

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER, 2019**

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	6,065,801,089	6,451,500,834
Capital Work-In-Progress	4	12,588,158,537	11,894,455,027
Financial Instrument - Amortised cost	5	787,696,142	769,263,440
Long-term Advances	6	139,152,682	356,287,245
<b>Total Non-Current Assets</b>		<b>19,580,808,449</b>	<b>19,471,506,547</b>
<b>Current Assets</b>			
Inventories	7	1,093,130,830	1,505,734,350
Trade and Other Receivables	8	1,191,235,517	1,288,433,432
Income Tax Receivable	9	212,514,712	172,903,239
Cash and Cash Equivalents	10	12,814,551	19,269,258
<b>Total Current Assets</b>		<b>2,509,695,611</b>	<b>2,986,340,280</b>
<b>Total Assets</b>		<b>22,090,504,060</b>	<b>22,457,846,827</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Stated Capital and Reserves</b>			
Stated Capital	11	319,454,060	319,454,060
Capital Reserve	12	25,000,000	25,000,000
Revaluation Reserve		336,454,463	336,454,463
Sinking Fund	13	1,689,978	1,689,978
Retained Earnings		(145,248,000)	785,181,360
<b>Shareholders' Fund</b>		<b>537,350,500</b>	<b>1,467,779,860</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	14	-	-
Non-interest Bearing Borrowings	15	2,108,063	2,108,063
Interest Bearing Borrowings - Long-Term	15	18,572,055,438	18,202,111,219
Retirement Benefit Obligations - Gratuity	16	651,565,041	527,308,101
Deferred Income - Government Grant	17	29,079,994	41,712,392
<b>Total Non-Current Liabilities</b>		<b>19,254,808,536</b>	<b>18,773,239,775</b>
<b>Current Liabilities</b>			
Trade and Other Payables	18	762,087,282	841,105,671
Interest Bearing Borrowings - Short Term	15	135,419,841	123,568,773
Bank Overdrafts	19	1,400,837,901	1,252,152,747
<b>Total Current Liabilities</b>		<b>2,298,345,024</b>	<b>2,216,827,191</b>
<b>Total Equity and Liabilities</b>		<b>22,090,504,060</b>	<b>22,457,846,827</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

.....  
**Mr. M. G. P. Premathilaka**  
**Manager- Finance**

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

Approved and Signed for and on behalf of the Board on .....

.....  
**Mr. L. B. Wickramasinghe**  
**Chairman**

.....  
.....  
**Director**

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2019**

		<b>For the Year Ended 31<sup>st</sup> December, 2019 Rs.</b>	<b>For the Year Ended 31<sup>st</sup> December, 2018 Rs.</b>
	<b>Note</b>		
Revenue	<b>20</b>	10,313,820,273	11,612,344,021
Cost of Sales		(9,917,539,530)	(11,385,405,568)
<b>Gross Profit</b>		396,280,743	226,938,453
Other Operating Income	<b>21</b>	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses		(688,427,005)	(640,583,272)
Distribution Expenses		(399,206,715)	(475,008,669)
Other Expenses		(55,158,791)	(18,071,620)
<b>Profit/ (Loss) from Operations</b>		(716,802,045)	(540,420,816)
Finance Income	<b>22</b>	49,926,845	46,135,691
Finance Expenses	<b>23</b>	(195,839,348)	(189,164,365)
<b>Net Loss Before Taxation</b>		(862,714,548)	(683,449,491)
Income Tax Expenses	<b>24</b>	(9,480,074)	201,663,631
<b>Net Loss for the Year after Taxation</b>		(872,194,622)	(481,785,860)
<b>Other Comprehensive Income</b>			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(58,234,738)	69,273,982
<b>Total Other Comprehensive Income Net of Tax</b>		(58,234,738)	69,273,982
<b>Total Comprehensive Income</b>		(930,429,360)	(412,511,878)
Basic Earning/(Loss) Per Share	<b>25</b>	(27.30)	(15.08)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	<b>Stated Capital Rs.</b>	<b>Capital Reserve Rs.</b>	<b>Revaluation Reserve Rs.</b>	<b>Sinking Fund Rs.</b>	<b>Retained Earnings Rs.</b>	<b>Total Rs.</b>
<b>Balance as at 31st December 2017</b>	319,454,060	25,000,000	336,454,463	1,689,978	1,197,693,238	1,880,291,738
Net Profit for the Year	-	-	-	-	(481,785,860)	(481,785,860)
Other Comprehensive Income	-	-	-	-	69,273,982	69,273,982
<b>Balance as at 31st December 2018</b>	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>785,181,360</u>	<u>1,467,779,860</u>
Net Profit for the Year	-	-	-	-	(930,429,360)	(930,429,360)
Other Comprehensive Income	-	-	-	-	-	-
<b>Balance as at 31st December 2019</b>	<u><u>319,454,060</u></u>	<u><u>25,000,000</u></u>	<u><u>336,454,463</u></u>	<u><u>1,689,978</u></u>	<u><u>(145,248,000)</u></u>	<u><u>537,350,500</u></u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

