

LANKA MILK FOODS (CWE) PLC.
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31ST DECEMBER 2009

INCOME STATEMENT

	CONSOLIDATED					COMPANY				
	Quarter Ended		Nine Months Ended			Quarter Ended		Nine Months Ended		
For The Nine Months Ended	2009.12.31	2008.12.31	2009.12.31	2008.12.31	Change	2009.12.31	2008.12.31	2009.12.31	2008.12.31	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
					+ / (-)					+ / (-)
Turnover	872,868	762,567	2,930,360	2,668,878	261,482	718,736	664,627	2,488,997	2,295,792	193,205
Cost of sales	(680,363)	(617,841)	(2,324,320)	(2,280,432)	(43,888)	(589,823)	(555,401)	(2,042,091)	(2,026,642)	(15,449)
GROSS PROFIT	192,505	144,726	606,040	388,446	217,594	128,913	109,226	446,906	269,150	177,756
Other Operating Income	7,341	22,129	22,854	32,494	(9,640)	179	21	653	465	188
Distribution Expenses	(65,438)	(52,280)	(190,773)	(165,726)	(25,047)	(55,762)	(42,101)	(168,364)	(136,227)	(32,137)
Administrative Expenses	(54,523)	(45,121)	(148,416)	(131,074)	(17,342)	(27,805)	(17,545)	(66,494)	(59,850)	(6,644)
Other Operating Expenses	(6,985)	(12,611)	(21,764)	(30,903)	9,139	-	-	-	-	-
Impairment of Balance due from Subsidiaries				-		(13,545)		(46,545)		(46,545)
PROFIT FROM OPERATIONS	72,900	56,843	267,941	93,237	174,704	31,980	49,601	166,156	73,538	92,618
Finance Income	92,985	(1,790)	97,771	73,927	23,844	92,975	(1,686)	97,591	73,622	23,969
Finance Expense	(27,700)	(37,812)	(75,302)	(149,815)	74,513	(20,225)	(27,431)	(48,980)	(123,075)	74,095
Net Finance - Income / (Expense)	65,285	(39,602)	22,469	(75,888)	98,357	72,750	(29,117)	48,611	(49,453)	98,064
Profit/(Loss) Before Taxation	138,185	17,241	290,410	17,349	273,061	104,730	20,484	214,767	24,085	190,682
Income Tax Expenses	(20,555)	(4,400)	(71,800)	(4,400)	(67,400)	(18,055)	(500)	(66,300)	(500)	(65,800)
PROFIT/(LOSS) FOR THE PERIOD	117,630	12,841	218,610	12,949	205,661	86,675	19,984	148,467	23,585	124,882
EARNINGS PER SHARE OF Rs. 10/-	3.92	0.43	7.29	0.43	6.86	2.89	0.67	4.95	0.79	4.16

The market price recorded during the quarter ended 31st December

		2009.12.31	2008.12.31	Variance
Highest Price	Rs. Cts	73.00	41.25	31.75
Lowest Price	Rs. Cts	52.00	27.50	24.50
Closing Traded Price	Rs. Cts	64.75	31.75	33.00

Notes

- The Company and subsidiaries have adopted consistent Accounting Policies & Methods since the last Annual Report for the year ended 31st March 2009 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
- Directors do not hold any shares of Lanka Milk Foods (CWE) PLC.

