,950	105,116	110,000	10,197,917	1,290,798	12,703,781

CASH FLOW STATEMENT

For The Six Months Ended	<u>GROUP</u>		<u>COMPANY</u>	
	2015.09.30 Rs.000's	2014.09.30 Rs.000's	2015.09.30 Rs.000's	2014.09.30 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	114,905	24,157	77,341	30,666
Adjustments for				
Depreciation on property, plant & equipment	113,700	114,800	14,570	15,554
Changes in Fair Value of Held for Trading Investments	(5,480)	(69,470)	(5,480)	(69,470)
(Gain) / Loss on disposal of Biological Assets	15,690	13,295	-	-
Provision for retirement benefit Obligation	6,734	4,226	3,102	2,500
Change in Fair value of Biological Assets	(23,696)	(62,678)	-	-
Interest Income	(303)	(858)	(198)	(365)
Dividend Income	(119,261)	(2,617)	(119,261)	(2,617)
Interest Paid	42,995	27,523	18,098	11,270
Operating Profit/ (Loss) before Working Capital Changes	145,284	48,378	(11,828)	(12,462)
(Increase)/ Decrease In Inventories and Biological Assets	242,560	(693,126)	268,728	(671,974)
(Increase)/ Decrease In Trade and Other Receivables	66,792	93,494	105,755	126,348
(Increase)/ Decrease Related Party Balances	(25,637)	(83,593)	(20,366)	(178,290)
Increase/ (Decrease) In Trade and Other Payables	(20,203)	(29,063)	(55,540)	17,094
Cash Flows Generated from / (used in) Operations	408,796	(663,910)	286,749	(719,284)
Interest Paid	(42,995)	(27,523)	(18,098)	(11,270)
Income Tax Paid	(6,973)	(3,149)	(3,466)	(833)
Retiring Gratuity Paid	(2,225)	(371)	(93)	(371)
Net Cash flows generated from/used in) Investing Activities	356,603	(694,953)	265,092	(731,758)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	303	858	198	365
Dividend Income	119,261	2,617	119,261	2,617
Purchase & construction of Property, Plant & Equipment	(5,769)	(10,214)	(591)	(4,815)
Proceeds from disposal of Short term Investments	-	8	-	8
Proceeds from Sale of Biological Assets	19,081	26,867	-	-
Acquisition of Biological Assets	(5,338)	(13,033)	-	-
Net Cash Flows generated from/used in Investing Activities	127,538	7,103	118,868	(1,825)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Borrowings	(433,406)	(16,338)	(400,000)	(16,338)
Borrowings	-	500,000	-	500,000
Dividend Paid	(49,998)	-	(49,998)	-
Net Cash Flows generated from/used in Financing Activities	(483,404)	483,662	(449,998)	483,662
Net Increase / (Decrease) in Cash & Cash Equivalent	737	(204,188)	(66,038)	(249,921)
Cash and Cash Equivalents at beginning of the year	(488,533)	(237,661)	(157,281)	39,481
Cash and Cash Equivalents at end of Period (Note A)	(487,796)	(441,849)	(223,319)	(210,440)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
Cash and Cash equivalents	44,884	36,628	20,564	21,906
Bank Overdraft	(532,680)	(478,477)	(243,883)	(232,346)
	(487,796)	(441,849)	(223,319)	(210,440)

SEGMENTAL INFORMATION

For The Six Months Ended	POWDERED MILK		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2015.09.30 Rs.000's	2014.09.30 Rs.000's	2015.09.30 Rs.000's	2014.09.30 Rs.000's	2015.09.30 Rs.000's	2014.09.30 Rs.000's	2015.09.30 Rs.000's	2014.09.30 Rs.000's	2015.09.30 Rs.000's	2014.09.30 Rs.000's
Total Revenue	1,206,852	745,174	1,516,162	1,124,518	167,283	181,952	(328,400)	(152,483)	2,561,897	1,899,161
Profit/(Loss) from operations	95,241	27,032	68,158	34,323	(924)	(3,147)	-	-	162,475	58,208
Net finance Income / (expenses)	(17,900)	3,634	(27,275)	(35,113)	(2,395)	(2,572)	-	-	(47,570)	(34,051)
Income tax expenses	(36)	(70)	(19)	-	-	-	-	-	(55)	(70)
Profit / (Loss) for the Period	77,305	30,596	40,864	(790)	(3,319)	(5,719)	-	-	114,850	24,087

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 2015.
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 September 2015
Mr. D. H.S Jayawardena	Nil
Mr. R.K Obeysekere	Nil
Mr. C.R Jansz	Nil
Ms. D.S.C Jayawardena	Nil
Mr. D.S.K Amarasekera	Nil
Dr. A. Shakthevale	Nil

9. The final dividend of Rs.1.25/= per share amounting to Rs. 49,997,500 /= for the financial year ended 31-03-2015 was distributed to shareholders on 11th September 2015.

10.	Share Trading	The market price recorded during the quarter ended 30th September		
			<u>2015.09.30</u>	<u>2014.09.30</u>
	Highest Price	Rs. Cts.	170.00	139.00
	Lowest Price	Rs. Cts.	145.00	112.60
	Last Traded Price	Rs. Cts.	145.00	128.60

11.	Twenty Major Shareholders		% ON TOTAL ISSUED
	NAME OF THE SHAREHOLDER	NO OF SHARES	CAPITAL
	1. MILFORD EXPORTS (CEYLON) (PVT) LIMITED	13,426,540	33.57
	2. MILLS ENTERPRISES LIMITED	6,120,290	15.30
	3. MELSTACORP LIMITED	5,946,351	14.87
	4. MELLON BANK N.A COMMONWEALTH OF MASSACHU	1,346,814	3.37
	5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,234,029	3.09
	6. DISTILLERIES COMPANY OF SRI LANKA PLC.	763,733	1.91
	7. MELLON BANK N.A THE FRONTIER EMERGING MARKI	643,075	1.61
	8. E.W BALASURIYA & CO. (PVT) LTD	619,212	1.55
	9. YUSUF HUSSEINALLY ABDULHUSSEIN	601,933	1.50
	10. WALDOCK MACKENZIE LTD/MR H.M.S ABDULHUSSEI	547,118	1.37
	11. RUKAIYA HUSSEINALLY ABDULHUSSEIN	400,000	1.00
	12. HUSSEINALLY MOHSINALLY SHAIKH ABDULHUSSEIN	280,266	0.70
	13. SAEMA ENAYAT LOKHANDWALLA	280,000	0.70
	14. COMMERCIAL BANK OF CEYLON PLC A/C No.04	250,000	0.63
	15. HALLSVILLE TRADING GROUP INC.	249,221	0.62
	16. COMMERCIAL BANK OF CEYLON PLC/SITHIJAYA FUNI	199,852	0.50
	17. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	185,689	0.46
	18. DEUTSCHE BANK AG-NAMAL GROWTH FUND	185,000	0.46
	19. DINESH NAGENDRA SELLAMUTTU	183,502	0.46
	20. PHILLIP SECURITIES PTE LTD	182,000	0.46
	SUB TOTAL	33,644,625	84.13
	OTHER SHAREHOLDERS	6,353,375	15.87
	GRAND TOTAL	<u>39,998,000</u>	<u>100.00</u>

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 30TH SEPTEMBER 2015 IS 34.35%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 30TH SEPTEMBER 2015 - 3256