



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 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. ZAKI ALIF (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 YEAR ENDED 31ST MARCH 2015
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>GROUP</u>					<u>COMPANY</u>				
	<u>Quarter Ended</u>		<u>Year Ended</u>			<u>Quarter Ended</u>		<u>Year Ended</u>		
For The Year Ended	2015.03.31	2014.03.31	2015.03.31	2014.03.31	Change	2015.03.31	2014.03.31	2015.03.31	2014.03.31	Change
	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
					+ / (-)					+ / (-)
Revenue	1,257,368	873,105	4,268,369	4,571,997	(303,628)	610,901	345,658	1,957,227	2,446,113	(488,886)
Cost of sales	(1,266,827)	(857,098)	(3,954,384)	(4,099,404)	145,020	(612,740)	(337,458)	(1,894,661)	(2,274,881)	380,220
GROSS PROFIT	(9,459)	16,007	313,985	472,593	(158,608)	(1,839)	8,200	62,566	171,232	(108,666)
Other Operating Income	65,182	64,603	402,495	236,423	166,072	(1,708)	1,831	250,768	125,847	124,921
Administrative Expenses	(56,478)	(63,818)	(319,324)	(293,714)	(25,610)	(40,776)	(40,414)	(141,141)	(140,458)	(683)
Distribution Expenses	(93,338)	(83,852)	(270,408)	(256,184)	(14,224)	(57,234)	(35,161)	(124,019)	(109,985)	(14,034)
Other Operating Expenses	(21,126)	(31,138)	(62,639)	(62,779)	140	-	(7,156)	-	(7,156)	7,156
PROFIT FROM OPERATIONS	(115,219)	(98,198)	64,109	96,339	(32,230)	(101,557)	(72,700)	48,174	39,480	8,694
Finance Income	(632)	1,000	17,553	5,125	12,428	(787)	7,358	15,079	10,171	4,908
Finance Expense	(24,060)	(18,203)	(99,614)	(74,940)	(24,674)	(12,699)	(7,699)	(34,751)	(35,589)	838
Net Finance - Income / (Expense)	(24,692)	(17,203)	(82,061)	(69,815)	(12,246)	(13,486)	(341)	(19,672)	(25,418)	5,746
PROFIT /(LOSS) BEFORE TAXATION	(139,911)	(115,401)	(17,952)	26,524	(44,476)	(115,043)	(73,041)	28,502	14,062	14,440
Income Tax (Expenses)/Reversal	48,382	23,403	48,277	21,903	26,374	46,470	31,457	46,365	29,957	16,408
PROFIT/(LOSS) FOR THE YEAR	(91,529)	(91,998)	30,325	48,427	(18,102)	(68,573)	(41,584)	74,867	44,019	30,848
Other Comprehensive Income										
Net change in Fair Value of Available Sale Investments	1,157,826	379,614	1,423,556	1,385,595	37,961	1,157,826	379,614	1,423,556	1,385,595	37,961
Actuarial Gain/(Loss) on Retirement benefit Obligation	(7,639)	(6,314)	(7,639)	(6,314)	-	-	(3,529)	(5,651)	(3,529)	-
Other Comprehensive Income for the Year	1,150,187	373,300	1,415,917	1,379,281	36,636	1,157,826	376,085	1,417,905	1,382,066	35,839
Total Comprehensive Income	1,058,658	281,302	1,446,242	1,427,708	18,534	1,089,253	334,501	1,492,772	1,426,085	66,687
Profit Attributable To:										
Owners of the Company	(90,643)	(91,335)	31,605	61,059	(29,454)	(68,573)	(41,584)	74,867	44,019	30,848
Non Controlling Interest	(886)	(663)	(1,280)	(12,632)	11,352	-	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR	(91,529)	(91,998)	30,325	48,427	(18,102)	(68,573)	(41,584)	74,867	44,019	30,848
Total Comprehensive Income Attributable To :										
Owners of the Company	1,059,544	281,965	1,447,522	1,440,340	7,182	1,089,253	334,501	1,492,772	1,426,085	66,687
Non Controlling Interest	(886)	(663)	(1,280)	(12,632)	11,352	-	-	-	-	-
Total Comprehensive Income For the Year	1,058,658	281,302	1,446,242	1,427,708	18,534	1,089,253	334,501	1,492,772	1,426,085	66,687
BASIC EARNINGS PER SHARE OF Rs. 10/-	(2.27)	(2.28)	0.79	1.53	-	(1.71)	(1.04)	1.87	1.10	-

