

**Keells Food Products PLC - PQ3**  
**117, Sir Chittampalam A. Gardiner Mawatha**  
**Colombo 2.**

**CONSOLIDATED INCOME STATEMENT**

**1**

	Quarter ended 30th September			Six months ended 30th September		
	2018	2017	Change %	2018	2017	Change %
Revenue from contracts with customers	858,536	752,453	14	1,659,589	1,482,208	12
Cost of sales	(613,615)	(537,706)	14	(1,188,128)	(1,070,224)	11
<b>Gross profit</b>	244,921	214,747	14	471,461	411,984	14
Other operating income	3,583	627	471	5,140	1,705	201
Selling and distribution expenses	(94,605)	(85,106)	11	(182,068)	(159,416)	14
Administrative expenses	(40,878)	(39,369)	4	(82,081)	(82,385)	0
Other operating expenses	(24,925)	(25,091)	(1)	(46,625)	(47,184)	(1)
<b>Results from operating activities</b>	88,096	65,808	34	165,827	124,704	33
Finance cost	(508)	(2,213)	(77)	(1,426)	(4,794)	(70)
Finance income	4,164	5,011	(17)	9,143	10,508	(13)
<b>Profit before tax</b>	91,752	68,606	34	173,544	130,418	33
Tax expense	(25,998)	(20,655)	26	(51,527)	(40,548)	27
<b>Profit for the period</b>	65,754	47,951	37	122,017	89,870	36
<b>Attributable to:</b>						
Equity holders of the Parent	65,754	47,951	37	122,017	89,870	36
	65,754	47,951	37	122,017	89,870	36
	<b>LKR.</b>	<b>LKR.</b>		<b>LKR.</b>	<b>LKR.</b>	
<b>Earnings per share</b>						
Basic	2.58	1.88		4.78	3.52	
<b>Dividend per share</b>	-	-		4.00	3.00	

Note : All values are in LKR '000s, unless otherwise stated.  
Figures in brackets indicate deductions.  
The above figures are not audited.

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**2**

	Quarter ended 30th September		Six months ended 30th September	
	2018	2017	2018	2017
Profit for the period	65,754	47,951	122,017	89,870
<b>Other comprehensive income</b>				
<b>Other comprehensive income to be reclassified to income statement in subsequent periods</b>				
Currency translation of foreign operations	(1,608)	(34)	(1,698)	8
Net other comprehensive income /(expense) to be reclassified to income statement in subsequent periods	(1,608)	(34)	(1,698)	8
Other comprehensive income/(expense) for the period, net of tax	(1,608)	(34)	(1,698)	8
Total comprehensive income for the period, net of tax	64,146	47,917	120,319	89,878
<b>Attributable to:</b>				
Equity holders of the Parent	64,146	47,917	120,319	89,878

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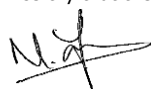
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**3**

As at	30.09.2018	31.03.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,191,843	1,183,804
Intangible assets	242,439	242,735
Non-current financial assets	42,799	39,938
Other non-current assets	11,416	10,702
	<b>1,488,497</b>	<b>1,477,179</b>
<b>Current assets</b>		
Inventories	287,997	309,081
Trade and other receivables	371,440	329,592
Amounts due from related parties	124,232	116,581
Other current assets	30,602	10,876
Short-term investments	68,415	108,095
Cash in hand and at bank	54,168	80,698
	<b>936,854</b>	<b>954,923</b>
<b>Total assets</b>	<b>2,425,351</b>	<b>2,432,102</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	1,294,815	1,294,815
Revenue reserves	240,527	220,510
Other components of equity	235,249	231,538
<b>Total equity</b>	<b>1,770,591</b>	<b>1,746,863</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	236,374	242,772
Employee benefit liabilities	88,542	83,150
	<b>324,916</b>	<b>325,922</b>
<b>Current liabilities</b>		
Trade and other payables	245,316	244,525
Amounts due to related parties	5,924	10,376
Income tax liabilities	28,647	42,410
Interest-bearing borrowings	8,370	33,495
Other current liabilities	24,046	27,179
Bank overdrafts	17,541	1,332
	<b>329,844</b>	<b>359,317</b>
<b>Total equity and liabilities</b>	<b>2,425,351</b>	<b>2,432,102</b>
	<b>LKR</b>	<b>LKR</b>
Net assets per share	69.43	68.50

Note : All values are in LKR '000s, unless otherwise stated.  
The above figures are not audited.

