



LANKA MILK FOODS (CWE) PLC
INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 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	MS. H.K BULATHWATTE
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	- HATTON NATIONAL BANK PLC. DFCC BANK PLC. COMMERCIAL BANK OF CEYLON PLC HONGKONG & SHANGHAI BANKING CORPORATION LTD

LANKA MILK FOODS (CWE) PLC.
CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP					
	QUARTER ENDED			FOR THE SIX MONTHS ENDED		
	2016.09.30 Rs. 000's	2015.09.30 Rs. 000's	Change Rs. 000's + / (-)	2016.09.30 Rs. 000's	2015.09.30 Rs. 000's	Change Rs. 000's + / (-)
Revenue	1,544,334	1,183,333	361,001	2,938,757	2,561,897	376,860
Cost of sales	(1,278,284)	(1,027,004)	(251,280)	(2,437,777)	(2,251,912)	(185,865)
GROSS PROFIT	266,050	156,329	109,721	500,980	309,985	190,995
Other Operating Income	205,040	159,971	45,069	275,631	226,576	49,055
Administrative Expenses	(70,940)	(71,523)	583	(180,385)	(160,706)	(19,679)
Distribution Expenses	(88,343)	(102,771)	14,428	(175,722)	(182,084)	6,362
Other Operating Expenses	(21,780)	(19,122)	(2,658)	(45,395)	(36,776)	(8,619)
PROFIT/(LOSS) FROM OPERATIONS	290,027	122,884	167,143	375,109	156,995	218,114
Finance Income	25,457	(2,261)	27,718	26,785	5,783	21,002
Finance Expense	(14,617)	(17,522)	2,905	(46,316)	(47,873)	1,557
Net Finance - Income / (Expense)	10,840	(19,783)	30,623	(19,531)	(42,090)	22,559
PROFIT /(LOSS) BEFORE TAXATION	300,867	103,101	197,766	355,578	114,905	240,673
Income Tax (Expenses)/Reversal	(19,868)	(55)	(19,813)	(19,883)	(55)	(19,828)
PROFIT/(LOSS) FOR THE PERIOD	280,999	103,046	177,953	335,695	114,850	220,845
Other Comprehensive Income						
Net change in Fair Value of Available Sale Investments	1,138,845	186,012	952,833	1,173,010	1,305,876	(132,866)
Other Comprehensive Income for the Period	1,138,845	186,012	952,833	1,173,010	1,305,876	(132,866)
Total Comprehensive Income	1,419,844	289,058	1,130,786	1,508,705	1,420,726	87,979
Profit Attributable To:						
Owners of the Company	281,003	106,114	174,889	335,703	117,922	217,781
Non Controlling Interest	(4)	(3,068)	3,064	(8)	(3,072)	3,064
PROFIT/(LOSS) FOR THE PERIOD	280,999	103,046	177,953	335,695	114,850	220,845
Total Comprehensive Income Attributable To :						
Owners of the Company	1,419,848	292,126	1,127,722	1,508,713	1,423,798	84,915
Non Controlling Interest	(4)	(3,068)	3,064	(8)	(3,072)	3,064
Total Comprehensive Income For the Period	1,419,844	289,058	1,130,786	1,508,705	1,420,726	87,979
BASIC EARNINGS PER SHARE OF Rs.	7.03	2.65		8.39	2.95	

