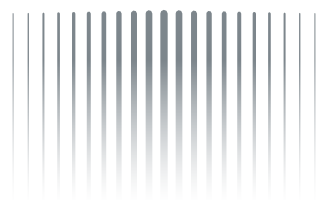


The Leading Nutrition,
Health and Wellness Company



Good Food, Good Life



Annual Report 2012

Nestlé Lanka PLC

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Delighting consumers with delicious products that provide Nutrition, Health and Wellness is at the heart of our business.

Nestlé is the world's leading Nutrition, Health and Wellness company. 'Good Food, Good Life' is the promise we commit to everywhere, everyday – to enhance lives, throughout life, with good food and beverages.

In homes across Sri Lanka, we touch the lives of millions every day with our much loved and highly trusted food and beverages. Focused on understanding the changing lifestyles and needs of our consumers, we are constantly innovating and renovating our products to ensure our consumers receive food that is not only delicious but which also has the best nutritional profile in its category.

Enhancing the quality of life
one sip, one bite, one drop
at a time



2012 Highlights

4 billion

contributed to the rural economy by way of raw material procurement

Revenue

Rs. 28.6 billion
+11.7%

Earnings Per Share

Rs. 55.42
+13.2%

Contribution to Exchequer

Rs. 3.7 billion

23,000

farming families working with Nestlé

5,000+

children reached by the Nestlé Healthy Kids Programme

54 million

coconuts procured from 5,000 farming families

100,000+

children every year are encouraged to live a life of health and wellness via *Milo* school sports sponsorships

18,000

children benefit from clean drinking water projects in schools, hospitals and places of worship

5,000+

children benefit from 23 sanitation facilities in rural schools

54 million

kilograms of milk procured from 18,000 farmers, signifying a 20% growth



2011 was a good year but 2012 results show that your company has progressed even further. We were able to deliver 11.7% growth despite volatile market conditions, currency depreciation and a significant increase in fuel, energy and input costs. We invested responsibly and sustainably and, with creativity and innovation, laid the foundation for future growth.

Dear Shareholders,

I am pleased to introduce the Annual Report and Audited Statement of Accounts for Nestlé Lanka PLC for the year ended 31 December 2012.

It is with satisfaction that I note that your Company has delivered solid results despite a difficult year. The fact that we have delivered good top and bottom line growth in a challenging environment once again is a testament to the strong strategic alignment and capabilities of our people.

2011 was a good year but 2012 results show that your Company has progressed even further. We were able to deliver 11.7% growth despite volatile market conditions, currency depreciation and a significant increase in fuel, energy and input costs. We invested responsibly and sustainably and, with creativity and innovation, have laid the foundation for future growth.

As a leading Nutrition, Health and Wellness Company, nutrition continues to be at Nestlé's core. We recognise that food is a conscious way to bring health and nutrition benefits. In 2012, we continued to innovate and renovate our food and beverage brands in line with local consumer needs; offering

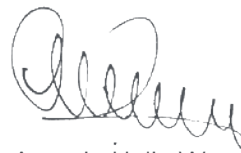
not just the best taste and pleasure but also the best nutritional profile in their respective categories for a healthy diet. We are also targeting specific nutritional needs through our infant, child and maternal nutrition products.

Keeping with our Creating Shared Value strategy, which is not only our approach to corporate social responsibility but also the way we do business to create value for both our Shareholders and society, we extended our relationships with local farmers across Sri Lanka in 2012. We increased our sourcing of locally produced raw materials and marked a milestone with the highest ever contribution of Rs. 4 billion to the rural economy via our procurement of local ingredients. Through increased local procurement we move closer to our goal of making the highest quality, nutritious products affordable to all segments of Sri Lankan society. The year under review also saw Nestlé continue its ongoing investment in its manufacturing facility in Kurunegala, bringing its total investment to over Rs. 3 billion in the last two years.

In light of your Company's consistent and solid performance, your Directors were pleased to declare

an interim dividend of Rs. 30.00 per share which was paid in March 2013 and are recommending a final dividend of Rs. 24.00 per share for your approval.

As always it is our pleasure to express gratitude to all our people on behalf of the Board and our Shareholders. Despite the many difficulties of the year under review, our people continued to devote their energies and resourcefulness to ensuring that our Company continues to perform to the highest levels and standards. Our thanks go out to them. We do not expect 2013 to be any easier but we remain focused as always on the long term regardless of shorter term challenges and will continue to deliver to the very best of our ability.



Antonio Helio Waszyk
Chairman
24 April 2013



The 2012 environment was once again challenging and proved an appropriate example of what we like to call “the new reality”. However I’m pleased and proud to note that despite the challenging business environment, the volatility in the economic climate and the unfavourable fluctuation of the currency, Nestlé Lanka has once again delivered good top and bottom line growth and ended the year with positivity.

My Dear Shareholders,

The 2012 environment was once again challenging and proved an appropriate example of what we like to call “the new reality”. However I’m pleased and proud to note that despite the challenging business environment, the volatility in the economic climate and the unfavourable fluctuation of the currency, Nestlé Lanka has once again delivered good top and bottom line growth and ended the year with positivity.

Staying true to our ambition, which is to be recognised as the world’s leading Nutrition, Health and Wellness Company by providing ‘Good Food, Good Life’, we remained focused on providing our consumers with ‘tasty nutrition’.

We believe that when it comes to good food, nutrition and pleasure go hand in hand. Your Company therefore continued to innovate and renovate to provide Sri Lankan consumers with products that provide not just the best taste and pleasure but also the best nutritional profile in their category as part of a healthy diet.

We are constantly assessing and making progress in improving the nutritional value of our products - such as reducing sugar and sodium for example - whilst simultaneously making sure that our products continue to taste good too. We are also continuing to identify widespread nutritional ‘gaps’ in diets and are focusing on fortifying our products with essential micronutrients such as iron, vitamin A and zinc to help lower micronutrient deficiencies in the country.

Multiple product innovations in 2012 ensured that Nestlé’s portfolio continued to be relevant to the Sri Lankan consumer and cater to their preferences and needs with products like the *Maggi* Devilled noodles range in Devilled Chicken, Kottu and Chilli Chicken flavours, *Nescafé* Ice coffee ready-to-drink and *Lactogrow* - a unique Growing-Up-Milk fortified with probiotics including L.Comfortis, vitamins and

minerals. The Company also brought back its world famous chocolate brand, *Kit Kat*, to the local market.

Your Company also increased its reach and engagement with consumers by expanding its communications offering to the digital platform; launching its corporate website www.nestle.lk and its first Facebook page with *Kit Kat*.

In line with our belief that we will only create long-term value for our Shareholders if we connect positively with society (we call this 'Creating Shared Value'), your Company has continued to strive to play a positive role in society.

We continue to work towards empowering the local community with an increased understanding of nutrition through initiatives like the Nestlé Healthy Kids Programme, where we have reached over 5,000 children in 34 rural based schools, and the Nestlé Kedella Shows, which have become a fundamental source of information on healthy cooking and a balanced diet for thousands of people. We have also maintained our *Milo* School Sports and *Nestomalt* Marathon sponsorships to encourage a culture of health and wellness in the country.

We have also extended our relationships with farmers across the island. We now procure milk from 18,000 farmers and reached a significant milestone when we recorded our highest annual procurement of local fresh milk in 2012; evidencing a 20% growth from the previous year. This, together with our procurement of other raw materials including coconut, marks the company's highest annual contribution to the rural economy; where we contributed Rs. 4 billion in 2012 to more than 23,000 local farming families.

We have maintained our programmes to promote water and environmental conservation amongst school children. We have also continued to reduce

our consumption of energy and water in our factory by 3% and 5% respectively whilst continuing to invest in increasing our production capacities.

Your Company continued to be recognised by the community with awards such as the Silver National Cleaner Production Award for sustainable operations, the SLIM-Nielsen Peoples Awards for *Nescafé* as the Hot Beverage Brand of the Year, a special award by the Speaker of Parliament for contribution to the country's economic and social development, the Bronze award for Best Corporate Website, a Global Commerce Award for supporting the national economy and Silver and Bronze Effie Awards for its *Maggi* Dhaiya and *Nescafé* 'Hey Ya' communication campaigns.

As always, on behalf of the Board and our Shareholders, it is our very great and sincere pleasure to thank all of our people for their hard work, support and contribution in ensuring that our Company continues to perform well. I would also like to extend my thanks and appreciation to my predecessors, Alois Hobauer and David Saudan, and to the Company's past employees; all of whom have played a key role in shaping and moulding the Company into the solid entity it is today.

The environment looks every bit as challenging in 2013 as it was in 2012 but we remain cautiously optimistic. We look forward to leveraging our competitive advantages and delivering on our growth opportunities with energy and enthusiasm.



Ganesan Ampalavanar
Managing Director
24 April 2013

හිතවත් කොටස් හිමිකරුවනි,

2012 වර්ෂය අප හමුවට අභියෝගයන් රැසක් පැමිණි වර්ෂයක් වුවා සේම විශාල ජයග්‍රහණයන් ප්‍රමාණයක් ලබා ගනිමින් 'නව යටාර්තය' යනු කුමක් දැයි පැහැදිලි කර ගත හැකිවූ කාලසීමාවක් විය. එම කාලය තුළ ව්‍යාපාරික වශයෙන් අප හමුවට පැමිණි අභියෝගයන්ට නොබියව මුහුණදීමට අපට හැකියාව ලැබිණි. රටේ ආර්ථිකයේ මන්දගාමීත්වයක් පැවති කාලයක සහ මුදලේ අගය ඉහළ පහළ යන සමයක ධනාත්මක වර්ධනයක් සමඟින් පසුගිය වර්ෂය නිහඬ කරන්නට හැකිවීම නෙසේලේ ලංකා සමාගමට සුවිශේෂී ආධිමිඛරයකි.

ලෝකයේ ප්‍රමුඛතම පෝෂණ, සෞඛ්‍ය සහ සුඛසාධන සමාගම වශයෙන් රසවත් මෙන්ම පෝෂණයෙන් යුතු 'පිරිපුන් අහරන්, පිරිපුන් දිවියක්' පාරිභෝගිකයා වෙත ලබාදීම අපගේ අපේක්ෂාවයි. ආහාරයක් පෝෂණීය වනවා මෙන්ම රසවත් වීම භුක්ති විඳින පිරිසට වඩාත් සතුට උපදවනු ඇත. විඛරවීන් ඔබගේ සමාගම ශ්‍රී ලාංකිකයන් වෙත නව්‍යකරණයෙන් යුතු නිෂ්පාදන ඉදිරිපත් කරයි. තම විශිෂ්ට පෝෂණීය නිෂ්පාදන පෙළ හරහා රසවත්තාවය සහ සතුට ලබා දීමෙන් නොහැරවී සෞඛ්‍ය සම්පන්න ආහාර වේලක් පිරිනැමීම අපගේ අපේක්ෂාවයි.

අපි දිගින් දිගටම නිෂ්පාදනවල පෝෂණීය අගය ඉහළ නැංවීමට කටයුතු කරන්නෙමු. උදාහරණයක් වශයෙන් නිෂ්පාදනයක රසවත්තාවය රඳා පවත්වා ගනිමින් එහි සීනි සහ සෝඩියම් ප්‍රමාණය අඩු කරවීම දැක්විය හැකිය. එසේම ආහාර වේල්වල ඇති පෝෂණ අඩු පාඩු හඳුනා ගනිමින් අපගේ නිෂ්පාදන තවත් වැඩි දියුණු කර පාරිභෝගික අවශ්‍යතා ඉටුකිරීමට අපි කටයුතු කරන්නෙමු. යකඩ, විටමින් ඒ සහ සින්ක් වැනි අමුද්‍රව්‍යයන් යොදාගනිමින් මෙරට පෝෂණ උණනාවයන් අවම කිරීමටද අපගේ දායකත්වය ලබා දෙන්නෙමු.

2012 වර්ෂයේදී නෙසේලේ සමාගම තම නිෂ්පාදන පෙළෙහි ප්‍රබල නව්‍යකරණයක් සිදුකරන ලදී. ශ්‍රී ලාංකික පාරිභෝගික අවශ්‍යතා මනාව හඳුනාගනිමින් ඩෙවල් විකන්, කොන්තු සහ විලි විකන් රසයන්ගෙන් යුතු මැති ඩෙවල් නුඩ්ල්ස් නිපැයුම් පෙළ ඉදිරිපත් කරන ලදී. එසේම ක්ෂණික ඩීම නිෂ්පාදනයක් වන නෙස්කැලේ අයිස් කෝෆි, විල් කෝමිලෝට්ස්,

විටමින් සහ ඛණිජ ද්‍රව්‍ය සහිත ප්‍රෝබයෝටික්ස් අඩංගු දුරුවන්ගේ වර්ධනයට හේතුවන ශක්තිජනක කිරි පානයක් වන ලැක්ටෝග්‍රෝ ද මෙරටට හඳුන්වා දෙන ලදී. ලොව පුරා ජනප්‍රියත්වය උසුලන නෙස්ලේ සමාගමේ වොකලට් වෙළෙඳනාමය වන කිරි කැටි 2012 වර්ෂයේදී නැවතත් මෙරට වෙළෙඳපොළට රැගෙන එන ලදී.

ඔබගේ සමාගම පාරිභෝගිකයන් සමඟ සබඳතා වර්ධනය කරගැනීමට නවීන සන්නිවේදන ක්‍රම භාවිතයටද යොමුවී තිබෙන බව සතුටින් ප්‍රකාශ කර සිටිමි. නවීන ඩිජිටල් සන්නිවේදන ක්‍රම අනුගමනය කරමින් නෙසේලේ ලංකා වෙබ් අඩවිය www.nestle.lk නමින් එළිදැක්වූ අතර කිරි කැටි වෙළෙඳනාමය සමඟින් තම ප්‍රථම ෆේස් බුක් පිටුවද හඳුන්වා දෙන ලදී.

දීර්ඝ කාලීන වටිනාකමක් අපගේ කොටස්කරුවන් වෙත ලබා දිය හැකි වන්නේ සමාජය සමඟ ධනාත්මක සබඳතාවයක් පවත්වාගත හොත් පමණක් බව අපගේ විශ්වාසයයි (අපි එයට 'සාමූහික සාරධර්ම නිර්මාණකරනය' යැයි පවසමු). ඔබේ සමාගම එම ධනාත්මක කාර්යභාරය සාර්ථකව ඉටු කර තිබෙන බව පැවසිය යුතුය.

දේශීය ජන සමාජය සවිබල ගැන්වීමේ අපේක්ෂාවෙන් පෝෂණ වැඩසටහන් පැවැත්වීමටද අප කටයුතු කර තිබෙන බව සතුටින් පවසා සිටිමි. නෙසේලේ සෞඛ්‍ය සම්පන්න දුරුවෝ (Nestlé Healthy Kids) වැඩසටහන මගින් ග්‍රාමීය පාසල් 34 ක පමණ සිසු දරු දැරියන් 5,000 ක් වෙත විශාල සේවයක් කරන්නට හැකියාව ලැබී තිබේ. 'නෙසේලේ කැදැල්ලේ' වැඩසටහන මගින් සෞඛ්‍ය සම්පන්න ඉවුම් පිත්‍රම් තොරතුරු සහ සමබර ආහාර වේලක වැදගත්කම පිළිබඳව දැන සේ ගණනක් ජනතාව දැනුවත්කරන ලදී. අපගේ සාධිමිඛර නිෂ්පාදනයක් වන මයිලෝ අනුග්‍රහයෙන් මයිලෝ පාසල් ක්‍රීඩා තරගාවලිය පවත්වනු ලබන අතර නෙස්ට්මෝල්ට් මැරනන් අනුග්‍රාහකත්වය මගින් රටේ ජනතාවගේ සෞඛ්‍ය සම්පන්නතාවය වර්ධනය කිරීමට කටයුතු කරන්නෙමු.

දිවයින පුරා ගොවි ජනතාව සමඟ අපගේ සබඳතා වර්ධනය කරගැනීමට අපි කටයුතු කළෙමු. අපි දෛනිකව මෙරට කිරි ගොවීන් 18,000 ගෙන්

කිරි මිලදී ගන්නෙමු. 2012 වර්ෂයේදී පෙර වර්ෂයට වඩා 20% ක සැලකිය යුතු වර්ධනයක් සහිතව වාර්තා ගත වාර්ෂික හැවුම් කිරි මිලදී ගැනීමක් සිදුකිරීමට අපට හැකියාව ලැබිණි. අපගේ නිෂ්පාදන සඳහා යොදා ගන්නා පොල් මිලදී ගැනීම මගින්ද ග්‍රාමීය ආර්ථිකයට ප්‍රබල දායකත්වයක් ලබා දීමට අපට හැකියාව ලැබිණි. ග්‍රාමීය ආර්ථිකයට විශාල දායකත්වයක් ලබා දෙමින් 2012 වර්ෂයේදී දේශීය ගොවි පවුල් 23,000 කට අධික ප්‍රමාණයක් වෙත රුපියල් බිලියන 4ක පමණ මිලක් ගෙවීමට අපට හැකියාව ලැබීම අපගේ ගමන් මගෙහි සුවිශේෂී සංධිස්ථානයකි.

ජල සහ පාරිසරික සුරක්ෂිතභාවය පිළිබඳව පාසල් සිසුන් අතර දැනුවත්භාවය වර්ධනය කිරීමට වැඩසටහන් පවත්වනු ලැබූ අතර අපගේ කර්මාන්තශාලාව තුළ බලශක්ති පරිභෝජනය 3% කින්ද ජලය පරිභෝජනය 5% කින්ද අවම කරගැනීමට අපි සමත් වූයෙමු. අපගේ නිෂ්පාදන ධාරිතාවයන් වර්ධනය කරගන්නා අතරම බලශක්ති හා ජලය පරිභෝජනය අඩු කර ගත හැකිවීම විශේෂත්වයකි.

තිරසාර මෙහෙයුම්කරණය සඳහා වන සුනිත්‍ය නිෂ්පාදන සම්මානය හිමිකර ගැනීම, වසරේ උණුසුම් පානීය නිෂ්පාදනය සඳහා වන ස්ලීම් හීල්ස් සම්මානය හෙස්කැලේ වෙත හිමිවීම, ශ්‍රී ලංකා පාර්ලිමේන්තුවේ ගරු කථානායකතුමා විසින් ජාතික ආර්ථිකය හා සමාජීය සංවර්ධනය වෙනුවෙන් කරන ලද මෙහෙවර උදෙසා විශේෂ සම්මානයකින් පිදුම් ලැබීම, හොඳම ආයතනික වෙබ් අඩවිය සඳහා ලෝකඩ සම්මානයෙන් පිදුම් ලැබීම, ජාතික ආර්ථිකයට සහයෝගය ලබා දීම වෙනුවෙන් ගෝලීය වාණිජ සම්මානයෙන් පිදුම් ලැබීම, 'මැග් දැයියා' සහ හෙස්කැලේ 'හේ යා' ප්‍රචාරණ ව්‍යාපෘතීන් වෙනුවෙන් එෆී සම්මාන උළෙලේදී රිදී හා ලෝකඩ සම්මාන හිමිකර ගැනීම වැනි ඇඟයුම් හිමිවීම මගින් ඔබේ සමාගම දිගින් දිගටම සමාජය සමඟ තම බැඳීම වර්ධනය කරගෙන තිබේ.