BALANCE SHEET

As At	<u>CONSOLIDATED</u>		<u>COMPANY</u>	
	2009.12.31 Rs. 000's	2009.03.31 Rs. 000's	2009.12.31 Rs. 000's	2009.03.31 Rs. 000's
ASSETS				
NON-CURRENT ASSETS				
Property Plant and Equipment	1,220,204	1,114,451	192,799	201,177
Investment in subsidiaries	-	-	15,000	15,000
Other Long Term Investments	237,700	237,700	237,700	237,700
Biological Assets	105,317	99,755	-	-
Related Party receivables	-	-	1,019,438	828,160
	1,563,221	1,451,906	1,464,937	1,282,037
CURRENT ASSETS				
Inventories	640,105	556,317	464,060	437,748
Biological Assets	-	9,135	-	-
Investments	60,355	60,356	60,327	60,328
Trade Receivable	259,203	234,818	195,060	177,426
Other Receivables	80,077	48,474	55,240	66,268
Related Party Receivables	-	-	264,996	290,131
Income Tax refund due	2,040	11,809	-	8,926
Cash & Cash equivalents	54,449	47,706	48,843	42,987
	1,096,229	968,615	1,088,526	1,083,814
TOTAL CURRENT ASSETS	1,096,229	968,615	1,088,526	1,083,814
TOTAL ASSETS	2,659,450	2,420,521	2,553,463	2,365,851
EQUITY AND LIABILITIES				
EQUITY				
Stated Capital (Note 04)	299,985	299,985	299,985	299,985
Capital Reserves	105,116	105,116	105,116	105,116
Revenue Reserves	782,057	563,447	917,790	769,323
TOTAL EQUITY	1,187,158	968,548	1,322,891	1,174,424
LIABILITIES				
NON-CURRENT LIABILITIES				
Interest Bearing loans and borrowings	123,819	156,496	123,819	156,496
Retirement Benefit Obligation	23,104	24,459	14,106	14,574
Deferred tax liability	32,821	32,821	32,821	32,821
	179,744	213,776	170,746	203,891
CURRENT LIABILITIES				
Trade and Other payables	367,142	250,830	321,935	224,190
Current portion of the Interest-bearing loans and b	32,676	32,678	32,676	32,677
Related Party Payables	56,877	76,204	56,877	76,276
Income Tax Payable	6,422	-	2,724	-
Interest bearing loans and borrowings	829,431	878,485	645,614	654,393
TOTAL CURRENT LIABILITIES	1,292,548	1,238,197	1,059,826	987,536
TOTAL LIABILITIES	1,472,292	1,451,973	1,230,572	1,191,427
TOTAL EQUITY AND LIABILITIES	2,659,450	2,420,521	2,553,463	2,365,851

The above figures are provisional and subject to audit.

Net Asset Value Per Share Rs. Cts. 39.57 32.29 44.10 39.15

I certify that the Financial Statements of the Company comply with the requirements of Companies Act No 07 of 2007.



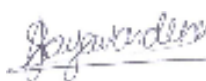
Mr. R.N Attygalle
Finance Manager

09th February 2010

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. D.H.S Jayawardena
Chairman