Unaudited

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
<b>Cash Flow from Operating Activities</b>		
Net Loss Before Taxation	(862,714,548)	(683,449,491)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	527,623,340	542,428,556
Income from Investment	(49,926,845)	(46,135,691)
Interest Expense	190,620,525	182,496,282
Lease Interest	5,225,511	6,730,089
Recognized Income on Deferred Grants	(12,632,398)	(19,757,115)
Exchange Gain	2,566,588	(88,548,642)
Provision for Defined Benefit Plans - Gratuity	98,254,612	87,046,552
Disposal Gain	(566,035)	(12,600,907)
ESC Weitten off	15,364,873	12,434,370
Capital work-in progress written off	741,099	-
<b>Operating Profit Before Working Capital Changes</b>	(85,443,279)	(19,355,997)
(Increase)/Decrease in Inventories	412,603,520	238,629,532
(Increase)/Decrease in Trade and Other Receivables	95,115,502	198,690,823
Increase/(Decrease) in Trade and Other Payables	(73,730,889)	(36,230,360)
<b>Cash Generated from Operations</b>	348,544,854	381,733,998
Interest Paid	(190,620,525)	(182,496,282)
Tax Paid - ESC and Income Tax	(52,893,933)	(60,035,055)
Payment of Defined Benefit Plans - Gratuity	(41,712,485)	(38,582,223)
<b>Net Cash From/ (Used In) Operating Activities</b>	63,317,912	100,620,438
<b>Cash Flow from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(87,503,835)	(102,363,192)
Investments in Property, Plant and Equipment in the Course of Constructio	(516,304,352)	(1,695,632,797)
Proceeds from disposal of Assets	665,582	12,670,787
Interest Received	49,926,845	46,135,691
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	(20,999,289)	(72,298,872)
<b>Net Cash Used In Investing Activities</b>	(574,215,049)	(1,811,488,384)
<b>Cash Flow from Financing Activities</b>		
Government Grant Received	-	4,573,003
Lease Rental Paid	(30,448,356)	(28,501,283)
During the Year Loan Granted	509,141,829	2,239,963,647
Loans and Borrowings Repayments	(122,936,197)	(101,859,626)
Adjustment of exchange impact in long term advances	-	(543,766,109)
<b>Net Cash Used In Financing Activities</b>	355,757,276	1,570,409,632
<b>Net Increase in Cash and Cash Equivalents</b>	(155,139,861)	(140,458,314)
<b>Cash and Cash Equivalents at the Beginning of the Year (Note A)</b>	(1,232,883,488)	(1,092,425,174)
<b>Cash and Cash Equivalents at the End of the Year (Note B)</b>	(1,388,023,349)	(1,232,883,488)

**MILCO (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT - (Contd..)**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	<b>As at 31st December, 2019 Rs.</b>	<b>As at 31st December, 2018 Rs.</b>
<b>At the Beginning of the Year</b>		
Balances at Banks	13,963,657	20,487,923
Petty Cash in Hand	5,305,601	4,260,251
	<u>19,269,258</u>	<u>24,748,174</u>
Bank Overdrafts	(1,252,152,747)	(1,117,173,348)
	<u>(1,232,883,489)</u>	<u>(1,092,425,174)</u>
<b>At the End of the Year</b>		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
Bank Overdrafts	(1,400,837,901)	(1,252,152,747)
	<u>(1,388,023,350)</u>	<u>(1,232,883,488)</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**3. PROPERTY, PLANT AND EQUIPMENT**

**a) Tangible assets**

Description of Assets	Cost/Valuation				Depreciation				Written Down Value		
	Balance As At 01.01.2019	Additions	Disposals	Transfers	Balance As At 31.12.2019	Balance As At 01.01.2019	Charge for the Year	On Disposals	Balance As At 31.12.2019	As At 01.01.2019	As At 31.12.2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold</b>											
Land	3,250,000	-	-	-	3,250,000	-	-	-	-	3,250,000	3,250,000
Buildings	507,345,106	2,876,067	-	-	510,221,172	129,024,894	42,472,865		171,497,759	378,320,212	338,723,413
Plant and Machinery	7,375,587,018	46,232,055	-	11,378,100	7,433,197,173	1,531,318,511	397,436,776		1,928,755,287	5,844,268,507	5,504,441,887
Furniture and Fittings	45,887,661	4,794,545	-	-	50,682,206	37,509,607	3,230,290		40,739,897	8,378,053	9,942,308
Laboratory Equipment	77,485,874	5,030,394	-	-	82,516,268	53,179,696	7,425,785		60,605,481	24,306,178	21,910,788
Motor Vehicles	97,101,450	-	(2,250,000)	48,000,958	142,852,408	96,242,880	3,180,658	(2,228,788)	97,194,750	858,570	45,657,658
Tools and Equipment	322,203,703	11,543,262	-	-	333,746,966	244,312,620	26,125,415		270,438,034	77,891,084	63,308,931
Bottles and Crates	349,496,153	5,814,173	-	-	355,310,326	302,855,435	20,568,620		323,424,055	46,640,718	31,886,271
Computer Equipment	48,134,443	4,369,288	-	-	52,503,731	32,267,911	5,931,322		38,199,234	15,866,532	14,304,497
Bottle Coolers	148,634,639	3,465,905	-	-	152,100,544	138,813,799	3,819,502		142,633,301	9,820,840	9,467,243
Office Equipment	9,964,767	319,339	(86,121)	-	10,197,986	7,050,391	944,765	(7,786)	7,987,370	2,914,376	2,210,616
Milk Cans	80,176,804	2,045	-	-	80,178,849	58,811,020	6,392,997		65,204,017	21,365,784	14,974,832
	9,065,267,617	84,447,074	(2,336,121)	59,379,058	9,206,757,629	2,631,386,764	517,528,994	(2,236,574)	3,146,679,184	6,433,880,853	6,060,078,444
<b>Intangible Assets</b>											
Computer Software	2,837,209	-	-	-	2,837,209	2,632,871	83,333		2,716,204	204,338	121,005
<b>Leasehold Assets</b>											
Motor Vehicles	75,245,958	17,294,907	-	(19,097,898)	73,442,966	57,830,315	10,011,012		67,841,327	17,415,643	5,601,639
<b>Total</b>	9,143,350,784	101,741,981	(2,336,121)	40,281,160	9,283,037,804	2,691,849,950	527,623,340	(2,236,574)	3,217,236,716	6,451,500,834	6,065,801,089

**3.1 Transfers**

Transfer of motor vehicles includes capitalization of lorry chasis under development amounting to Rs.27,616,206 and fixing of two bowser tanks amounting to Rs. 1,286,854.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