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



P.N Fernando  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.



J G A Cooray  
Director  
23rd October 2018



D P Gamlath  
Director

**Keells Food Products PLC - PQ3**  
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**Colombo 2.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**4**

For the Six months ended 30th September	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	173,544	130,418
<b>Adjustments for:</b>		
Finance income*	(9,143)	(10,508)
Finance cost	1,426	4,794
Share-based payment expense	5,409	7,038
Depreciation of property, plant and equipment	55,572	50,770
(Profit) on sale of property, plant and equipment	(3)	-
Amortisation of intangible assets	296	535
Gratuity provision and related costs	6,769	6,435
<b>Profit before working capital changes</b>	233,870	189,482
(Increase) / Decrease in inventories	21,084	(7,985)
(Increase) / Decrease in trade and other receivables	(41,848)	27,979
(Increase) / Decrease in amounts due from related parties	(7,651)	(1,695)
(Increase) / Decrease in other current assets	(19,726)	(23,857)
(Increase) / Decrease in non-current financial assets	(598)	3,432
(Increase) / Decrease in other non-current assets	(714)	164
Increase / (Decrease) in trade and other payables	791	25,484
Increase / (Decrease) in amounts due to related parties	(4,452)	1,410
Increase / (Decrease) in other current liabilities	(3,133)	(9,577)
<b>Cash generated from operations</b>	177,623	204,837
Finance income received	6,880	8,290
Finance cost paid	(1,426)	(4,794)
Tax paid	(71,688)	(87,909)
Gratuity paid/transfers	(1,377)	(1,263)
<b>Net cash flow from operating activities</b>	110,012	119,161
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase and construction of property, plant and equipment	(63,688)	(32,768)
Proceeds from sale of property, plant and equipment	80	-
<b>Net cash flow (used in) investing activities</b>	(63,608)	(32,768)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(102,000)	(76,500)
Repayment of interest bearing borrowings**	(25,125)	(25,112)
<b>Net cash flow (used in) financing activities</b>	(127,125)	(101,612)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(80,721)	(15,219)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	187,461	126,809
Effect of exchange rate changes	(1,698)	8
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	105,042	111,598
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
<b>Favourable balances</b>		
Short-term investments	68,415	144,463
Cash in hand and at bank	54,168	43,375
<b>Unfavourable balances</b>		
Bank overdrafts	(17,541)	(76,240)
<b>Total cash and cash equivalents</b>	105,042	111,598

\*Finance income from other financial instruments includes, notional interest pertaining to loans granted to executive staff, and has been adjusted in the cash flows.

**Cash and non-cash changes in liabilities arising from financing activities are as follows;**

\*\* Repayment of interest bearing borrowings only includes cash changes. There were no non-cash changes.

Note : All values are in LKR '000s, unless otherwise stated.  
 Figures in brackets indicate deductions.  
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**Colombo 2.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**5**

	Attributable to equity holders of parent					
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Employee share option reserve	Revenue reserves	Total Equity
<b>As at 1st April 2017</b>	1,294,815	218,713	(471)	28,325	128,747	1,670,129
Profit for the period	-	-	-	-	89,870	89,870
Other comprehensive income	-	-	8	-	-	8
Total comprehensive income	-	-	8	-	89,870	89,878
Share based payments	-	-	-	7,038	-	7,038
Final dividend paid - 2016/17	-	-	-	-	(76,500)	(76,500)
<b>As at 30th September 2017</b>	1,294,815	218,713	(463)	35,363	142,117	1,690,545
<b>As at 1st April 2018</b>	1,294,815	190,958	(2,043)	42,623	220,510	1,746,863
Profit for the period	-	-	-	-	122,017	122,017
Other comprehensive income	-	-	(1,698)	-	-	(1,698)
Total comprehensive income	-	-	(1,698)	-	122,017	120,319
Share based payments	-	-	-	5,409	-	5,409
Final dividend paid - 2017/18	-	-	-	-	(102,000)	(102,000)
<b>As at 30th September 2018</b>	1,294,815	190,958	(3,741)	48,032	240,527	1,770,591