LANKA MILK FOODS (CWE) PLC.
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	COMPANY					
	QUARTER ENDED			FOR THE SIX MONTHS ENDED		
	2016.09.30 Rs. 000's	2015.09.30 Rs. 000's	Change Rs. 000's + / (-)	2016.09.30 Rs. 000's	2015.09.30 Rs. 000's	Change Rs. 000's + / (-)
Revenue	629,016	510,303	118,713	1,214,659	1,206,852	7,807
Cost of sales	(538,223)	(451,811)	(86,412)	(1,054,920)	(1,122,403)	67,483
GROSS PROFIT	90,793	58,492	32,301	159,739	84,449	75,290
Other Operating Income	144,564	134,457	10,107	172,959	162,637	10,322
Administrative Expenses	(34,421)	(36,816)	2,395	(84,586)	(81,579)	(3,007)
Distribution Expenses	(28,262)	(42,109)	13,847	(56,785)	(75,746)	18,961
Other Operating Expenses	-	-	-	-	-	-
PROFIT/(LOSS) FROM OPERATIONS	172,674	114,024	58,650	191,327	89,761	101,566
Finance Income	23,886	(2,364)	26,250	24,232	5,678	18,554
Finance Expense	5,625	(9,554)	15,179	(8,586)	(18,098)	9,512
Net Finance - Income / (Expense)	29,511	(11,918)	41,429	15,646	(12,420)	28,066
PROFIT / (LOSS) BEFORE TAXATION	202,185	102,106	100,079	206,973	77,341	129,632
Income Tax (Expenses)/Reversal	(12,875)	(36)	(12,839)	(12,888)	(36)	(12,852)
PROFIT/(LOSS) FOR THE PERIOD	189,310	102,070	87,240	194,085	77,305	116,780
Other Comprehensive Income						
Net change in Fair Value of Available Sale Investments	1,138,845	186,012	952,833	1,173,010	1,305,876	(132,866)
Other Comprehensive Income for the Period	1,138,845	186,012	952,833	1,173,010	1,305,876	(132,866)
Total Comprehensive Income	1,328,155	288,082	1,040,073	1,367,095	1,383,181	(16,086)
Profit Attributable To:						
Owners of the Company	189,310	102,070	87,240	194,085	77,305	116,780
Non Controlling Interest	-	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	189,310	102,070	87,240	194,085	77,305	116,780
Total Comprehensive Income Attributable To :						
Owners of the Company	1,328,155	288,082	1,040,073	1,367,095	1,383,181	(16,086)
Non Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income For the Period	1,328,155	288,082	1,040,073	1,367,095	1,383,181	(16,086)
BASIC EARNINGS PER SHARE OF Rs.	4.73	2.55		4.85	1.93	

STATEMENT OF FINANCIAL POSITION

As At	GROUP		COMPANY	
	2016.09.30 Rs. 000's	AUDITED 2016.03.31 Rs. 000's	2016.09.30 Rs. 000's	AUDITED 2016.03.31 Rs. 000's
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,494,341	1,584,723	173,819	186,883
Investment in Subsidiaries	-	-	755,495	755,495
Available for Sale Investments	9,000,672	7,827,661	9,000,672	7,827,661
Biological Assets	401,214	385,063	-	-
Deferred Tax Asset	68,294	68,294	68,294	68,294
	10,964,521	9,865,741	9,998,280	8,838,333
CURRENT ASSETS				
Inventories	806,569	826,306	251,843	339,698
Biological Assets	4,022	10,245	-	-
Financial Assets Held for Trading	270,572	247,029	270,572	247,029
Trade Receivable	540,982	502,103	166,138	193,650
Other Receivables	58,959	67,574	23,063	20,265
Amounts due from Related Parties	39,868	54,298	739,281	730,416
Income Tax Receivables	30,384	38,625	12,375	18,942
Cash & Cash equivalents	49,370	44,473	29,064	17,493
	1,800,726	1,790,653	1,492,336	1,567,493
TOTAL ASSETS	12,765,247	11,656,394	11,490,616	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	8,762,971	7,589,961	8,762,971	7,589,961
Revenue Reserves	1,737,851	1,452,146	1,449,119	1,305,032
Total Equity attributable to Equity Holders of the company	11,605,888	10,147,173	11,317,156	10,000,059
Non Controlling Interest	11,812	11,820	-	-
Total Equity	11,617,700	10,158,993	11,317,156	10,000,059
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and Borrowings	384,171	384,172	-	-
Deferred Tax Liability	99,778	99,778	-	-
Retirement Benefit Obligation	78,216	72,428	48,193	44,765
	562,165	556,378	48,193	44,765
CURRENT LIABILITIES				
Trade and Other Payables	206,108	214,414	40,494	68,895
Amounts due to Related Parties	16,010	28,039	25,975	26,022
Income Tax Payable	-	1,776	-	-
Loans and Borrowings	33,406	66,812	-	-
Bank Overdraft	329,858	629,982	58,798	266,085
	585,382	941,023	125,267	361,002
TOTAL LIABILITIES	1,147,547	1,497,401	173,460	405,767
TOTAL EQUITY AND LIABILITIES	12,765,247	11,656,394	11,490,616	10,405,826
Net Asset Value Per Share Rs. Cts.	290.16	253.69	282.94	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 November 2016



