




Member of the CBL Group

**Our Trajectory of Growth has
Reached New Levels**

Dedication
Sustainability
Shareholder Value

Convenience Foods (Lanka) PLC
Annual Report 2013/2014



2	Notice of Meeting	3	Financial Highlights	4	Chairman's Review	6	Managing Director's Review	
9	Corporate Governance	12	Board of Directors	16	Industry Recognition	18	Annual Report of the Board of Directors	
23	Independent Auditor's Report	24	Statement of Changes in Equity	27	Statement of Comprehensive Income	21	Audit Committee Report	
Statements	48	Statement of Value Added	49	Shareholder & Investor Information	28	Notes to the Financial Statements	51	Performance
Summary	52	Employee Statistics	53	Graphical Review	54	Glossary of Financial Terms	55	Form of Proxy

Our Trajectory of Growth has Reached New Levels.

Dedication... Sustainability... Shareholder Value...

These are things that have helped us evolve into the company we are today. We have grown every step of the way and thanks to our penchant for embracing product diversification we have propelled your company to unprecedented terrain with stellar revenue and net profit growth. Formerly known as Soy Foods, Convenience Foods (Lanka) PLC have been a proud and lucrative subsidiary of the colossal Ceylon Biscuits Limited since 2000.

Our flagship brand 'Lanka Soy' along with new product ventures Rasa Hari, Go Jelly & Ramba have proven to be successful endeavors, helping us build brand credibility and equity for your company.

We have distinctively shed light on the fact that we stand our ground with an emphasis on innovation, expansion and sustainability to not only experience steadfast growth and increased market share but also to ascertain to you our treasured shareholders that your company is one that looks to the future with a sense of unmatched prowess and essential longevity.

Notice of Meeting

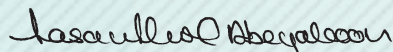
NOTICE IS HEREBY GIVEN that the Twenty Third (23rd) Annual General Meeting of Convenience Foods (Lanka) PLC will be held on Wednesday 3rd September 2014 at 3.30 p.m. at Ceylon Biscuits Limited, High Level Road, Makumbura, Pannipitiya for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2014 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 3/- per share for the year ended 31st March 2014.
3. To pass the ordinary resolution set out below to re-appoint Mr M P Wickramasingha who is 78 years of age, as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr M P Wickramasingha who is 78 years of age and that he be and is hereby re-appointed a Director of the Company."

4. To re-appoint Messrs S J M S Associates, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.
5. To authorize the Directors to determine donations for the year ending 31st March 2015 and up to the date of the next Annual General Meeting.

By Order of the Board
CONVENIENCE FOODS (LANKA) PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th August 2014
Colombo

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the Meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company at Ceylon Biscuits Ltd, High Level Road, Makumbura, Pannipitiya by 3.30 p.m. on 1st September 2014.

Financial Highlights

Group data	For the year ended 31.03.2014 Rs.	For the year ended 31.03.2013 Rs.	Change Favourable/ (Unfavourable) %
PROFITABILITY			
Turnover (Net)	1,343,789,021	1,179,237,701	13.95%
Operating return	113,031,106	65,507,527	72.55%
Finance Cost	(9,088,221)	(11,143,138)	18.44%
Profit after finance cost	103,942,885	54,364,389	91.20%
Other income	11,510,815	11,648,577	-1.18%
Profit before taxation	115,453,701	66,012,967	74.90%
Taxation	(29,483,821)	29,897,653	-198.62%
Profit after taxation	85,969,880	95,910,620	-10.36%
PER SHARE DATA			
Earnings per share (Rs.)	31.26	34.88	-10.36%
Net assets per share (Rs.)	162.12	131.32	23.46%
Market price at year end (Rs.)	210.00	139.90	50.11%
PROFITABILITY RATIOS			
Operating return on average investment	23.41%	15.75%	48.63%
Profit before taxation as a percentage of turnover	8.59%	5.60%	53.48%

Turnover (Net)



Turnover (Net)
Rs. 1,344 Mn

(2012/13: Rs. 1,179 Mn)

Chairman's Review

It gives me great pleasure to present the audited financial accounts and annual report of Convenience Foods (Lanka) PLC, for the financial year 2013/14.

The Sri Lankan economy recorded a stronger growth in 2013, with a GDP rate of 7.3% against the 6.3% growth of 2012. The industrial sector expanded by 9.9% during the year, compared to the 10.3% growth rate of 2012, while the agriculture sector recorded a growth rate of 4.7%, compared the 5.2% growth in 2012, and the services sector saw a robust growth of 6.4%, compared to the 4.6% rate of growth in 2012. In spite of significant upward adjustment to domestic energy prices, a gradual decline in inflation was recorded with headline inflation at 4.7% on a year-on-year basis and 6.9% on an annual average basis. A significant improvement was seen in the trade balance, and the overall balance of the BOP recorded a surplus of US\$ 985 million in 2013, compared to a surplus of US\$ 151 million recorded in 2012. Despite external challenges such as the sharp increase in electricity prices and strong competition in the soy

foods and other market segments, Convenience Foods saw a profitable year, with commendable 14% growth in incomes. Total revenues increased to Rs 1.3 bn, from Rs 1.1 bn, fuelled by our robust marketing and sales drive. The company invested in expanding the sales and distribution network, supported by the exclusive distribution channels, to facilitate more effective market penetration that saw a growth in sales of soy products, extruded snacks and soups. The growth in revenues, coupled with cost controls and productivity improvements, resulted in our profit before tax increasing by a remarkable 74% to Rs 115.4 mn, from Rs 66.0 mn in the previous year. I believe this growth shows commendable productivity improvements that are becoming increasingly important in an environment of rising energy prices. Internal systems and processes were reengineered extremely successfully for greater labour productivity and lower time and costs. Technical teams also introduced innovative technical modifications to

reduce energy consumption, improve quality and increase effectiveness in manufacturing activities. More significantly, these productivity improvements were a result of teamwork between management and employees, where ideas for improvement were presented by all parties and implemented together.