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**Keells Food Products PLC - PQ3**  
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**Colombo 2.**

**COMPANY INCOME STATEMENT**

**6**

	Quarter ended 30th September			Six months ended 30th September		
	2018	2017	Change %	2018	2017	Change %
Revenue from contracts with customers	858,536	752,453	14	1,659,589	1,482,208	12
Cost of sales	(613,615)	(537,706)	14	(1,188,128)	(1,070,224)	11
<b>Gross profit</b>	<b>244,921</b>	<b>214,747</b>	<b>14</b>	<b>471,461</b>	<b>411,984</b>	<b>14</b>
Other operating income	1,949	627	211	3,506	1,705	106
Selling and distribution expenses	(94,605)	(85,106)	11	(182,068)	(159,416)	14
Administrative expenses	(40,595)	(39,136)	4	(81,579)	(81,922)	0
Other operating expenses	(24,925)	(25,090)	(1)	(46,625)	(47,183)	(1)
<b>Results from operating activities</b>	<b>86,745</b>	<b>66,042</b>	<b>31</b>	<b>164,695</b>	<b>125,168</b>	<b>32</b>
Finance cost	(508)	(2,213)	(77)	(1,426)	(4,794)	(70)
Finance income	4,153	4,990	(17)	9,059	10,471	(13)
<b>Profit before tax</b>	<b>90,390</b>	<b>68,819</b>	<b>31</b>	<b>172,328</b>	<b>130,845</b>	<b>32</b>
Tax expense	(25,998)	(20,655)	26	(51,527)	(40,548)	27
<b>Profit for the period</b>	<b>64,392</b>	<b>48,164</b>	<b>34</b>	<b>120,801</b>	<b>90,297</b>	<b>34</b>
				LKR.	LKR.	
<b>Dividend per share</b>				4.00	3.00	

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**COMPANY STATEMENT OF COMPREHENSIVE INCOME**

**7**

	Quarter ended 30th September		Six months ended 30th September	
	2018	2017	2018	2017
Profit for the period	64,392	48,164	120,801	90,297
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	64,392	48,164	120,801	90,297

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**Colombo 2.**

**COMPANY STATEMENT OF FINANCIAL POSITION**

**8**

As at	30.09.2018	31.03.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,191,843	1,183,804
Intangible assets	242,439	242,735
Investments in subsidiary	1,894	1,894
Non-current financial assets	42,799	39,938
Other non-current assets	11,416	10,702
	1,490,391	1,479,073
<b>Current assets</b>		
Inventories	287,997	309,081
Trade and other receivables	371,440	329,592
Amounts due from related parties	124,232	116,581
Other current assets	30,364	10,788
Short-term investments	65,435	105,164
Cash in hand and at bank	53,718	80,471
	933,186	951,677
<b>Total assets</b>	<b>2,423,577</b>	<b>2,430,750</b>
<b>EQUITY AND LIABILITIES</b>		
Stated capital	1,294,815	1,294,815
Revenue reserves	236,791	217,990
Other components of equity	238,990	233,581
<b>Total equity</b>	<b>1,770,596</b>	<b>1,746,386</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	236,374	242,772
Employee benefit liabilities	88,542	83,150
	324,916	325,922
<b>Current liabilities</b>		
Trade and other payables	244,087	243,738
Amounts due to related parties	5,924	10,376
Income tax liabilities	28,647	42,410
Interest bearing borrowings	8,370	33,495
Other current liabilities	23,907	27,091
Bank overdrafts	17,130	1,332
	328,065	358,442
<b>Total equity and liabilities</b>	<b>2,423,577</b>	<b>2,430,750</b>
	<b>LKR</b>	<b>LKR</b>
Net assets per share	69.44	68.49

Note : All values are in LKR '000s, unless otherwise stated.