	<b>Balance As At 01.01.2019 Rs.</b>	<b>Incurred During the Period Rs.</b>	<b>Capitalized/ Charged During the Period Rs.</b>	<b>Balance As At 31.12.2019 Rs.</b>
<b>4. CAPITAL WORK-IN-PROGRESS</b>				
Construction of New Milk Factory - Badalgama (Refer Note 15) *	10,957,945,499	713,780,796	-	11,671,726,295
Construction of Gatabe Sales Outlet	150,000	-	-	150,000
Installation of Cup & Cone Filler at Digana Milk Factory	15,445,587	-	-	15,445,587
Modernization of Factories- Polonnaruwa, Ambewela and Digana (Refer Note 15) *	790,264,562	-	-	790,264,562
Development Projects at Ambewela Milk Factory	71,342,562	-	-	71,342,562
Construction of Cool Room at Polonnaruwa Milk Factory	11,378,100	-	(11,378,100)	-
Pro- Fit Management Information System Implementation	2,571,770	1,607,760	-	4,179,530
Construction of Chilling Centre- Palathoppur	26,190	714,909	(741,099)	-
Lorry Chasis Under Development	45,330,756	-	(27,616,206)	17,714,550
Construction of Chilling Centre- Lunugala	-	57,500	-	57,500
Construction of building at Ambewela Milk Factory	-	7,055,125	-	7,055,125
Construction of office building at Digana Milk Factory	-	10,222,824	-	10,222,824
	<u>11,894,455,027</u>	<u>733,438,915</u>	<u>(39,735,405)</u>	<u>12,588,158,537</u>

- 4.1** As detailed in note no 15 to these financial statements, modernization of the above factories and construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.
- 4.2** Developments carried at Ambewela milk factory including "Power Expansion System, Construction of Water Tank and Refrigeration plant, Construction of Equilization tank, Establishment of new generators".
- 4.3** Expenses incurred on Construction of Chilling Centre- Palathoppur has been charged to income statement during the year.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

	As at 31 <sup>st</sup> December, 2019 Rs.	As at 31 <sup>st</sup> December, 2018 Rs.
<b>5 FINANCIAL INSTRUMENT - AMORTISED COST</b>		
<b>5.1 Long-Term Fixed Deposits</b>		
Fixed Deposits - BOC - US \$	578,599,135	559,058,332
Fixed Deposits - PB & PABC	209,097,006	210,205,108
	<u>787,696,142</u>	<u>769,263,440</u>

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 30 to these financial statements.

**6 LONG TERM ADVANCES**

**Advance to DESMI - Relocate CMF to Badalgama**

Balance at the beginning of the year	356,287,245	560,536,942
Adjustment of exchange impact	-	543,766,109
Transferred to Capital Work in Progress	(217,134,563)	(748,015,807)
Balance at the end of the year	<u>139,152,682</u>	<u>356,287,245</u>

As detailed in note no 15 to these financial statements, establishment of a diary processing plant at Badalgama has been financed by a loan granted by the Treasury of the Government of Sri Lanka. On 22/10/2015, Treasury of Government of Sri Lanka made advance payment of an amount equivalent to EURO 19,180,692 (30% of the contract value)

**7 INVENTORIES**

Raw and Packing Materials	<b>7.1</b>	321,342,530	387,696,803
Work-in-Progress		5,895,808	2,989,381
Finished Goods		218,770,084	677,601,473
Consumables	<b>7.2</b>	548,245,734	441,729,431
Goods in Transit	<b>7.3</b>	10,973,035	7,813,624
Provision for Inventory	<b>7.4</b>	(12,096,362)	(12,096,362)
		<u>1,093,130,830</u>	<u>1,505,734,350</u>

**7.1 Raw and Packing Materials**

Raw Materials - Dairy Production	70,799,062	82,419,493
Packing Material	230,784,760	274,243,365
Raw Milk Stock	12,722,205	23,997,441
Bottle Cooler Stock	3,496,313	3,496,313
Drugs and Other Stock	3,540,190	3,540,190
	<u>321,342,530</u>	<u>387,696,803</u>



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

		<b>As at 31st December, 2019 Rs.</b>	<b>As at 31st December, 2018 Rs.</b>
<b>7.2 Consumables</b>			
General Stores		53,108,135	50,418,442
Engineering Stores		443,052,222	339,872,187
Motor Stores		13,159,699	12,570,054
Fuel and Lubricant Stores		29,896,808	29,839,877
Milk Can Stock		9,028,871	9,028,871
		<u>548,245,734</u>	<u>441,729,431</u>
<b>7.3 Goods In Transit</b>			
Finished Goods in Transit		5,151,487	4,837,300
Goods in Transit Lab Equipment		125,798	125,798
Raw Milk In Transit		4,827,551	2,755,326
Yogurt Culture		868,200	95,200
		<u>10,973,035</u>	<u>7,813,624</u>
<b>7.4 Provision For Inventory</b>			
Packing Material		(10,163,806)	(10,163,806)
General Stores		(332,731)	(332,731)
Engineering Stores		(1,523,655)	(1,523,655)
Fuel Stores		(76,170)	(76,170)
		<u>(12,096,362)</u>	<u>(12,096,362)</u>
<b>7.5</b>	Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 30 to these financial statements.		
<b>8 TRADE AND OTHER RECEIVABLES</b>			
Trade Receivables	<b>8.1</b>	755,350,643	832,713,150
Receivable from the Government of Sri Lanka	<b>8.2</b>	6,973,875	6,973,875
Other Debtors		48,852,088	67,564,460
Advances, Deposits and Prepayments		159,647,848	151,382,104
Staff Debtors		161,476,069	161,602,135
Import Control		58,934,995	68,197,709
		<u>1,191,235,517</u>	<u>1,288,433,432</u>

