



LANKA MILK FOODS (CWE) PLC
PROVISIONAL FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2008

INCOME STATEMENT

	CONSOLIDATED					COMPANY				
	Quarter Ended		Six Months Ended		Change Rs. 000's + / (-)	Quarter Ended		Six Months Ended		Change Rs. 000's + / (-)
	2008.09.30 Rs. 000's	2007.09.30 Rs. 000's	2008.09.30 Rs. 000's	2007.09.30 Rs. 000's		2008.09.30 Rs. 000's	2007.09.30 Rs. 000's	2008.09.30 Rs. 000's	2007.09.30 Rs. 000's	
For the Six months ended										
Turnover	1,047,241	916,237	1,906,311	1,728,696	177,615	890,202	827,570	1,631,165	1,547,483	83,682
Cost of sales	(924,530)	(735,156)	(1,662,591)	(1,432,312)	(230,279)	(815,817)	(665,635)	(1,471,241)	(1,291,924)	(179,317)
GROSS PROFIT	122,711	181,081	243,720	296,384	(52,664)	74,385	161,935	159,924	255,559	(95,635)
Other Operating Income	4,846	4,976	10,365	10,257	108	69	278	444	1,041	(597)
Distribution Expenses	(77,145)	(54,792)	(113,446)	(97,767)	(15,679)	(57,984)	(51,517)	(94,126)	(91,852)	(2,274)
Administrative Expenses	(46,342)	(39,088)	(85,953)	(74,606)	(11,347)	(22,786)	(19,621)	(42,305)	(37,281)	(5,024)
Other Operating Expenses	(8,970)	(6,651)	(18,292)	(11,506)	(6,786)	-	-	-	-	-
PROFIT FROM OPERATIONS	(4,900)	85,526	36,394	122,762	(86,368)	(6,316)	91,075	23,937	127,467	(103,530)
Finance Income	65,050	4,671	75,717	7,614	68,103	64,929	4,671	75,308	7,610	67,698
Finance Expense	(57,867)	(24,826)	(112,003)	(47,601)	(64,402)	(47,345)	(20,474)	(95,644)	(37,136)	(58,508)
Finance - Income / (Expense)	7,183	(20,163)	(36,286)	(39,987)	3,701	17,584	(15,803)	(20,336)	(29,526)	9,190
Profit/(Loss) Before Taxation	2,283	65,363	108	82,775	(82,667)	11,268	75,272	3,601	97,941	(94,340)
Income Tax Expenses	-	(26,199)	-	(34,662)	34,662	-	(26,199)	-	(34,662)	34,662
Profit/(Loss) for the Period	2,283	39,164	108	48,113	(48,005)	11,268	49,073	3,601	63,279	(59,678)
Attributable to										
Equity holder of the Company	2,283	42,384	108	52,890	(52,782)	11,268	49,073	3,601	63,279	(59,678)
Minority Interest	-	(3,220)	-	(4,777)	4,777	-	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD	2,283	39,164	108	48,113	(48,005)	11,268	49,073	3,601	63,279	(59,678)
EARNINGS PER SHARE OF Rs. 10/-	1.37	(0.60)	0.00	1.60	0.38	1.64	0.12	2.11		

The market price recorded during the quarter ended 30th September

	2008.09.30	2007.09.30	Variance
Highest Price	Rs. Cts 54.25	46.75	7.50
Lowest Price	Rs. Cts 40.25	30.50	9.75
Closing Traded Price	Rs. Cts 41.50	46.00	(4.50)

Notes

- The Company and subsidiaries have adopted consistent Accounting Policies & Methods since the last Annual Report for the year ended 31st March 2008 and are in compliance with Sri Lanka Accounting Standard 35, Interim Financial Reporting.
- There have been no material events subsequent to the period, which require additional disclosure in the Financial Statements.
- Comparative figures have been re-classified according to current period classification wherever necessary.
- Issued share Capital of the Company as at Balance Sheet date is 29,998,500

