



Non –compliance with Accounting Standards

Notice to the Public

Announcement No. 02/2009

Specified Business Enterprise:	Lanka Milk Foods (CWE) Ltd
Issue:	Not making allowances for other than temporary decline in value of investments and impairment losses on advances outstanding from its subsidiaries, in its separate financial statements for the year ended 31 March 2007.
Violated Standard:	Sri Lanka Accounting Standard SLAS 22, Accounting for Investments
Auditors' Action:	Auditors, KPMG Ford Rhodes Thornton & Co. have not qualified their report in this respect.
Impact and significance:	Requirement to make a net additional allowance of Rs. 88 million represents 94% of profit for the year and 8% of net assets reflected in the financial statements for the year ended 31 March 2007.
Action taken:	The company agreed to incorporate the net additional allowance in the separate financial statements for the year ended 31 March 2008 which was complied by the Company.
For further information:	Mrs. A I Mohotti Senior Technical Manager Telephone No. 2301210

Ajith S. Ratnayake
Director General
For and on behalf of
Sri Lanka Accounting and Auditing Standards Monitoring Board

6 October 2009