අපගේ සේවක පිරිස වෙත ඔවුන්ගේ දැඩි කැපවීම, සහයෝගය හා සමාගමේ සාර්ථකත්වය වෙනුවෙන් දැක්වූ දායකත්වය සඳහා අධ්‍යක්ෂක මණ්ඩලය හා අපගේ කොටස් හිමිකරුවන් වෙනුවෙන් ස්තූතිය පිරිනැමීමට මෙය අවස්ථාව කර ගනිමි. විසේම අලොයිස් හොල්බර් සහ ඩේවිඩ්

සවුඩාන් වැනි නෙස්ලේ සමාගමේ පෙර සිටි කළමනාකාර අධ්‍යක්ෂවරු මෙන්ම හිටපු සේවකයන් වෙතද නෙස්ලේ ලංකා සමාගම අද පවතින විශිෂ්ට තත්ත්වයට රැගෙන ඒමට කරන ලද කැපවීම වෙනුවෙන් මාගේ අවංක ස්තූතිය පුදකර සිටිමි.

2013 වර්ෂයද 2012 මෙන්ම අභියෝගනා බහුල පරිසරයක් උදාකරදී තිබේ. නමුත් උද්යෝගයෙන් හා ශක්තිමත්ව එම අභියෝගයන් සඳහා මුහුණ දී කැපවීමෙන් මෙම සාර්ථකත්වය ඉදිරියටත් පවත්වා ගැනීම අපගේ ඒකායන අරමුණ වී තිබේ.

2012 වර්ෂය අප හමුවට අභියෝගයන් රැසක් පැමිණි වර්ෂයක් වුවා සේම විශාල ජයග්‍රහණයන් ප්‍රමාණයක් ලබා ගනිමින් 'නව යථාර්තය' යනු කුමක් දැයි පැහැදිලි කර ගත හැකිවූ කාලසීමාවක් විය. එම කාලය තුළ ව්‍යාපාරික වශයෙන් අප හමුවට පැමිණි අභියෝගයන්ට නොබියව මුහුණදීමට අපට හැකියාව ලැබිණි. රටේ ආර්ථිකයේ මන්දගාමීත්වයක් පවතින කාලයක සහ මුදලේ අගය ඉහළ පහළ යන සමයක ධනාත්මක වර්ධනයක් සමඟින් පසුගිය වර්ෂය නිමා කරන්නට හැකිවීම නෙස්ලේ ලංකා සමාගමට සුවිශේෂී ආඩම්බරයකි.



ගනේසන් අම්පලවානර්,
කළමනාකාර අධ්‍යක්ෂක
අප්‍රේල් 24, 2013

அன்பிற்குரிய எனது பங்குதாரர்களே,

2012 ஆம் ஆண்டு மற்றுமொரு சவால்மிக்க ஆண்டாக அமையப்பெற்று “புதுமையான யதார்த்தம்” என நாம் அழைக்க விரும்புகின்ற சூழ்நிலைக்கு மிகவும் பொருத்தமான உதாரணம் என்பதை நினைவிடத்திருந்தது. சவால்மிக்க வியாபாரச் சூழல், பாதகமான பொருளாதார நிலைமைகள் மற்றும் சாதகமற்ற நாணய மாற்றவீதம் ஆகியவற்றிற்கு மத்தியிலும் நெஸ்லே லங்கா நிறுவனம் மீண்டும் ஒரு முறை தனது வருமான மற்றும் இலாப மட்டங்களில் வளர்ச்சியைப் பதிவாக்கியுள்ளதுடன், கடந்த ஆண்டை சாதகமான முறையில் பூர்த்திசெய்துள்ளமையை மிகவும் மகிழ்ச்சியுடனும், பெருமிதத்துடனும் இங்கே குறிப்பிட விரும்புகின்றேன்.

நெஸ்லே நிறுவனத்தின் பிரதான கோட்பாட்டு விழுமியமான போஷாக்கு, ஆரோக்கியம் மற்றும் சுகவாழ்வு ஆகியவற்றைக் கட்டிக்காத்து, ‘நல்லுணவு நல்வாழ்வு’ என்பதற்கான மூலாதாரத்துடன், எமது நுகர்வோருக்கு ‘சுவையான போஷாக்கை’ வழங்கவேண்டும் என்பதில் நாம் தொடர்ந்தும் கவனஞ்செலுத்தி வருகின்றோம்.

நல்லுணவு என்பது போஷாக்கு மற்றும் மனமகிழ்ச்சி ஆகியவற்றுடன் பின்னிப்பிணைந்தது என்பதை நாம் திடமாக நம்புகின்றோம். இலங்கையிலுள்ள நுகர்வோர்களுக்கு மிகச் சிறந்த சுவையையும், மகிழ்ச்சியையும் மட்டுமன்றி ஆரோக்கியமான உணவுப்பழக்கவழக்கத்தின் ஒரு பகுதியாக மிகச் சிறந்த போஷாக்கு அடங்கிய உற்பத்திகளையும் வழங்கவேண்டும் என்ற நோக்கத்துடன் எமது நிறுவனம் தொடர்ச்சியாக புதிய அறிமுகங்களையும், புதிய வடிவங்களையும் சந்தையில் அறிமுகப்படுத்திவந்துள்ளது.

உள்நாட்டு மூலப்பொருட்கள் மற்றும் சுவைக்கலவைகளை உபயோகித்து உள்நாட்டு நுகர்வோர்களின் நாவுகளுக்கு சுவையளிக்கும் வகையில் எமது உற்பத்திகளை அறிமுகப்படுத்தவேண்டும் என்பதில் நாம் முனைப்புடன் உள்ள அதேசமயம், எமது பிரதான கோட்பாட்டு விழுமியமாக உள்ள போஷாக்கு என்பதை நாம் உண்மையாக கடைப்பிடித்துவருகின்றோம். உதாரணத்திற்கு சீனி மற்றும் சோடியம் உப்பு போன்றவற்றை எமது உற்பத்திகளில் சேர்ப்பதை குறைக்கும் நடவடிக்கைகளை நாம் தொடர்ச்சியாக நடைமுறைப்படுத்தி அதன் மூலமாக போஷாக்கினை மேம்படுத்துவதில் வளர்ச்சியையும், மேம்பாடுகளையும் நிலைநிறுத்திவருகின்றோம். அத்துடன் நாட்டில் காணப்படுகின்ற போஷாக்குச்சத்து குறைபாடுகளைப் போக்குவதற்கு உதவும் வகையில் இரும்புச்சத்து, விட்டமின்

ஏ மற்றும் நாகம் போன்ற அத்தியாவசிய நுண்போஷாக்குகள் நிரம்பியவண்ணம் எமது உற்பத்திகளை வழங்கிவருகின்றோம்.

2012 ஆம் ஆண்டில் அறிமுகம் செய்துவைக்கப்பட்டிருந்த பல்வேறு புதிய உற்பத்திகளின் அறிமுகங்கள் இலங்கையிலுள்ள நுகர்வோர்களுக்கு பொருத்தமானவையாகவும், அவர்களுடைய விருப்பங்கள் மற்றும் தேவைகளை ஈடுசெய்யும் வகையிலும் அமையப்பெற்றன. Devilled சிக்கன், கொத்து மற்றும் சில்லி சிக்கன் சுவைகள் கொண்ட Maggi Devilled நூட்டில்ஸ் உற்பத்தி வரிசை, உடனடியாகப் பருகுவதற்கு உகந்த Nescafé Ice coffee மற்றும் L.Comfortis, விட்டமின்கள் மற்றும் கனியுப்புக்கள் அடங்கலாக நுண்ணுயிர்களுக்கெதிராகப் போராடுகின்ற, வளரும் குழந்தைகளுக்கான ஒரு தனித்துவமான பால்மா கலவையான Lactogrow ஆகிய உற்பத்திகள் இவற்றுள் அடங்கியிருந்தன. அத்துடன் சர்வதேச அளவில் பிரபலமான தனது சொக்கிலேற்று வர்த்தகநாமமான Kit Kat இணையும் நிறுவனம் உள்நாட்டுச் சந்தையில் மீள அறிமுகப்படுத்தியிருந்தது.

அத்துடன் www.nestle.lk என்ற வர்த்தக இணையத்தளத்தை ஆரம்பித்தும், Kit Kat இற்கான தனது முதலாவது குயஉநடிமம சமூக வலைப்பின்னல் பக்கத்தை ஆரம்பித்தும் தனது தொடர்பாடல்களை டிஜிட்டல் தளமேடைக்கு விரிவுபடுத்தி எமது நுகர்வோர்களுடனான ஈடுபாடுகளையும், அவர்களை எட்டும் வழிமுறைகளையும் எமது நிறுவனம் அதிகரித்துக்கொண்டுள்ளது.

சமூகத்தில் சிறந்த விளைவுகளைத் தோற்றுவிக்கும் வழிமுறைகளில் அதனுடன் இணைப்புக்களை ஏற்படுத்தினால் மட்டுமே எமது பங்குதாரர்களுடன் நீண்ட கால அடிப்படையிலான பெறுமதியைத் தோற்றுவிக்க முடியும் என்ற எமது நம்பிக்கைக்கு இணங்க (நாம் இதனை ‘பகிரப்பட்ட பெறுமதியைத் தோற்றுவித்தல்;’ என அழைக்கின்றோம்) எமது நிறுவனம் சமூகத்தில் நல்விளைவைத் தோற்றுவிக்கும் செயற்பாடுகளை தொடர்ந்தும் சிறப்புடன் முன்னெடுத்துவந்துள்ளது.

கிராமப்புறங்களிலுள்ள 33பாடசாலைகளைச் சார்ந்த 5,000 வரையான மாணவர்களை இது வரை எட்டியுள்ள நெஸ்லே ஆரோக்கியச் சிறுவர்கள் நிகழ்ச்சித்திட்டம் (Nestlé Healthy Kids Programme) மற்றும் ஆயிரக்கணக்கான மக்கள் மத்தியில் ஆரோக்கியமான வழிமுறைகளில் உணவைச் சமைத்தல் மற்றும் ஊட்டச்சத்து சமநிலை கொண்ட உணவுப் பழக்கவழக்கங்கள் தொடர்பான அடிப்படைத் தகவல்களை வழங்கும் ஒரு மூலமாக மாறியுள்ள

நெஸ்ட்லே கடைல்ல நிகழ்ச்சிகள் (Nestlé Kedella Shows) போன்ற முன்னெடுப்புக்களினூடாக போஷாக்கு தொடர்பான புரிந்துணர்வை அதிகரிக்கச் செய்து உள்நாட்டு சமூகத்தை ஆளுமைப்படுத்தும் முயற்சிகளை நாம் தொடர்ந்தும் முன்னெடுத்துவருகின்றோம். அத்துடன் நாட்டில் ஆரோக்கியத்தையும், நல்வாழ்வையும் வளர்க்கும் கலாச்சாரத்தை ஊக்குவிப்பதற்காக மைலோ பாடசாலைகளுக்கிடையிலான விளையாட்டு நிகழ்வுகள் மற்றும் நெஸ்ட்மோல்ற்று மரதன் ஓட்ட நிகழ்வு ஆகியவற்றிற்கான எமது அணுசரணைகளையும் தொடர்ந்து வழங்கிவருகின்றோம்.

அத்துடன் நாடெங்கிலும் பாற்பண்ணையாளர்களுடன் நாம் கொண்டுள்ள வர்த்தக உறவுமுறைகளையும் விஸ்தரித்துள்ளோம். நாம் தற்சமயம் 18,000 பாற்பண்ணையாளர்களிடமிருந்து பாலைக் கொள்வனவு செய்துவருவதுடன், 2012 ஆம் ஆண்டில் உள்நாட்டில் இதுவரை கொள்வனவு செய்யப்பட்ட தூயபாலின் அதிகூடிய அளவைப் பதிவாக்கி குறிப்பிடத்தக்க சாதனையொன்றையும் நிலைநாட்டியிருந்தோம். முன்னைய ஆண்டுடன் ஒப்பிடுகையில் இது 20% அளவு அதிகரிப்பாகும். பால் மற்றும் தேங்காய் அடங்கலாக நாம் உள்நாட்டிலிருந்து கொள்வனவு செய்யும் ஏனைய மூலப்பொருட்களும் இணைந்து கிராமியப் பொருளாதாரத்திற்கு எமது நிறுவனம் வழங்கியுள்ள அதிகூடிய வருடாந்தப் பங்களிப்புத் தொகையை பதிவாக்கியுள்ளதுடன், 2012 ஆம் ஆண்டில் 23,000 இற்கும் மேற்பட்ட உள்நாட்டுப் பண்ணையாளர் குடும்பங்கள் மத்தியில் இதன் மூலமாக ரூபா 4 பில்லியன் தொகையை பங்களிப்புச் செய்துள்ளோம்.

நீர் மற்றும் குழலைப் பாதுகாப்பதை ஊக்குவிக்கும் பல்வேறு நிகழ்ச்சித்திட்டங்களை பாடசாலை மாணவர்கள் மத்தியில் நாம் ஏற்பாடு செய்துள்ளோம். எமது உற்பத்தி ஆற்றல்களை அதிகரிப்பதற்கு தொடர்ச்சியான முதலீடுகளை மேற்கொண்டுவருகின்ற அதேசமயத்தில் எமது தொழிற்சாலையில் மின்வலு மற்றும் நீர் ஆகியவற்றின் பாவனையை நாம் முறையே 3% மற்றும் 5% ஆல் குறைத்துக்கொண்டுள்ளோம்.

நிலைபேற்றியலுடனான தொழிற்பாடுகளுக்காக தேசிய தூய உற்பத்தி வெள்ளி விருது, இந்த ஆண்டின் சூடான பானவகை வர்த்தகநாமமாக Nescafé இற்கு SLIM-Nielsen மக்கள் தெரிவு விருது, நாட்டின் பொருளாதார மற்றும் சமூக அபிவிருத்திக்கு வழங்கியுள்ள பங்களிப்புக்களையிட்டு இலங்கைப் பாராளுமன்ற சபாநாயகரால் வழங்கப்பட்டுள்ள ஒரு விசேட விருது, மிகச் சிறந்த வர்த்தக நிறுவன இணையத்தளத்திற்கான வெண்கல விருது,

தேசிய பொருளாதாரத்திற்கு ஆதரவளித்து வருகின்றமைக்காக ஒரு சர்வதேச வர்த்தக விருது மற்றும் Maggi Dhaiya மற்றும் Nescafé 'Hey Ya' தொடர்பாடல் பிரச்சாரங்களுக்கு கிடைக்கப்பெற்ற வெள்ளி மற்றும் வெண்கல Effie விருதுகள் போன்ற விருதுகளுடன் சமூகத்தின் இனங்காணல் அங்கீகாரத்தையும் எமது நிறுவனம் தொடர்ந்தும் சம்பாதித்துவந்துள்ளது.

எமது நிறுவனம் தொடர்ந்தும் சிறப்பான பெறுபேறுகளை வெளிப்படுத்துவதை உறுதிசெய்வதற்கு தமது கடின உழைப்பு, ஆதரவு மற்றும் பங்களிப்புக்களை வழங்கிவருகின்ற எமது அணியினருக்கு வழக்கத்தைப் போல் பணிப்பாளர் சபை மற்றும் எமது பங்குதாரர்களின் சார்பில் மனமாற்ற நன்றிகளைத் தெரிவித்துக்கொள்கின்றோம். எமது நிறுவனம் இன்று இத்தகைய அளவில் பிரமாண்ட வளர்ச்சியுடன் தலைநிமிர்ந்து நிற்பதற்கு பெரும் பங்களிப்பாற்றியுள்ள எனக்கு முன்னர் பதவி வகித்துள்ள அலொய்ஸ் ஹொப்பவர் மற்றும் டேவிட் சௌடான் மற்றும் நிறுவனத்தின் கடந்தகால ஊழியர்கள் அனைவருக்கும் எனது நன்றிகளையும், பாராட்டுக்களையும் தெரிவித்துக்கொள்கின்றேன்.

2012 ஆம் ஆண்டைப் போலவே 2013 ஆம் ஆண்டும் சவால் நிறைந்த குழலைக் கொண்டுள்ள ஒரு ஆண்டாகவே புலப்படுகின்றது. நாம் தொடர்ந்தும் அவதானம் கலந்த நம்பிக்கையுடன், எமது போட்டித்திறன் அனுகூலங்களை மேம்படுத்தி, ஆற்றல் மற்றும் உற்சாகத்துடன் எமது வளர்ச்சிவாய்ப்புக்களை மேம்படுத்துவதை ஆவலுடன் எதிர்பார்த்துள்ளோம்.



கணேசன் அம்பலவாணர்
முகாமைத்துவப் பணிப்பாளர்
24 ஏப்ரல் 2013



January

- ▶ Inaugurates a Rs 1.2 billion Maggi Noodle Plant
- ▶ Wins Silver National Cleaner Production Award for sustainable operations
- ▶ Launches Maggi Devilled noodles range in Devilled Chicken, Kottu and Chilli Chicken flavours

February

- ▶ Nescafé voted 'Hot Beverage Brand of the Year' at the SLIM-Nielsen Peoples Awards 2012

March

- ▶ Inaugurates a Rs. 748 million UHT Milk Plant

April

- ▶ Awarded a medal of appreciation by the Speaker of Parliament for contribution to the social and economic development of Sri Lanka
- ▶ Nestlé's world famous chocolate brand, Kit Kat, re-enters the local market
- ▶ Launches Nescafé Ice Coffee ready-to-drink



May

- ▶ Launches first rice based noodles product, *Maggi Ricey* – a chicken curry flavoured ‘2 minute’ noodles made with the goodness of local rice
- ▶ Launches *Nestea* Ginger - a delicious instant tea made with 100% natural ginger exclusively for the out-of-home (vending) business

September

- ▶ Wins Bronze award for Best Corporate Website
- ▶ Celebrates its highest monthly milk intake in history by procuring over five million litres of milk from local dairy farmers in September

November

- ▶ Wins Silver and Bronze Effie Awards for its *Maggi* Dhaiya and *Nescafé* ‘Hey Ya’ communication campaigns
- ▶ Launches *Lactogrow*, a unique Growing-Up-Milk fortified with probiotics including L.Comfortis, vitamins and minerals.

December

- ▶ Global Commerce Award for supporting the national economy.
- ▶ Introduces granulated seasoning for the very first time to Sri Lankan households with *Maggi* Magic Chicken; containing real chicken, real garlic and other essential spices.



Antonio Helio Waszyk



Ganesan Ampalavanar



Syed Saiful Islam

Antonio Helio Waszyk

Antonio Helio Waszyk is the Chairman and Managing Director of Nestlé India Limited and was appointed Chairman to the Board of Nestlé Lanka with effect from 15 October 2009. He is also Director of Nestlé Bangladesh Limited.