BALANCE SHEET

	CONSOLIDATED		COMPANY	
	Amended		Amended	
	2008.09.30 Rs. 000's	2008.03.31 Rs. 000's	2008.09.30 Rs. 000's	2008.03.31 Rs. 000's
As At				
ASSETS				
NON-CURRENT ASSETS				
Property Plant & Equip.	997,485	940,404	206,621	210,223
Intangible Assets	-	-	15,403	15,000
Investment in subsidiaries	-	-	237,700	237,700
Other Long Term Investments	237,700	237,700	-	-
Biological Assets	84,029	84,029	714,548	654,665
Due from Ambewela Products (pvt) Ltd.	-	-	-	-
	1,319,214	1,262,133	1,174,272	1,117,588
CURRENT ASSETS				
Inventories	770,982	1,432,298	634,234	1,318,268
Biological Assets	9,538	13,768	-	-
Investments	60,380	60,380	60,327	60,328
Trade Receivable	264,038	222,107	207,762	179,175
Other Receivables	42,090	59,360	16,746	16,408
Related Party Receivables	-	-	261,265	357,004
Income Tax refund due	7,040	2,397	4,496	-
Cash & Cash equivalents	51,868	54,383	50,272	53,493
TOTAL CURRENT ASSETS	1,205,906	1,844,693	1,235,102	1,984,676
TOTAL ASSETS	2,525,120	3,106,826	2,409,374	3,102,264
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Stated Capital (Note 04)	299,985	299,985	299,985	299,985
Reserves	215,116	215,116	215,116	215,116
Retained Earnings	493,566	529,256	633,432	665,829
TOTAL EQUITY	1,008,467	1,044,357	1,148,533	1,180,930
LIABILITIES				
NON-CURRENT LIABILITIES				
Interest Bearing loans and borrowings	189,172	189,172	189,172	189,172
Retirement Benefit Obligation	24,622	25,953	11,413	11,669
Deferred tax liability	44,110	44,110	44,110	44,110
	257,904	259,235	244,695	244,951
CURRENT LIABILITIES				
Trade and Other payables	250,281	938,468	233,359	910,726
Interest-bearing loans and borrowings	16,338	32,678	16,338	32,678
Related Party Payables	99,232	93,675	99,232	93,870
Income Tax Payable	-	43,127	-	42,569
Bank Overdraft	892,898	695,286	667,217	596,540
TOTAL CURRENT LIABILITIES	1,258,749	1,803,234	1,016,146	1,676,383
TOTAL LIABILITIES	1,516,653	2,062,469	1,260,841	1,921,334
TOTAL EQUITY AND LIABILITIES	2,525,120	3,106,826	2,409,374	3,102,264

The above figures are provisional and subject to audit.

Net Asset Value Per Share Rs. Cts.	33.62	34.81	38.29	39.37
Certification				

I certify that the above financial Statements give true and fair view of the state of affairs of Lanka Milk Foods (CWE) Plc and the group as at 30th September 2008 and its profit for the quarter ended 30th September 2008.