The Company's profit after tax declined marginally from 90 Million to 85.9 Million in the current year due to the one off recognition of tax allowances on investments in the previous year. However, I am confident that the groundwork has now been laid to sustain a high growth, high productivity trajectory into the future, provided there are no significant unforeseen obstacles. Therefore, we will continue to focus on productivity enhancements in the coming years, to support market expansion. The new factory premises that was commissioned in 2012 has now enhanced the Company's manufacturing capacity significantly and can support further market expansion through increased provision of high quality

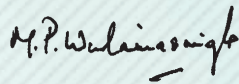
“ **The company invested in expanding the sales and distribution network, supported by the exclusive distribution channels, to facilitate more effective market penetration that saw a growth in sales of soy products, extruded snacks and soups** ”

consumer goods that are the trademark of the CBL Group. The newly established laboratory will also support such future growth through in-house testing facilities and our commitment to innovation and new product development. Already, the Ramba range, the new extruded snacks introduced in 2013, is capturing the hearts of local consumers and I believe will soon be established as a favourite snack.

In conclusion, I would like to extend my warmest congratulations to the Convenience Foods management and staff, on Lanka Soy's recognition as Brand of the year 2013, and the many other accolades won by the Company during the current year. These achievements are indicative of the quality and consumer confidence that differentiate our products from the competition. This would not have been possible without the diligence and commitment of the management and staff of Convenience Foods. I would also like to thank my colleagues on the Board for their valuable advice during the year

and the shareholders for their faith in the Company. Last but not least I extend my warm appreciations to all our customers for their loyalty towards the Company.

Sincerely



M.P. Wickramasingha
Chairman

04th August 2014

Managing Director's Review

I am happy to report a memorable year for Convenience Foods with our flagship brand, Lanka Soy, outshining major league national brands as Sri Lanka's Brand of the Year. We ended the year on a profitable note with significant productivity improvements that will continue to benefit the Company in the future.

Convenience Foods maintained strong growth during the year, with increased revenues and productivity improvement initiatives that contributed towards higher profitability. Incomes increased by 14% to Rs 1.3 bn, from Rs 1.1 bn in the previous year. Profit before tax saw an impressive 74% growth to Rs 115.4 mn, from Rs 66.0 mn in the previous year. Profit after tax came to Rs 85.9 mn, which is a decline from the 2012/13 financial year's PAT of Rs 95 mn. This decline is due to the one off recognition of tax allowances on investment made during the previous year. The tax concession was provided to the

Company to set up a new factory, for a range of extruded snacks. However, in addition to housing the manufacturing plant for the Ramba brand of extruded snacks, the new production facility has also created spare capacity for expansion. During the current year, the production of curry sachets for Lanka Soy and the production of jellies and soups, were moved to the new factory premises, enabling further expansion of these products in future.

Portfolio performance

Lanka Soy, our leading consumer product brand that accounts for 80% of total revenues, consolidated its position as Sri Lanka's market leader for soy products. Although Lanka Soy faced increasing competition from low cost products, from small regional manufactures, we saw market share expanding during the current year. Until recently Lanka Soy was the only soya product in the local market that was SLS certified. This, and our on-going advertising and brand

building campaign, has made Lanka Soy a household name, trusted by Sri Lankan families for its quality and convenience. During the current year two new flavours, 'Calamari' in the Pack to Pan range and 'Jaffna Curry,' were added to the Lanka Soy range that now numbers over 30 different flavours.

Our new range of extruded snacks under the Ramba brand, that was introduced to the market in the 2012/13 financial year is catching up the market. During the current year we launched a savoury range under the Ramba brand, with 'Onion,' 'Chili' and 'Pizza,' flavours and introduced larger 50g family packs for 'Onion' and 'Chili' flavours. Currently the Ramba range has four savoury flavours and 3 sweet flavours.

Our range of soups also performed well during the year, with a 40% growth in sales compared to the previous year. Our jellies currently account for only a small share of overall incomes, but continued to perform reasonably well despite the lack of advertising support.

“ Incomes increased by 14% to Rs 1.3 bn, from Rs 1.1 bn in the previous year. Profit before tax saw an impressive 74% growth to Rs 115.4 mn, from Rs 66.0 mn in the previous year. ”

Improving productivity

Together with expansion of outputs, we maintained a strong focus on increasing productivity at our manufacturing facilities, by reducing wastage, streamlining operations and making technical modifications to equipment. The Kaizen system and Quality Circles were utilised to enhance productivity through collaborative efforts, where employees and management worked as a team to improve existing processes and systems. Overall, significant factory efficiencies were achieved through better labour utilisation. For instance, the output of packing machines were improved due to improvements in Productivity. Technical modifications also contributed towards containing costs and enhancing outputs. For instance, an oven was improved to maintain moisture levels more effectively through a simple modification, which has increased the consistency of production quality, while reducing energy usage. Re-designing packaging, such as curry sachets, have contributed towards reducing manufacturing costs. The decision to purchase packaging material locally, was another highly cost effective adaptation during the current year. The shift from Malaysian imports to local packaging has resulted in a cost saving of approximately Rs 500,000 per month. Efficiency initiatives were extended beyond the production premises and into the distribution system as well. For instance, improved coordination with the sales force has significantly reduced lost sales and wastage, through timely and accurate deliveries.

New laboratory and R&D facility

An important addition to the Convenience Foods manufacturing process was a new testing laboratory that is also equipped with research and development capabilities. The laboratory has enhanced our internal testing capabilities and also increased our capacity to improve existing products and develop new products. I am confident the new laboratory and R&D facility will play a key role in the Company's future growth.