A Brazilian national, Antonio Helio Waszyk joined the Nestlé Group in November 1977. He holds a Bachelor's Degree in Pharmacy and a Masters Degree in Food Biochemistry, and developed his earlier career in the Technical and R&D functions. He holds a distinguished international record; highlights being postings in the USA (1988-1990), Brazil (1990-1994), France (1994-1996), Philippines (1996-1998), and as Head of the Nestlé R&D Centres in Switzerland (1998-2002) and Israel (2002-2004). His last posting was as Head of the Food Strategic Business Unit (SBU) in Switzerland.

Ganesan Ampalavanar

Ganesan Ampalavanar is the Managing Director of Nestlé Lanka PLC.

Ganesan Ampalavanar started his career with Nestlé Malaysia in 1991 as a Management Trainee. His career at Nestlé spans over 20 years, where he has served various positions in Sales, Brand and Commercial Management.

He was appointed Sales Director for the Nestlé Malaysia and Singapore region in 2003 and became Head of Sales for Nestlé's operations in South Asia in 2008; a post he held for five years before being appointed as Managing Director of Nestlé Lanka in January 2013.

A Malaysian national with Sri Lankan roots, he graduated in Management (Accounting and Finance) from University Sains Malaysia in Penang and has attended Post Graduate programs at International Management Development (IMD), Switzerland. He currently sits on the Nestlé Global Sales Leaders Council.

Syed Saiful Islam

Syed Saiful Islam is the Vice President - Finance & Control of Nestlé Lanka. With prior experience in Ericsson and Citibank, Syed Saiful Islam, a Chartered Accountant, joined Nestlé Bangladesh as Financial Accounting Manager in 1999.

Moving to Nestlé India in 2000, he worked in the corporate office as Manager – Financial Planning and thereafter moved to its Delhi sales branch as Head of Finance & Control. He returned to Nestlé Bangladesh in 2005 as Corporate Controller and took over as Finance & Control Director in 2006 before joining Nestlé Lanka in 2010.



Pierre Schaufelberger



Mahen Dayananda



Ranjan Seevaratnam

Pierre Schaufelberger

Pierre Schaufelberger, the Zone Regional Manager, started his career with Nestlé in January 1980 in Vevey. His international career, which was mostly within the Asian hemisphere, started off with Sri Lanka being his first assignment.

Through his 28 years with the Nestlé Group, he has occupied different positions of increasing responsibilities in the Generating Demand functions. He has an extensive and proven operational record and solid leadership experience within a number of Nestlé markets.

Mahen Dayananda

Mahen Dayananda is an Independent Non-Executive Director and the Chairman of the Remuneration Committee. An expert on economic issues, Mahen Dayananda is Chairman of both the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and of the Sri Lanka Business Development Centre.

Former Chairman of the Ceylon Chamber of Commerce, he also chairs several organisations such as Total Tea Concepts (Pvt) Ltd and Indo Asia Teas (Pvt) Limited and is currently on the Board of two prominent local companies. He is Resident Representative of Gover Horowitz & Blunt Ltd, United Kingdom and the Honorary Consul for the Republic of Benin in Sri Lanka.

Ranjan Seevaratnam

Ranjan Seevaratnam is an Independent Non-Executive Director and the Chairman of the Audit Committee. He is well versed in fiscal matters and has enjoyed a long, distinguished tenure as a former Partner of KPMG.

He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales, and currently serves on the Board of several prominent local companies.

Nestlé Lanka complies with established best practices of Corporate Governance. The Board has adopted the Nestlé Corporate Business Principles, which guides the conduct of Nestlé employees in their dealings with customers, suppliers and other stakeholders. It is one of the key objectives of the Company to maintain high standards of integrity in its business.

Members of the Board

The Board of Directors act on a fully informed basis, in good faith, with due diligence and care and in the best interest of your Company. They are well aware of your Company's activities and give direction for long-term strategy; seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. The Directors also ensure that the Company is fully compliant with the provisions of the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors' interest / involvement in the affairs of the Company is explained on pages 25, 26 and 27 and the Corporate Governance Compliance Table is shown on pages 20 and 21.

Company Secretary

The Company Secretary is qualified to act as per the provisions of the Companies Act No. 7 of 2007, and also functions as the Legal Advisor to the Company.

Management Committee

The Management Committee is led by the Managing Director. The Board has entrusted certain responsibilities, including the day to day running of the business to the Committee. Every member of the Management Committee is responsible for the operations and delivery of objectives pertaining to his/her particular division.

Auditors

At the thirty first Annual General Meeting of Nestlé Lanka, held on 1 June 2012, the Shareholders reappointed KPMG as the Company's auditors and authorised the Directors to fix their remuneration. The independent auditors conducted the annual audit for the year ended 31 December 2012 in order to form an opinion on the Financial Statements and their report on the Financial Statements is given on page 32.

Audit and Remuneration Committee

The Audit Committee Report on page 22 and Remuneration Committee Report on page 23 detail the functions and responsibilities of the respective committees.

Internal Controls

In addition to the statutory requirements for external auditors, Nestlé Lanka is in compliance with best practices as laid down by the Nestlé Group. To ensure such conformity, your Company conducts regular reviews and is also monitored by multi-tiered audits conducted by the Group's international and regional auditors from time to time as deemed appropriate.

Internal audits are carried out regularly by the Company's Business Analyst, who reports directly to the Finance Director whilst also being accountable to the Managing Director.

Risk Management

Nestlé has always recognised its obligation towards the occupational health and safety of its employees as well as of community members directly or indirectly involved in the Company's operations. Equally important is your Company's obligation to protect your interests as a Shareholder by managing risks to minimise potential financial loss. In order to manage these risks, your Company has implemented the following procedures:

- ▶ Strict compliance with local laws
- ▶ Clear accountability and active management leadership
- ▶ Behavioural based safety management
- ▶ Credible market and site safety organisation
- ▶ Appropriate, systematic hazard assessments
- ▶ Technical standards for design, construction, operation and maintenance
- ▶ Emergency and contingency planning to minimise the impact of incidents
- ▶ Security management to protect products and assets

Employee Relations

Your Company's employee relations focuses on constant dialogue and facilitation with regard to work related issues and other matters affecting employees and their families.

The Managing Director regularly meets the staff at informal meetings to discuss issues pertaining to the objectives of the Company and of individual employees. Such meetings encourage employees to discuss matters of concern.

Your Company has also adopted a safety awareness program to enhance the safety of its staff at all levels.

Relationship with Shareholders

Nestlé Lanka aims to ensure that Shareholders have access to relevant, up-to-date and consistent financial and non-financial information pertaining to your Company. The Annual Report and quarterly Financial Statements provide Shareholders as well as prospective investors the required information to assess the Company's past performance and analyse its future prospects.

DISCLOSURE REGARDING THE BOARD OF DIRECTORS

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.1(a) to (c)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Four out of six Directors are Non-Executive Directors
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors (whichever is higher) should be independent	Compliant	Two of the four Non-Executive Directors are independent
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format	Compliant	The two Non-Executive Independent Directors have submitted to the Company a declaration in the prescribed format
7.10.3(a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Compliant	Please refer page 17 of the Annual Report
7.10.3(c)	Brief resumé of each Director in the Annual Report	A brief resumé of each Director should be included in the Annual Report, including their area of expertise	Compliant	Please refer pages 16-17 of the Annual Report
7.10.4	Directors do not qualify as independent but are specified by the Board as independent	As outlined in section 7.10.3 (c) of the listing rules	NA	NA

DISCLOSURE REGARDING THE REMUNERATION & REMUNERATION COMMITTEE

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.5(a)	Composition of the Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom can be independent The Chairman of the Committee shall be a Non-Executive Director	Compliant Compliant	Please refer page 23 of the Annual Report
7.10.5(a)	Remuneration Committee	A Listed company may be permitted to have the same Remuneration Committee if the parent company is also listed	NA	
7.10.5(b)	Disclosure of the functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration payable to the Board and the Executive Officers	Compliant	Please refer page 23 of the Annual Report
7.10.5 (c)	Disclosure in the Annual Report	The names of the Directors comprising the Remuneration Committee A statement of Remuneration Policy The aggregate remuneration paid to Executive and Non-Executive Directors	Compliant Compliant Compliant	Please refer page 23 of the Annual Report Please refer page 45 of the Annual Report

CONTENTS UNDER THE AUDIT COMMITTEE				
Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.6.(a)	Composition of the Audit Committee	<p>Shall Comprise of Non-Executive Directors, a majority of whom can be independent</p> <p>The Chairman of the Committee shall be a Non-Executive Director</p> <p>The Chairman or a member should be a member of a recognised professional accounting body</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	Please refer page 22 of the Annual Report
7.10.6(a) & (c)	Audit Committee	A listed company may be permitted to have the same Audit Committee if the parent company is also listed	NA	The parent company is not listed in Sri Lanka. As such, a separate Audit Committee has been formed
7.10.6. (b)	Functions of the Audit Committee	Should be detailed as per section 7.10.6 (b) of the listing rules	Compliant	Please refer page 22 of the Annual Report
7.10.6.(c)	Disclosure in the Annual Report	<p>The names of the Directors comprising the Audit Committee</p> <p>The basis of determination of the Auditors' independence</p> <p>A report of the Audit Committee as per section 7.10.6 (c) of the Listing Rules</p> <p>CEO and CFO attendance at Audit Committee meetings</p>	<p>Compliant</p> <p>Compliant</p> <p>Compliant</p> <p>Compliant</p>	Please refer page 22 of the Annual Report

Report of the Audit Committee

The Audit Committee comprises of two members, namely Ranjan Seevaratnam and Mahen Dayananda, both of whom are Non-Executive Independent Directors of the Company.

Ranjan Seevaratnam acts as the Chairman of the Audit Committee. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants in England and Wales. He is also serves on the Board of several listed companies and is a former Partner of KPMG Ford Rhodes Thornton and Company, currently known as KPMG.

Page 17 of this Annual Report details the profiles of the members of the Audit Committee. The members have the requisite financial knowledge and business acumen to carry out their roles effectively and to discuss matters that come within their purview independently and professionally.

The main responsibility of the Audit Committee is to assist the Board of Directors in fulfilling the following;

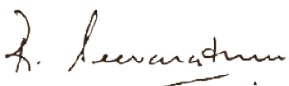
1. Reviewing financial information in order to monitor the Financial Statements of the Company, including the Annual Report, Accounts and Quarterly Reports prepared for disclosure.
2. Reporting to the Board on the quality and acceptability of accounting policies and practices.
3. Reviewing the risk management process and regulatory compliance.
4. Reviewing the Company's internal control system.
5. Assessing the independence of the performance of the Company's External Auditors.
6. To make recommendations to the Board pertaining to the appointment, reappointment and removal of External Auditors and approve the remuneration and the terms of engagement of the External Auditors.

The Committee met four times during the year under review. The attendance record is shown in the table below:

Date of the meeting	Attendance Yes (✓) /No (x)		Attendance by invitation (✓) /No (x)	
	R. Seevaratnam	M. Dayananda	Managing Director	Finance Director
27/02/2012	✓	✓	✓	✓
22/05/2012	✓	✓	✓	✓
31/07/2012	x	✓	✓	✓
01/11/2012	✓	✓	✓	✓

The Managing Director and Finance Director of the Company attended the meetings by invitation and the Secretary to the Board of Directors acted as the Secretary to the Committee. The Business Analyst / Internal Auditor and External Auditors were invited to be present where appropriate at the deliberation of the Committee. The Audit Committee also reviewed the Internal Auditor's Report and the Risk Assessment Report.

The Audit Committee has assessed and reviewed the effectiveness of the independent performance of the External Auditors KPMG, and also recommended to the Board of Directors that KPMG be re-appointed as Auditors for the financial year 31.12.2013 subject to the approval of the Shareholders at the next Annual General Meeting.



Ranjan Seevaratnam
Chairman, Audit Committee

NESTLÉ LANKA PLC
24 April 2013

The Board appointed Remuneration Committee comprises of three members; Mahen Dayananda and Ranjan Seevaratnam, both of whom are Independent Non-Executive Directors, and Helio Waszyk, the Non Executive Chairman of the Company. The Committee is Chaired by Mahen Dayananda.

The objective of the Committee is to ensure that the Compensation Policy of the Company is consistent and aligned with market reality (the policy is to attract and retain qualified and competent personnel), and also to recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Company.

The Committee was assisted by the Finance Director and Human Resources department in providing relevant information.

The Committee met twice during the period under review, and the attendance of the committee members is reflected in the table below.

Date of the meeting	Attendance Yes (✓) / No (X)		
	Mahen Dayananda	Ranjan Seevaratnam	Antonio Helio Waszyk
11/01/2012	✓	✓	✓
14/11/2012	✓	✓	✓

The Managing Director, Finance Director and the AVP - Human Resources attended the meetings by invitation and the Secretary to the Board of Directors acted as the Secretary to the Committee.



Mahen Dayananda
Chairman, Remuneration Committee

NESTLÉ LANKA PLC
24 April 2013



Directors' Responsibility for Financial Reporting

The Company's Financial Statements, presented in this report for the year 2012, conform to the requirements of the Financial Reporting Standards and the Companies Act No. 7 of 2007. The Directors also confirm that the Financial Statements presented by them gives a true and fair view of the Company's activities as at that date. The financial information is consistent with that in the Financial Statements.

The Board of Directors has initiated an efficient and concise system of Internal Control. It also includes Internal Checks and Internal Audits, along with financial and other controls required to carry on the business smoothly whilst safeguarding its assets in a secure, practical, accurate and reliable manner.

The Company's Auditors, KPMG, review and carry out random checks on the Internal Controls wherever considered necessary towards endorsing their opinion on the Financial Statements.

The management's responsibilities on financial reporting is overseen by the Board of Directors / Audit Committee through regular review meetings and approving of financial information contained in the Annual Report, along with the preparation and presentation of the Financial Statements.

KPMG, the Auditors of the Company, are appointed by the Shareholders. They have audited the Financial Statements submitted by the Board of Directors and all supporting financial records and minutes from the Shareholders meetings and Directors meetings, and have expressed their opinion which is published under the Independent Auditor's Report on page 32.

By Order of the Board.

NESTLÉ LANKA PLC.



Liashon Rajapakshe
Company Secretary / Legal Counsel
24 April 2013



Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Nestlé Lanka PLC take pleasure in presenting to the Shareholders their Report together with the Audited Accounts for the year ended 31 December 2012 and the Auditors' Report thereon.

Directors

Antonio Helio Waszyk, Alois Hofbauer (resigned with effect from 31.12.2012) Ganesan Ampalavanar (appointed with effect from 01.01.2013), Syed Saiful Islam, Pierre Schaufelberger, Mahen Dayananda and Ranjan Seevaratnam are the Directors of the Company.

In terms of Article 56, 57 & 58 of the Articles of Association, Pierre Schaufelberger and Mahen Dayananda retire and being eligible, offer themselves for re-election.

Review for the Year

The Chairman's Message and Managing Director's Review on pages 06 and 08 highlights the Company's affairs and the performance of the period under review.

Results and Dividends

The profit achieved by the Company, on a net turnover of Rs. 28.6 billion after provisioning for all known liabilities and depreciation on Fixed Assets but before taxation, amounts to Rs. 3,507 million. After deducting a sum of Rs. 529 million as taxation, the profit was Rs. 2,978 million. The profit available for appropriation was Rs. 3,232 million which is obtained by also adding the profit of Rs. 255 million brought forward from the past year. The Statement of Comprehensive Income for the year 2012 is given on page 33.

The Directors of Nestlé Lanka PLC declared an interim dividend of Rs. 30.00 per share which was paid to the Shareholders of the Company on 20 March 2013, and are pleased to recommend a Final Dividend of Rs. 24.00 per share payable on 10 June 2013.

Stated Capital

The Stated Capital of the Company as at 31 December 2012 amounts to Rs. 537, 254, 630.

Activity

90% of the Nestlé products sold in Sri Lanka are manufactured locally at your Company's state-of-the-art, multi-product factory in Kurunegala. These products are manufactured under the exclusive permission of the Trademark owner, Societé de Produits Nestlé S.A. Vevey, Switzerland. Renowned brands such as *Nestomalt*, *Milo*, *Nescafé*, *Nestum*, *Milkmaid*, *Cerelac* and the *Maggi* range of products, namely *Maggi* Bouillon Cubes, *Maggi* Noodles, *Maggi*

Seasoning and *Maggi* Coconut Milk Powder are manufactured in Sri Lanka.

Your Company continued to add to its product portfolio in 2012 with new products such as *Maggi* Ricey noodles – a chicken curry flavoured '2 minute' noodles made with the goodness of local rice, the *Maggi* Devilled noodles range – a delicious, spicy noodles range with popular indigenous flavours, *Nestea* Ginger - a delicious instant tea made with 100% natural ginger exclusively for the out-of-home (vending) business, *Nescafé* Ice coffee ready-to-drink - a chilled variant to the much loved hot beverage *Nescafé*, and *Lactogrow* - a unique growing-up milk fortified with probiotics including L.Comfortis, vitamins and minerals. Your Company also brought back its most famous chocolate brand, *Kit Kat*, to the local market.

2012 also saw the Company expand its communications reach to the digital platform, launching its corporate website www.nestle.lk and its first Facebook page, *Kit Kat*.

Nestlé Lanka continued to be recognised in 2012 for its efforts in 'Creating Shared Value' for Shareholders, consumers and society. Your Company won the Silver National Cleaner Production Award for sustainable operations, the SLIM-Nielsen Peoples Awards for *Nescafé* as the Hot Beverage Brand of the Year, a special award by the Speaker of Sri Lankan Parliament for contribution to the country's economic and social development, the Bronze award for Best Corporate Website, a Global Commerce Award for supporting the national economy and Silver and Bronze Effie Awards for its *Maggi* Dhaiya and *Nescafé* 'Hey Ya' communication campaigns.

Continuing its ongoing investments in its manufacturing facility in Kurunegala, Nestlé Lanka has invested over Rs. 3 billion in the last two years. Your Company marked a significant milestone when it recorded its highest annual procurement of local fresh milk in 2012; evidencing a growth of over 20% from the previous year. This, together with its procurement of other raw materials including coconut, marks your Company's highest annual contribution to the rural economy; paying out Rs. 4 billion in 2012 to more than 23,000 local farming families.

Directors' Interest

a) In Contracts

Details of Directors' interest in contracts of the Company are disclosed below. The Directors have no direct or indirect interest or proposed contract other than those disclosed.

The Directors have disclosed all material interests in contracts (if any) involving the Company at the meeting and have refrained from participating when decisions are taken.

Interest register

Antonio Helio Waszyk

Transactions with affiliates or related parties.

Company	Position	Amount Involved
Nestlé India Limited	Chairman / Managing Director	Disclosed in Note 24.1 to the Financial Statements on page 53.

Alois Hofbauer (resigned w.e.f 31 December 2012)

Transactions with affiliates or related parties

Disclosed in Note 24.1 to the Financial Statements on page 53.