Ms. D.S.C Jayawardena
Director

CASH FLOW STATEMENT

CONSOLIDATED

COMPANY

For The Nine Months Ended 31st December

	2009.12.31 Rs.000's	2008.12.31 Rs.000's	2009.12.31 Rs.000's	2008.12.31 Rs.000's
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit From operations	267,941	93,237	166,156	73,538
Adjustments for				
Gain on disposal of Property, Plant & Equipment	(450)	(261)	(450)	(261)
Gain / (Loss) translation of foreign currency	8,218	6,384	8,029	6,081
Gain on disposal of Livestock	-	(17,999)	-	-
Loss on disposal of Livestock	2,643	-	-	-
Provision for Depreciation on property, plant & equipment	17,278	20,846	9,804	10,007
Provision for retirement benefit Obligation	-	-	-	-
Impairment of balance due from Subsidiaries	-	-	46,545	-
Impairment of Investment in Subsidiaries	-	-	-	-
Increase in fair value of Livestock	(15,079)	-	-	-
Operating Profit/ (Loss) before Working Capital Changes	280,551	102,207	230,084	89,365
(Increase)/ Decrease In Inventories and Biological Assets	(74,653)	685,651	(26,312)	696,876
(Increase)/ Decrease In Trade and Other Receivables	(55,988)	34,517	(6,606)	29,930
(Increase)/ Decrease Related party balances	(19,327)	2,168	(40,809)	53,022
Increase/ (Decrease) In Trade and Other Payables	116,312	(499,478)	97,745	(487,613)
Cash Generated from Operations	246,895	325,065	254,102	381,580
Interest Paid	(75,311)	(149,816)	(48,980)	(123,076)
Income Tax Paid	(55,609)	(56,288)	(54,650)	(55,070)
Retiring Gratuity Paid	(1,355)	(2,320)	(468)	(490)
Net Cash Inflow / (Outflow) from Operating Activities	114,620	116,641	150,004	202,944
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	2,265	1,588	2,265	1,588
Dividend Income	87,297	65,956	87,297	65,956
Purchase of Property, Plant & Equipment	(123,031)	(166,713)	(1,426)	(3,130)
Proceeds from disposal of property, Plant & Equipment	450	261	450	261
Proceeds from disposal of Short Term Investments	-	-	-	-
Proceeds from Sale of Livestock	6,874	-	-	-
Cash invest in Ambewela Product (Pvt) Ltd.	-	-	(191,278)	(153,331)
Investment in subsidiaries	-	-	-	-
Investment in Shares	-	-	-	(689)
Net Cash Inflow / (Outflow) from Investing Activities	(26,145)	(98,908)	(102,692)	(89,345)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(34,130)	-	(34,130)
Repayment of borrowings	(32,677)	(32,677)	(32,677)	(32,677)
Net cash Inflow / (Outflow) from financing Activities	(32,677)	(66,807)	(32,677)	(66,807)
Net Increase / (Decrease) in Cash & Cash Equivalent	55,798	(49,074)	14,635	46,792
Cash and Cash Equivalents at beginning of the Period	(830,780)	(640,902)	(611,406)	(543,048)
Cash and Cash Equivalents at end of the Period (Note A)	(774,982)	(689,976)	(596,771)	(496,256)
NOTE -A				
ANALYSIS OF THE CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
Cash and Cash equivalents	54,449	42,834	48,843	38,648
Bank Overdraft	(716,171)	(532,810)	(532,354)	(334,904)
Short Term Loan	(113,260)	(200,000)	(113,260)	(200,000)
	(774,982)	(689,976)	(596,771)	(496,256)

TWENTY LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2009

NAME OF THE SHAREHOLDER	No. OF SHARES	% ON TOTAL CAPITAL
1. MILFORD EXPORTS (CEYLON) LIMITED	9,278,945	30.93
2. MILLS ENTERPRISES LIMITED	6,120,290	20.40
3. PERSHING LLC S/A AVERBACH GRAUSON & CO.	3,715,900	12.39
4. J.B COCOSHELL (PVT) LTD	2,500,000	8.33
5. WALDOCK MACKENZIE LTD/MR H.M.S ABDULHUSSEIN 5212	996,845	3.32
6. DISTILLERIES COMPANY OF SRI LANKA PLC.	572,800	1.91
7. ABDULHUSSEIN H.M.S	330,200	1.10
8. RENUKA HOTELS LIMITED	271,000	0.90
9. ABDULHUSSEIN R.H	250,000	0.83
10. KAMON K.R	241,800	0.81
11. RENUKA CONSULTANTS & SERVICES LIMITED	174,900	0.58
12. COCOSHELL ACTIVATED CARBON COMPANY LIMITED	173,400	0.58
13. CARGO BOAT DEVELOPMENT COMPANY LIMITED	150,000	0.50
14. RADHAKRISHNAN M	150,000	0.50
15. ABDULHUSSEIN G.M	131,500	0.44
16. SELLAMUTTU D.N	105,000	0.35
17. RAJAHMONEY C.N	101,100	0.34
18. ABDULHUSSEIN Y.H	100,000	0.33
19. FERNANDO S.M	100,000	0.33
20. THEAGARAJAH M.V	95,400	0.32