Lanka Soy crowned Brand of the Year

An impressive achievement during the year, was Lanka Soy being crowned Brand of the Year 2013, by SLIM (Sri Lanka Institute of Marketing). This is indeed a major achievement by a comparatively small brand such as Lanka Soy, with a much smaller marketing and branding budget than many of the larger brands of the country. However, the award recognised the strength of the Lanka Soy brand as Sri Lanka's market leader for soy products, backed by the highest manufacturing quality. On the heels of Brand of the Year, Lanka Soy also won the Gold Product Brand of the Year, the Gold Local Brand of the Year and the Gold Innovative Brand of the Year, from SLIM, reaffirming the brand position of Lanka Soy as one of the leading consumer brands in the country. Adding to its accolades, Lanka Soy also won the Quality Circle award from the National Chamber of Commerce, for savings in packaging, through production innovations that have been developed through the implementation of quality circles.

Building our human capital

The current year saw our total work force expand to 217 from 212 in the previous year, due to new recruitments of sales and distribution staff. I am happy to note that our increased turnover during the current year is a result of our stronger sales force that has allowed us to penetrate a larger share of the market. Supported by our training and knowledge sharing programmes, I am confident we will continue to see better returns of staff productivity in the new financial year. Our training programmes are based on needs assessments and are structured to meet skill gaps that enhance performance. All our employee are evaluated annually on their performance, and training needs are identified as part of this process. Going a step further, we also conduct exit interviews with employees leaving the organisation, to help improve our work environment.

To facilitate better communications between management and employees, in the current year we initiated management-employee group meetings, where the top management meet employees from different divisions of the company, for face to face discussions. These meetings have opened up a direct two-way communications channel where employees are actively contributing towards productivity improvements, through suggestions on reducing wastage and costs.

Managing Director's Review Contd.

Another area of focus as a manufacturing company, is workplace health and safety. We regularly conduct health and safety awareness programmes, including dramas and poster competitions, to inculcate safety messages in our employees.

Technology improvements

We have now fully implemented the HRIS system, which is an automated human resource management system, for better management and monitoring of our employees. The new system has contributed towards higher productivity through increased operational efficiencies.

CSR activities

As we do every year, this year too, we contributed towards a number of social welfare activities. We helped young people understand the business environment by sponsoring school children in two schools to participate in entrepreneurial projects. This is part of an educational programme organised by the Young Entrepreneurs Sri Lanka, "Practical Business Economics and Entrepreneur Education Program". We supported 35 students each from Buddhist Girls' School -Mount Lavinia and Girls' High School - Mount Lavinia to launch and run a company. The students had to manage the finances and also conduct marketing and sales activities. I believe this exposure will benefit these young people in the future and help them achieve their aspirations in life.

We partnered with the Medical Officer of Health, of Dehiwala, to raise awareness among expectant mothers, on healthy eating and nutrition. Where they were introduced to a healthier lifestyle for themselves and their babies.

This year too, we conducted our annual blood donation campaign with the voluntary participation of our staff.

Future direction

At the conclusion of a highly productive year, we look forward to an exciting new year, where we hope to increase our market presence and grow our portfolios. On top of our list, are the plans to widen our customer base for soya products, by including young people into our customer group. I believe the health benefits and convenience of Lanka Soy will be appreciated by young people in Sri Lanka. We also have big plans for our jellies. In the new financial year, we hope to expand our market share in this segment through a strong marketing campaign. We will also continue to invest in developing our employees and enhancing our productivity, for sustained competitiveness.

Appreciations

My appreciations go out to the Chairman and Board of Directors for their confidence in me and their steadfast support and guidance during the year. I thank all my management and staff for their contributions towards the success of the Company. I also thank our suppliers for their support of the company and all our customers for their loyalty towards the Company.

Sincerely



E.T. De Zoysa
Managing Director

04th August 2014

Corporate Governance

Corporate Governance is the system of internal controls and procedures by which CFL is managed. The business of Convenience Foods (Lanka) PLC (CFL), a subsidiary of Ceylon Biscuits Ltd (CBL), is managed under the oversight of the Company's Board of Directors. The Board is responsible and accountable for the management of the affairs of the Company, conduct of business and maintenance of prudent risk management and soundness of the organisation. The Company strives to achieve and sustain the highest corporate governance standards across the organisation. The Board believes that a strong corporate governance framework serves to ensure the full conduct of its responsibilities towards all its stakeholders, namely, employees, shareholders, suppliers, consumers and the community. In pursuit of this objective, the Board is committed to meet its business goals with the highest standards of transparency and professionalism.

Given below are the practices adopted by the organisation within the framework stipulated by the Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and Section 7 of the Listing Rules set out by the Colombo Stock Exchange (CSE).

1. BOARD OF DIRECTORS

The Board is responsible for the supervision and management of the Company's business and affairs, which includes ensuring that the policies and practices of the organisation comply with the corporate governance framework. The Board of Directors' key purpose is to ensure the Company's prosperity

by collectively directing the Company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the Board of Directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

In addition to monitoring governance, the Board is held responsible for defining and guiding the overall strategic direction, risk management, appointment of the CEO, Managing Director, evaluation and approval of capital expenditure and new investments, succession planning, approval of budgets, and defining policies that ensure effective internal controls, standards and employee satisfaction. The Board believes that good corporate governance encourages accountability and transparency, and promotes good decision making to support its business.

2. BOARD BALANCE

CFL fulfills the mandate of the Listing Rules of the CSE by having seven Non-Executive Directors, including the Chairman – representing more than one-third of the entire Board of eight Directors. Further, the Board has concluded that three of the Non-Executive Directors meet the criteria of 'Independence' with no material dependence on CFL as specified in the Listing Rules. The Board is committed to appointing Directors with cross cutting skills and experience to assist in managing the affairs of the Company. The Director Profiles on page 12 of this Annual Report detail their proven competencies and indicate how they add value to the business, the deliberations of the Board and to the corporate governance process.

3. BOARD MEETINGS

The Board met four times during the year.

Details of Directors' shareholding are available in the Directors report on page 18 of this Annual Report.