Ganesan Ampalavanar (appointed w.e.f 1 January 2013)

No transactions with affiliates or related parties

Syed Saiful Islam

-

Transactions with affiliates or related parties

Disclosed in Note 24.1 to the Financial Statements on page 53.

Pierre Schaufelberger

-

No transactions with affiliates or related parties.

Directorships in other companies

Company	Position
La Vie Limited Liability Company	Director
Nestlé Iran Private Joint Stock Company	Director
Nestlé Pakistan Limited	Director

Mahen Dayananda

-

No transaction with affiliates

Directorships in other companies

Company	Position
Total Tea Concepts (Private) Ltd	Chairman
Indo Asia Teas (Pvt) Ltd	Chairman
Sri Lanka Business Development Centre	Chairman
Monetary Policy Consultative Committee - Central Bank of Sri Lanka	Chairman
Delmege Ltd	Director
Uva Leisure Resorts (Pvt) Ltd	Director

Ranjan Seevaratnam - **No transaction with affiliates**

Directorships in other companies

Company	Position	Transaction	Balance (due to) /from as at 31.12.2012 (Rs.)
Acme Printing & Packaging PLC	Non-Executive Director	(8,487,188.58)	Nil
Classic Teas (Pvt) Limited	Non-Executive Director	No	-
Diesel & Motor Engineering PLC	Non-Executive Director	(5,337,232.43)	Nil
Haycarb PLC	Non-Executive Director	No	-
Dipped Products PLC	Non-Executive Director	No	-
Hayleys MGT PLC	Non-Executive Director	No	-
Kelani Valley Plantations PLC	Non-Executive Director	No	-
Lanka Aluminum Industries PLC	Non-Executive Director	No	-
Tea Small Holders Factories PLC	Non-Executive Director	No	-
Tokyo Cement PLC	Non-Executive Director	No	-
Colombo Fort Land and Building Co. PLC	Non-Executive Director	No	-
Omega Line (Pvt) Ltd	Non-Executive Director	No	-
Hayleys Agricultural Holdings (Pvt) Ltd	Non-Executive Director	No	-
Hayleys Consumer (Pvt) Ltd	Non-Executive Director	No	-
Hayleys Advantis (Pvt) Ltd	Non-Executive Director	No	-
Metecno Lanka (Pvt) Ltd	Non-Executive Director	(6,333,719.94)	-

b) In Shares of the Company

	Director	Shares held		Management
		01/01	31/12	
Executive	Ganesan Ampalavanar (w.e.f. 01.01.2013)	No	No	Yes
Executive	Alois Hofbauer (until 31.12.2012)	No	No	Yes
Executive	Syed Saiful Islam	No	No	Yes
Non-Executive	Antonio Helio Waszyk	No	No	No
	Pierre Schaufelberger	No	No	No
Independent Non-Executive	Mahen Dayananda	Yes	Yes	No
	Ranjan Seevaratnam	No	No	No

Corporate Governance

Corporate Governance practices of the Company are set out in detail on page 18.

Property, Plant and Equipment

Details of Property, Plant and Equipment, additions made during the year and depreciation thereof for the year are shown in Note 12 to the Financial Statements on page 47.

Donations

Total donations made by the Company amounted to a sum of Rs. 4,765,252.

Auditors

KPMG, Chartered Accountants, have been the Company's auditors in the past and being eligible, offer themselves for re-appointment for the next year. The auditor's fees are disclosed in Note 7 to the Financial Statements on page 45.

As far as the Directors are aware, the auditors do not have any relationship (other than that of an auditor), with the Company or other than those disclosed in Note 7 to the Financial Statements on page 45.

The auditors also do not have any interest in the Company.

Accounting Policies

The Company prepared its annual Financial Statements according to the Sri Lanka Financial Reporting Standards / Sri Lanka Accounting Standards (SLFRS / LKS). All applicable standards as relevant have been followed in presenting the Financial Statements for the year ended 31.12.2012.

Material Issues

There were no material issues pertaining to employees and industrial relations.

Risk Factors

The Directors have reviewed the risk management structure of the Company and confirm that there are no material foreseeable risk factors.

Conclusion

The Directors of Nestlé Lanka PLC wish to convey their gratitude and appreciation to the management and staff of the Company for their dedicated and untiring co-operation during the year under review.

For and on behalf of the Board.

NESTLÉ LANKA PLC.



Ganesan Ampalavanar
Managing Director



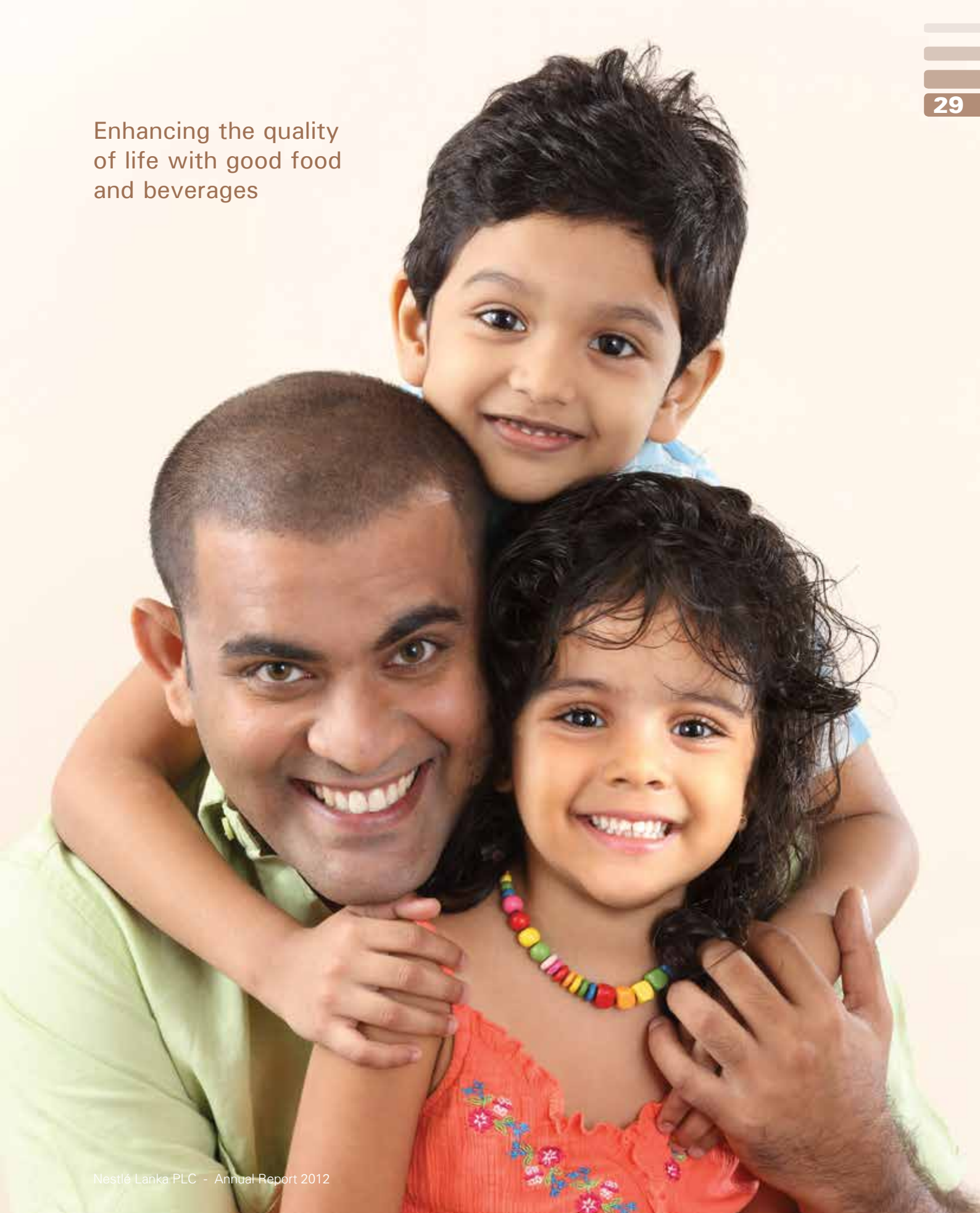
Syed Saiful Islam
Director - Finance & Control



Lioshon Rajapakshe
Company Secretary

24 April 2013

Enhancing the quality of life with good food and beverages





Nutrition, Health and Wellness is
at the heart of Nestlé

Financial Report

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Cash Flow Statement	36
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Company Highlights

<i>In thousands of Rupees</i>	2012	2011
Net Revenue	28,571,488	25,575,780
Profit before Taxation	3,506,814	3,444,267
As a % of Net Revenue	12%	13%
Profit after Taxation	2,977,668	2,629,770
Return on Capital Employed	79%	79%
Capital Expenditure	813,934	2,162,719
Shareholders Funds	3,769,023	3,343,308

Key Ratios

Earnings Per Share	55.42	48.95
Net Assets Per Share	70.15	62.23
Dividend Per Share	54.00	47.50
Dividend Cover	1.03	1.03
Dividend Payout Ratio	97%	97%
Current Ratio	0.92	0.86

Market Value Per Share - Highest	1,700.00	1,000.00
- Lowest	870.00	631.00
- Average	1,154.07	764.38
- Last Traded	1,593.50	877.00

Number of Personnel	1,069	1,075
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KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

Tel : + 94 - 11 542 6426
Fax : + 94 - 11 244 5872
+ 94 - 11 244 6058
+ 94 - 11 254 1249
+ 94 - 11 230 7345
Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NESTLÉ LANKA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Nestlé Lanka PLC ("the Company"), which comprise the statement of financial position as at 31st December 2012, the statements of comprehensive income, changes in equity and cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 33 to 56 of the annual report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st December 2012 and the financial statements give a true and fair view of the financial position of the Company as at 31st December 2012, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Chartered Accountants
Colombo
24th April 2013

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA P.Y.S. Perera FCA C.P. Jayatilake FCA
T.J.S. Rajakarier FCA W.W.J.C. Perera FCA Ms. S. Joseph ACA
Ms. S.M.B. Jayasekara ACA W.K.D.C. Abeyrathne ACA S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA R.M.D.B. Rajapakse ACA Ms. B.K.D.T.N Rodrigo ACA
Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law. H.S. Goonewardene ACA

Statement of Comprehensive Income

For the year ended 31 December	Note	2012 Rs. 000's	2011 Rs. 000's
Revenue	5	28,571,488	25,575,780
Cost of Sales		(19,131,496)	(17,211,025)
Gross Profit		9,439,992	8,364,755
Other Operating Expenses	6	(236,505)	(2,148)
Marketing, Selling and Distribution Expenses		(3,852,147)	(3,392,868)
Administrative Expenses		(1,681,513)	(1,526,775)
Result from Operating Activities	7	3,669,827	3,442,964
Finance Income		25,850	37,814
Finance Expenses		(188,863)	(36,511)
Net Finance Income / (Expense)	8	(163,013)	1,303
Profit Before Taxation		3,506,814	3,444,267
Income Tax Expense	9	(529,146)	(814,497)
Profit for the Year		2,977,668	2,629,770
Other Comprehensive Income		-	-
Total Comprehensive Income		2,977,668	2,629,770
Basic Earnings Per Share (Rs.)	10	55.42	48.95
Dividend Per Share (Rs.)	11	54.00	47.50

Notes to the Financial Statements set out on pages 37 to 56 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at	Note	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	12	4,888,450	3,101,564	2,357,696
Capital Work-in-Progress	13	4,545	1,489,855	439,096
Intangible Assets	14	11,159	44,637	78,116
		<u>4,904,154</u>	<u>4,636,056</u>	<u>2,874,908</u>
Current Assets				
Inventories	15	1,872,334	2,340,914	2,131,493
Trade and Other Receivables	16	1,253,528	1,177,099	861,304
Amounts Due from Related Parties	17	205,864	189,181	95,113
Cash and Cash Equivalents	18	407,409	612,563	615,078
		<u>3,739,135</u>	<u>4,319,757</u>	<u>3,702,988</u>
Total Assets		<u>8,643,289</u>	<u>8,955,813</u>	<u>6,577,896</u>
EQUITY AND LIABILITIES				
Equity				
Stated Capital	19	537,255	537,255	537,255
Retained Earnings		<u>3,231,768</u>	<u>2,806,053</u>	<u>2,029,810</u>
		<u>3,769,023</u>	<u>3,343,308</u>	<u>2,567,065</u>
Non-Current Liabilities				
Retirement Benefit Obligations	20	520,200	517,737	475,663
Deferred Tax Liabilities	21	274,219	76,976	47,073
		<u>794,419</u>	<u>594,713</u>	<u>522,736</u>
Current Liabilities				
Trade and Other Payables	22	2,292,368	3,136,956	1,971,331
Amounts Due to Related Parties	23	681,748	751,700	655,708
Current Tax Payable		499,161	521,108	705,754
Dividends Payable		76,991	65,674	56,033
Bank Overdrafts	18	529,579	542,354	99,269
		<u>4,079,847</u>	<u>5,017,792</u>	<u>3,488,095</u>
Total Liabilities		<u>4,874,266</u>	<u>5,612,505</u>	<u>4,010,831</u>
Total Equity and Liabilities		<u>8,643,289</u>	<u>8,955,813</u>	<u>6,577,896</u>

Notes to the Financial Statements set out on pages 37 to 56 form an integral part of the Financial Statements.

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




Syed Saiful Islam
Vice President - Finance & Control

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

Signed for and on behalf of the Board.



Ganesan Ampalavanar
Managing Director



Ranjan Seevaratnam
Director

For the year ended 31 December 2012

	Stated Capital Rs. 000's	Retained Earnings Rs. 000's	Total Rs. 000's
Balance as at 31 December 2010	537,255	2,016,207	2,553,462
Impact of Adopting SLFRS as at 1 January 2011	-	13,603	13,603
Restated Balance as at 1 January 2011	537,255	2,029,810	2,567,065
Balance as at 1 January 2011	537,255	2,029,810	2,567,065
Second Interim Dividend for 2010		(644,704)	(644,704)
Final Dividend for 2010	-	(1,208,823)	(1,208,823)
Profit for the Year	-	2,629,770	2,629,770
Balance as at 31 December 2011	537,255	2,806,053	3,343,308
Balance as at 1 January 2012	537,255	2,806,053	3,343,308
Final Dividend for 2011	-	(2,551,953)	(2,551,953)
Profit for the Year	-	2,977,668	2,977,668
Balance as at 31 December 2012	537,255	3,231,768	3,769,023

Notes to the Financial Statements set out on pages 37 to 56 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

Cash Flow Statement

For the year ended 31 December

	2012 Rs. 000's	2011 Rs. 000's
Cash Flow from Operating Activities		
Profit Before Taxation	3,506,814	3,444,267
Adjustments for;		
Depreciation	495,443	361,392
Amortisation	33,479	33,478
Provision for Impairment Losses on Property, Plant and Equipment - Net	15,058	-
Profit on Sale of Property, Plant and Equipment	(6,757)	(2,566)
Interest Expense	138,602	24,833
Interest Income	(25,850)	(37,814)
Provision made / (reversed) for Obsolete Inventories	3,472	(514)
Inventory Write Off	107,828	68,070
Provision for Impairment of Trade Receivable	14,800	7,184
Provision for Retirement Benefit Obligation	102,213	124,527
Net Fair Value Loss on Derivatives	1,033	-
Operating Profit Before Working Capital Changes	4,386,135	4,022,857
Working Capital Changes		
(Increase) / Decrease in Inventories	357,280	(276,977)
(Increase) / Decrease in Trade and Other Receivables	(107,912)	(417,047)
Increase / Decrease in Trade and Other Payable	(915,574)	1,261,618
Cash Generated from Operations	3,719,929	4,590,451
Interest Paid	(121,007)	(9,193)
Income Tax Paid	(353,848)	(969,240)
Retirement Benefit Obligation Paid	(99,750)	(82,453)
Net Cash Flows Generated from Operating Activities	3,145,324	3,529,565
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(813,934)	(2,162,719)
Proceeds from Sale of Property, Plant and Equipment	8,614	9,267
Interest Received	8,255	22,174
Net Cash Flows Used in Investing Activities	(797,065)	(2,131,278)
Cash Flow from Financing Activities		
Dividends Paid	(2,540,638)	(1,843,887)
Net Cash Flows Used in Financing Activities	(2,540,638)	(1,843,887)
Net Decrease in Cash and Cash Equivalents	(192,379)	(445,600)
Cash and Cash Equivalents at the Beginning of the Year	70,209	515,809
Cash and Cash Equivalents at the End of the Year (Note 18)	(122,170)	70,209
Analysis of Cash and Cash Equivalents at the end of the Year		
Cash in Hand and Balances with Bank	407,409	612,563
Bank Overdrafts	(529,579)	(542,354)
	(122,170)	70,209

Notes to the Financial Statements set out on pages 37 to 56 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

1 Reporting Entity

Nestlé Lanka PLC is a Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office and the principal place of business is located at 440, T.B. Jayah Mawatha, Colombo 10. The Company is in the Food and Beverage Industry.

The Financial Statements were authorised for issue by the Directors on 24 April 2013.

The ultimate holding company is Nestlé S.A.

1.1 Principal Activities and Nature of Operations

Principal activities of the Company include the manufacturing, marketing, selling and distribution of food and beverage products. The Company is also involved in the export of locally manufactured food and beverage products.

2 Basis of Preparation

2.1 Statement of Compliance

Nestlé Lanka PLC has prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRS / LKAS) issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 19 of 1995.

The Institute of Chartered Accountants of Sri Lanka issued a new volume of Sri Lanka Accounting Standards (SLFRS / LKAS) and requires enterprises to apply these standards effective for years beginning on or after 1 January 2012.

These are the Company's first Financial Statements prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) and SLFRS 1, where "First time Adoption of Sri Lanka Accounting Standards" has been applied.

An explanation of how the transition to SLFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 4.

2.2 Basis of Measurement

The Financial Statements are prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements except for

- ▶ Employee benefit liability, recognised based on actuarial valuation (LKAS 19) and shown net of plan asset.
- ▶ Liabilities for cash settled share-based payment arrangements, measured at fair value.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All

financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand.

2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.5 Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly the Financial Statements are prepared based on the going concern concept.

When preparing the Financial Statements, the Directors have made an assessment of the ability of the Company to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading, taking into account all available information about the future.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements in preparing the opening SLFRS statement of financial position at 1 January 2011 for the purpose of transition to SLFRS, unless otherwise indicated.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the date of the Statement of Financial Position are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year. Amortised cost in foreign currency is translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated

using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

3.2 Financial Instruments

3.2.1 Non-derivative Financial Assets

The Company initially recognises loans and receivables and deposits on the date that they are originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are netted-off and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

a) Loan and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, loans and receivables are recognised at amortised cost using the effective interest method less any impairment losses.

Loans and receivables comprise trade and other receivables, including staff loans receivable and cash and cash equivalents.

b) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances and call deposits with a maturity period of less than three months. For the purpose of the Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts, short term borrowings and short term investments.

3.2.2 Non-derivative Financial Liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

The Company's financial liabilities include trade and other payables and bank overdrafts.