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



P N Fernando  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.



J G A Cooray  
Director  
23rd October 2018



D P Gamlath  
Director



**Keells Food Products PLC - PQ3**  
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**Colombo 2.**

**COMPANY STATEMENT OF CASH FLOWS**

**9**

For the Six months ended 30th September	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	172,328	130,845
<b>Adjustments for:</b>		
Finance income*	(9,059)	(10,471)
Finance cost	1,426	4,794
Share based payment expenses	5,409	7,038
Depreciation of property, plant and equipment	55,572	50,770
(Profit) on sale of property, plant and equipment	(3)	-
Amortisation of intangible assets	296	535
Gratuity provision and related costs	6,769	6,435
<b>Profit before working capital changes</b>	<b>232,738</b>	<b>189,946</b>
(Increase) / Decrease in inventories	21,084	(7,985)
(Increase) / Decrease in trade and other receivables	(41,848)	27,979
(Increase) / Decrease in amounts due from related parties	(7,651)	(1,695)
(Increase) / Decrease in other current assets	(19,576)	(23,713)
(Increase) / Decrease in non-current financial assets	(598)	3,432
(Increase) / Decrease in other non-current assets	(714)	164
Increase / (Decrease) in trade and other payables	349	24,989
Increase / (Decrease) in amounts due to related parties	(4,452)	1,410
Increase / (Decrease) in other current liabilities	(3,184)	(9,626)
<b>Cash generated from operations</b>	<b>176,148</b>	<b>204,901</b>
Finance income received	6,796	8,253
Finance cost paid	(1,426)	(4,794)
Tax paid	(71,688)	(87,909)
Gratuity paid/transfers	(1,377)	(1,263)
<b>Net cash flow from operating activities</b>	<b>108,453</b>	<b>119,188</b>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
Purchase and construction of property, plant and equipment	(63,688)	(32,768)
Proceeds from sale of property, plant and equipment	80	-
<b>Net cash flow (used in) investing activities</b>	<b>(63,608)</b>	<b>(32,768)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(102,000)	(76,500)
Repayment of interest bearing borrowings**	(25,125)	(25,112)
<b>Net cash flow (used in) financing activities</b>	<b>(127,125)</b>	<b>(101,612)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(82,280)</b>	<b>(15,192)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>184,303</b>	<b>122,299</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>102,023</b>	<b>107,107</b>
<b>ANALYSIS OF CASH &amp; CASH EQUIVALENTS</b>		
<b>Favourable balances</b>		
Short-term investments	65,435	140,603
Cash in hand and at bank	53,718	42,744
<b>Unfavourable balances</b>		
Bank overdrafts	(17,130)	(76,240)
<b>Total cash and cash equivalents</b>	<b>102,023</b>	<b>107,107</b>

\*Finance income from other financial instruments includes, notional interest pertaining to loans granted to executive staff, and has been adjusted in the cash flows.

**Cash and non-cash changes in liabilities arising from financing activities are as follows;**

\*\* Repayment of interest bearing borrowings only includes cash changes. There were no non-cash changes.

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Figures in brackets indicate deductions.