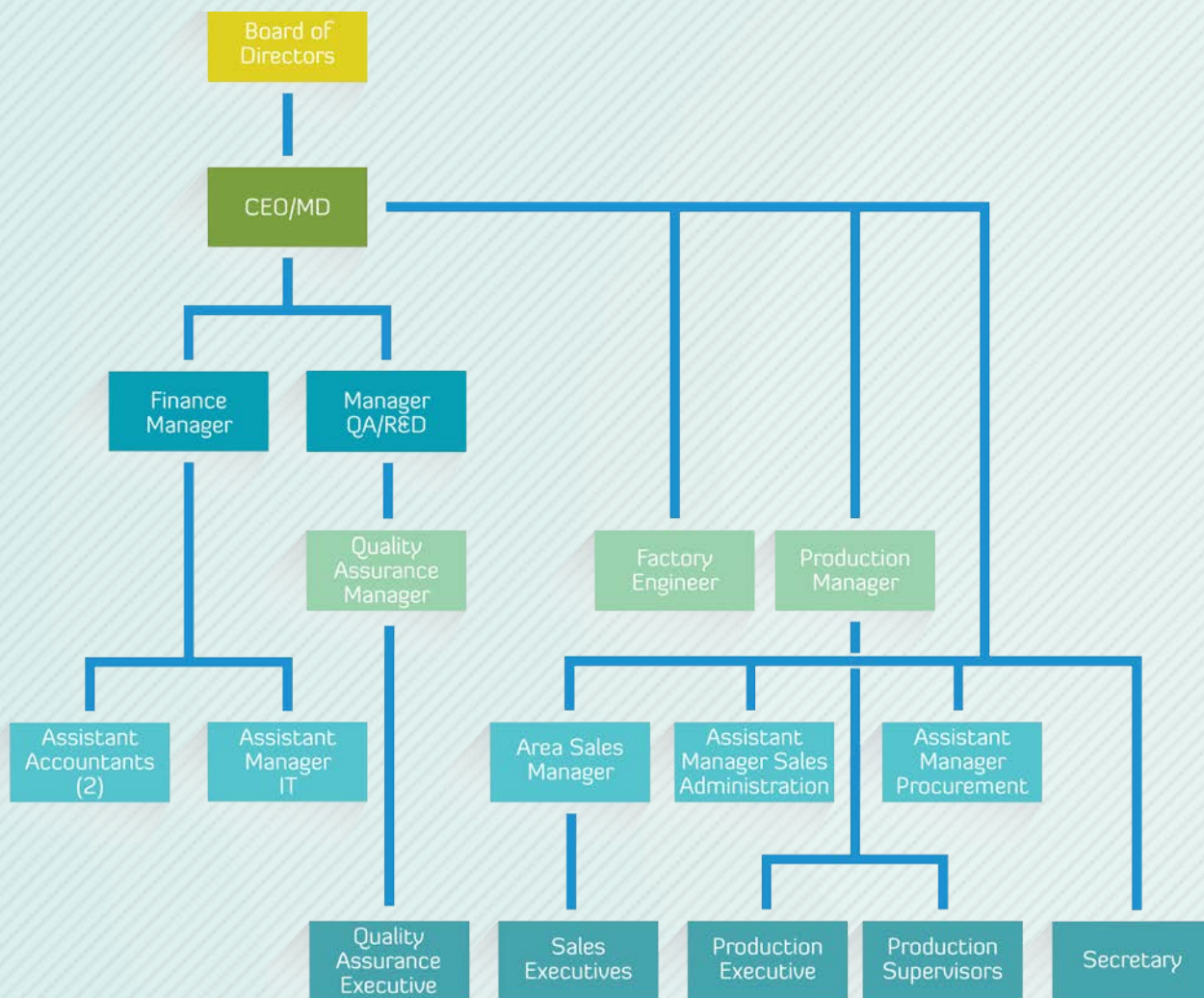
4. BALANCE OF AUTHORITY & MANAGEMENT STRUCTURE

It is the policy of the Board to ensure that the role of Chief Executive, which is vested in the Executive Director, is kept separate from the Chairman of the Company, thereby facilitating the effective discharge of duties by the Board of Directors.

The operational management function is guided by a team of Senior Managers within the ethical framework as established by the Board. Monthly management review meetings are also held, the chief agenda of which is to review the operation of the senior management team under the supervision and guidance of the Board. At these meetings, the Board reviews strategic direction, risk management and other issues. The senior management team also advises the Board on the trends in Key Performance Indicators which are discussed at weekly internal committee meetings held with sectional heads.

Corporate Governance Contd.

The management of CFL is structured as follows;



5. BOARD SUB COMMITTEES

A Remuneration Committee and an Audit Committee function as Sub Committees of the Board.

6. REMUNERATION COMMITTEE

CFL appoints its own Remuneration Committee comprising of the Directors given below. The Committee meets and makes recommendations to the Board on the remuneration payable to the Executive Director. The remuneration is assessed based on the performance of

the organisation during the preceding year. The Chairman of the Committee is a Non-Executive Director.

Mr. R S Wickramasingha
(Non-Executive Director, Chairman of the Committee)

Mr. D M A Kulasooriya
(Independent Non-Executive Director)

Mr. U Thilakawardana
(Independent Non-Executive Director)

7. AUDIT COMMITTEE

The Board has established an Audit Committee to establish formal and transparent application of accounting policies, financial control and internal control principles, while maintaining an appropriate relationship with the company's auditors.

The Audit Committee comprises of the Directors detailed below.

The Chairman of the Committee is a Non-Executive Director. Since the

composition of the Audit Committee is by regulation supposed to consist only of Non-Executive Directors and the Managing Director is an Executive Director, it has been the practice of the organisation to ensure that the Audit Committee does not meet without the presence of the MD.

This practice has been adopted to ensure that the Audit Committee is ably guided and advised to enable sufficient recommendations to be made to the Board to improve the organisation's internal control and risk management procedures, assess the independence and performance of the External Auditors, adopt any recommendations made in the Management Letter issued by the External Auditors, and to ensure that reliable and transparent financial information is disclosed in keeping with the Sri Lanka Accounting Standards (SLAS), the Companies Act and other regulations.