3.2.3 Derivative Financial Instruments

All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains or losses

recognised in profit and loss. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

3.2.4 Stated Capital

The Company's ordinary shares are classified as equity.

3.3 Property, Plant and Equipment

a) Recognition and Measurement

Property, Plant and Equipment other than land, are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of Property, Plant and Equipment comprises of major components having different useful lives, they are accounted for as separate items of Property, Plant and Equipment.

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognised net within other operating income in the Statement of Comprehensive Income.

b) De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from use or disposal. The gain or losses arising from de-recognition of an item of Property, Plant and Equipment is included in the Statement of Comprehensive Income when the item is derecognised.

c) Subsequent Expenditure

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognised in the Statement of Comprehensive Income as incurred.

d) Depreciation

Depreciation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of Property, Plant and Equipment items. Land is not depreciated. The estimated useful lives are as follows:

Freehold Buildings	35 years
Leasehold Buildings - Factory	25 - 35 years
Plant and Machinery	10 - 25 years
Tools, Furniture and Office equipment	5 years
Motor Vehicles	5 years
Information Systems (IS) Equipment	3 - 5 years

Depreciation on asset begins when it is available for use and ceases at the earlier of the date that the assets are classified as held for sale and the date that the assets are derecognised.

The useful lifetime, depreciation methods and residual values are reassessed annually or in an earlier date where any circumstances indicate such assessment is required.

Improvements on leasehold buildings and buildings constructed on leasehold land are depreciated over the lower of their useful economic life or unexpired period of lease.

e) Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the date of the Statement of Financial Position are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

f) Leased Assets

Buildings constructed by the Company on leasehold land are capitalised and included under the category "leasehold building".

3.4 Intangible Assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

a) Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and cost can be measured reliably and carried at cost less accumulated amortisation and accumulated impairment losses.

b) Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

c) Amortisation

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Globe Project	5 years
---------------	---------

d) Retirement and Disposal

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.5 Impairment

a) Financial Asset

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group

of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and if that loss event, which has an impact on the estimated future cash flows of the financial asset or the group of financial assets, can be reliably estimated.

b) Non-Financial Asset

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and if the loss event that had an impact on the estimated future cash flows of that asset can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

The Company considers evidence of impairment for financial assets, measured at amortised cost, at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

(c) Calculation of Recoverable Amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(d) Reversal of Impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) if no impairment loss had been recognised.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Provision is made where necessary for obsolescence, slow-moving and defective stocks.

3.7 Employee Benefits

a) Defined Benefit Plan - Retirement Gratuity

The liability to Retirement Benefit Obligation under the payment of Gratuity Act No. 12 of 1983 is a defined benefit plan covering 740 employees of the company. The pre-1996 liability is unfunded and provided for by way of an accounting provision in the Financial Statements of the Company in accordance with Sri Lanka Accounting Standard No.19 – Employee Benefits (LKAS 19). The liability subsequent to this date is funded by way of an insurance policy.

An annual valuation of the fund at AIA Insurance Lanka PLC (formally AVIVA NDB Insurance PLC) is carried out by a certified actuary using the "Projected Unit Credit Method" and the premium for the year is charged as an expense to the Statement of Comprehensive Income in the period to which it relates.

Towers Watson India Pvt Ltd, a company of professional actuaries, has carried out the annual valuation of the defined benefit obligation. The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation. The movement of the obligation during the year and assumptions used for actuarial valuation are disclosed in Note 20 to the Financial Statements. The Company recognises all actuarial gain and losses arising from the defined benefit plan immediately in profit or loss.

b) Defined Contribution Plans – Mercantile Services Provident Society, Employee Provident Fund and Employee Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Comprehensive Income when they are due.

All employees of the Company are members of either the Mercantile Service Provident Society (MSPS), Employee Provident Fund (EPF) or Employee Trust Fund (ETF) to which the company contributes 12% and 3% respectively of such employees' wages or salary.

c) Share-Based Payments

The Company participates in the Nestlé Restricted Stock Unit plan of Nestlé S.A, the parent company where selected employees are granted the right to obtain stock units of Nestlé S.A. This represents a cash settled share-based payments arrangement in accordance with the SLFRS 2 share-based payment. Accordingly the grant-date fair value of stock units granted to employees is recognised as an employee expense, with a corresponding increase in liability over the period that the employees become unconditionally entitled to the awards. Until the liability to the parent company is settled, the liability is re-measured at each reporting date and settlement date with any changes in the fair value recognised as personnel expenses in profit or loss.

3.8 Liabilities and Provisions

Liabilities and provisions are recognised in the Statement of Financial Position when there is a present legal / constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the date of the Statement of Financial Position are treated as current liabilities in the Statement of Financial Position. Liabilities payable after one year from the date of the Statement of Financial Position are treated as non-current liabilities in the Statement of Financial Position.

(a) Dividends

Dividends are recognised as a liability in the period in which they are declared and approved for distribution.

3.9 Revenue

Sale of Goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated reliably, there is no continuing management involvement with goods and the amount of the revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale.

3.10 Other Operating Income

a) Profit / Loss from the Sale of Property, Plant and Equipment

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognised in the period in which the sale occurs and is classified as other operating income.

b) Export Subsidy

Export subsidy includes the proceeds from an economic stimulus package approved by the Cabinet of Ministers to reward direct exporters in managing their vulnerabilities and risks associated with the current global economic crisis. 5% of the export proceeds is measured on FOB basis, corresponding to the export earnings recorded in the respective quarter and confirmed as received within 120 days from the expiry of the quarter, and has been paid to the Company as it recorded such amount of export earnings (FOB) and met the other eligibility criteria as laid down by the EDRS Scheme. This proceed is recognised on a cash basis.

c) Other Income

Other income is recognised on an accrual basis

3.11 Expenses**Expense Recognition****a) Revenue Expenditure**

The profit earned by the Company, as shown in the Statement of Comprehensive Income, is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

For the purpose of the presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expenses method fairly present the elements of the enterprises performance. Hence such a presentation method is adopted.

b) Capital Expenditure

Expenditure incurred for the purpose of extending or improving assets of a permanent nature by means to carry on the business, or for the purpose of increasing the earning capacity of the business, has been treated as capital expenditure.

Gains or losses of revenue nature on the disposal of Property, Plant and Equipment have been accounted for in the Statement of Comprehensive Income.

c) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

3.12 Net Financing Cost

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the Statement of Comprehensive Income.

Interest income is recognised in the Statement of Comprehensive Income on an accrual basis unless collectability is in doubt.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of the net finance costs.

3.13 Income Tax Expense

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position as per the provisions of the Inland Revenue Act No. 10 of 2006 and any adjustment to tax payable in respect of previous years.

(b) Deferred Tax

Deferred tax is provided using the liability method as per Sri Lanka Accounting Standard 12 (LKAS 12) income taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities; using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method in accordance with the Sri Lanka Accounting Standard No. 07 – 'Cash Flow Statements' (LKAS 7).

3.15 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.16 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.17 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Nestlé Lanka PLC is primarily involved in the business of manufacturing, marketing, selling and distribution of Food and Beverage products. The entire business is organised as one segment for making operating decisions in assessing performance by the Chief Operating Decision Maker. Further, information of the business is reported to the Chief Operating Decision Maker as a whole. Therefore the Board of Directors are of the opinion that there are no identifiable operating segments within the Company and therefore SLFRS 08 which requires disclosure of segment information will not be applicable to Nestlé Lanka PLC.

3.18 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset of Property, Plant and Equipment in which case they are capitalised as part of the cost of the asset.

3.19 Comparative Information

Comparative information has been reclassified where necessary to conform to the current year's presentation.

3.20 Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

3.21 Events Occurring After the Reporting Period

All material events that occurred after the reporting period have been considered, disclosed and adjusted where applicable.

4 Explanation of Transition to SLFRS

These are the Company's first Financial Statements prepared in accordance with SLFRS.

The accounting policies set out in Note 3 have been applied in preparing the Financial Statements for the year ended 31 December 2012, the comparative information presented in these Financial Statements for the year ended 31 December 2011 and in the preparation of an opening SLFRS statement of financial position at 1 January 2011.

In preparing its opening SLFRS statement of financial position, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with SLAS. An explanation of how the transition from previous SLAS to SLFRS affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

4.1 Reconciliation of Total Comprehensive Income

For the year ended 31 December 2011	Note	Effect of Transition to SLFRS		
		SLAS Rs. 000's	Rs. 000's	SLFRS Rs. 000's
Revenue		25,805,708	(229,928)	25,575,780
Cost of Sales		(17,211,025)	-	(17,211,025)
Gross Profit		8,594,683	(229,928)	8,364,755
Other Operating Expenses		(2,148)	-	(2,148)
Marketing, Selling and Distribution Expenses	4.1.1	(3,622,796)	229,928	(3,392,868)
Administrative Expenses	4.1.3	(1,521,882)	(4,893)	(1,526,775)
Results from Operating Activities		3,447,857	(4,893)	3,442,964
Financial Income	4.1.2	22,174	15,640	37,814
Financial Expenses	4.1.2	(20,871)	(15,640)	(36,511)
Net Financing Income		1,303	-	1,303
Profit Before Taxation		3,449,160	(4,893)	3,444,267
Income Tax Expenses		(815,867)	1,370	(814,497)
Profit for the Year		2,633,293	(3,523)	2,629,770

Reconciliation of Equity

	Note	1 January 2011			31 December 2011		
		SLAS Rs. 000's	Effects of Transition to SLFRS Rs. 000's	SLFRS Rs. 000's	SLAS Rs. 000's	Effect of Transition to SLFRS Rs. 000's	SLFRS Rs. 000's
Assets							
Non-Current Assets							
Property Plant and Equipment		2,357,696	-	2,357,696	3,101,564	-	3,101,564
Capital Work-in-Progress		439,096	-	439,096	1,489,855	-	1,489,855
Intangible Assets		78,116	-	78,116	44,637	-	44,637
		2,874,908	-	2,874,908	4,636,056	-	4,636,056
Current Assets							
Inventories		2,131,493	-	2,131,493	2,340,914	-	2,340,914
Trade and Other Receivables		861,304	-	861,304	1,177,099	-	1,177,099
Amount Due from Related Parties		95,113	-	95,113	189,181	-	189,181
Cash and Cash Equivalents		615,078	-	615,078	612,563	-	612,563
		3,702,988	-	3,702,988	4,319,757	-	4,319,757
Total Assets		6,577,896	-	6,577,896	8,955,813	-	8,955,813
Equity and Liabilities							
Equity							
Stated Capital		537,255	-	537,255	537,255	-	537,255
Revenues Reserves	4.1.3	2,016,207	13,603	2,029,810	2,795,972	10,081	2,806,053
		2,553,462	13,603	2,567,065	3,333,227	10,081	3,343,308
Non-Current Liabilities							
Retirement Benefit Obligations		475,663	-	475,663	517,737	-	517,737
Deferred Tax Liabilities	4.1.3	41,783	5,290	47,073	73,056	3,920	76,976
		517,446	5,290	522,736	590,793	3,920	594,713
Current Liabilities							
Trade and Other Payables	4.1.3	1,990,224	(18,893)	1,971,331	3,150,957	(14,001)	3,136,956
Amount Due to Related Parties		655,708	-	655,708	751,700	-	751,700
Current Tax Payable		705,754	-	705,754	521,108	-	521,108
Dividend Payables		56,033	-	56,033	65,674	-	65,674
Bank Overdraft		99,269	-	99,269	542,354	-	542,354
		3,506,988	(18,893)	3,488,095	5,031,793	(14,001)	5,017,792
Total Liabilities		4,024,434	-	4,010,831	5,622,586	-	5,612,505
Total Equity and Liabilities		6,577,896	-	6,577,896	8,955,813	-	8,955,813

4.1.1

Under the requirements of LKAS 18 revenue is to be measured at fair value of the consideration received, taking into account any trade discounts and volume rebates. The revenue figures reported under the previous SLAS was the gross revenue instead of netting off certain trade discounts and target incentives which were included under marketing, selling and distribution expenses. Accordingly the revenue and marketing, selling and distribution expenses were restated to incorporate requirements under LKAS 18.

4.1.2

As per LKAS 39, all financial instruments need to be initially recognised at the fair value. Accordingly staff loans given at concessionary terms, valued at historical cost under previous SLAS, were fair valued using market interest rates. The resulting adjustment has been recognised as prepaid staff cost and amortised over the tenor of the loan. The interest on loans is recognised using the effective interest rate method and the staff loans are measured at amortised cost in the Statement of Financial Position.

The impact arising from the change is summarised as follows.

Statement of Comprehensive Income	1 January 2011 Rs. 000's	31 December 2011 Rs. 000's
Financial Income		15,640
Financial Expenses		15,640

4.1.3

The Company participates in the Nestlé Restricted Stock Unit Plan which represents a cash settled share-based payment arrangement in accordance with SLFRS 2 "Share Based Payments". As per SLFRS 2, the cost of the share-based payments at the grant date is to be recognised over the period employees become unconditionally entitled to such benefits (vesting period). However under the previous SLASs, the cost of the share-based payment arrangement was recognised at the grant date in full. Further, the liability to the group in respect of the share-based payment arrangement is to be fair valued at each financial reporting date and settlement date.

Statement of Comprehensive Income	1 January 2011 Rs. 000's	31 December 2011 Rs. 000's
Administrative Expenses		4,893
Income Tax		(1,370)
Statement of Financial Position		
Trade and Other Payables	(18,893)	(14,001)
Deferred Tax Liability	5,290	3,920

	2012 Rs. 000's	2011 Rs. 000's
5 Revenue		
Local	25,359,136	22,495,245
Target Incentives	(196,790)	(176,211)
Commission to Agents	(52,585)	(53,718)
Local Revenue Net of Trade Discounts	25,109,761	22,265,316
Exports	3,461,727	3,310,464
	28,571,488	25,575,780

	2012 Rs. 000's	2012 Rs. 000's
6 Other Operating Expenses		
Gain on Sale of Property, Plant and Equipment	6,757	2,566
Export Subsidy	-	7,500
Exchange Losses	(283,131)	(44,222)
Income from Scrap Sales	39,869	32,008
	<u>(236,505)</u>	<u>(2,148)</u>
7 Results from Operating Activities		
Stated After Charging / (Crediting) All Expenses Including the Following:		
Depreciation	495,443	361,392
Amortisation of Intangible Assets	33,478	33,479
Impairment Loss on Property, Plant and Equipment	15,058	-
Provision for Obsolete Inventories	3,472	(514)
Inventory Write Off	107,828	68,070
Technical Assistance Fee	987,008	878,613
Lease Payment	540	540
Auditors Remuneration - Audit	2,765	2,425
- Audit related	500	900
- Non-Audit	823	2,043
Provision for Impairment of Trade and Other Receivables	14,800	7,184
Legal Fees	15,211	13,776
Directors' Fees	835	533
Personnel Costs (Note 7.1)	1,662,648	1,610,866
7.1 Personnel Costs		
Executive Directors' Emoluments	33,085	26,728
Salaries and Wages	1,130,616	1,078,546
Provision for Retirement Benefit Obligation (Note 20)	102,213	124,527
Contributions to EPF, MSPS and ETF		
Employees' Provident Fund and Mercantile Services Provident Society	86,436	77,622
Contribution to Employees' Trust Fund	21,433	19,362
Other Benefits	288,865	284,081
	<u>1,662,648</u>	<u>1,610,866</u>
8 Net Finance Income / (Expense)		
Finance Income		
Interest on Call Deposits / Others	25,850	37,814
	<u>25,850</u>	<u>37,814</u>
Finance Expenses		
Interest on Short Term Borrowings and Overdrafts	(138,602)	(24,833)
Loss on Foreign Currency Borrowings / Liquid Assets	(49,228)	(11,678)
Net Fair Value Loss on Derivatives	(1,033)	-
	<u>(188,863)</u>	<u>(36,511)</u>
Net Finance Income / (Expense)	<u>(163,013)</u>	<u>1,303</u>

	2012 Rs. 000's	2011 Rs. 000's
9 Income Tax Expense		
Tax on Current Year Profits (Note 9.2)	464,081	783,627
SRL on Dividend	-	967
Reversal of Over Provision for Previous Year	(132,178)	-
Deferred Tax Charge / (Reversal) (Note 21)	197,243	29,903
	<u>529,146</u>	<u>814,497</u>

- 9.1** (a) The corporate income tax rate applicable to Nestlé Lanka PLC is 28%, while qualifying export profits are taxed at a concessionary rate of 12% and profits from the Ready-to-Drink milk business is taxed at 10%. Profits with respect to off-shore business earned in foreign currency are exempt from income tax.
- (b) The full benefit of Capital Allowances arising in terms of section 25 of the Inland Revenue Act No. 10 of 2006 has been taken into account in determining income tax expense on profits for the year.
- (c) Deferred tax has been computed using the income tax rate of 28%.
- (d) Investments made in fixed assets from 1 April 2011 to 31 March 2015 on the expansion of the existing business is eligible for Qualifying Payment Relief (QPR). 25% of such investments qualified for the relief in the year of investment and the balance 75% over the next three years of assessment.

9.2 Reconciliation Between Accounting Profit and Taxable Profit

	2012 Rs. 000's	2011 Rs. 000's
Accounting Profit Before Tax	3,506,814	3,444,267
Adjustments Relating to Disallowances	140,406	260,822
Adjustments Relating to Capital Allowances	(673,678)	(216,157)
Adjustments Relating to Allowable Income	-	(7,500)
Profit from Tax Exempted Undertakings	(215,308)	(209,269)
Qualifying Payment Relief for Investment	(577,009)	-
Taxable Profit	<u>2,181,225</u>	<u>3,272,163</u>
Income Tax at 10%	51,241	39,407
Income Tax at 12%	41,068	46,253
Income Tax at 28%	371,772	697,967
Income Tax Expense	<u>464,081</u>	<u>783,627</u>

10 Basic Earnings Per Share (EPS)

Basic earnings per share is calculated based on the profit for the year attributable to ordinary Shareholders divided by the weighted average number of ordinary shares outstanding during the year.

Net profit attributable to ordinary Shareholders and the weighted average number of ordinary shares are given below.

	2012	2011
Profit Attributable to the Ordinary Shareholders (Rs. 000's)	2,977,668	2,629,770
Weighted Average Number of Shares	53,725,463	53,725,463
Basic Earnings Per Share (Rs.)	<u>55.42</u>	<u>48.95</u>

11 Dividend Per Share

- (a) The Directors have recommended a final dividend of Rs. 24.00 per share for the year ended 31 December 2012, which will be declared at the Annual General Meeting to be held on 30 May 2013. In accordance with the Sri Lanka Accounting Standards 10 (LKAS 10), events after the reporting period, the interim dividend and proposed final dividend has not been recognised as a liability as at 31 December 2012.
- (b) However for the purpose of computing the Dividend per Share, the final dividend to be approved has been taken into consideration.
- (c) The Dividend per Share calculation is based on the total dividend attributable to ordinary Shareholders of Rs. 2,901,175,112 (2011 – Rs. 2,551,959,493), divided by the weighted average number of ordinary shares as at the Statement of Financial Position date.