Unaudited

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
<b>8.1 Trade Receivables</b>		
Total Debtors	806,264,268	883,626,774
Less: Provision for Impairment	(50,913,625)	(50,913,625)
	<u>755,350,643</u>	<u>832,713,150</u>
<b>8.2 Receivable from the Government of Sri Lanka</b>		
Receivable from the Ministry of Livestock and Development	6,879,542	6,879,542
Receivable from Government of Sri Lanka - Milk Subsidiary	278,981,206	278,981,206
Receivable from Parliament Affairs	94,333	94,333
	<u>285,955,081</u>	<u>285,955,081</u>
Less: Provision for Impairment	(278,981,206)	(278,981,206)
	<u>6,973,875</u>	<u>6,973,875</u>
<b>9 INCOME TAX RECEIVABLE</b>		
WHT Receivables	9,038,230	6,925,129
ESC Receivables	203,476,482	165,978,111
	<u>212,514,712</u>	<u>172,903,239</u>
<b>10 CASH AND CASH EQUIVALENTS</b>		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
<b>11 STATED CAPITAL</b>		
Issued and fully paid	No of Shares 31,945,406	
	<u>319,454,060</u>	<u>319,454,060</u>
<b>12 CAPITAL RESERVE</b>		
<b>12.1</b> Acquisition and Upgrading of Plant and Machinery	<u>25,000,000</u>	<u>25,000,000</u>

The above Reserve is created from the Revenue Reserve during the year of 2008/2009 which would be utilized for acquisition of heavy plant and machinery such as power plant, sterilizer etc.

As at	As at
31st December,	31st December,
2019	2018
Rs.	Rs.

Transferred from Retained Earnings

	1,689,978
-	1,689,978

## 14 DEFERRED TAX LIABILITY

At the Beginning of the Year	190,386,471
Charge (to)/from Statement of Comprehensive Income	(190,386,471)
At the End of the Year	-

<b>14.1</b>	Tax effect on Temporary Difference on Property, Plant and Equipment	589,435,761
	Tax effect on Temporary Difference on Retirement Benefit Obligations	(73,823,134)
<b>Less:</b>	Tax effect on Temporary Differences on Tax Losses	(704,424,211)
	Probable Deferred Tax Liability	-
		(188,811,584)

## 15 LOANS AND BORROWINGS

## Unaudited

Payable within One Year	<b>15.1.1 to 15.1.4</b>	135,419,841	123,568,773
Payable after One Year	<b>15.1.1 to 15.1.4</b>	18,572,055,438	18,202,111,219
		<u>18,707,475,279</u>	<u>18,325,679,992</u>

## Short term loans taken from Pan Asia Bank

15,727,311	-
<u>15,727,311</u>	<u>-</u>

## Balance at the Beginning of the Year

48,772,108	77,273,391
27,049,248	-
(30,448,356)	(28,501,283)
<u>45,373,000</u>	<u>48,772,108</u>

## Balance at the Beginning of the Year

5,860,539	12,590,628
6,236,748	-
(5,225,511)	(6,730,089)
<u>6,871,776</u>	<u>5,860,539</u>
38,501,224	42,911,569

Current Maturity Portion	19,454,480	23,549,207
Long-Term Maturity Portion	19,046,744	19,362,363
	<u>38,501,224</u>	<u>42,911,569</u>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

	As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
<b>15.1.3 Bank Loans and Borrowings</b>		
Balance at the Beginning of the Year	361,686,067	363,545,693
Received During the Year	-	100,000,000
<b>Less:</b> During the Year Payments	(122,936,197)	(101,859,626)
Balance at the End of the Year	238,749,870	361,686,067
Current Maturity Portion	100,238,050	100,019,567
Long-Term Maturity Portion	138,511,820	261,666,500
	238,749,870	361,686,067

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 30 to these financial statements.

**15.1.4 Borrowings From Treasury of The Government of Sri Lanka**

Balance at the Beginning of the Year	17,921,082,356	15,781,118,709
Granted During the Year	493,414,518	2,139,963,647
Balance at the End of the Year	18,414,496,875	17,921,082,356
Current Maturity Portion	-	-
Long-Term Maturity Portion	18,414,496,875	17,921,082,356
	18,414,496,875	17,921,082,356

Unaudited

- (a) Milco (Pvt) Limited, on 31st December 2009, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for the modernization of processing factories (The Project) of the company at a cost of Euro 33.7mn.

Cabinet paper No.12/1141/504/104 (Revision of original cabinet decision dated 23rd November 2011) presented by the Minister of Finance and Planning on “Modernization of processing Factories of Milco (Private) Limited” had been approved by the Cabinet on 18th August 2012 and accordingly, it was authorized to the Department of External Resources to Borrow Euro 33.7mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Finance and Planning. It also authorized the Treasury of Government of Sri Lanka to sign an on-lending agreement with Milco (Private) Limited.

Subsequently, the Government of Sri Lanka entered into an on-lending agreement with Milco (Private) Limited for the borrowings of Euro 33.7mn from the aforesaid party under the following conditions.

- i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.
- ii. An amount equivalent to Euro 2,274,016.40 is payable up-front as EKF Premium.
- iii. Overdue charges at 2% per annum, in the event of default of payments.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

- (b) Milco (Pvt) Limited, on 15<sup>th</sup> May 2015, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for establishment of a dairy processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on “Establishment of a Dairy Processing Plant at Badalgama” was approved by the Cabinet on 17<sup>th</sup> December 2014 and accordingly, authorized to the Department of External Resources to Borrow Euro 63.9mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Livestock and Rural Community Development (Ref:MLRCD/03/15).

Subsequently, the Government of Sri Lanka entered in to an on-lending agreement behalf of the Milco (Private) Limited with Hongkong and Shanghai Banking Limited (HSBC) for the borrowings of Euro 63.9mn from the aforesaid party under the following conditions.