Mr. M S Nanayakkara
(Independent/Non-Executive Director/
Chairman of the Committee)

Mr. D M A Kulasooriya
(Independent/Non-Executive Director)

Mr. U Thilakawardana
(Independent/Non-Executive Director)

8. INDEPENDENT ADVICE

All Board members have access to the Company Secretary - P W Corporate Secretarial (Pvt) Ltd., to obtain advice on applicable rules, regulations and compliance requirements. Advice on taxation has been obtained over the year under review from M/s Ernst & Young, Chartered Accountants, while opinions were sought from the Employers Federation to ensure the organisation maintained healthy employee relations.

9. FINANCIAL ACUMEN

Adequate financial guidance is provided to the Board by Mr. M.S. Nanayakkara and

the Chief Financial Officer (CFO), both of whom are members of professional accounting bodies and possess sufficient knowledge and competence to guide the Board.

10. SUPPLY OF INFORMATION

The Board's decision making capabilities are further strengthened by supplying comprehensive information through budgets, monthly financial statements, market reports and other reports as required, in accordance with the agenda. The Chairman ensures that all Directors are adequately briefed on matters to be decided at the meeting and ensures the Directors are fully conversant and upto-date with all developments taking place in the company.

11. RELATIONS WITH SHAREHOLDERS & FINANCIAL REPORTING

Active participation of the shareholders is encouraged at the Annual General Meeting, of which notice is given in the Annual Report. The Notice contains the agenda for the AGM and Form of Proxy and the prescribed period of notice set out in terms of the Articles of Association of the Company has been met. Through the Chairman's Review and the financial and non-financial information set out in the Annual Report and the interim accounts are submitted to them (and to the CSE) at quarterly intervals, the shareholders are able to obtain a clear indication of the Company's performance over the year. The Board is committed to ensure complete transparency in disclosing its financial and non-financial information.

12. MAJOR TRANSACTIONS

No major transactions have occurred during the year, which falls within the definition of the Companies Act.

13. INTERNAL CONTROLS

The Board is responsible for establishing a sound framework of internal financial

controls and monitoring its effectiveness on a continuous basis. By establishing such a strong framework, CFL is able to manage business risks and ensure that the financial information on which business decisions are made and published are reliable.

Policies in the areas of stocks, debtors, purchases, budgeting, and investments, among others; are continuously monitored by the Group's Internal Audit Team which is headed by the Group Internal Audit Manager - a member of a recognised professional accounting body. Results from regular internal audits and system reviews are discussed with the Managing Director and Finance Manager of CFL and where necessary, corrective measures are adopted and discussions held with the Audit Committee and the Board of CFL.

14. GOING CONCERN

After extensive analysis of financial statements, management reviews, feedback from the group internal audit team and analysis of the annual budgets, capital expenditure and other investment requirements, periodic cash-flow forecasts and the organisation's liquidity indicators, the Board is convinced that the Company has sufficient cash flow to continue as a going-concern in the foreseeable future.

By Order of the Board
Convenience Foods (Lanka) PLC



E.T. De Zoysa
Managing Director

04th August 2014

Board of Directors

Mr. M P Wickramasingha - Chairman

Mr. M P Wickramasingha is the founder and Chairman of the Ceylon Biscuits group of companies (CBL). The group, which commenced operations in 1968, with the supply of a high protein biscuit for school children under a programme sponsored by CARE, has since diversified into several food related ventures while retaining its market leadership position in the biscuit and confectionery sector. A strong focus on quality, continuous product innovation, a strong commitment towards discharging the group's social responsibilities, and the relentless pursuit of its declared policy of increasing backward linkages to the local farmer, has characterised his leadership style and the success of the group.

Mr. Wickramasingha has held many honorary positions in the organized corporate sector, and has earned a reputation for his outspoken views and advocacy towards the development of the local industry. He is a respected business leader who has practised what he preaches. Mr. Wickramasingha has his primary education in Sri Lanka and qualified as a food technologist in the U.K. Among his interests other than business, is writing, both on public policy issues and fiction. His skills in the latter were recognized when his publication "Play Mate" won the State Literary award for 1996.

Mr. Thilanka de Zoysa - Managing Director

He possesses over 20 years of experience in General Management. He started his career in the plantation sector, and has been with Soy Foods Lanka Ltd now Convenience Foods (Lanka) PLC since 1996. He was appointed to the Board of CFL in 30 October 2002 and was appointed as the Managing Director of the Company with effect from 1st April 2011.

Mr. R S Wickramasingha - Director

Currently the Deputy Chairman of Ceylon Biscuits Ltd., manufacturers of biscuits. Mr. R.S Wickramasingha is qualified in Food Technology in "Borough Polytechnic, now known as the University of South Bank, U.K.". He is overall incharge of production, quality assurance, product development and purchasing. He also holds the position of Chairman at CBL Foods Ltd, which manufactures Chocolates Cakes and Wafers.

Ms. Sheamalee Wickramasingha - Director

Ms. Wickramasingha was first appointed to the Board of Soy Foods (Lanka) Ltd. (Now Convenience Foods (Lanka) PLC.) in May 2000. She is the Group Managing Director of Ceylon Biscuits Limited and the Managing Director of Modern Pack Lanka (Pvt) Ltd. She is also a Director of Plenty Foods (Pvt) Ltd., CBL Foods International (Pvt) Ltd., CBL Export (Pvt) Ltd., CBL Natural Foods (Pvt) Ltd., CBL Agroprocessors (Pvt) Ltd., CBL Cocos (Pvt) Ltd. and Retailers Alliance (Pvt) Ltd." She possesses a Masters Degree in Food Chemistry from the USA.

Mr. Nandana Wickramage - Director

The Group Director / Head of Marketing and Sales, Mr. Wickramage is highly qualified in Marketing, Sales and Retail Management and a certified master practitioner of NLP. With over 30 years hands-on experience in the areas of sales and marketing, he is one of the most renowned marketers in the country, well-known for his ability to turn brands around and achieve success, proven by his strategic and innovative thinking. His continuing success in this highly challenging task proves the efficacy of his practical and creative approach to strategic planning and brand building. His enormous contribution to the field of Marketing & Sales has been recognized not only locally but internationally as well with most prestigious awards such as the Global Brand Leadership Award 2010 and Most Outstanding Marketing Professional of the year 2011 by World Brand Congress and Marketing Professional of the year 2011 by CMO Council Asia. He is also a well recognized local and international trainer.