MR. D.H.S Jayawardena
Chairman



MS. D.S.C Jayawardena
Director

STATEMENT OF CHANGES IN EQUITY

GROUP

	Stated Capital Rs.000' S	Revaluation Reserve Rs.000' S	Dairy	Available for Sale Reserve Rs.000' S	Retained Earnings Rs.000' S	Total Rs.000' S	Non Controlling Interest Rs.000' S	Total Equity Rs.000' S
			Development Project Reserve 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	-	-	-	-	117,922	117,922	(3,072)	114,850
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available for Sale Investments	-			1,305,876		1,305,876		1,305,876
Total Comprehensive Income				1,305,876	117,922	1,423,798	(3,072)	1,420,726
Dividend Paid					(49,998)	(49,998)		(49,998)
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
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	-	-	-	-	335,703	335,703	(8)	335,695
Other Comprehensive Income					-	-	-	-
Net change in fair value of Available for Sale Investments				1,173,010		1,173,010		1,173,010
Total Comprehensive Income				1,173,010	335,703	1,508,713	(8)	1,508,705
Dividend Paid					(49,998)	(49,998)		(49,998)
Balance as at 30.09.2016	999,950	105,116	110,000	8,762,971	1,627,851	11,605,888	11,812	11,617,700

COMPANY

	Stated Capital Rs.000's	Revaluation Reserve Rs.000's	Dairy	Available for Sale Reserve Rs.000's	Retained Earnings Rs.000's	Total Rs.000's
			Development Project Reserve 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				-	77,305	77,305
Other Comprehensive Income					-	-
Net change in fair value of Available for Sale Investments				1,305,876		1,305,876
Total Comprehensive Income				1,305,876	77,305	1,383,181
Dividend Paid					(49,998)	(49,998)
Balance as at 30.09.2015	999,950	105,116	110,000	10,197,917	1,290,798	12,703,781
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				-	194,085	194,085
Other Comprehensive Income					-	-
Net change in fair value of Available for Sale Investments				1,173,010		1,173,010
Total Comprehensive Income				1,173,010	194,085	1,367,095
Dividend Paid					(49,998)	(49,998)
Balance as at 30.09.2016	999,950	105,116	110,000	8,762,971	1,339,119	11,317,156