STATEMENT OF FINANCIAL POSITION

As At	GROUP		COMPANY	
	2015.03.31 Rs. 000's	2014.03.31 Rs. 000's	2015.03.31 Rs. 000's	2014.03.31 Rs. 000's
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,757,897	1,962,797	214,959	235,513
Investment in subsidiaries	-	-	767,010	767,009
Available for Sale Financial Assets	9,129,741	7,706,185	9,129,741	7,706,185
Biological Assets	370,485	306,447	-	-
Deferred Tax Asset	46,261	-	46,261	-
	11,304,384	9,975,429	10,157,971	8,708,707
CURRENT ASSETS				
Inventories	997,463	794,257	619,085	351,631
Biological Assets	20,349	15,861	-	-
Financial Assets Held for Trading	305,929	236,453	305,929	236,453
Trade Receivable	492,687	372,587	223,630	209,065
Other Receivables	63,566	81,591	15,067	33,787
Amounts due from Related Parties	14,415	25,723	835,068	874,609
Income Tax Receivables	26,471	19,613	11,184	8,042
Cash & Cash equivalents	22,222	65,539	15,624	49,277
	1,943,102	1,611,624	2,025,587	1,762,864
TOTAL ASSETS	13,247,486	11,587,053	12,183,558	10,471,571
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	8,892,041	7,468,485	8,892,041	7,468,485
Revenue Reserves	1,420,788	1,396,822	1,378,483	1,309,267
Total equity attributable to equity holders	11,417,895	9,970,373	11,375,590	9,882,818
Non Controlling Interest	21,547	22,827	-	-
Total Equity	11,439,442	9,993,200	11,375,590	9,882,818
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	450,984	517,797	-	-
Deferred tax liability	53,112	55,321	-	295
Retirement Benefit Obligation	60,823	49,388	38,826	29,733
	564,919	622,506	38,826	30,028
CURRENT LIABILITIES				
Trade and Other payables	262,032	547,319	168,569	415,916
Amounts due to Related Parties	3,551	73,157	27,675	102,045
Loans and Borrowings	466,813	47,671	400,000	30,968
Bank Overdraft	510,729	303,200	172,898	9,796
	1,243,125	971,347	769,142	558,725
TOTAL LIABILITIES	1,808,044	1,593,853	807,968	588,753
TOTAL EQUITY AND LIABILITIES	13,247,486	11,587,053	12,183,558	10,471,571
Net Asset Value Per Share Rs. Cts.	285.46	249.27	284.40	247.08

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



MR. D.H.S Jayawardena
Chairman



MS. D.S.C Jayawardena
Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Stated Capital	Capital 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 01.04.2013	999,950	105,116	110,000	6,082,890	1,292,074	8,590,030	35,459	8,625,489
Profit for the Year	-	-	-	-	61,059	61,059	(12,632)	48,427
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available Sale Financial Assets	-			1,385,595		1,385,595		1,385,595
Actuarial Gain/(Loss) on Retirement Benefit obligation					(6,314)	(6,314)		(6,314)
Total Comprehensive Income				1,385,595	54,745	1,440,340	(12,632)	1,427,708
Dividend paid					(59,997)	(59,997)	-	(59,997)
Balance as at 31.03.2014	999,950	105,116	110,000	7,468,485	1,286,822	9,970,373	22,827	9,993,200
Balance as at 01.04.2014	999,950	105,116	110,000	7,468,485	1,286,822	9,970,373	22,827	9,993,200
Profit for the Year	-	-	-	-	31,605	31,605	(1,280)	30,325
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available Sale Financial Assets				1,423,556		1,423,556		1,423,556
Actuarial Gain/(Loss) on Retirement Benefit obligation					(7,639)	(7,639)		(7,639)
Total Comprehensive Income				1,423,556	23,966	1,447,522	(1,280)	1,446,242
Balance as at 31.03.2015	999,950	105,116	110,000	8,892,041	1,310,788	11,417,895	21,547	11,439,442

