



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 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) 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 2016
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended	GROUP					COMPANY				
	Quarter Ended		Year Ended		Change Rs. 000's + / (-)	Quarter Ended		Year Ended		Change Rs. 000's + / (-)
	2016.03.31 Rs. 000's	2015.03.31 Rs. 000's	2016.03.31 Rs. 000's	2015.03.31 Rs. 000's		2016.03.31 Rs. 000's	2015.03.31 Rs. 000's	2016.03.31 Rs. 000's	2015.03.31 Rs. 000's	
Revenue	1,223,071	941,276	5,169,854	3,952,277	1,217,577	589,043	610,720	2,387,995	1,957,046	430,949
Cost of sales	(1,029,625)	(953,985)	(4,472,176)	(3,641,542)	(830,634)	(507,514)	(612,092)	(2,167,679)	(1,894,013)	(273,666)
GROSS PROFIT	193,446	(12,709)	697,678	310,735	386,943	81,529	(1,372)	220,316	63,033	157,283
Other Operating Income	44,958	42,577	350,958	379,890	(28,932)	16,235	2,282	198,177	254,758	(56,581)
Administrative Expenses	(84,399)	(45,211)	(335,361)	(308,057)	(27,304)	(41,883)	(39,750)	(171,573)	(140,115)	(31,458)
Distribution Expenses	(123,340)	(121,698)	(412,467)	(298,768)	(113,699)	(61,787)	(63,554)	(179,647)	(130,339)	(49,308)
Other Operating Expenses	(48,288)	(776)	(137,315)	(42,289)	(95,026)	(38,249)	(4,766)	(65,649)	(4,766)	(60,883)
PROFIT/(LOSS) FROM OPERATIONS	(17,623)	(137,817)	163,493	41,511	121,982	(44,155)	(107,160)	1,624	42,571	(40,947)
Finance Income	1,355	9,124	4,432	27,309	(22,877)	371	770	807	16,636	(15,829)
Finance Expense	(26,412)	(26,568)	(95,940)	(102,122)	6,182	(10,167)	(15,126)	(33,568)	(37,178)	3,610
Net Finance - Income / (Expense)	(25,057)	(17,444)	(91,508)	(74,813)	(16,695)	(9,796)	(14,356)	(32,761)	(20,542)	(12,219)
PROFIT/(LOSS) BEFORE TAXATION	(42,680)	(155,261)	71,985	(33,302)	105,287	(53,951)	(121,516)	(31,137)	22,029	(53,166)
Income Tax (Expenses)/Reversal	8,535	31,676	8,437	31,571	(23,134)	20,371	46,369	20,292	46,264	(25,972)
PROFIT/(LOSS) FOR THE YEAR	(34,145)	(123,585)	80,422	(1,731)	82,153	(33,580)	(75,147)	(10,845)	68,293	(79,138)
Other Comprehensive Income										
Net change in Fair Value of Available Sale Investments	(1,510,868)	1,157,826	(1,302,080)	1,423,556	(2,725,636)	(1,510,868)	1,157,826	(1,302,080)	1,423,556	(2,725,636)
Actuarial Loss on Defined benefit Obligation	-	(5,771)	-	(5,771)	5,771	-	(4,069)	-	(4,069)	4,069
Other Comprehensive Income for the Year	(1,510,868)	1,152,055	(1,302,080)	1,417,785	(2,719,865)	(1,510,868)	1,153,757	(1,302,080)	1,419,487	(2,721,567)
Total Comprehensive Income	(1,545,013)	1,028,470	(1,221,658)	1,416,054	(2,637,712)	(1,544,448)	1,078,610	(1,312,925)	1,487,780	(2,800,705)
Profit Attributable To:										
Owners of the Company	(34,079)	(119,855)	86,813	2,885	83,928	(33,580)	(75,147)	(10,845)	68,293	(79,138)
Non Controlling Interest	(66)	(3,730)	(6,391)	(4,616)	(1,775)	-	-	-	-	-
PROFIT/(LOSS) FOR THE YEAR	(34,145)	(123,585)	80,422	(1,731)	82,153	(33,580)	(75,147)	(10,845)	68,293	(79,138)
Total Comprehensive Income Attributable To :										
Owners of the Company	(1,544,947)	1,032,200	(1,215,267)	1,420,670	(2,635,937)	(1,544,448)	1,078,610	(1,312,925)	1,487,780	(2,800,705)
Non Controlling Interest	(66)	(3,730)	(6,391)	(4,616)	(1,775)	-	-	-	-	-
Total Comprehensive Income For the Year	(1,545,013)	1,028,470	(1,221,658)	1,416,054	(2,637,712)	(1,544,448)	1,078,610	(1,312,925)	1,487,780	(2,800,705)
BASIC EARNINGS PER SHARE OF Rs. 10/-	(0.85)	(3.00)	2.17	0.07		(0.84)	(1.88)	(0.27)	1.71	