Mr. Udara Thilakawardana - Director

Udara Thilakawardana, Attorney-at-Law currently practices as a Counsel for civil cases in Colombo and Outstation courts and is a Legal Consultant for several organizations including private and public companies. He started his career in 1990 when he was enrolled in the Attorney General's Department as a state Counsel. Following 6 years in the Attorney General's Department, he joined the unofficial bar and started practice in civil Courts.

Mr. D M A Kulasooriya - Director

A BSc Graduate from the University of Peradeniya, Mr. Kulasooriya has a MSc in management at the University of Sri Jayawardanapura and a postgraduate in Training in Management at the Postgraduate Institute of Management. He currently serves as the Director of Productivity and Management Development at the National Institute of Business Management and Dean, School of Business, National School of Business Management. Possesses 18 years of experience in the field of Quality and Productivity, 10 years of which dealt directly in Lean Six Sigma implementation, he is presently reading for PHD on Lean Management at the University of JNTU, India.

Mr. Mahesh Shirantha Nanayakkara - Director

With over 20 years of experience under his belt, in external and internal auditing and management consultancy related roles, Mr. Nanayakkara is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) and an associate member of the Chartered Institute of Management Accountants (ACMA, UK). He also holds a Master of Business Administration degree from the Postgraduate Institute of Management (PIM), University of Sri Jayewardanapura and a Bachelor of Commerce degree from the University of Colombo.

Appointed to the Board as an Independent Director in August 2010. Currently, he functions as the Senior Manager Group Assurance & Advisory Services of SriLankan Airlines and its subsidiary SriLankan Catering Ltd.

Soya

Explore the world of Soya Products. Delectable flavours and real representation of authentic SriLankan Cuisine.

Jelly

Tasty and colourful flavour some jellies are enjoyed by all.



Soups

Mouth-watering soups that you simply can't wait to taste!

Snacks

A range of extruded snacks which are baked not fried, and enriched with Vitamins & Minerals.



Industry Recognition



1. Brand of the year

Lankasoy brand was crowned the 'Brand of the year' by the Sri Lanka Institute of Marketing (SLIM) at the annual Brand Excellence event where local and international brands which have been successful during the year meet and compete. The award received is the highest possible award in the competition and was judged by an eminent panel of professional judges with decades of experience and acumen in marketing. This achievement makes the history of the brand written in Gold as a successful brand meeting the expectations of the consumer, employees and investors

2. Product Brand of the year - Gold

In the same event Lankasoy was judged the 'Product Brand of the year' and awarded the Gold award. This award recognizes the product range management under the brand. This award too is the highest possible award under the Main Awards category.

3. Local Brand of the Year

Brand Lankasoy was awarded the Gold award once again for the category 'Local Brand of the year' defeating all brands that are locally grown. This award too is the highest possible award in this Special Awards category.



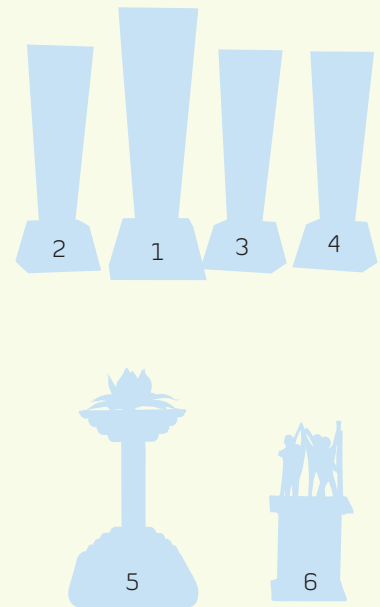
4. Innovative Brand of the year - Gold

In the category 'Innovative Brand of the year' once again Lankasoy was awarded the Gold award highlighting the innovations adopted by the brand in capturing market share and growing the soya meat category in the country. This award too is the highest possible award in this Special Awards category.



5. Manufacturing Food & Beverages - Runner up

The National Chamber of Commerce - National Business Excellence - 2013



6. Quality Circle Awards Silver Award Winner

The National Chamber of Commerce - National Business Excellence Summit 2014

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

The Directors of Convenience Foods (Lanka) PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2014.

General

Convenience Foods (Lanka) PLC is a public limited liability company which was incorporated on 24th March 1991 as a private limited liability company under the Companies Act, No.17 of 1982 as Soy Foods (Private) Limited. The Company was converted to a public limited liability company on 11th March 1992 and was listed on the Colombo Stock Exchange in May 1992. It was re-registered as per the Companies Act, No.7 of 2007 on 25th June 2008 under Registration No. PQ 164. The name of the Company was changed to Convenience Foods (Lanka) PLC on 21st August 2008.

Principal Activity

The principle activity of the Company is the manufacture and marketing of Textured Vegetable Protein (TVP), which is popularly known as soya meat and other food products.

Review of Business

A review of the business of the Company and its performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's review on pages 4 to 5.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

Financial Statements

The Financial Statements of the Company are given on pages 23 to 47.

Auditors Report

The Report of the Auditors on the Financial Statements of the Company is given on page 23.

Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 28 to 47, which are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 12 to 13.

Executive Directors

Mr E T De Zoysa - Managing Director

Non Executive Directors

Mr M P Wickramasingha - Chairman
Mr R S Wickramasingha - Director
Ms D S Wickramasingha - Director
Mr N A Wickramage - Director
*Mr M U S G Thilakawardana - Director
*Mr D M A Kulasoorya - Director
*Mr M S Nanayakkara - Director

*Independent Non-Executive Directors

At the conclusion of the forthcoming Annual General Meeting, Mr M P Wickramasingha, the Chairman who is 78 years of age will vacate office in pursuance of Section 210 of the Companies Act, No.07 of 2007. A resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-appointment of Mr M P Wickramasingha.