- i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.
- ii. An amount equivalent to Euro 2,234,919 is payable up-front as (Eksport Kredit Fonden/Export Credit Fund) EKF Premium.
- iii. An amount equivalent to Euro 19,180,692.30 (30% of the contract value) has been paid to Desmi Contracting A/S by Milco (Pvt) Ltd as an advance payment in 2015 pursuant to the terms of contract
- iv. Over due chargers at 2% per annum, in the event of default of payments.

As at 31st December 2018, the project was in progress, 43 shipments have been arrived to the location for a value of EURO 36,630,705.55 (100% of the shipment value) and 14 milestone payments were released to the contractor amounting to EURO 21,721,006.23

Milco (Private) Limited has not signed the subsidiary loan agreement with General Treasury to the Government of Sri Lanka as yet.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

<b>As at</b>	<b>As at</b>
<b>31st December,</b>	<b>31st December,</b>
<b>2019</b>	<b>2018</b>
<b>Rs.</b>	<b>Rs.</b>

**15.2 Non-Interest Bearing Borrowings**

**Long-Term Portion**

National Milk Board	2,108,063	2,108,063
	<u>2,108,063</u>	<u>2,108,063</u>

**16 RETIREMENT BENEFIT OBLIGATION - GRATUITY**

Balance at the Beginning of the Year	527,308,101	559,394,914
Current Service Cost	36,401,372	29,093,239
Interest Cost	61,853,240	57,953,313
(Gain)/ Loss from Changes in Assumption	67,714,812	(80,551,142)
Payment Made During the Year	(41,712,485)	(38,582,223)
Balance at the End of the Year	<u>651,565,041</u>	<u>527,308,101</u>

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31<sup>st</sup> December, 2018. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

**The Principal Assumptions Used were as Follows:**

Expected Salary Increment	10% p.a
Discount Rate	10.23% p.a
Staff Turnover Factor	5% p.a
Maximum Retirement Age	60 Years

**Sensitivity of Assumptions Employed in Actuarial Valuation**

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefits liability measurement.

The sensitivity of the statement of comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

<b>Increase/</b>	<b>Increase/ (Decrease)</b>	<b>Effect on</b>	<b>Effect on</b>
<b>(Decrease)</b>	<b>in Salary Increment</b>	<b>Change to</b>	<b>Employee Benefit</b>
<b>in Discount</b>	<b>Rate</b>	<b>Statement of</b>	<b>Obligation</b>
<b>Rate</b>	<b>Rate</b>	<b>Comprehensive</b>	<b>Rs.</b>
<b>Rs.</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
1%	*	43,607,265	607,957,776
-1%	*	(49,189,955)	700,754,996
**	1%	(51,822,354)	703,387,395
**	-1%	46,677,102	604,887,939

\* Salary Increment Rate 10% for the Company

\*\* Discount Rate 10.23%

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**As at**  
**31st December,**  
**2018**  
**Rs.**

**17 GOVERNMENT GRANT**

<b>17.1</b>	Balance at the Beginning of the Year	41,712,392	56,896,504
	Grant Received During the Year	-	4,573,003
	Grant Recognized to the Statement of Comprehensive Income During the Year	(12,632,398)	(19,757,115)
	Balance at the End of the Year	<u>29,079,994</u>	<u>41,712,392</u>

**17.2 Deferred Government Grant**

Grant of Samanthurai	764,401	910,000
Grant of Thimilathive	945,000	1,125,000
Grant of Milk Cans	114,392	114,392
Grant of 14 Sales Outlets	543,750	618,750
Grant of LCRD	16,000,582	17,335,969
Grant of Cooling tanks	6,086,091	16,982,502
Grant of Electric Grass Cutters	52,776	52,776
Grants of Coolers	4,573,003	4,573,003
	<u>29,079,994</u>	<u>41,712,392</u>

**18 TRADE AND OTHER PAYABLES**

Trade Creditors	222,900,853	261,537,239
Expense Creditors	424,278,363	237,010,677
Other Payables	114,908,066	342,557,755
	<u>762,087,282</u>	<u>841,105,671</u>

**19 BANK OVERDRAFTS**

Bank of Ceylon - 1758	855,850,737	725,746,361
Bank of Ceylon - 1766	34,087,742	6,861,252
People's Bank - 41180210331	209,859,167	203,436,653
People's Bank - 41120210937	22,120,066	28,474,311
People's Bank - Polgahawela	330,793	3,380,062
BOC - Kandy City Branch - 9326	8,015,636	711,964
People's Bank - 210332	9,932,147	15,108,872
Bank of Ceylon	93,622	93,622
Pan Asia 100311007597	248,602,840	257,935,810
Bank of Ceylon - 7963	1,582,596	1,918,545
People's Bank - Kaduruwela	10,196,989	8,485,295
People's Bank - Nuwara Eliya	5,860	
Pan Asia Bank	159,706	
	<u>1,400,837,901</u>	<u>1,252,152,747</u>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	<b>For the Year Ended 31st December, 2019 Rs.</b>	<b>For the Year Ended 31st December, 2018 Rs.</b>
<b>20 REVENUE</b>		
Gross Sales	10,509,415,104	11,849,851,230
Nation Building Tax	(195,594,831)	(237,507,209)
	<u>10,313,820,273</u>	<u>11,612,344,021</u>
<b>21 OTHER INCOME</b>		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	<u>29,709,723</u>	<u>366,304,291</u>
<b>22 FINANCE INCOME</b>		
Interest on Call/Fixed Deposit - Local	19,930,044	18,586,884
Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
Interest on Staff Loans	6,818,527	6,821,755
	<u>49,926,845</u>	<u>46,135,691</u>
<b>23 FINANCE COSTS</b>		
Interest on Finance Lease	5,218,823.28	6,668,083
Interest on Loans	38,258,234.33	38,063,199
Interest on Bank Overdrafts	152,362,290.35	144,433,083
	<u>195,839,348</u>	<u>189,164,365</u>