COMPANY

	Stated Capital	Capital 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 01.04.2013	999,950	105,116	110,000	6,082,890	1,218,774	8,516,730
Profit for the Year				-	44,019	44,019
Other Comprehensive Income					-	-
Net change in fair value of Available Sale Financial Assets				1,385,595		1,385,595
Actuarial Gain/(Loss) on Retirement Benefit obligation					(3,529)	(3,529)
Total Comprehensive Income				1,385,595	40,490	1,426,085
Dividend paid					(59,997)	(59,997)
Balance as at 31.03.2014	999,950	105,116	110,000	7,468,485	1,199,267	9,882,818
Balance as at 01.04.2014	999,950	105,116	110,000	7,468,485	1,199,267	9,882,818
Profit for the Year		-	-	-	74,867	74,867
Other Comprehensive Income					-	-
Net change in fair value of Available Sale Financial Assets				1,423,556		1,423,556
Actuarial Gain/(Loss) on Retirement Benefit obligation					(5,651)	(5,651)
Total Comprehensive Income				1,423,556	69,216	1,492,772
Balance as at 31.03.2015	999,950	105,116	110,000	8,892,041	1,268,483	11,375,590

CASH FLOW STATEMENT

For The Year Ended	GROUP		COMPANY	
	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	(17,952)	26,524	28,502	14,062
Adjustments for				
Depreciation on property, plant & equipment	230,817	175,680	31,317	29,269
Changes in Fair Value of Held for Trading Investments	(70,923)	(8,561)	(70,923)	(8,561)
Provision for impairment of investments In Subsidiary	-	-	-	7,156
Provision/(Reversal) of Impairment of Trade Receivable	1,810	5,499	1,810	(7,321)
Gain on Sale of Financial Assets Held for Trading	(535)	-	(535)	-
(Gain) / Loss on disposal of Biological Assets	34,291	28,582	-	-
Gain on disposal of Property, Plant & Equipment	(74)	(20,636)	(54)	(787)
Provision for retirement benefit Obligation	10,631	8,497	6,201	5,073
Provision for obsolete of Inventories	-	12,960	-	-
Change in Fair value of Biological Assets	(130,691)	(73,902)	-	-
Interest Income	(1,594)	(4,843)	(1,048)	(10,171)
Dividend Income	(129,829)	(114,773)	(129,829)	(114,773)
Interest Paid	99,615	57,806	34,751	18,457
Operating Profit/ (Loss) before Working Capital Changes	25,566	92,833	(99,808)	(67,596)
(Increase)/ Decrease In Inventories and Biological Assets	(207,694)	207,052	(267,454)	275,519
(Increase)/ Decrease In Trade and Other Receivables	(103,885)	188,273	2,345	143,778
(Increase)/ Decrease Related parties	(58,298)	(99,544)	(34,829)	(153,296)
Increase/ (Decrease) In Trade and Other Payables	(285,287)	(579,967)	(247,347)	(329,719)
Cash Flows Generated from / (used in) Operations	(629,598)	(191,353)	(647,093)	(131,314)
Interest Paid	(99,615)	(57,806)	(34,751)	(18,457)
Income Tax Paid	(7,049)	(21,054)	(3,333)	(16,547)
Retiring Gratuity Paid	(6,837)	(3,913)	(2,759)	(2,797)
Net Cash flows generated from/used in) Investing Activities	(743,099)	(274,126)	(687,936)	(169,115)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	1,594	4,843	1,048	10,171
Dividend Income	129,829	114,773	129,829	114,773
Purchase & construction of Property, Plant & Equipment	(25,918)	(355,706)	(10,764)	(20,180)
Proceeds from disposal of Financial Assets Held for Trading	1,982	-	1,982	-
Proceeds from Sale of Biological Assets	67,996	37,083	-	-
Proceeds from Disposal of Property Plant & Equipment	74	23,890	54	787
Acquisition of Biological Assets	(35,633)	(30,997)	-	-
Net Cash Flows generated from/used in Investing Activities	139,924	(206,114)	122,149	105,551
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Borrowings	(47,671)	(32,677)	(30,968)	(32,677)
Borrowings during the period	400,000	281,642	400,000	-
Dividend paid	-	(59,997)	-	(59,997)
Net Cash Flows generated from/used in Financing Activities	352,329	188,968	369,032	(92,674)
Net Increase / (Decrease) in Cash & Cash Equivalent	(250,846)	(291,272)	(196,755)	(156,238)
Cash and Cash Equivalents at beginning of the year	(237,661)	53,611	39,481	195,719
Cash and Cash Equivalents at end of the Year (Note A)	(488,507)	(237,661)	(157,274)	39,481
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Cash and Cash equivalents	22,222	65,539	15,624	49,277
Bank Overdraft	(510,729)	(303,200)	(172,898)	(9,796)
	(488,507)	(237,661)	(157,274)	39,481