12 Property, Plant and Equipment

	Freehold Land	Free hold Buildings	Leasehold Buildings	Plant and Machinery	Tools, Furniture and Office Equipment	Motor Vehicles	Information Systems Equipment	Total
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Cost								
Balance as at 1 January 2011	17,925	45,169	641,155	2,943,158	725,420	309,736	193,108	4,875,671
Additions During the Year	-	-	110,976	317,175	147,078	76,355	21,303	672,887
Transferred from Capital Work in Progress	-	-	92,301	318,354	28,419	-	-	439,074
Disposals During the Year	-	-	(2,252)	(11,429)	(8,829)	(20,365)	(19,349)	(62,224)
Balance as at 31 December 2011	17,925	45,169	842,180	3,567,258	892,088	365,726	195,062	5,925,408
Depreciation								
Balance as at 1 January 2011	-	22,176	162,881	1,499,465	472,709	215,137	145,607	2,517,975
Charge for the Year	-	949	21,826	198,975	80,779	35,896	22,967	361,392
Impairment Loss	-	-	-	-	-	-	-	-
On Disposals	-	-	(608)	(10,211)	(8,715)	(16,640)	(19,349)	(55,523)
Balance as at 31 December 2011	-	23,125	184,099	1,688,229	544,773	234,393	149,225	2,823,844
Cost								
Balance as at 1 January 2012	17,925	45,169	842,180	3,567,257	892,088	365,726	195,062	5,925,407
Additions During the Year	-	23,760	113,278	393,627	231,272	9,685	37,767	809,389
Transferred from Capital Work in Progress	-	-	351,801	1,132,188	5,866	-	-	1,489,855
Disposals During the Year	-	-	(2,652)	(20,551)	(10,378)	(17,666)	(14,544)	(65,791)
Balance as at 31 December 2012	17,925	68,929	1,304,607	5,072,521	1,118,848	357,745	218,285	8,158,860
Depreciation / Impairment Loss								
Balance as at 1 January 2012	-	23,125	184,098	1,688,229	544,774	234,392	149,225	2,823,843
Charge for the Year	-	1,400	35,439	270,076	122,708	38,941	26,879	495,443
Impairment Loss	-	-	3,050	8,994	3,014	-	-	15,058
On Disposals	-	-	(1,943)	(19,672)	(10,108)	(17,666)	(14,545)	(63,934)
Balance as at 31 December 2012	-	24,525	220,644	1,947,627	660,388	255,667	161,559	3,270,410
Written Down Value								
As at 31 December 2012	17,925	44,404	1,083,963	3,124,894	458,460	102,078	56,726	4,888,450
Written Down Value								
As at 31 December 2011	17,925	22,044	658,081	1,879,029	347,315	131,333	45,837	3,101,564
Written Down Value								
As at 1 January 2011	17,925	22,993	478,274	1,443,693	252,711	94,599	47,501	2,357,696

Property, Plant and Equipment includes fully depreciated assets which are in use, the cost of which at the reporting date amounted to Rs. 1,546,560,372 (2011 - 1,387,748,579) .

The Property situated at 440, T. B. Jayah Mawatha, Colombo 10 (Area- 45,230 sq.ft.) was valued on 31 July 2009 by a chartered valuer.

The carrying amounts of Freehold Land and Buildings (three buildings), had it been at the revalued amount is:

Freehold Land	Rs. 669,200,000
Freehold Buildings	Rs. 68,800,000

However the effect of revaluation has not been taken to the Financial Statements; the said properties are stated at cost.

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
13 Capital Work-in-Progress			
Balance as at 1 January	1,489,855	439,096	217,802
Capitalised During the Year	(1,489,855)	(439,074)	(217,802)
Additions During the Year	4,545	1,489,833	439,096
Balance as at 31 December	<u>4,545</u>	<u>1,489,855</u>	<u>439,096</u>
14 Intangible Assets			
Cost			
Balance as at 1 January	167,391	167,391	167,391
Additions During the Year	-	-	-
Balance as at 31 December	<u>167,391</u>	<u>167,391</u>	<u>167,391</u>
Amortisation			
Balance as at 1 January	122,754	89,275	55,797
Charge for the Year	33,478	33,479	33,478
Balance as at 31 December	<u>156,232</u>	<u>122,754</u>	<u>89,275</u>
Carrying Amount	<u>11,159</u>	<u>44,637</u>	<u>78,116</u>
15 Inventories			
Raw Materials	625,954	678,718	627,539
Packing Materials	114,889	130,194	106,467
Finished Goods	631,292	1,111,025	875,614
Energy	26,540	14,775	13,676
Technical Materials	139,753	123,115	125,063
Work-in-Progress	63,426	77,745	63,196
	1,601,854	2,135,572	1,811,555
Goods-in-Transit	277,536	208,926	324,036
	1,879,390	2,344,498	2,135,591
Less: Provision for Obsolete Inventories (Note 15.1)	(7,056)	(3,584)	(4,098)
	<u>1,872,334</u>	<u>2,340,914</u>	<u>2,131,493</u>
15.1 Provision for Obsolete Inventories			
Balance as at 1 January	3,584	4,098	14,606
Charge / (Reversal) during the year	3,472	(514)	(10,508)
Balance as at 31 December	<u>7,056</u>	<u>3,584</u>	<u>4,098</u>
16 Trade and Other Receivables			
Trade Receivables - Net (Note 16.1)	835,775	654,909	483,514
Other Receivables	417,753	522,190	377,790
	<u>1,253,528</u>	<u>1,177,099</u>	<u>861,304</u>
16.1 Trade Receivables			
Trade Receivables	904,430	708,764	530,185
Less: Provision for Impairment Loss (Note 16.1.1)	(68,655)	(53,855)	(46,671)
	<u>835,775</u>	<u>654,909</u>	<u>483,514</u>
16.1.1 Provision for Impairment Loss			
Balance as at 1 January	53,855	46,671	45,364
Provision Made During the Year	14,800	7,184	1,307
Balance as at 31 December	<u>68,655</u>	<u>53,855</u>	<u>46,671</u>

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
16.2 Other Receivables			
Deposits and Pre-payments	91,289	234,695	130,895
Non-Trade Receivables	50,403	38,751	24,542
Loans to Employees (Note 16.2.1)	276,061	248,744	222,253
	<u>417,753</u>	<u>522,190</u>	<u>377,790</u>

16.2.1 Loans to Employees (over Rs. 20,000)

Balance as at 1 January	248,744	222,353	214,935
Granted During the Year	125,762	121,962	79,739
Repaid During the Year	(98,445)	(95,571)	(72,321)
Balance as at 31 December	<u>276,061</u>	<u>248,744</u>	<u>222,353</u>

Loans to employees are disbursed to officers of the Company excluding Directors. The quantum of each loan in excess of Rs. 20,000 has been granted to 370 officers (2011 - 382 officers).

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
17 Amounts Due from Related Parties			
Osem UK Ltd	18,471	4,069	3,927
Nestlé Italiana S.P.A.	-	9,961	9,334
Nestrade S.A.	28,160	56,210	10,080
Nestlé Food Kenya	-	1,801	-
Nestlé PNG Ltd	2,283	-	3,225
Nestlé Middle East FZE	64,350	61,726	20,302
Nestlé Taiwan Ltd	-	7,299	3,703
Nestlé India Ltd	16,302	7,623	6,650
Nestlé Japan Ltd	-	2,900	2,682
Nestlé Singapore (pte) Ltd	-	285	536
Nestlé Operational Services	1,548	-	6,810
Nestlé Jamaica Ltd	38,567	20,607	12,439
Nestlé Trinidad and Tobago Ltd	31,304	14,157	9,934
Nestlé Panama S.A.	2,374	1,245	3,209
Nestlé Caribbean Inc.	2,241	1,298	2,282
CPW S.A.	264	-	-
	<u>205,864</u>	<u>189,181</u>	<u>95,113</u>

18 Cash, Cash Equivalents and Bank Overdrafts

Favorable Balances

Balances with Banks	407,309	312,463	214,978
Cash in Hand	100	100	100
Short Term Investments	-	300,000	400,000
Cash and Cash Equivalents	<u>407,409</u>	<u>612,563</u>	<u>615,078</u>

Unfavourable Balances

Bank Overdrafts	(529,579)	(542,354)	(99,269)
	<u>(529,579)</u>	<u>(542,354)</u>	<u>(99,269)</u>
Cash and Cash Equivalents for the Statement of Cash Flow	<u>(122,170)</u>	<u>70,209</u>	<u>515,809</u>

19 Stated Capital

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
53,725,463 Ordinary Shares	537,255	537,255	537,255

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Company meetings.

20 Retirement Benefit Obligations

	31.12.2012 Rs. 000's			31.12.2011 Rs. 000's			01.01.2011 Rs. 000's		
	PV of Unfunded Obligation	PV of Funded Obligation	Total	PV of Unfunded Obligation	PV of Funded Obligation	Total	PV of Unfunded Obligation	PV of Funded Obligation	Total
Active Employees	437,670	436,040	873,710	428,089	395,687	823,776	387,060	365,690	752,750
Pensioners	107,270		107,270	121,390		121,390	95,935		95,935
Total Present Value of Obligations	544,940	436,040	980,980	549,479	395,687	945,166	482,995	365,690	848,685
Fair Value of Plan Assets		(460,780)	(460,780)		(427,429)	(427,429)		(373,022)	(373,022)
Recognised Liability for Defined Benefit Obligations	544,940	(24,740)	520,200	549,479	(31,742)	517,737	482,995	(7,322)	475,663
Unrecognised Past Service Cost			-			-			-
Total Employee Benefits			520,200			517,737			475,663

Employees who have joined the Company prior to 2006, have 10 years of service and attained the age of 55 years are entitled to pension upon retirement. Furthermore 28 employees who retired are drawing a monthly pension.

The plan is partially funded by a policy obtained from AIA Insurance Lanka PLC (formally known as AVIVA NDB Insurance PLC) on 31 December 1996. AIA Insurance Lanka PLC has confirmed that the features of the policy satisfy the definition of a "qualifying insurance policy". The fund assets (Rs. 461 million) and the defined benefit obligation (Rs. 981 million) as at 31 December 2012 have been netted off in Note 20 above.

(a) Movement in the Present Value of the Defined Benefit Obligations:

	2012 Rs. 000's	2011 Rs. 000's
Balance as at 1 January	945,166	848,685
Benefits Paid by the Plan	(109,260)	(108,483)
Current Service Cost	50,294	46,080
Interest	80,150	79,440
Past Service Cost	51,020	-
Actuarial (Gain) / Loss	(36,390)	79,444
Balance as at 31 December	980,980	945,166

The past service cost of Rs. 51,020,000 was recognised during the current financial year on account of the revision of the Pension Scheme from 1 July 2012.

(b) Movement in the Present Value of Plan Assets:

	2012 Rs. 000's	2011 Rs. 000's
Balance as at 1 January	427,429	373,022
Contributions Paid into the Plan	25,820	21,080
Benefits Paid by the Plan	(35,330)	(47,109)
Expected Return on Plan Assets	40,150	34,200
Actuarial Gains	2,711	46,236
Balance as at 31 December	460,780	427,429

(c) The Expense Recognised in the Statement of Comprehensive Income:

	2012 Rs. 000's	2011 Rs. 000's
Current Service Cost	50,294	46,080
Interest Cost	80,150	79,440
Expected Return on Planned Asset	(40,150)	(34,200)
Actuarial (Gain) / Loss	(39,101)	33,207
Past Service Cost	51,020	-
	102,213	124,527

(d) The Expense is Recognised in the following line items in the Statement of Comprehensive Income:

	2012 Rs. 000's	2011 Rs. 000's
Cost of Sales	44,165	59,000
Administrative Expenses	58,048	65,527
	102,213	124,527

20.1 Actuarial Assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2012	2011
(1) Rate of Discount	10.0%	9%
(2) Expected Return on Plan Assets as at 31 December	9.5%	9.5%
(3) Future Salary Increase	9.5%	9.5%
(4) Future Pension Increase	5.0%	5.0%

Assumptions regarding future mortality are based on published statistics and mortality tables.

The retirement age is assumed as 55 years. The assumption made for the expected rate of return on assets have been derived by considering the best estimate for the expected long-term real rates of return and return from the main asset classes.

Composition of Insurance Plan Asset is as follows.

1. Reporting entity's own financial instruments - Nil
2. Property occupied by or other assets used by the reporting entity - Nil
3. The investment portfolio of AIA Insurance Lanka PLC as at 31 December was as follows:

	2012	2011
Government Securities	51.3%	60.2%
Repurchase Agreements	31.6%	19.5%
Corporate Debt	5.3%	4.9%
Fixed Deposits	2.3%	3.6%
Equity	9.5%	11.8%

4. An Actual Return on Plan Assets of 13.1% was declared by AIA Insurance Lanka PLC for the year 2012.

21 Deferred Tax Liabilities

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
Balance as at 1 January	76,976	47,073	104,300
Charge / (reversal) for the year	197,243	29,903	(57,227)
Balance as at 31 December (Note 21.1)	274,219	76,976	47,073

21.1 Movements in Temporary Differences During the Year

	31.12.2012		31.12.2011		01.01.2011	
	Temporary Difference Rs. 000's	Tax Effect Rs. 000's	Temporary Difference Rs. 000's	Tax Effect Rs. 000's	Temporary Difference Rs. 000's	Tax Effect Rs. 000's
Property, Plant and Equipment	1,733,438	485,363	1,037,736	290,566	814,786	228,140
Retiring Benefit Obligations	(520,200)	(145,656)	(517,737)	(144,967)	(574,471)	(160,852)
Other Provisions	(233,884)	(65,487)	(245,083)	(68,623)	(72,197)	(20,215)
Net Tax (Assets) / Liabilities	979,354	274,219	274,916	76,976	168,118	47,073

22 Trade and Other Payables

	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	01.01.2011 Rs. 000's
Trade Payables	1,426,396	2,025,719	1,385,276
Derivatives - Forward Exchange Contract	1,033	-	-
Other Payables	864,939	1,111,237	586,055
	2,292,368	3,136,956	1,971,331

23 Amounts Due to Related Parties

Nestlé Deutschland Ag	757	137	1,122
Nestlé Espana S.A.	9,922	4,000	-
Nestlé France Limited	1,333	153	1,855
Nestlé Waters France	-	-	3,927
Nestlé Waters Marketing & Distribution	2,145	5,186	-
Nestlé UK Limited	2,224	2,342	3,276
Nestlé Nederland B.V.	2,657	1,297	-
Nestrad S.A.	2,038	31,552	30,609
Servcom S.A.	341	116	-
Societe des Produits Nestlé S.A.	250,086	213,510	197,418
Nestlé Suisse S.A.	-	-	3,119
Nestlé Operational Services Worldwide S.A.	-	19,071	-
Nestlé Taiwan Limited	-	-	770
Nestlé India Limited	20,810	10,969	4,006
P T Nestlé Indonesia	-	-	3,309
Nestlé Products Sdn Bhd	-	23,423	22,417
Nestlé Asean (Malaysia) Sdn Bhd	-	3,332	6,252
Nestlé Manufacturing (Mal) Sdn Bhd	141,589	94,974	93,796
Nestlé Philippines Inc	77,825	66,578	90,098
CPW Philippines, Inc	5,219	6,627	6,234
Nestlé Business Services AOA, Inc	-	-	146
Nestlé Singapore (pte) Limited	99,151	172,057	106,504
Nestlé TC Asia-Pacific (Pte) Limited	27,287	24,404	23,773
Nestlé R&D Centre (Pte) Limited	2,392	2,425	217
Nestlé (Thai) Limited	3,748	8,075	6,887
Nestlé Australia Limited	25,428	60,563	49,973
Nestlé (Png) Pty Limited	-	384	-
Nestlé Brasil Limited	837	525	-
Nestec S.A.	932	-	-
San Pellegrino S P A	54	-	-
Nestlé Dubai Manufacturing LLC	2,398	-	-
Sichuan Haoji Food Co Limited	2,575	-	-
	681,748	751,700	655,708

24 Related Party Disclosure

Antonio Helio Waszyk, the Chairman of the Company, is also the Director of Nestlé Bangladesh Limited and the Chairman and Managing Director of Nestlé India Limited.