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**24 INCOME TAX EXPENSES**

		As at 31st December, 2019 Rs.	As at 31st December, 2018 Rs.
Current Income Tax Provision	24.1	-	-
Deferred Tax Charge for the Year	14	-	(190,386,471)
Deferred Tax Charge against other comprehensive income		9,480,074	(11,277,160)
		<u>9,480,074</u>	<u>(201,663,631)</u>

24.1 Accounting Profit Before Taxation			(683,449,491)
Less: Income Considered Separately			(134,684,332)
Profit from Trade or Business		-	(818,133,823)
Less: Net allowable and Disallowable Expenses for Tax Purpose			(1,450,464,440)
Business (Loss)/Profit Applicable Taxation			-
Tax Rate			14%
Exempt Other Income			-
Liable Other Income			134,684,332
Tax Rate			14%
Tax on Chargeable Profit or Income			13,982,705
Tax Effect on Deductions			(13,982,705)
Provision for the Year (Tax on Adjusted Income)		-	-

**25 EARNINGS/(LOSS) PER ORDINARY SHARE**

Basic Earning Per Share is calculated by dividing the net profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue.

	2019 Rs.	2018 Rs.
Net Profit/(loss) Attributable to Ordinary Shares	(872,194,622)	(481,785,860)
Weighted Average Number of Ordinary Share	31,945,406	31,945,406
	<u>(27.30)</u>	<u>(15.08)</u>

**25.1 Diluted Earnings Per Share**

There is no potentially diluted ordinary share of the company and as a result, the diluted earnings per share is the same as basic earnings (loss) per share as shown above.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**26 UNRECOGNIZED CONTRACTUAL COMMITMENTS**

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, outstanding as at the reporting date except as detailed below.

**27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**27.1 Contingent Liabilities**

There are no contingent liabilities as at the reporting date.

**27.2 Contingent Assets**

There are no contingent assets as at the reporting date.

**28 RELATED PARTY DISCLOSURE**

**28.1 Substantial Shareholding and Ultimate Ownership**

The company is a wholly owned government enterprise, which holds 100% ordinary shares of the company.

**28.2 Key Management Personnel Information**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

The remuneration of directors and other members of key management during the year were as follows:

	<b>For the Year 31st December 2019</b>	<b>For the Year 31st December 2018</b>
Short-term employee benefits	<u>3,957,907</u>	<u>5,545,434</u>

**28.3 Related Party Transactions**

As per the declaration made by the directors of the company, there were no significant related party transactions taken place throughout the period which would require to be disclosed as per Sri Lanka Accounting Standards.

**29 COMPARATIVE INFORMATION**

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**30 ASSETS PLEDGED AS COLLATERALS**

Following assets have been pledged as security against loans

Nature of Liabilities The Name of Bank	Loan / Facility Granted Rs.	Balance Outstanding As At 31.12.2019 Rs.	Balance Outstanding As At 31.12.2018 Rs.	Repayment	Assets Pledged
Loan granted by Bank of Ceylon	700,000,000	11,666,500	186,666,520	Repayable in 120 equal monthly instalments of Rs.5,833,335/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Bank of Ceylon	120,000,000	45,000,000	75,000,000	Repayable in 48 equal monthly instalments of Rs.2,500,000/-	Fixed Deposits Amounting US\$ 2,920,652.78 of Bank of Ceylon.
Loan granted by Central Finance	12,484,000	47	19,547	Repayable in 60 monthly instalments of Rs.319,586/- at the first 48 months and Rs. 4,998/- per month for the rest.	Linear ice cream cup and cone filler with accessories
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	629,192,300	597,682,334	On Demand	Stock in trade movables and effect of the obligation including stocks of packing materials and finished goods and other moveable property lying in and upon or stored at No. 45, Nawala Road, Narahenpita in the district of Colombo, Western Province and present and or future book debts of the company.
Bank Overdraft facility provided by People's Bank	139,500,000	187,669,547	181,026,572	On Demand	Fixed deposit amounting to Rs. 155,000,000.
Post Dated Cheque discounting facility provided by Bank of Ceylon	75,000,000	58,983,395	85,545	On Demand	Lodgment of Trade related Post dated Cheques.
Post Dated Cheque discounting facility provided by Pan Asia Bank	300,000,000	100,000,000	75,805,603	On Demand	Lodgment of Trade related Post dated Cheques.
Bank Overdraft facility provided by by Pan Asia Bank	100,000,000	100,000,000	-	On Demand	Fixed deposit amounting to Rs. 50,000,000 and lodgment of Trade related Post dated Cheques.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**31 EVENTS AFTER THE REPORTING DATE**

There have been no material events that occurred between the reporting date and the date on which the financial statements were authorized for issue that require adjustments to, or disclosures in the Financial Statements, except following.

Cabinet paper no. 21/0199/323/012 dated 11.01.2021, presented by the Ministry of Agriculture on "Modernization project of Polonnaruwa, Ambewela and Digana dairy factories" was approved by the cabinet on 08.02.2021.

Accordingly, approval was grant to;

- a. convert the loan on-lent to Milco (Pvt) Ltd, as equity contribution of General Treasury.
- b. waive off the outstanding loan interest as at 31.12.2020

**32 FAIR VALUE OF FINANCIAL INSTRUMENTS**

**32.1 Fair Value of the Financial Instrument Carried at Amortized Cost**

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

	<b>Carrying Amount Rs.</b>	<b>Fair Value Rs.</b>
<b>Unaudited</b>		
<b>Financial Assets</b>		
Financial Instrument - Amortised cost	787,696,142	787,696,142
Trade and Other Receivables	1,031,587,670	1,031,587,670
Cash and Cash Equivalents	12,814,551	12,814,551
<b>Total Financial Assets</b>	<b>1,832,098,363</b>	<b>1,832,098,363</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	723,395,542	723,395,542
Interest Bearing Loans and Borrowings	254,477,181	254,477,181
Payable to the Treasury of Government of Sri Lanka	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	1,400,837,901
<b>Total Financial Liabilities</b>	<b>20,793,207,498</b>	<b>20,793,207,498</b>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**32.1 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements.