SEGMENTAL INFORMATION

For The Year Ended	POWDERED MILK		TRADING		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's	2015.03.31 Rs.000's	2014.03.31 Rs.000's
Total Revenue	1,957,227	1,786,249	-	659,864	2,314,888	2,063,322	359,784	347,509	(363,530)	(284,947)	4,268,369	4,571,997
Profit/(Loss) from operations	48,174	28,830	-	10,650	19,035	44,224	(3,100)	1,770	-	10,865	64,109	96,339
Net finance Income / (expenses)	(19,672)	(18,561)	-	(6,857)	(57,686)	(42,560)	(4,703)	(1,837)	-	-	(82,061)	(69,815)
Income tax expenses	46,365	29,853	-	104	1,912	(8,029)		-25			48,277	21,903
Profit / (Loss) for the Year	74,867	40,122	-	3,897	(36,739)	1,664	(7,803)	(92)	-	-	30,325	48,427

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 2014.
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 31st March 2015
Mr. D. H.S Jayawardena	Nil
Mr. R.K Obeyesekere	Nil
Mr. Zaki Alif	Nil
Mr. C.R Jansz	Nil
Ms. D.S.C Jayawardena	Nil
Mr. D.S.K Amarasekera	Nil
Dr. A. Shakthevale	Nil

9. Share Trading

The market price recorded during the quarter ended 31st March

		2015.03.31	2014.03.31
Highest Price	Rs. Cts.	143.50	115.00
Lowest Price	Rs. Cts.	121.00	102.60
Last Traded Price (31st March)	Rs. Cts.	140.00	107.10

10. Twenty Major Shareholders

NAME OF THE SHAREHOLDER	NO OF SHARES	% ON TOTAL ISSUED CAPITAL
1. MILFORD EXPORTS (CEYLON) LIMITED	13,426,540	33.57
2. MILLS ENTERPRISES LIMITED	6,120,290	15.30
3. MELSTACORP LIMITED	5,946,351	14.87
4. WALDOCK MACKENZIE LTD/MR H.M.S ABDULHUSSEIN	1,344,118	3.36
5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	907,607	2.27
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 MELLON BANK N.A COMMONWEALTH OF MASSACHU	557,665	1.39
10 TRADING PARTNERS (PVT) LTD	382,327	0.96
11 J.B COCOSHELL (PVT) LTD	332,661	0.83
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 GROU INC.	249,221	0.62
16. COMMERCIAL BANK OF CEYLON PLC /SITHIJAYA FUN	214,778	0.54
17. PHILLIP SECURITIES PTE LTD	202,000	0.51
18. YUSUF HUSSEINALLY ABDULHUSSEIN	201,933	0.50
19. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	185,689	0.46
20. DINESH NAGENDRA SELLAMUTTU	183,502	0.46
SUB TOTAL	33,090,968	82.74
OTHER SHAREHOLDERS	6,907,032	17.26
GRAND TOTAL	39,998,000	100.00

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 31ST MARCH 2015 IS 34.35%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 31ST MARCH 2015 - 3304