STATEMENT OF FINANCIAL POSITION

As At	GROUP		COMPANY	
	2016.03.31	Audited 2015.03.31	2016.03.31	Audited 2015.03.31
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,574,473	1,789,252	186,883	214,959
Investment in Subsidiaries	-	-	755,495	762,244
Available for Sale Investments	7,827,661	9,129,741	7,827,661	9,129,741
Biological Assets	388,807	371,253	-	-
Deferred Tax Asset	69,197	47,936	68,183	47,742
	9,860,138	11,338,182	8,838,222	10,154,686
CURRENT ASSETS				
Inventories	860,633	1,031,396	341,305	618,716
Biological Assets	10,245	9,350	-	-
Financial Assets Held for Trading	247,029	305,929	247,029	305,929
Trade Receivable	514,997	465,344	190,725	231,173
Other Receivables	56,762	74,187	21,792	17,688
Amounts due from Related Parties	53,137	35,870	730,955	837,739
Income Tax Receivables	34,772	24,297	17,419	11,184
Cash & Cash equivalents	34,973	22,347	17,493	15,767
	1,812,548	1,968,720	1,566,718	2,038,196
TOTAL ASSETS	11,672,686	13,306,902	10,404,940	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	7,589,961	8,892,041	7,589,961	8,892,041
Revenue Reserves	1,415,509	1,378,694	1,312,648	1,373,491
Total Equity attributable to Equity Holders of the company	10,110,536	11,375,801	10,007,675	11,370,598
Non Controlling Interest	11,820	18,211	-	-
Total Equity	10,122,356	11,394,012	10,007,675	11,370,598
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	384,172	450,984	-	-
Deferred tax liability	93,903	83,042	-	-
Retirement Benefit Obligation	65,719	60,822	41,467	38,826
	543,794	594,848	41,467	38,826
CURRENT LIABILITIES				
Trade and Other payables	276,736	321,654	63,972	182,721
Amounts due to Related Parties	33,429	17,675	25,741	27,689
Income Tax Payable	551	1,021	-	-
Loans and Borrowings	66,812	466,812	-	400,000
Bank Overdraft	629,008	510,880	266,085	173,048
	1,006,536	1,318,042	355,798	783,458
TOTAL LIABILITIES	1,550,330	1,912,890	397,265	822,284
TOTAL EQUITY AND LIABILITIES	11,672,686	13,306,902	10,404,940	12,192,882

Net Asset Value Per Share Rs. Cts.

252.78 284.41

250.20 284.28

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:



MR. R.N Attygalle
Finance Manager
25th May 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 01.04.2014	999,950	105,116	110,000	7,468,485	1,271,580	9,955,131	22,827	9,977,958
Profit for the Year	-	-	-	-	2,885	2,885	(4,616)	(1,731)
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments	-			1,423,556		1,423,556		1,423,556
Actuarial Loss on defined benefit Obligation Net of Tax					(5,771)	(5,771)		(5,771)
Total Comprehensive Income				1,423,556	(2,886)	1,420,670	(4,616)	1,416,054
Balance as at 31.03 .2015	999,950	105,116	110,000	8,892,041	1,268,694	11,375,801	18,211	11,394,012
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 Year	-	-	-	-	86,813	86,813	(6,391)	80,422
Other Comprehensive Income								
Net change in fair value of Available for Sale Investments				(1,302,080)		(1,302,080)		(1,302,080)
Total Comprehensive Income				(1,302,080)	86,813	(1,215,267)	(6,391)	(1,221,658)
Dividend paid					(49,998)	(49,998)	-	(49,998)
Balance as at 31.03.2016	999,950	105,116	110,000	7,589,961	1,305,509	10,110,536	11,820	10,122,356

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 Year	-	-	-	-	68,293	68,293
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments				1,423,556	-	1,423,556
Actuarial Loss on defined benefit Obligation Net of Tax					(4,069)	(4,069)
Total Comprehensive Income				1,423,556	64,224	1,487,780
Balance as at 31.03.2015	999,950	105,116	110,000	8,892,041	1,263,491	11,370,598
Balance as at 01.04.2015	999,950	105,116	110,000	8,892,041	1,263,491	11,370,598
Profit for the Year	-	-	-	-	(10,845)	(10,845)
Other Comprehensive Income						
Net change in fair value of Available for Sale Investments				(1,302,080)	-	(1,302,080)
Total Comprehensive Income				(1,302,080)	(10,845)	(1,312,925)
Dividend paid					(49,998)	(49,998)
Balance as at 31.03.2016	999,950	105,116	110,000	7,589,961	1,202,648	10,007,675