**Assets for which fair Value Approximate Carrying Value**

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

**33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**33.1 Introduction**

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

**Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its authority to its key management personnel who are responsible for developing and monitoring company's risk management policies.

**Principal Financial Instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

**Instrument**

- Trade Receivables
- Cash and Cash Equivalents
- Trade and Other Payables
- Bank Overdrafts
- Bank Loans

**33.2 Credit Risk – Default Risk**

Credit risk is risk arising due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meets a contractual obligation.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2019**

**33.3 Liquidity Risk and Funding Management**

Liquidity risk refers to the possibility of company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of company's assets and liabilities. Adequate liquidity is critical to meet the company's financial commitment and to accommodate additional funding needs of the growing business volumes.

The company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

**33.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities**

	On Demand	Less than 2 Months	2 to 12 Months	1 to 5 Years	Over 5 Years	Total
Company	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Instrument - Held to Maturity	-	-	-	787,696,142	-	787,696,142
Trade and Other Receivables	-	1,031,587,670	-	-	-	1,031,587,670
Cash and Cash Equivalents	12,814,551	-	-	-	-	12,814,551
<b>Total Financial Assets</b>	<u>12,814,551</u>	<u>1,031,587,670</u>	<u>-</u>	<u>787,696,142</u>	<u>-</u>	<u>1,832,098,363</u>
<b>Financial Liabilities</b>						
Trade and Other Payables	-	723,395,542	-	-	-	723,395,542
Interest Bearing Loans and Borrowings	-	28,661,075	118,316,270	107,499,836	-	254,477,181
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	18,414,496,875	18,414,496,875
Bank Overdraft	1,400,837,901	-	-	-	-	1,400,837,901
<b>Total Financial Liabilities</b>	<u>1,400,837,901</u>	<u>752,056,617</u>	<u>118,316,270</u>	<u>107,499,836</u>	<u>18,414,496,875</u>	<u>20,793,207,498</u>
<b>Total Net Financial Assets/ (Liabilities)</b>	<u>(1,388,023,349)</u>	<u>279,531,053</u>	<u>(118,316,270)</u>	<u>680,196,306</u>	<u>(18,414,496,875)</u>	<u>(18,961,109,135)</u>

**33.4 Interest Rate Risk**

Interest rate risk is a key constitute of the market risk exposure of the company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

As of the reporting date, the company has no interest rate sensitive financial assets or financial liabilities.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2018**

		<b>For the Year Ended 31st December, 2019 Rs.</b>	<b>For the Year Ended 31st December, 2018 Rs.</b>
	<b>Note</b>		
Revenue		10,313,820,273	11,612,344,021
Cost of Sales	<b>I</b>	(9,917,539,530)	(11,385,405,568)
<b>Gross Profit</b>		396,280,743	226,938,453
Other Operating Income	<b>II</b>	29,709,723	366,304,291
		425,990,466	593,242,745
Administrative Expenses	<b>III</b>	(688,427,005)	(640,583,272)
Distribution Expenses	<b>IV</b>	(399,206,715)	(475,008,669)
Other Expenses	<b>V</b>	(55,158,791)	(18,071,620)
<b>Profit/ (Loss) from Operations</b>		(716,802,045)	(540,420,816)
Finance Income	<b>VI</b>	49,926,845	46,135,691
Finance Expenses	<b>VII</b>	(195,839,348)	(189,164,365)
<b>Net Profit/ (Loss) Before Taxation</b>		(862,714,548)	(683,449,491)
Income Tax Expenses		(9,480,074)	201,663,631
<b>Net Profit/(Loss) for the Year after Taxation</b>		(872,194,622)	(481,785,860)

Unaudited

**MILCO (PVT) LTD**  
**DETAIL NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2018**

	<b>For the Year Ended 31st December, 2019 Rs.</b>	<b>For the Year Ended 31st December, 2018 Rs.</b>
<b>I. COST OF SALES</b>		
Cost of Purchase of Raw Milk	4,629,414,135	6,254,217,942
Chilling Cost	425,531,416	421,442,468
Development Cost	260,485,819	288,963,699
Bowser Cost	247,967,584	294,113,152
Net Stock Adjustments on Raw Materials	488,424	605,463
Cost of Other Raw Materials	1,099,619,705	968,969,461
Total Cost of Raw Materials	6,663,507,082	8,228,312,184
Cost of Packing Materials	1,313,757,788	1,131,363,981
Cost of Processing and Packing Labor	552,336,471	470,948,130
Prime Cost	8,529,601,341	9,830,624,295
Energy Cost		
Furnace Oil	329,252,004	377,083,401
Electricity	141,676,555	132,079,297
Diesel	55,173,113	98,022,919
Water	22,103,605	25,782,779
Other Energy Cost	92,153	56,439
Total Energy Cost	548,297,430	633,024,835
Other Consumables		
Lab Chemicals	10,615,442	11,693,558
Detergent & Cleaning Material	68,056,539	66,220,434
Wages and Staff Welfare of Factory Staff	355,224,055	279,215,650
Marginal Cost	9,511,794,807	10,820,778,773
Factory Overheads		
Depreciation of Plant and Machinery	459,788,527	459,494,249
Repairs and Maintenance of Plant and Machinery	194,149,607	195,496,533
Repairs and Maintenance of Buildings	9,643,643	22,053,156
Transport	3,591,535	2,128,738
Insurance	30,730,303	29,049,708
Total Factory Overheads	697,903,615	708,222,383
Total Cost of Production	10,209,698,421	11,529,001,156
Net Stock/ Transfer Adjustments on Finish Goods	(224,638,837)	(224,449,597)
Adjustment for Changes in Actuary Assumption	(67,714,812)	80,551,142
Unrealised profit adjustment	194,758	302,867
	<u>9,917,539,530</u>	<u>11,385,405,568</u>