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**Keells Food Products PLC - PQ3**  
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**Colombo 2.**

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**10**

	Stated capital	Revaluation reserve	Employee share option reserve	Revenue reserves	Total Equity
<b>As at 1st April 2017</b>	1,294,815	218,713	28,325	127,828	1,669,681
Profit for the period	-	-	-	90,297	90,297
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	90,297	90,297
Share based payments	-	-	7,038	-	7,038
Final dividend paid - 2016/17	-	-	-	(76,500)	(76,500)
<b>As at 30th September 2017</b>	1,294,815	218,713	35,363	141,625	1,690,516
<b>As at 1st April 2018</b>	1,294,815	190,958	42,623	217,990	1,746,386
Profit for the period	-	-	-	120,801	120,801
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	120,801	120,801
Share based payments	-	-	5,409	-	5,409
Final dividend paid - 2017/18	-	-	-	(102,000)	(102,000)
<b>As at 30th September 2018</b>	1,294,815	190,958	48,032	236,791	1,770,596

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**Keells Food Products PLC - PQ3**  
**117, Sir Chittampalam A. Gardiner Mawatha**  
**Colombo 2.**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**11**

**Business segments**

The following tables present revenue, profit information and other disclosures regarding Group's business segments.

For the quarter ended 30th September	Manufacturing		Trading		Group Total	
	2018	2017	2018	2017	2018	2017
Goods transferred at a point in time	801,839	707,928	56,697	44,525	858,536	752,453
<b>Segment result</b>	<b>232,177</b>	<b>203,917</b>	<b>12,744</b>	<b>10,830</b>	<b>244,921</b>	<b>214,747</b>
Other operating income	3,583	627	-	-	3,583	627
Selling and distribution expenses	(94,605)	(85,106)	-	-	(94,605)	(85,106)
Administrative expenses	(40,878)	(39,369)	-	-	(40,878)	(39,369)
Other operating expenses	(24,925)	(25,091)	-	-	(24,925)	(25,091)
Results from operating activities	75,352	54,978	12,744	10,830	88,096	65,808
Finance cost	(508)	(2,213)	-	-	(508)	(2,213)
Finance income	4,164	5,011	-	-	4,164	5,011
<b>Profit before tax</b>	<b>79,008</b>	<b>57,776</b>	<b>12,744</b>	<b>10,830</b>	<b>91,752</b>	<b>68,606</b>
Purchase and construction of PPE*	44,187	26,954	-	-	44,187	26,954
Depreciation of PPE*	27,990	25,712	-	-	27,990	25,712
Amortisation / impairment of IA**	29	268	-	-	29	268
Gratuity provision and related costs	3,384	3,217	-	-	3,384	3,217

\*PPE (Property, plant and equipment), \*\*IA (Intangible assets)

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 Figures in brackets indicate deductions.  
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**Keells Food Products PLC - PQ3**  
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**Colombo 2.**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

**12**

**Business segments**

The following tables present revenue, profit information and other disclosures regarding Group's business segments.

For the six months ended 30th September	Manufacturing		Trading		Group Total	
	2018	2017	2018	2017	2018	2017
Goods transferred at a point in time	1,553,110	1,400,384	106,479	81,824	1,659,589	1,482,208
<b>Segment result</b>	448,368	393,047	23,093	18,937	471,461	411,984
Other operating income	5,140	1,705	-	-	5,140	1,705
Selling and distribution expenses	(182,068)	(159,416)	-	-	(182,068)	(159,416)
Administrative expenses	(82,081)	(82,385)	-	-	(82,081)	(82,385)
Other operating expenses	(46,625)	(47,184)	-	-	(46,625)	(47,184)
<b>Results from operating activities</b>	142,734	105,767	23,093	18,937	165,827	124,704
Finance cost	(1,426)	(4,794)	-	-	(1,426)	(4,794)
Finance income	9,143	10,508	-	-	9,143	10,508
<b>Profit before tax</b>	150,451	111,481	23,093	18,937	173,544	130,418
Segment assets	2,393,672	2,392,009	31,679	23,614	2,425,351	2,415,623
Segment liabilities	654,670	722,156	90	2,922	654,760	725,078
Purchase and construction of PPE*	63,688	32,768	-	-	63,688	32,768
Depreciation of PPE*	55,572	50,770	-	-	55,572	50,770
Amortisation / impairment of IA**	296	535	-	-	296	535
Gratuity provision and related costs	6,769	6,435	-	-	6,769	6,435

\*PPE (Property, plant and equipment), \*\*IA (Intangible assets)

Note : All values are in LKR '000s, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures are not audited.