Interest Register

The Company maintains an Interest Register in terms of the Companies Act, No.07 of 2007.

The Directors' have no direct or indirect interest in any contract or proposed contract with the Company other than those disclosed under Note 31 to the Financial Statements.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2014 and 31st March 2013 are as follows:

	As at 31/03/2014	As at 31/03/2013
Mr M P Wickramasingha	Nil	Nil
Mr R S Wickramasingha	Nil	Nil
Ms D S Wickramasingha	Nil	Nil
Mr E T De Zoysa	Nil	Nil
Mr N A Wickramage	Nil	Nil
Mr M U S G Thilakawardana	Nil	Nil
Mr D M A Kulasoorya	Nil	Nil
Mr M S Nanayakkara	Nil	Nil

Mr M P Wickramasingha, Mr R S Wickramasingha, Ms D S Wickramasingha and Mr N A Wickramage are Directors of Ceylon Biscuits Limited which held 1,962,977 shares equivalent to 71.381% of the shares constituting the Stated Capital of the Company.

Directors' Remuneration

The Directors' remuneration is disclosed under Note 8 to the Financial Statements.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Auditors

Messrs SJMS Associates, Chartered Accountants served as the Auditors during the year under review. The Auditors do not have any interest in the Company other than as Auditors.

The fee payable to the Auditors for the year under review is Rs. 311,256/-

Messrs Ernst & Young provided tax compliance services during the year under review and the fee payable therefor amounts to Rs. 352,742/-

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company is Rs.52,521,178/- represented by 2,750,000 Ordinary Shares.

Major Shareholders, Distribution Schedule and Other Information

Information on the twenty largest shareholders of the Company, the distribution schedule of shareholders, percentage of shares held by the public, market values per share as per the Listing Rules of the Colombo Stock Exchange are given on pages 49-50 under Shareholder Information.

Reserves

The movements of reserves during the year are given under the Statement of Changes in Equity on page 26.

Capital Expenditure

The total capital expenditure during the year was Rs. 22,623,235/- Details of movements in property, plant and equipment are given in Note 12 to the Financial Statements.

Land Holdings

The Company does not own any freehold land.

Financial Ratios

The Earnings Per Share and other financial ratios are given under the Performance Summary on page 51.

Dividend

The payment of a first and final dividend of Rs. 3/- per share as recommended by the Board of Directors will be proposed at the Annual General Meeting.

Donations

The Company did not make any donations during the year under review.

Events occurring after the Balance Sheet date

No material circumstances have arisen since the balance sheet date, which would require adjustment to, or disclosure in the Financial Statements.

Corporate Governance

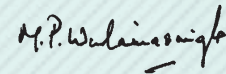
The Board of Directors confirms that the Company is compliant with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

Annual General Meeting

The Annual General Meeting will be held on Wednesday 3rd September 2014 at 3.30 p.m. at Ceylon Biscuits Limited at High Level Road, Makumbura, Pannipitiya.

The Notice of the Annual General Meeting appears on page 2.

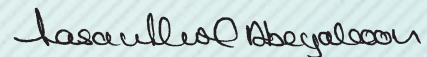
Signed for and on behalf of the Board of Directors by



M.P. Wickramasingha
Chairman



E.T. De Zoysa
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th August 2014
Colombo

Remuneration Committee Report

CHARTER OF THE REMUNERATION COMMITTEE

The Remuneration Committee was set up to ensure that remuneration policies are enabling the hiring and retention of vital talent. Moreover, the Committee is tasked with establishing the remuneration policy for the Company as a whole.

The Remuneration Committee comprised of the following as at the year-end:

- Three Non-Executive Directors, two of whom are Independent.
- The Managing Director and the Senior Management, who attend meetings of the Committee as deemed necessary on invitation, submit relevant information and express their views to the Committee.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- The functions of the committee include making recommendations to the Board on the ideal compensation packages in a transparent manner.
- Ensure no Director is involved in deciding his own pay package.
- Deciding on remuneration packages and extra benefits for the Executive Director and Key Management Personnel.

REMUNERATION POLICY

A remuneration policy of the company should be:

- Attractive and capable of retaining well qualified and knowledgeable employees.
- In line with industry standards and reward employees based on experience and quantifiable contribution to the Company's bottom line.

REMUNERATION COMMITTEE MEETINGS

The Committee meets to ensure two-way communication, comprehensive dialogue and resolution of issues. Meetings are held as often as required. Recommendations on compensation structures, bonuses, increments and matters concerning recruitment of key management personnel are made at the meetings. One of its other goals is to ensure that management and staff at all levels is adequately rewarded for their performance and commitment to the company's goal on a competitive basis.

REMUNERATION PACKAGES

The cumulative amount paid to Directors' as remuneration during the year under review is recorded in Note 08 to the Financial Statements.



R.S. Wickramasingha
Chairman - Remuneration Committee

04th August 2014

Audit Committee Report

The Role and Responsibilities

The primary role of the Audit Committee is to assist the Board of Directors in fulfilling its duties by providing an independent review of the system of internal controls, the financial reporting system, the management of business risks, the Company's process for monitoring compliance with laws and regulations, the independence of the external audit and the internal audit function.

Audit Committee Composition and Meetings

The Audit Committee comprises of three (3) non executive directors all of whom are independent. The members of the Audit Committee as at 31 March 2014 were Mr. Mahesh Nanayakkara (Chairman), Mr. D M A Kulasooriya (Member) and Mr. Udara Thilakawardana (Member).

During the financial year ended 31 March 2014, the Audit Committee held four(4) meetings. The members of the management attend the meetings upon invitation to brief the Audit Committee on specific issues. In addition the Audit Committee met with the external auditors M/S SJMS to ascertain the nature, scope and approach of the external audit and to review the financial statements and the management reports.