PERCENTAGE OF SHARES HELD BY PUBLIC AS AT 31ST DECEMBER 2009 IS 46.76

STATEMENT OF CHANGES IN EQUITY

<u>CONSOLIDATED</u>	Stated Capital	Capital Reserve on Revaluation of Property	Dairy Development Project Reserve	Retained Earnings	Total	Total Equity
	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S	Rs.000' S
Balance as at 31.03.2008	299,985	105,116	110,000	533,515	1,048,616	1,048,616
Profit for the Period	-	-	-	12,949	12,949	12,949
Final Dividend paid	-	-	-	(35,998)	(35,998)	(35,998)
Balance as at 31.12.2008	299,985	105,116	110,000	510,466	1,025,567	1,025,567
Balance as at 31.03.2009	299,985	105,116	110,000	453,447	968,548	968,548
Profit for the Period	-	-	-	218,610	218,610	218,610
Balance as at 31.12.2009	299,985	105,116	110,000	672,057	1,187,158	1,187,158

<u>COMPANY</u>	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 31.03.2008	299,985	105,116	110,000	666,336	1,181,437
Profit for the period	-	-	-	23,585	23,585
Final Dividend paid	-	-	-	(35,998)	(35,998)
Balance as at 31.12.2008	299,985	105,116	110,000	653,923	1,169,024
Balance as at 31.03.2009	299,985	105,116	110,000	659,323	1,174,424
Profit for the period	-	-	-	148,467	148,467
Balance as at 31.12.2009	299,985	105,116	110,000	807,790	1,322,891

SEGMENTAL INFORMATION

For The Nine Months Ended 31st December	POWDERED MILK		LIQUID MILK & OTHERS		AGRICULTURE		ELIMINATION		CONSOLIDATED	
	2009.12.31	2008.12.31	2009.12.31	2008.12.31	2009.12.31	2008.12.31	2009.12.31	2008.12.31	2009.12.31	2008.12.31
	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	2,488,997	2,295,792	357,365	316,853	198,360	165,299	(114,362)	(109,066)	2,930,360	#####
Segment results	166,092	73,485	65,844	56,176	(10,540)	(36,424)	46,545	-	267,941	93,237
Net financing expenses	48,611	(49,453)	(18,695)	(17,380)	(7,447)	(9,055)	-	-	22,469	(75,888)
Income tax expenses	(66,300)	(500)	(5,500)	(3,900)	-	-	-	-	(71,800)	(4,400)
Profit / (Loss) for the period	148,403	23,532	41,649	34,896	(17,987)	(45,479)	46,545	-	218,610	12,949

CORPORATE INFORMATION

NAME OF COMPANY	- LANKA MILK FOODS (CWE) PLC.
LEGAL STATES	- A PUBLIC QUOTED COMPANY WITH LIMITED LIABILITY UNDER THE PROVISIONS OF COMPANIES ACT NO 7 OF 2007
REGISTERED OFFICE	- WELISARA RAGAMA, SRI LANKA
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 MR. ZAKI ALIF MR. C.R JANSZ MR. D.S.K AMARASEKERA DR. A. SHAKTHEVALE MS. D.S.C JAYAWARDENA
AUDITORS	- MESSRS. KPMG FORD, RHODES, THORNTON & Co. 32 A SIR MOHAMED MACAN MARKAR MAWATHA P.O BOX 186 COLOMBO 3.
SUBSIDIARY COMPANIES	- LANKA DAIRIES (PVT) LIMITED DANISH DAIRY PRODUCTS LANKA (PVT) LIMITED AMBEWELA LIVESTOCK CO. LIMITED PATTIPOLA LIVESTOCK CO. LIMITED AMBEWELA PRODUCTS (PVT) LIMITED
BANKERS	- BANK OF CEYLON HATTON NATIONAL BANK PLC. SEYLAN BANK PLC. STANDARD CHARTERED BANK PLC. DFCC VARDDHANA BANK PLC.