**1 CORPORATE INFORMATION**

Keells Food Products PLC is a Public Liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

**2 INTERIM CONDENSED FINANCIAL STATEMENTS**

The Financial Statements for the six months ended 30th September 2018, includes "the Company" referring to Keells Food Products PLC., and "the Group" referring to the "Company" and its Subsidiary John Keells Food India (Private) Limited whose accounts have been consolidated thereon.

**3 APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed Financial Statements of the Group and the Company for six months ended 30th September 2018 were authorised for issue by the Board of Directors on 23rd of October 2018.

**4 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

**4.1 Basis of Preparation**

The interim condensed Financial Statements for the six months ended 30th September 2018 have been prepared in accordance with LKAS 34 Interim Financial Reporting.

The interim condensed Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Group's annual Financial Statements as at 31 March 2018.

**4.2 New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed Financial Statements are consistent with those followed in the preparation of the Group's annual Financial Statements for the year ended 31 March 2018, except for the adoption of new standards effective as of 1 April 2018. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments that require restatement of previous Financial Statements. As required by LKAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed Financial Statements of the Group.

**SLFRS 15 Revenue from Contracts with Customers**

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Group concluded that SLFRS 15 does not have a material impact on Group's Financial Statements.

**Sale of goods**

SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

**SLFRS 9 Financial Instruments**

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1st April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied SLFRS 9 retrospectively, with the initial application date of 1st April 2018. The Group has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

**Classification and measurement**

Except for certain trade receivables, under SLFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

The new classification and measurement of the Group's debt financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under Other non-current financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1st April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1st April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under LKAS 39. Similar to the requirements of LKAS 39, SLFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

**Impairment**

The adoption of SLFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

**5 OPERATING SEGMENTS**

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- Manufacturing
- Trading

**6 TAX EXPENSE**

For the six months ended 30th September In LKR '000s	Group		Company	
	2018	2017	2018	2017
<b>Income statement</b>				
Current income tax	57,925	45,992	57,925	45,992
Deferred tax (reversal)	(6,398)	(5,444)	(6,398)	(5,444)
	51,527	40,548	51,527	40,548

**7 RELATED PARTY TRANSACTIONS**

For the six months ended 30th September  
 In LKR '000s

	Group		Company	
	2018	2017	2018	2017
<b>Transactions with related parties</b>				
<b>Ultimate Parent Company - John Keells Holdings PLC</b>				
Receiving of services	(12,547)	(10,950)	(12,547)	(10,950)
<b>Subsidiary</b>	-	-	-	-
<b>Companies under common control</b>				
Sale of Goods	432,330	389,760	432,330	389,760
Purchase of Goods	(141)	(78)	(141)	(78)
Receiving of services	(12,265)	(9,120)	(12,265)	(9,120)
Purchase of property plant & equipment	(900)	(1,054)	(900)	(1,054)
<b>Equity accounted investees of the Parent</b>				
Sale of Goods	-	2,209	-	2,209
Receiving of services	(2,896)	(4,984)	(2,896)	(4,984)
<b>Key Management Personnel (KMP)</b>	-	-	-	-
<b>Close family members of KMP</b>	-	-	-	-
<b>Companies controlled/jointly controlled/significantly influenced by KMP and their close family members</b>	-	-	-	-
<b>Compensation to Key Management Personnel</b>				
Short term employee benefit	4,200	4,200	4,200	4,200
<b>Post employment benefit plan</b>				
Contributions to the provident fund	1,648	2,036	1,648	2,036

**8 Share information**

**8.1 Stated capital**

Stated capital is represented by number of shares in issue as given below:

As at	No. of Shares 30-09-2018	No. of Shares 30-06-2018	No. of Shares 31-03-2018
Ordinary shares	25,500,000	25,500,000	25,500,000

**8.2 Net assets per share**

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 30th September 2018.