CASH FLOW STATEMENT

For The Six Months Ended	<u>GROUP</u>		<u>COMPANY</u>	
	2016.09.30 Rs.000's	2015.09.30 Rs.000's	2016.09.30 Rs.000's	2015.09.30 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	355,578	114,905	206,973	77,341
Adjustments for				
Depreciation on property, plant & equipment	109,932	113,700	13,511	14,570
Changes in Fair Value of Held for Trading Investments	(16,970)	(5,480)	(16,970)	(5,480)
(Gain) / Loss on disposal of Property Plant & Equipment	(775)		(775)	
(Gain) / Loss on disposal of Biological Assets	30,870	15,690	-	-
Provision for retirement benefit Obligation	7,123	6,734	4,529	3,102
Change in Fair value of Biological Assets	(68,703)	(23,696)	-	-
Interest Income	(886)	(303)	(801)	(198)
Dividend Income	(129,528)	(119,261)	(129,528)	(119,261)
Interest Paid	46,317	42,995	8,586	18,098
Operating Profit/ (Loss) before Working Capital Changes	332,958	145,284	85,525	(11,828)
(Increase)/ Decrease In Inventories and Biological Assets	25,960	242,560	87,855	268,728
(Increase)/ Decrease In Trade and Other Receivables	(30,264)	66,792	24,714	105,755
(Increase)/ Decrease Related Party Balances	2,362	(25,637)	(8,912)	(20,366)
Increase/ (Decrease) In Trade and Other Payables	(8,306)	(20,203)	(28,401)	(55,540)
Cash Flows Generated from / (used in) Operations	322,710	408,796	160,781	286,749
Interest Paid	(46,317)	(42,995)	(8,586)	(18,098)
Income Tax Paid	(13,418)	(6,973)	(6,321)	(3,466)
Retiring Gratuity Paid	(1,334)	(2,225)	(1,101)	(93)
Net Cash flows generated from/used in) Investing Activities	261,641	356,603	144,773	265,092
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	886	303	801	198
Dividend Income	129,528	119,261	129,528	119,261
Purchase & construction of Property, Plant & Equipment	(19,520)	(5,769)	(452)	(591)
Investment In Held for Trading	(6,573)	-	(6,573)	-
Proceeds from Sale of Biological Assets	33,842	19,081	-	-
Proceeds from Sale of Property Plant & Equipment	779	-	779	-
Acquisition of Biological Assets	(12,158)	(5,338)	-	-
Net Cash Flows generated from/used in Investing Activities	126,784	127,538	124,083	118,868
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(49,998)	(49,998)	(49,998)	(49,998)
Repayment of Borrowings	(33,406)	(433,406)	-	(400,000)
Net Cash Flows generated from/used in Financing Activities	(83,404)	(483,404)	(49,998)	(449,998)
Net Increase / (Decrease) in Cash & Cash Equivalent	305,021	737	218,858	(66,038)
Cash and Cash Equivalents at beginning of the year	(585,509)	(488,533)	(248,592)	(157,281)
Cash and Cash Equivalents at end of Period (Note A)	(280,488)	(487,796)	(29,734)	(223,319)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF PERIOD				
Cash and Cash equivalents	49,370	44,884	29,064	20,564
Bank Overdraft	(329,858)	(532,680)	(58,798)	(243,883)
	(280,488)	(487,796)	(29,734)	(223,319)

SEGMENTAL INFORMATION

For The Six Months Ended	POWDERED MILK		LIQUID MILK AND OTHERS		AGRICULTURE		ELIMINATION		GROUP	
	2016.09.30	2015.09.30	2016.09.30	2015.09.30	2016.09.30	2015.09.30	2016.09.30	2015.09.30	2016.09.30	2015.09.30
	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	1,214,659	1,206,852	1,846,781	1,516,162	232,514	167,283	(355,197)	(328,400)	2,938,757	2,561,897
Profit/(Loss) from operations	191,327	89,761	180,565	68,158	3,217	(924)	-	-	375,110	156,995
Net finance Income / (expenses)	15,646	(12,420)	(31,556)	(27,275)	(3,621)	(2,395)	-	-	(19,531)	(42,090)
Income tax expenses	(12,888)	(36)	(5,642)	(19)	(1,353)	-	-	-	(19,883)	(55)
Profit / (Loss) for the Period	194,085	77,305	143,367	40,864	(1,757)	(3,319)	-	-	335,695	114,850

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. The final dividend of Rs.1.25/ per share amounting to Rs. 49,997,500/ for the financial year ended 31-03-2016 was distributed to Shareholders on 23rd August 2016.
- 9 Directors' Shareholdings

The Directors' shareholdings in the Company were as follows.

Name of the Director	As at 30th September 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

10. Share Trading

The market price recorded during the quarter ended 30th September

		2016.09.30	2015.09.30
Highest Price	Rs. Cts.	135.00	170.00
Lowest Price	Rs. Cts.	100.00	145.00
Last Traded Price	Rs. Cts.	114.30	145.00

11. 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 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 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. J.B COCOSHELL (PVT) LTD	242,399	0.61
16. COMMERCIAL BANK OF CEYLON PLC/SITHIJAYA FUNDS	234,412	0.59
17. ESSAJEE CARIMJEE INSURANCE BROKERS (PVT) LTD	185,689	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	33,735,948	84.36
OTHER SHAREHOLDERS	6,262,052	15.64
GRAND TOTAL	39,998,000	100.00

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

NUMBER OF PUBLIC SHAREHOLDERS AS AT 30TH SEPTEMBER 2016 - 3253