24.1 Transactions with Related Companies

Name of the Company	Nature of the Relationship	Nature of the Transactions	31.12.2012 Rs. 000's	31.12.2011 Rs. 000's	31.12.2010 Rs. 000's
Osem UK Limited	Affiliates	Exports	90,647	81,118	47,760
Nestlé Middle East FZE	Affiliates	Exports	429,612	464,374	268,362
Nestrade S.A.	Affiliates	Exports	197,201	69,871	20,027
Nestlé Korea Limited	Affiliates	Exports	462	-	1,023
Nestlé Taiwan Limited	Affiliates	Exports	23,239	26,732	20,290
Nestlé India Limited	Affiliates	Exports	177,841	148,177	97,733
Nestlé Japan Limited	Affiliates	Exports	29,152	42,210	24,715
Nestlé Singapore (Pte) Limited	Affiliates	Exports	3,553	3,220	1,710
Nestlé Australia Limited	Affiliates	Exports	69,087	64,705	45,152
Nestlé (Png) Limited	Affiliates	Exports	25,231	21,704	12,785
Nestlé New Zealand Limited	Affiliates	Exports	3,516	3,307	3,087
Nestlé Canada, Inc.	Affiliates	Exports	-	3,445	2,873
Nestlé Panama S.A.	Affiliates	Exports	2,397	1,245	3,218
Nestlé Jamaica Limited	Affiliates	Exports	103,474	94,738	63,096
Nestlé Trinidad and Tobago Limited	Affiliates	Exports	120,182	97,290	65,421
Nestlé Italiana S.P.A.	Affiliates	Exports	28,937	133,132	36,498
Nestlé Kenya	Affiliates	Exports	-	1,801	-
Société des produits Nestlé. S.A.*	Affiliates	Technical Assistance Fees	(987,008)	(878,613)	(778,438)
Nestlé Manufacturing (Mal) Sdn Bhd	Affiliates	Imports	(540,735)	(476,054)	(389,491)
Nestlé Australia Limited	Affiliates	Imports	(47,833)	(38,382)	(30,778)
Nestlé Singapore (Pte) Limited	Affiliates	Imports	(1,264,683)	(1,129,026)	(1,044,272)
Nestlé Suisse S.A.	Affiliates	Imports	(19,765)	(28,880)	(17,573)
Nestlé (Thai) Limited	Affiliates	Imports	(21,029)	(34,559)	(22,727)
P.T. Nestlé Indonesia	Affiliates	Imports	(43,988)	(9,032)	(14,799)
Nestlé India Limited	Affiliates	Technical/Imports	(63,996)	(45,027)	(21,613)
Nestlé Waters France	Affiliates	Imports	(12,384)	(18,217)	(12,808)
Nestlé Philippines Inc	Affiliates	Imports	(765,703)	(626,910)	(737,961)
Nestlé Nederlands B.V.	Affiliates	Imports	(10,135)	(9,620)	(6,470)
Nestlé (China) Ltd	Affiliates	Service Charges	-	-	(24)
CPW Philippines Inc	Affiliates	Imports	(41,036)	(30,983)	(20,727)
Nestlé Brazil Ltd	Affiliates	Imports	(543)	(992)	(398)
Nestlé UK Limited	Affiliates	Service Charges	(7,352)	(8,993)	(626)
Nestlé Products (Maturities) Ltd	Affiliates	Imports	-	-	(547)
Nestrade S.A.	Affiliates	Technical	(20,130)	(61,805)	(74,432)
Nestlé Korea Limited	Affiliates	Imports	(7,478)	(7,237)	(5,600)
Nestlé R&D Centre (Pte) Limited	Affiliates	Technical	(11,165)	(5,490)	(2,873)
Nestlé Deutschland	Affiliates	Technical	(2,486)	(3,008)	(1,197)
Nestec S.A.	Affiliates	Service Charges	(5,097)	(2,670)	(2,373)
Nestlé S.A.	Parent	Dividend Payment/RSUP	(2,119,289)	(1,530,821)	(946,404)
Nestlé Australia Limited	Affiliates	Professional Charges	(267,700)	(232,469)	(198,789)
Nestlé France Limited	Affiliates	Technical	(2,499)	(3,957)	(2,533)
Nestlé Pakistan Ltd	Affiliates	Service Charges	-	-	(4,683)
Nestlé Taiwan Limited	Affiliates	Service Charges	-	(823)	(770)
Nestlé Business Service AOA Inc	Affiliates	Service Charges	-	(147)	(146)
Nestlé Tianjin Limited	Affiliates	Service Charges	-	(26)	-
Nestlé Espana S.A	Affiliates	Imports	(19,307)	(8,143)	-
Nestlé HongKong Limited	Affiliates	Technical	-	(29)	-
Nestlé (ROH) Thailand Limited	Affiliates	Service Charges	-	(57)	-
Nestlé Servcom S.A	Affiliates	Service Charges	(1,476)	(304)	-
Nestlé Operational Services	Affiliates	Service Charges	(24,877)	(28,469)	-
Nestlé Maghreb S.A	Affiliates	Employee Related	-	(3,232)	-
Nestlé (PNG) Limited	Affiliates	Employee Related	-	(384)	-
San Pellegrino S P A	Affiliates	Service Charges	(140)	-	-
Nestlé Dubai Manufacturing LLC	Affiliates	Imports	(11,370)	-	-
Sichuan Haoji Food Co Limited	Affiliates	Imports	(5,704)	-	-
Nestlé Pakistan Limited	Affiliates	Service Charges	(4,574)	-	-
Nestlé Capital Advisers S.A.	Affiliates	Service Charges	(640)	-	-
Nestlé Equatorial Africa region	Affiliates	Service Charges	(120)	-	-

*Technical Assistance Fee, computed as a percentage (%) of net sales, is paid to Société des Produits Nestlé S.A. according to the terms and conditions in the General Licence Agreement.

24.2 Transactions with Key Management Personnel

Key management personnel include all the Directors of the Company having the authority and responsibility for planning, directing and controlling the Company's activities.

	2012 Rs. 000's	2012 Rs. 000's
Short Term Employee Benefits	33,085	26,728
Directors fees	835	533
Non-Cash Benefits	29,571	28,893
Share-Based Payments	14,531	14,723
	<u>78,022</u>	<u>70,877</u>

There are no related party transactions other than those disclosed in Notes 17, 23, 24.1 and 24.2.

24.3 Share-Based Payments

The Company participates in the Nestlé Restricted Stock Unit (RSU) plan of Nestlé S.A., whereby selected employees are granted non-tradable Restricted Stock Units with the right to obtain Nestlé S.A. shares or cash equivalents. Restricted Stock Units are granted to employees vest, subject to certain conditions, after the completion of three years service. Upon vesting, Nestlé S.A. determines whether shares, free of charge or cash equivalent to the value of shares, is to be transferred to the employee. The Company has to pay Nestlé S.A. an amount equivalent to the value of Nestlé S.A. shares on the date of vesting, delivered to the employee. Provisions are made based on estimates including Nestlé S.A.'s share price over the vesting period of three years.

The weighted average fair value of the Restricted Stock Units granted in 2012 was Rs. 17.5 million (2011 Rs. 20 million).

25 Commitments

(a) Capital Commitments

The capital commitment for the year 2012, which has been approved by the Board but has not been contracted for, is Rs. 31 million.

(b) Lease Commitment

The land in which Nestlé Lanka's factory building is constructed was leased out from the Sri Lankan Government. As per the lease agreement, the land in the Mahayaya Estate was leased for 50 years from 25 March 1981. The annual amount payable under the lease agreement is Rs. 539,540. The lease is renewable.

	2012 Rs. 000's	2011 Rs. 000's
Non-Cancellable Operating Lease Commitments are as Follows:		
No Later Than One Year	540	540
Later Than One Year and Not Later Than Five Years	2,158	2,158
Later Than Five Years	7,554	8,093
	<u>10,251</u>	<u>10,791</u>

26 Contingent Liabilities

The Company's distributors are provided with a financing facility with the Company's bankers. The bank would accept the liability only up to the full recourse provided by them to the Company's customers.

As at the end of the year, an amount of Rs. 552 million had been granted to the Company's distributors by the bankers. In the event where distributors default, the Company would be liable.

27 Events Occurring after Reporting Date

There were no other material events occurring after the date of Financial Position that require adjustment or disclosure in the Financial Statements, other than the following;

An interim dividend of Rs. 30.00 per share amounting to Rs.1,611,763,890 was paid on 20 March 2013.

The Board of Directors has recommended a final dividend of Rs. 24.00 per share amounting to Rs.1,289,411,112 for the year ended 31 December 2012. This is to be approved at the Annual General Meeting to be held on 30 May 2013.

28 Financial Risk Management

In the course of its business, the Company is exposed to a number of risks arising from Financial Instruments, Credit Risk, Liquidity Risk, Market Risk (including Foreign Currency Risk and Interest Rate Risk) and Price Risk.

The Board of Directors has the overall responsibility of establishing and overlooking the Company's Risk Management Framework. The Company's Risk Management procedures are established to identify and analyse the risks faced by the Company, set appropriate risk limits and to control and monitor risks to ensure adherence.

(a) Credit Risk

Credit risk arises because the counter party may fail to perform its obligation.

The major risk in this regard arises from trade receivables, which are subject to credit limit control and approval procedures to minimise the extent of the Company's financial exposure. Bank Guarantees are also obtained to minimise the risk further.

The Company limits its exposure to credit risk by investing only in short term liquid assets with counter parties that have an existing business relationship at a global level with Nestlé S.A. or locally with entities classified as Investment Grade.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2012 31 December Rs. 000's	2011 31 December Rs. 000's
Trade and Other Receivables	1,253,528	1,177,099
Amount Due from Related Parties	205,864	189,181
Cash and Cash Equivalents	407,409	612,563
	<u>1,866,801</u>	<u>1,978,843</u>
Trade and Other Receivables		
Trade Receivables	904,430	708,764
Provision for Impairment Loss	(68,655)	(53,855)
	<u>835,775</u>	<u>654,909</u>
Other Receivables	141,692	273,446
Loans to Employees	276,061	248,744
	<u>1,253,528</u>	<u>1,177,099</u>
Impairment Loss		
The Ageing of Trade and Other Receivables as at the Reporting Date Were As:		
Not Past Due	792,011	632,753
Past Due 1-30 days	29,841	29,841
Past Due 31-60 days	56,140	20,139
Past Due 61-90 days	-	314
Past Due 91-120 days	721	-
Past Due More Than 120 days	25,717	25,717
Provision for Impairment Loss	(68,655)	(53,855)
	<u><u>835,775</u></u>	<u><u>654,909</u></u>

(b) Liquidity Risk

Liquidity risk arises when the Company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. The Company's objective is to manage this risk by limiting exposures in the instruments that may be affected by liquidity problems and by maintaining sufficient back-up facilities.

Following are the contractual maturities of financial liabilities as at 31 December 2012:

	Less than 6 months Rs. 000's	Less than 1 year Rs. 000's
Trade and Other Payables	2,237,150	55,218
Bank Overdrafts	529,579	-
	<u>2,766,729</u>	<u>55,218</u>

(c) Market Risk

The Company is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

The Company's objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return and / or cost.

Currency Risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in foreign currencies, primarily the US Dollar (USD), Singapore Dollar (SGD) and Australian Dollar (AUD).

The exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific needs. The Company manages its foreign currency exposure through use of currency forwards when suitable.

The following significant exchange rates are applied during the year:

Exchange Rate as at

	31.12.2012	31.12.2011
USD	127.35	113.90
SGD	104.29	87.66
AUD	132.22	115.65

Interest Rate Risk

The Company's objective is to maintain an efficient, operational interest cost structure to minimise the adverse effects of fluctuating interest rates.

Price Risk

Price risk represents the risk that the fair value or future cash flows of a Financial Instrument will fluctuate because of a change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

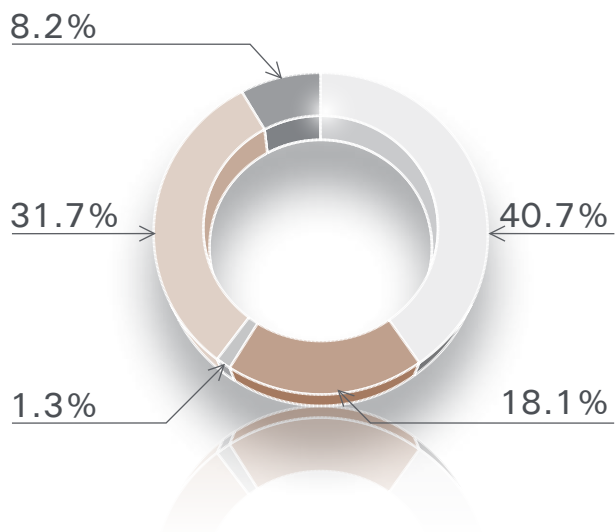
29 Directors' Responsibility

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

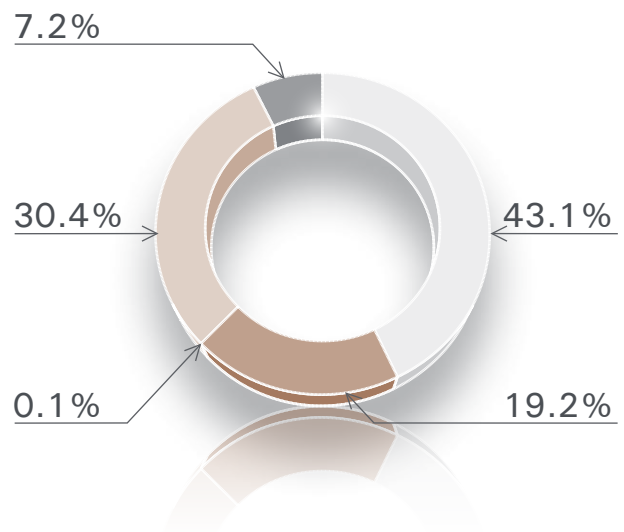
The Directors Responsibility Statement is given on page 24 of this Annual Report.

		2012 Rs. 000's		2011 Rs. 000's
Turnover		28,571,488		25,575,779
Bought Out Goods and Services		(19,402,580)		(17,188,501)
Value Added		<u>9,168,908</u>		<u>8,387,279</u>
	%	Rs. 000's	%	Rs. 000's
To Government as Taxes / Duties	40.7	3,732,070	43.1	3,613,147
To Employees as Remuneration	18.1	1,662,649	19.2	1,610,866
To Lenders as Interest	1.3	121,006	0.1	9,193
To Shareholders as Dividends	31.7	2,901,175	30.4	2,551,959
Retained with Business (including depreciation)	8.2	752,008	7.2	602,114
	<u>100.00</u>	<u>9,168,908</u>	<u>100.0</u>	<u>8,387,279</u>

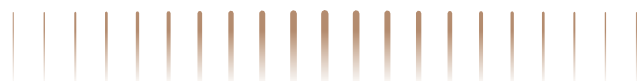
Statement of Value Added 2012



Statement of Value Added 2011



- To Government as Taxes / Duties
- To Employees as Remuneration
- To Lenders as Interest
- To Shareholders as Dividends
- Retained with Business (including depreciation)



Ten Year Summary

Results	2003 Rs. 000's	2004 Rs. 000's	2005 Rs. 000's	2006 Rs. 000's	2007 Rs. 000's	2008 Rs. 000's	2009 Rs. 000's	2010 Rs. 000's	2011 Rs. 000's	2012 Rs. 000's
Statement of Comprehensive Income										
Net Revenue	8,079,136	9,897,372	12,779,555	14,128,658	16,255,216	19,111,985	19,427,135	21,422,984	25,575,780	28,571,488
Profit Before Tax	908,669	908,775	1,599,678	2,043,874	2,046,975	2,483,987	2,427,850	2,846,771	3,444,267	3,506,814
Taxation	(426,855)	(312,703)	(548,554)	(688,988)	(655,383)	(820,894)	(847,535)	(932,052)	(814,497)	(529,146)
Profit After Tax	481,814	596,072	1,051,124	1,354,886	1,391,592	1,663,093	1,580,315	1,914,719	2,629,770	2,977,668
Retained Profits / Brought Forward	952	4,609	144,014	35,009	46,758	95,213	146,542	115,091	176,284	254,100
Profit Available for Distribution	482,766	600,681	1,195,138	1,389,895	1,438,350	1,758,306	1,726,857	2,029,811	2,806,054	3,231,768
Interim Dividend	-	-	(134,314)	(537,255)	(483,529)	(537,255)	(483,529)	(644,704)	-	-
Final Dividend	(478,157)	(456,667)	(1,047,644)	(805,882)	(859,608)	(1,074,510)	(1,128,236)	(1,208,823)	(2,551,953)	-
Retained Profits Carried Forward	4,609	144,014	13,180	46,758	95,213	146,541	115,092	176,284	254,100	3,231,768
Statement of Financial Position										
Stated Capital	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255	537,255
Reserves	504,595	622,510	1,082,653	852,640	954,821	1,221,051	1,243,327	2,029,810	2,806,053	3,231,768
Non-Current Liabilities	275,172	271,069	273,635	213,703	206,541	371,650	430,965	522,736	594,713	794,419
	1,317,022	1,430,834	1,893,543	1,603,598	1,698,617	2,129,956	2,211,547	3,089,801	3,938,021	4,563,442
Represented by:										
Tangible Fixed Assets	1,111,698	1,311,233	1,373,806	1,263,724	1,809,300	1,780,501	2,057,526	2,796,792	4,591,419	4,892,995
Intangible Assets						145,072	111,594	78,116	44,637	11,159
Current Assets	1,805,690	1,609,603	1,959,706	2,441,960	3,196,200	3,157,602	3,238,362	3,702,988	4,319,757	3,739,135
Less: Current Liabilities	(1,600,366)	(1,490,002)	(1,439,969)	(2,102,086)	(3,306,883)	(2,953,219)	(3,195,935)	(3,488,095)	(5,017,792)	(4,079,847)
Net Current Assets	205,324	119,601	519,737	339,874	(110,683)	204,383	42,427	214,893	(698,035)	(340,712)
	1,317,022	1,430,834	1,893,543	1,603,598	1,698,617	2,129,956	2,211,547	3,089,801	3,938,021	4,563,442
Average Market Price Per Share (Rs)	66.02	83.90	101.55	180.15	262.85	278.74	345.64	611.42	764.38	1,154.07
Earnings Per Share (Rs)	3.26	8.97	11.09	19.56	25.22	25.90	30.96	35.64	48.95	55.42
Dividend Paid / Proposed (Rs. 000's)	174,608	478,157	456,667	1,181,961	1,343,137	1,343,137	1,611,764	1,853,528	2,551,959	2,901,175

Analysis of Shareholders According to the Number of Shares Held as at 31 December 2012

No. of Shares Held	Resident			Non-resident		Total		
	No. of Shareholders	No. of Shares	(%)	No. of Shareholders	(%)	No. of Shareholders	No. of Shares	(%)
1 to 1,000	5,059	770,229	1.43	54	0.03	5,113	785,582	1.46
1,001 to 10,000	459	1,272,391	2.37	26	0.18	485	1,369,163	2.55
10,001 to 100,000	31	738,708	1.37	12	0.77	43	1,151,294	2.14
100,001 to 1,000,000	3	390,500	0.73	4	2.30	7	1,625,678	3.03
Over 1,000,000	-	-	-	1	90.82	1	48,793,746	90.82
	5,552	3,170,828	5.90	97	94.10	5,649	53,725,463	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares
Individual	5,494	2,713,978
Institutional	155	51,011,485
	5,649	53,725,463

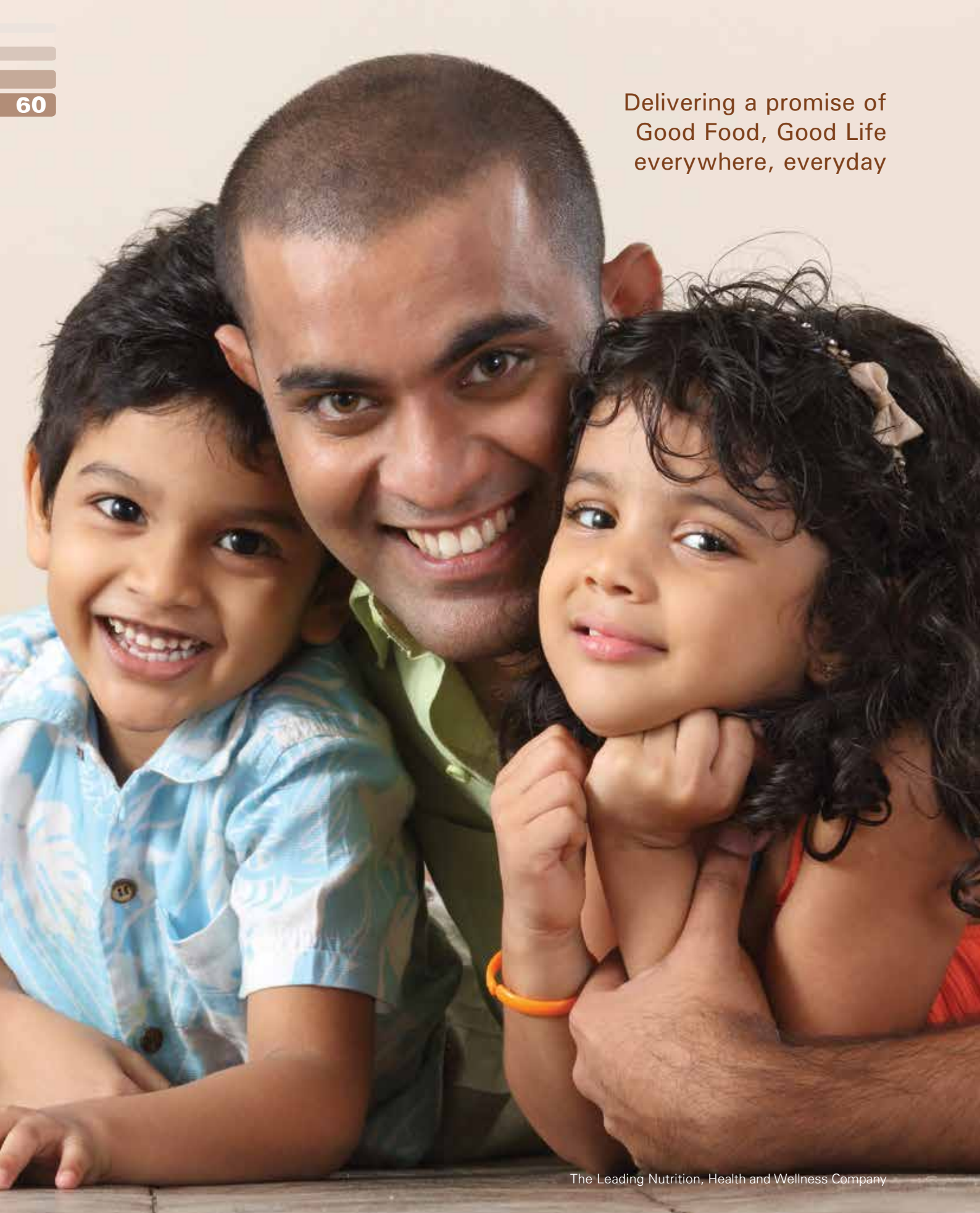
High/Low Market Prices

Highest Market Value	Rs. 1,700.00
Lowest Market Value	Rs. 870.00
Market Value as at 31.12.2012	Rs. 1,593.50
Public Holding as at 31.12.2012	9.15%