R.N Attygalle
(sgd) Finance Manager

D.H.S Jayawardena
(sgd) Chairman

C.R Jansz
(sgd) Director

27th November 2008

CASH FLOW STATEMENT

	CONSOLIDATED		COMPANY	
	2008.09.30 Rs.000's	2007.09.30 Rs.000's	2008.09.30 Rs.000's	2007.09.30 Rs.000's
For the six months ended 30th September				
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit From operations	36,394	122,762	23,937	127,467
Adjustments for:				
Gain on disposal of Property, Plant & Equipment	(261)	-	(261)	-
Gain / (Loss) translation of foreign currency	9,389	(6,355)	9,087	(5,911)
Provision for Depreciation on property, plant & equipment	13,877	22,081	6,651	6,690
Provision for retirement benefit Obligation	-	-	-	-
Provision for doubtful receivables	-	-	-	-
Operating Profit/ (Loss) before Working Capital Changes	59,399	138,488	39,414	128,566
(Increase)/ Decrease In Inventories and Biological Assets	665,556	378,877	684,034	373,276
(Increase)/ Decrease In Trade and Other Receivables	(24,661)	84,818	(28,925)	84,937
(Increase)/ Decrease Related party balances	5,557	35,082	101,101	(137,973)
Increase/ (Decrease) In Trade and Other Payables	(704,931)	(434,642)	(693,707)	(418,241)
Cash Generated from Operations	910	202,593	101,917	30,365
Interest Paid	(112,040)	(41,246)	(95,644)	(31,544)
Income Tax Paid	(47,339)	(14,243)	(47,065)	(13,800)
Retiring Gratuity Paid	(1,331)	(1,148)	(256)	(516)
Net Cash Inflow / (Outflow) from Operating Activities	(159,764)	145,996	(41,048)	(15,295)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	945	3,342	837	3,338
Dividend Income	65,384	4,272	65,384	4,272
Purchase of Property, Plant & Equipment	(70,958)	(133,891)	(3,049)	(10,508)
Proceeds from disposal of property, Plant & Equipment	261	-	261	-
Proceeds from disposal of Short Term Investments	-	-	-	-
Proceeds from Sale of Livestock	-	-	-	-
Cash invest in Ambewela Product (Pvt) Ltd.	-	-	(59,883)	-
Cash invest in Ambewela farm Dairy Project	-	-	-	-
Investment in Shares	-	(10,119)	(403)	(10,119)
Net Cash Inflow / (Outflow) from Investing Activities	(4,368)	(136,396)	3,147	(13,017)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend Paid	(35,996)	-	(35,996)	-
Term loan obtained to fund Ambewela dairy Project	-	37,152	-	37,152
Net cash Inflow / (Outflow) from financing Activities	(35,996)	37,152	(35,996)	37,152
Net Increase / (Decrease) in Cash & Cash Equivalent	(200,128)	46,712	(73,897)	8,840
Cash and Cash Equivalents at beginning of the Period	(640,902)	(446,737)	(543,048)	(293,598)
Cash and Cash Equivalents at end of the Period (Note B)	(841,030)	(400,025)	(616,945)	(284,758)
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
Cash and Cash equivalents	51,868	63,149	50,272	54,721
Bank Overdraft	(892,898)	(463,174)	(667,217)	(339,479)
	(841,030)	(400,025)	(616,945)	(284,758)

STATEMENT OF CHANGES IN EQUITY

	CONSOLIDATED						
	Stated Capital	Capital Reserve on Revaluation of Property	Dairy Development Project Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S
Balance as at 31.03.2007	299,985	105,116	110,000	311,341	826,442	-	826,442
Profit for the period	-	-	-	52,890	52,890	(4,777)	48,113
Excess loss over equity attributable to minority	-	-	-	(4,777)	(4,777)	4,777	-
Balance as at 30.09.2007	299,985	105,116	110,000	359,454	874,555	-	874,555
Balance as at 31.03.2008	299,985	105,116	110,000	529,256	1,044,357	-	1,044,357
Profit for the period	-	-	-	108	108	-	108
Dividend paid	-	-	-	(35,998)	(35,998)	-	(35,998)
Balance as at 30.09.2008	299,985	105,116	110,000	493,366	1,008,467	-	1,008,467
COMPANY							
	Stated Capital	Capital Reserve on Revaluation of	Dairy Development Project Reserve	Retained Earnings	Total		
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's		
Balance as at 31.03.2007	299,985	105,116	110,000	597,041	1,112,142		
Profit for the period	-	-	-	63,279	63,279		
Balance as at 30.09.2007	299,985	105,116	110,000	660,320	1,175,421		
Balance as at 31.03.2008	299,985	105,116	110,000	665,829	1,180,930		
Profit for the period	-	-	-	3,601	3,601		
Dividend paid	-	-	-	(35,998)	(35,998)		
Balance as at 30.09.2008	299,985	105,116	110,000	633,432	1,148,533		