CASH FLOW STATEMENT

For The Year Ended	GROUP		COMPANY	
	2016.03.31 Rs.000's	2015.03.31 Rs.000's	2016.03.31 Rs.000's	2015.03.31 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	71,985	(33,302)	(31,137)	22,029
Adjustments for				
Depreciation on property, plant & equipment	226,789	230,269	29,205	31,317
Changes in Fair Value of Held for Trading Investments	58,900	(70,923)	58,900	(70,923)
Gain on Sale of Financial Assets Held for Trading	-	(535)	-	(535)
Provision for Impairment of Investments in Subsidiary	-	-	6,749	4,765
Provision/(Reversal) of Impairment Trade Receivables	21,708	6,076	9,804	1,809
(Gain) / Loss on disposal of Biological Assets	33,491	(23,483)	-	-
Gain on disposal of Property, Plant & Equipment	-	(74)	-	(54)
Provision for retirement benefit Obligation	10,303	10,631	6,000	6,201
Change in Fair value of Biological Assets	(80,926)	(106,561)	-	-
Interest Income	(936)	(11,525)	(807)	(1,048)
Dividend Income	(121,225)	(129,829)	(121,225)	(129,829)
Interest Paid	87,086	102,122	24,714	37,178
Operating Profit/ (Loss) before Working Capital Changes	307,175	(27,134)	(17,797)	(99,090)
(Increase)/ Decrease In Inventories and Biological Assets	169,868	(237,139)	277,411	(267,084)
(Increase)/ Decrease In Trade and Other Receivables	(53,936)	(91,428)	26,540	(7,818)
(Increase)/ Decrease Related Party Balances	(1,513)	(65,629)	104,836	(37,486)
Increase/ (Decrease) In Trade and Other Payables	(44,918)	(225,665)	(118,749)	(233,195)
Cash Flows Generated from / (used in) Operations	376,676	(646,995)	272,241	(644,673)
Interest Paid	(87,086)	(102,122)	(24,714)	(37,178)
Income Tax Paid	(12,908)	(5,680)	(6,384)	(3,333)
Retiring Gratuity Paid	(5,408)	(6,836)	(3,359)	(2,759)
Net Cash flows generated from/used in) Investing Activities	271,274	(761,633)	237,784	(687,943)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	936	11,525	807	1,048
Dividend Income	121,225	129,829	121,225	129,829
Purchase & construction of Property, Plant & Equipment	(12,008)	(57,046)	(1,129)	(10,763)
Proceeds from disposal of Short term Investments	-	1,981	-	1,981
Proceeds from Sale of Biological Assets	47,239	141,305	-	-
Proceeds from disposal of Property Plant Equipment	-	396	-	54
Acquisition of Biological Assets	(17,358)	(69,557)	-	-
Net Cash Flows generated from/used in Investing Activities	140,034	158,433	120,903	122,149
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Borrowings	(466,812)	(47,672)	(400,000)	(30,968)
Borrowings during the year	-	400,000	-	400,000
Dividend Paid	(49,998)	-	(49,998)	-
Net Cash Flows generated from/used in Financing Activities	(516,810)	352,328	(449,998)	369,032
Net Increase / (Decrease) in Cash & Cash Equivalent	(105,502)	(250,872)	(91,311)	(196,762)
Cash and Cash Equivalents at beginning of the year	(488,533)	(237,661)	(157,281)	39,481
Cash and Cash Equivalents at end of Year (Note A)	(594,035)	(488,533)	(248,592)	(157,281)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR				
Cash and Cash equivalents	34,973	22,347	17,493	15,767
Bank Overdraft	(629,008)	(510,880)	(266,085)	(173,048)
	(594,035)	(488,533)	(248,592)	(157,281)

SEGMENTAL INFORMATION

For The Year Ended	POWDERED MILK		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2016.03.31	2015.03.31	2016.03.31	2015.03.31	2016.03.31	2015.03.31	2016.03.31	2015.03.31	2016.03.31	2015.03.31
	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	2,387,995	1,957,046	3,194,073	2,281,392	362,312	338,273	(774,526)	(624,434)	5,169,854	3,952,277
Profit/(Loss) from operations	1,624	42,571	155,159	(5,323)	(39)	(6,190)	6,749	10,453	163,493	41,511
Net finance Income / (expenses)	(32,761)	(20,542)	(54,459)	(59,493)	(4,287)	5,222	-	-	(91,507)	(74,813)
Income tax expenses	20,292	46,264	(11,119)	(11,627)	(737)	(3,066)			8,436	31,571
Profit / (Loss) for the Year	(10,845)	68,293	89,581	(76,443)	(5,024)	(4,034)	-		80,422	(1,731)

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 31st March 2016
Mr. D. H.S Jayawardena	Nil
Mr. R.K Obeyesekere	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

		<u>2016.03.31</u>	<u>2015.03.31</u>
Highest Price	Rs. Cts.	150.00	143.50
Lowest Price	Rs. Cts.	110.00	121.00
Last Traded Price	Rs. Cts.	114.50	140.00

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 MASSACHU	1,346,814	3.37
5. PERSHING LLC S/A AVERBACH GRAUSON & CO.	1,234,029	3.09
6. MELLON BANK N.A THE FRONTIER EMERGING MARKI	643,075	1.61
7. E.W BALASURIYA & CO. (PVT) LTD	619,212	1.55
8. YUSUF HUSSEINALLY ABDULHUSSEIN	601,933	1.50
9. WALDOCK MACKENZIE LTD/MR H.M.S ABDULHUSSEI	547,118	1.37
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 FUNI	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	33,798,767	84.51
OTHER SHAREHOLDERS	6,199,233	15.49
GRAND TOTAL	39,998,000	100.00

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 31ST MARCH 2016 IS 34.35%

NUMBER OF PUBLIC SHAREHOLDERS AS AT 31ST MARCH 2016 - 3247