List of 20 Major Shareholders Based on the Number of Shares Held as at 31 December 2012

No.	Names	%	No. of shares 2012	No. of shares 2011
1	Nestlé S.A.	90.82	48,793,746	48,793,746
2	HSBC International Nominees Ltd - MSIP - Coupland Cardiff Funds PLC	1.37	736,201	-
3	Neesha Harnam	0.37	200,100	200,100
4	HSBC International Nominees Ltd - SSBT - Deutsche Bank AG Singapore A/C Nc	0.29	155,600	155,600
5	HSBC Intl Nom Ltd - SSBT - Wasatch Frontier Emerging Small Countries Fund	0.27	143,277	-
6	Employees Provident Fund	0.26	141,800	141,800
7	AVIVA NDB Insurance PLC A/C 07	0.26	138,700	166,600
8	Estate of Late Mariapillai Radhakrishnan	0.20	110,000	110,000
9	HSBC Intl Nom Ltd - UBS AG Singapore Branch	0.17	90,000	90,000
10	DBIL - Julius Baer Multipartner WMP	0.15	81,100	81,100
11	Freudenberg Shipping Agencies Limited	0.11	60,000	60,000
12	Jayampathi Divale Bandaranayake	0.11	56,750	56,750
13	Colombo Investment Trust PLC	0.09	50,904	50,904
14	Mas Capital (Pvt) Limited	0.09	50,700	75,700
15	Hirdaramani Anil Kumar Lalchand	0.08	42,500	42,500
16	Asha Ajay Merchant	0.07	39,600	39,600
17	Subash Chawla	0.07	39,000	39,000
18	Jasbinderjit Kaur Piara Singh	0.06	34,700	34,700
19	Pershing LLC S/A Averbach Grauson & Co.	0.06	33,500	33,500
20	Aardwolf Limited	0.06	33,000	-

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Good Food, Good Life
everywhere, everyday



Notice is hereby given that the Thirty Second (32) Annual General Meeting of Nestlé Lanka PLC will be held at Committee Room B of the S.W.R.D. Bandaranaike Memorial International Conference Hall, 07, Bauddhaloka Mawatha, Colombo 07, on Thursday, 30 May 2013 at 10.00 a.m. for the following purposes;

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company, Independent Auditor's Report and the Audited Accounts for the year ended 31 December 2012.
2. To declare a final dividend as proposed by the Directors.
3. To re-elect Pierre Schaufelberger as Director in terms of Article 56, 57 and 58 of the Articles of Association.
4. To re-elect Mahen Dayananda as Director in terms of Article 56, 57 and 58 of the Articles of Association.
5. To reappoint the auditors and authorise the Directors to fix their remuneration.

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him / her.
2. A proxy need not be a member of the Company.
3. A form of proxy accompanies this notice.
4. Shareholders attending the meeting are requested to complete the Attendance Form as instructed, and handover the same at the entrance to the meeting hall for registration.
5. Shareholders / proxy holders are requested to bring their National Identity Cards for the purpose of identification.
6. No parcels and other belongings will be permitted to be taken into the meeting hall.
7. Only the Shareholder will be permitted to enter the meeting hall. Shareholders are kindly requested to refrain from bringing children in order to avoid any inconvenience.
8. Kindly note that no complimentary gift parcels will be issued at the AGM.

By Order of the Board.

NESTLÉ LANKA PLC.



Lioshon Rajapakshe
Company Secretary / Legal Counsel

24 April 2013

A series of horizontal dotted lines for writing notes.

Nestlé Lanka PLC

I / We
of

Being a member/ members of the above named Company hereby appoint

..... of
..... or failing
..... of
..... or failing

..... as my/our proxy to represent me/us and vote for me/us on my/our behalf at the Thirty Second Annual General Meeting to be held on Thursday, 30 May 2013 at 10.00 a.m. and at any adjournment thereof.

Signed on this: day of 2013.

.....
Signature

INSTRUCTIONS AS TO THE COMPLETION

1. Kindly perfect the form of proxy legibly by filling in your full name and address in the spaces provided, along with the date and your signature.
2. If the proxy form is signed by an Attorney, the related Power of Attorney should also accompany the completed form of proxy for registration if it has not been already registered with the Company.
3. If the Shareholder is a Company or Corporate Body, the proxy form should be executed under its common seal in accordance with its Articles of Association or Constitution.
4. The completed form of proxy should be deposited at the office of the Registrars of the Company, SSP Corporate Services (Pvt) Ltd., at 101, Inner Flower Road, Colombo 03 not less than 48 hours before the time appointed for the meeting to be held at Committee Room B of the Bandaranaike Memorial Conference Hall, 07, Baudhaloka Mawatha, Colombo 07 on Thursday, 30 May 2013 at 10.00 a.m.

හෙස්ලේ ලංකා පීඒඒසී

.....හි පදිංචි
වන මම / අපි
 ඉහත සඳහන් සමාගමේ සාමාජිකයෙකු / සාමාජිකයන් වන අතර, 2013 මැයි මස 30 වන බ්‍රහස්පතින්දා දින පැවැත්වීමට නියමිත 32 වන වාර්ෂික
 මහා සභා රැස්වීමේදී සහ එතැන් පටන් කිසියම් කල් තැබීමකදී මම/ අපි නියෝජනය කිරීමට සහ මම/ අපි වෙනුවෙන් ඡන්දය ප්‍රකාශ කිරීමට
 මාගේ / අපගේ පෙරකලාසිකරු ලෙස.....
හි පදිංචි
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.....
 අත්සන
 දිනය

සම්පූර්ණ කිරීම සඳහා උපදෙස්

1. දිනය සහ ඔබගේ අත්සන ද සහිතව, හිස්තැන්වලට ඔබගේ සම්පූර්ණ නම සහ ලිපිනය යොදා පැහැදිලි අකුරින් මෙම පෙරකලාසි පෝරමය කරුණාකර පුරවා සම්පූර්ණ කරන්න.
2. පෙරකලාසි පෝරමය නීතිඥයෙකු විසින් අත්සන් කරන විටකදී, අදාළ ඇට්ච්ඒ ඩලප්‍රකාශ සමාගම සමඟ ලියාපදිංචි කර නොමැති නම්, එය සම්පූර්ණ කළ පෙරකලාසි පෝරමයත් සමඟ ලියාපදිංචිය සඳහා යොමු කළ යුතුය.
3. කොටස්කරුවා සමාගමක් හෝ සංස්ථාපිත ආයතනයක් නම්, පෙරකලාසි පෝරමය, එහි සාංගමික ව්‍යවස්ථාවලිය හෝ ව්‍යවස්ථා මාලාවට අනුකූලව එහි පොදු මුද්‍රාව යටතේ සම්පාදනය කළ යුතු වේ.
4. සම්පූර්ණ කරන ලද පෙරකලාසි පෝරමය, රැස්වීම පැවැත්වීමට කටයුතු යොදා ඇති වෙලාවට පැය 48 කට පෙර සමාගමේ රෙජිස්ටාර්වරුන් වන අංක 101, ඇතුළත මල් පාර, කොළඹ 03 හි පිහිටි SSP Corporate Services (Pvt) Ltd හි කාර්යාලයට භාරදිය යුතුය. රැස්වීම 2013 මැයි 30 බ්‍රහස්පතින්දා පෙ.ව. 10.00 ට කොළඹ 07 බෞද්ධාලෝක මාවතේ අංක 07 දරණ ස්ථානයේ පිහිටි ඩිජිටාලයක ජාත්‍යන්තර සම්මන්ත්‍රණ ශාලාවේ බී කමිටු ශාලාවේදී පැවැත්වේ

நெஸ்லே லங்கா பீஸ்சீ

மேற்குறிப்பிட்ட பெயருடைய நிறுவனத்தின் உறுப்பினர் / உறுப்பினர்கள் ஆகிய

.....என்ற

முகவரியைச் சேர்ந்த.....

ஆகிய நான் / நாங்கள் பின்வரும் பதில் பிரதிநிதிகளை இத்தால் நியமிக்கின்றோம்.

.....என்ற

முகவரியைச் சேர்ந்த.....

என்பவரை அல்லது.....என்ற

முகவரியைச் சேர்ந்த.....

என்பவரை நியமனம் செய்கின்றேன் / செய்கின்றோம்.

.....என்பவர் 2013 மே 30

ஆம் திகதி வியாழக்கிழமை மு.ப 10.00 மணியளவில் நடைபெறவுள்ள முப்பத்தி இரண்டாவது வருடாந்த பொதுக் கூட்டத்தில் எனது / எமது சார்பில்

பதில் பிரதிநிதியாகக் கலந்துகொண்டு எனது / எமது சார்பில் வாக்களிப்பதுடன், இது தொடர்பான ஒத்திவைப்பு நடவடிக்கைகள் எதிலும் எனது /

எமது சார்பில் வாக்களிப்பார்.

கையொப்பம் இடப்பட்ட திகதி: 2013.....திகதி

.....

கையொப்பம்

இணைப் பூர்த்தி செய்வதற்கான அறிவுறுத்தல்கள்

1. தரப்பட்டுள்ள இடங்களில் உங்களது முழுப் பெயர் மற்றும் முகவரி ஆகியவற்றை பூரணமாக நிரப்பி உரிய திகதியையும், உங்களது கையொப்பத்தையும் இட்டு பதில் பிரதிநிதியை நியமிப்பதற்கான படிவத்தை செல்லுபடியாக்கிக் கொள்ளுமாறு அன்புடன் கேட்டுக்கொள்கின்றோம்.
2. பதில் பிரதிநிதியை நியமிப்பதற்கான படிவம் சட்டத்தரணி ஒருவரால் கையொப்பம் இடப்படும் பட்சத்தில் இது தொடர்பான பதிவு ஏற்கனவே நிறுவனத்தில் மேற்கொள்ளப்பட்டிராத பட்சத்தில் பதில் பிரதிநிதியை பதிவுசெய்வதற்காக பூர்த்திசெய்யப்பட்டுள்ள படிவத்துடன் அட்டோனி தத்துவத்தை உறுதிப்படுத்தும் ஆவணமும் இணைத்து அனுப்பப்படுதல் வேண்டும்.
3. பங்குதாரர் ஒரு நிறுவனமாகவோ அல்லது வர்த்தகரீதியான அமைப்பாகவோ இருக்கும் பட்சத்தில் உரிய நிறுவன விதிகள் அல்லது யாப்பு விதிகளின் பிரகாரம் பதில் பிரதிநிதியை நியமிக்கும் படிவம் பொது முத்திரையிடப்பட்டு பூர்த்திசெய்யப்படுதல் வேண்டும்.
4. பதில் பிரதிநிதியை நியமிப்பதற்காக பூர்த்திசெய்யப்பட்ட படிவமானது 2013 மே 30 ஆம் திகதி வியாழக்கிழமை மு.ப 10.00 மணிக்கு இல. 07, பௌத்தலோக மாவத்தை, கொழும்பு 07 என்ற முகவரியிலுள்ள பண்டாரநாயக்க ஞாபகார்த்த மாநாட்டு மண்டபத்தின் பீ கூட்ட அறையில் இடம்பெறவுள்ள பொதுக் கூட்டத்திற்கு 48 மணித்தியாலங்களுக்கு முன்பதாக நிறுவனத்தின் பதிவாளர்களான எஸ்எஸ்பி கோர்ப்பரேட் சேர்விசல் (பிரைவேட்) லிமிட்டெட் இல. 101, இன்னர் பிளவர் வீதி, கொழும்பு 03 என்ற முகவரிக்கு கிடைக்கச்செய்தல் வேண்டும்.

Full Name of the Shareholder / කොටස් හිමිකරුගේ සම්පූර්ණ නම / பங்குதாரரின் முழுப் பெயர்:

.....

Folio No. / පත්‍රේ අංකය / கோவை இல:

.....

NIC No. / ජාතික හැඳුනුම්පත් අංකය / தேஅஅ இல:

.....

No. of Shares Held / හිමිකාරීත්වය දරණ කොටස් ප්‍රමාණය / வைத்திருக்கும் பங்குகளின் எண்ணிக்கை:

.....

Signature / අත්සන / கையொப்பம்:

.....

Notes:

1. Shareholders are requested to bring this attendance form to the Thirty Second Annual General Meeting of Nestlé Lanka PLC to be held at Committee Room B of the Bandaranaike Memorial Conference Hall, No: 07, Bauddhaloka Mawatha, Colombo 07 on Thursday, 30 May 2013 at 10.00 a.m.
2. Shareholders are kindly requested to refrain from bringing **children** in order to avoid any inconvenience.

සටහන්:

1. 2013 මැයි 30 වැනි බුහස්පතින්දා, අංක 07, බෞද්ධාලෝක මාවත, කොළඹ 07 යන ස්ථානයෙහි පිහිටි ඩණ්ඩාරනායක ජාත්‍යන්තර සම්මන්ත්‍රණ ශාලාවේ ප්‍රධාන ශාලාවේ පෙ.ව. 10.00 ට පැවැත්වෙන කෙස්ලේ ලංකා සමාගමේ තිස් දෙවැනි වාර්ෂික හමුවට සහභාගිවන කොටස් හිමිකරුවන් මෙම පැමිණීමේ සටහන් පත්‍රය රැගෙන ආ යුතුය.
2. ඇතිවිය හැකි අපහසුතාවයන් වළක්වාගැනීම සඳහා **කුඩා දරුවන්** රැගෙන ඒමෙන් වළකින ලෙස කොටස් හිමිකරුවන්ගෙන් කාරුණිකව ඉල්ලා සිටීමු.

குறிப்புகள்:

1. 2013 மே 30 ஆம் திகதி வியாழக்கிழமையன்று, மு.ப 10.00 மணியளவில் இல.07, பௌத்தலோக மாவத்தை, கொழும்பு 07 இல் அமைந்துள்ள பண்டாரநாயக்க ஞாபகார்த்த மாநாட்டு மண்டபத்தின் கூட்ட அறை 'B' இல் இடம்பெறவுள்ள நெஸ்த்லே லங்கா பீஸல் நிறுவனத்தின் முப்பத்தி இரண்டாவது வருடாந்த பொதுக்கூட்டத்திற்கு இந்த சமூகமளிப்புப் படிவத்தையும் தம்முடன் எடுத்துவருமாறு பங்குதாரர்கள் கேட்டுக்கொள்ளப்படுகின்றனர்.
2. அசௌகரியங்களைத் தவிர்க்கும் பொருட்டு குழந்தைகளைத் தம்முடன் அழைத்துவருவதைத் தவிர்த்துக்கொள்ளுமாறு பங்குதாரர்களை அன்புடன் கேட்டுக்கொள்கின்றோம்.

Notes

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Nestlé was founded in the mid 1860's by Henri Nestlé in Vevey, Switzerland, where our headquarters are still located today. Nestlé is today the world's leading Nutrition, Health and Wellness Company.

We have been in Sri Lanka for over 100 years and include the country's best loved brands in our local portfolio. From the humble beginnings of a trading Company founded in 1906, we are proud to be one of the leading Food and Beverage Companies in the country today, providing direct employment to almost 1,200 people and positively impacting the livelihoods of over 20,000 distributors, suppliers, farmers and their families.

Nutrition, Health and Wellness

Our corporate ambition is to be the recognized leader in Nutrition, Health and Wellness (NHW) – which is captured in the simple phrase 'Good Food, Good Life'.

We aim to make our consumers' lives more pleasurable because our products not only taste better but are made from the very best quality ingredients to provide the best nutritional profile in its category. Out of the priority actions that demonstrate our NHW credentials, empowering our consumers to make healthy diet and lifestyle choices is key.

Creating Shared Value

We believe that for a company to be successful over time and create value for Shareholders, it must also create value for society. We call this Creating Shared Value or CSV.

CSV is our approach to CSR and the way we do business today.

We have analysed our value chain and determined that the areas of greatest potential for 'Creating Shared Value' for both society and Nestlé are water, rural development, and nutrition. These activities are core to our business strategy and vital to the welfare of the people in the countries where we operate.



Nestlé Lanka's manufacturing facility in Kurunegala

CORPORATE INFORMATION

Name of Company:

Nestlé Lanka PLC

Registered Office & Head Office:

440, T.B. Jayah Mawatha, Colombo 10, Sri Lanka.

Tel: (+94 11) 2696304, 2697821, 2699991
Fax: (+94 11) 2699437

E-mail: info.srilanka@lk.nestle.com
Website: www.nestle.lk

Legal Form:

A public quoted company with limited liability, incorporated in Sri Lanka on 29 January 1981 and listed on the Main Board of the Colombo Stock Exchange

Company Registration Number:

PQ20

Company Secretary:

Lioshon Rajapakshe

Nestlé Lanka Certifications:

FSSC 22000: 2010 (Food Safety System Certification)

ISO 14001: 2007 (Environmental Management Systems)

OHSAS 18001: 2007 (Occupational Health & Safety Management Systems)

NQMS (Nestlé Quality Management Systems certified by SGS)

Registrars:

SSP Corporate Services (Pvt) Ltd
101, Inner Flower Road, Colombo 3, Sri Lanka.

Tel: 011 2573894, 2576871

Legal Advisors:

DL and F De Saram (Attorneys-at-Law)

Julius and Creasy (Attorneys-at-Law)

Auditors:

KPMG (Chartered Accountants)

Bankers:

Commercial Bank
Hatton National Bank
The Hong Kong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank, N.A.

Financial Year:

1 January to 31 December 2012