**8.3 Market price per share**

For the quarter ended 30th September

	2018 LKR	2017 LKR
Highest	140.00	162.80
Lowest	125.00	130.00
Last traded	130.70	135.90

**8.4 Public share holdings**

Percentage of shares held by the public and the number of public shareholders is as given below.

As at	30-09-2018	30-06-2018
Public share holding (%)	10%	10%
Public share holders	1,206	1,217
Compliant under option 2 of the Diri Savi Board - Float adjusted market capitalization (LKR Mn.)	333	344

**8.5 Directors' and CEO's share holdings**

The number of shares held by the Board of Directors (including spouses) and Chief Executive Officer (including spouse) are as follows:

As at	30-09-2018	30-06-2018
Name of the Directors	No. of Shares	No. of Shares
S C Ratnayake – Chairman	12,750	12,750
K N J Balendra	-	-
J G A Cooray	-	-
D P Gamlath	-	-
P D Samarasinghe	-	-
S De Silva (Ms.)	-	-
A E H Sanderatne	-	-
I Samarajiva	-	-
J R Gunaratne (Resigned w.e.f 30.06.2018)	-	-
As at	30-09-2018	30-06-2018
Name of the Chief Executive Officer (CEO)	No. of Shares	No. of Shares
S I Thanthirigoda – Chief Executive Officer	-	-

**8.6 Twenty largest shareholders of the company are as follows:**

	30-09-2018		30-06-2018	
	Number of shares	%	Number of shares	%
John Keells Holdings PLC	20,364,054	79.86%	20,364,054	79.86%
John Keells PLC	2,573,196	10.09%	2,573,196	10.09%
People's Leasing and Finance PLC/ Mr. L.P. Hapangama	235,783	0.92%	235,683	0.92%
Mr. A.H Udeshi	150,000	0.59%	150,000	0.59%
People's Leasing and Finance PLC/ Mr.L.H.L.M.P Haradasa	149,453	0.59%	149,453	0.59%
Mrs M.T Moosajee	140,008	0.55%	137,609	0.54%
Mr. J.B. Hirdaramani	104,720	0.41%	104,720	0.41%
J.B Cocoshell (Pvt) Ltd	94,370	0.37%	91,938	0.36%
Mr. D.J.M. Blackler	90,000	0.35%	90,000	0.35%
T R L Holdings (Pvt) Ltd	77,198	0.30%	77,198	0.30%
Mr.P.H.D Waidyathilaka	61,000	0.24%	61,000	0.24%
Ms.N.Harnam	60,000	0.24%	60,000	0.24%
Tasz Holdings (Pvt)Ltd	59,929	0.24%	59,929	0.24%
Mr.J.G.de Mel	51,335	0.20%	51,335	0.20%
Mr.M.A.A.H Esufally and Mrs.A.M Moonesinghe	50,382	0.20%	-	0.00%
Mr.R.Vasudevan	50,065	0.20%	50,065	0.20%
HSBC International Nominee Ltd-SSBT Deutsche Bank	47,469	0.19%	42,788	0.17%
Mr.T.Ono Teruaki	43,895	0.17%	26,500	0.10%
Merchant Bank of Sri Lanka & Finance PLC 01	37,672	0.15%	37,672	0.15%
People's Leasing and Finance PLC/ L.H.L Noris de Silva and Son (Pvt) Ltd	33,273	0.13%	33,273	0.13%

**9 Dividends paid**

A final dividend of Rs.4.00 per share was paid on the 12th of June 2018 for the financial year ended 31st March 2018.

**10 Contingencies, capital and other commitments**

There has been no significant change in the nature of the contingencies and other commitments, which were discussed in the annual report for the year ended 31st March 2018.

**11 Board Resignations**

Mr. J R Gunaratne Non-Executive Non-Independent Director resigned from the Board of Keells Food Products PLC with effect from the 30th of June 2018.

**12 Events after the reporting period**

There have been no events subsequent to the reporting date, which require disclosure in the interim condensed Financial Statements.