	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
<b>II. OTHER INCOME</b>		
Surcharges on Returned Cheques	6,415,722	11,213,726
Non Refundable Deposit	42,500	142,000
Non Refundable tender Deposit	513,000	1,395,837
Subsidy on Milk Powder Sales	-	212,222,190
Differed Income	12,632,398	19,757,115
Registration of Suppliers	3,572,000	2,881,000
Sundry Income	2,226,434	231,951
Exchange Gain	-	88,548,642
Fines & Surcharges	1,159,556	645,893
House Rent	1,782,804	1,421,552
Sale of Unserviceable Items	579,231	1,306,862
Disposal gain	566,035	12,600,907
Margin on Liquid Milk Sale	220,042	13,936,616
	<u>29,709,723</u>	<u>366,304,291</u>
<b>III. PERSONNEL EXPENSES</b>		
Staff Salaries	229,043,057	225,812,029
Staff Allowances	13,608,970	18,625,959
Contributions to Employees' Provident Fund	21,496,286	20,783,117
Contributions to Employees' Trust Fund	5,360,949	5,205,863
Provision for Defined Benefit Plans - Gratuity	40,298,106	903,430
Overtime	13,037,938	12,065,910
Staff Bonus	13,952,543	10,276,133
Casual Wages	1,781,277	2,931,757
Overtime	22,200	23,800
E.P.F.	10,720	12,443
E.T.F.	2,680	3,111
Incentives	1,220,359	1,315,510
Leave Payment	10,330,764	14,624,543
Transport Allowance	3,853,696	3,192,222
Fuel Allowances	1,235,848	1,563,935
Staff Training	671,600	1,113,450
Medical expenses	1,982,018	2,408,865
Death Donation	280,000	150,000
Gift Vouchers	350,378	364,146
Staff Welfare	13,497,107	13,926,488
Mid day Allowance	359,010	490,721
Field Allowance	560,600	562,050
Uniform	243,935	54,157
Telephone Allowances	123,500	195,166
	<u>373,323,541</u>	<u>336,604,805</u>

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
<b>III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES</b>		
Repairs and Maintenance	38,610,720	40,141,160
Directors Expense	6,518,158	7,640,118
Travelling	9,923,389	7,014,862
Garden Maintains	11,617,039	12,323,610
Bank Charges	2,685,539	2,858,392
Bungalow Expenses	1,480,378	1,738,269
Quality Control Expenses	1,622,190	2,253,062
Depreciation on Property, Plant and Equipment	29,342,782	34,457,858
Legal Charges	4,982,320	3,538,723
Printing and Stationary	12,495,734	10,549,616
Security Charges	54,222,339	54,228,567
PEST control	556,800	122,400
Sundry Expenses	1,011,907	3,898,369
Electricity expenses	13,900,139	13,012,863
Water expenses	718,818	679,352
Rent & Rates	20,959,813	20,695,776
Stamp Expenses	16,826	(7,915)
Postage Expenses	338,883	385,724
Advertisement	546,171	688,210
News Papers & Periodicals	524,480	528,010
Vehicle License	359,693	145,895
Vehicle Hiring	3,484,858	2,677,101
Accounting & Auditing expenses	8,628,939	9,970,428
Consultancy Charges	5,656,123	4,943,731
Insurance	28,002,155	15,318,689
Fuel Expenses	29,320,421	31,840,428
DESMI Project Expenses	3,004,165	-
Telephones Expenses	5,480,713	6,995,889
ESC - Write Off	15,364,873	12,434,370
Other Expense	94,511	983,153
Entertainment Expenses	1,066,002	904,242
Stud Bull Project	-	661,016
Non Refundable Deposits	-	356,500
Exchange loss	2,566,588	-
	<u>315,103,463</u>	<u>303,978,467</u>
Total Administration Expenses	<u>688,427,005</u>	<u>640,583,272</u>

	For the Year Ended 31st December, 2019 Rs.	For the Year Ended 31st December, 2018 Rs.
<b>IV. SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisements and Sales Promotion	68,377,727	83,447,686
Transport Expenses	115,743,779	135,416,772
Sales Commission	28,282,771	58,593,641
Warehousing Chargers	8,948,457	22,690,119
Vehicle hiring chargers	40,137,026	40,534,143
Out Let Expense	124,688,644	106,614,058
Repair & Maintanance of Motor Vehicle	476,827	14,903
Repairs & Maintenance of Bottle Coolers	63,266	48,383
Fuel	731,999	1,014,951
Free issues and write off of Finish Goods	11,756,219	26,634,013
	<u>399,206,715</u>	<u>475,008,669</u>
<b>V. OTHER EXPENSES</b>		
Loss on Milk Transfers		15,057,783
Stock write-off- Finish goods	47,180,280	3,013,837
Discarded Milk		
Stock write-off- Raw & packing materials	7,978,511	-
	<u>55,158,791</u>	<u>18,071,620</u>
<b>VI. FINANCE INCOME</b>		
Interest on call/fixed deposit	19,930,044	18,586,884
Interest on Fixed Deposit - Foreign Currency (USD)	23,178,274	20,727,052
Interest on Distress Loan	6,453,526	6,512,797
Interest on Motor Cycle Loan	204,218	202,634
Interest on Flood Loans		-
Interest on Special Loan	160,782	106,324
	<u>49,926,845</u>	<u>46,135,691</u>
<b>VII. FINANCE COSTS</b>		
Interest on Bank Overdrafts	152,362,290	144,433,083
Lease Interest	5,218,823	6,668,083
Loan Interest	38,258,234	38,063,199
	<u>195,839,348</u>	<u>189,164,365</u>