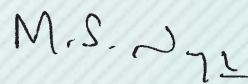
The Internal Audit Function

The Internal audit function of Convenience Foods (Lanka) PLC reports to the Audit Committee of CFL and to the Audit Committee of the CBL Group. The internal audit function is outsourced to M/S Ernst & Young with effect from 1st September 2013. The Internal audit function provides an independent

and objective evaluation of adequacy, efficiency and effectiveness of the system of internal controls.


Key Activities of the Audit Committee during the Financial Year

- Ensuring that a good financial reporting system is in place and is well managed
- Reviewed the internal audit reports on system of internal controls including IS/IT controls and the status of implementation of management action plans.
- Reviewed the results of the external audit report and management response to the issues highlighted.
- Reviewed the procedures in place for the identification, evaluation and management of business risks.
- Reviewed the extent of compliance with laws of the country, government regulations, listing rules and established policies of the Company
- Assessing the independence of External Auditor and monitoring the External Audit Function.



Mahesh Nanayakkara
Chairman - Audit Committee

04th August 2014



Financial Information

23	Independent Auditor's Report	/ 24	Statement of Comprehensive Income	/ 25	Statement of Financial Position	/ 26	Statement of Changes in Equity	/ 27	Statement of Cash Flows	/ 28	Notes to the Financial Statements
----	------------------------------	------	-----------------------------------	------	---------------------------------	------	--------------------------------	------	-------------------------	------	-----------------------------------

Independent Auditor's Report

.SJMS.

ASSOCIATES
Independent Correspondent Firm to
Deloitte Touche Tohmatsu

SJMS Associates
Chartered Accountants
No. 02, Castle Lane,
Colombo 04, Sri Lanka.

Tel: +94(11) 2580409, 2503262
Fax: +94(11) 2582452

Restructure & Corporate Recovery
Tel: 5364293, 5444420 Fax: 5364295

E-mail: sjmsa@sjmsassociates.com
Website: www.sjmsassociates.lk

Report on the Financial Statements

We have audited the accompanying financial statements of Convenience Foods (Lanka) PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 principles 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 March 2014 and the financial statements give a true and fair view

of the Company's financial position as at 31st March 2014 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position as at 31st March 2014 and of its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) as appropriate of the Companies Act No. 07 of 2007.



SJMS ASSOCIATES
Chartered Accountants
Colombo
20th June 2014

Statement of Comprehensive Income

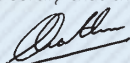
For the Year Ended 31st March 2014		Company		Group	
		2013/2014	2012/2013	2013/2014	2012/2013
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	5	1,343,789,021	1,179,237,701	1,343,789,021	1,179,237,701
Cost of sales		(957,161,412)	(867,067,190)	(957,161,412)	(867,067,190)
Gross profit		386,627,609	312,170,511	386,627,609	312,170,511
Other income	6	11,510,815	11,648,577	11,510,815	11,648,577
Distribution costs		(200,118,540)	(187,634,685)	(200,118,540)	(187,634,685)
Administrative expenses		(73,477,963)	(59,028,299)	(73,477,963)	(59,028,299)
Finance costs	7	(9,088,221)	(11,143,138)	(9,088,221)	(11,143,138)
Profit before tax	8	115,453,701	66,012,967	115,453,701	66,012,967
Taxation	9	(29,483,821)	29,897,653	(29,483,821)	29,897,653
Profit for the year		85,969,880	95,910,620	85,969,880	95,910,620
Other comprehensive income					
Increase in the value of the loan given to share trust		4,725,288	5,480,793	4,725,288	5,480,793
Actuarial gain/ (loss) on defined benefit plan, net of tax		(1,856,579)	889,609	(1,856,579)	889,609
Total other comprehensive income for the year		2,868,709	6,370,402	2,868,709	6,370,402
Total comprehensive income for the year		88,838,589	102,281,022	88,838,589	102,281,022
Profit attributable to:					
Equity holders of the parent		85,969,880	95,910,620	85,969,880	95,910,620
Non-controlling interest		-	-	-	-
		85,969,880	95,910,620	85,969,880	95,910,620
Total comprehensive income attributable to:					
Equity holders of the parent		88,838,589	102,281,022	88,838,589	102,281,022
Non-controlling interest		-	-	-	-
		88,838,589	102,281,022	88,838,589	102,281,022
Earnings per share - basic	10	31.26	34.88	31.26	34.88
Dividend per share	11	1.50	1.00	1.50	1.00

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

Statement of Financial Position

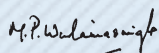
As at 31st March 2014	Note	Company 31.03.2014 Rs.	31.03.2013 Rs.	Group 31.03.2014 Rs.	31.03.2013 Rs.
Assets					
Non current assets					
Property, plant and equipment	12	267,337,592	275,853,206	267,337,592	275,853,206
Capital work-in progress	13	2,554,918	-	2,554,918	-
Leasehold land	14	5,428,467	5,498,063	5,428,467	5,498,063
Investment in subsidiary	15	20	20	-	-
Other financial assets	16	25,761,572	21,036,283	25,761,572	21,036,283
Deferred tax asset	17	19,529,842	31,735,743	19,529,842	31,735,743
Total non current assets		320,612,410	334,123,315	320,612,390	334,123,295
Current assets					
Inventories	18	103,913,855	96,809,954	103,913,855	96,809,954
Trade receivables	19	183,426,839	148,837,988	183,426,839	148,837,988
Other receivables		11,027,754	17,889,332	11,027,754	17,889,332
Amounts due from related party	20	1,948,035	2,084,559	1,948,035	2,084,559
Income tax receivable	26	10,753,839	21,362,760	10,753,839	21,362,760
Short term investments		74,380,532	36,129,463	74,380,532	36,129,463
Cash in hand and at bank	21	2,726,297	833,049	2,726,297	833,049
Total current assets		388,177,152	323,947,105	388,177,152	323,947,105
Total assets		708,789,562	658,070,420	708,789,542	658,070,400
Equity and liabilities					
Equity attributable to equity holders of the parent					
Stated capital	22	52,521,178	52,521,178	52,521,178	52,521,178
Available for sale reserve	16	24,375,517	19,650,228	24,375,516	19,650,228
Retained earnings		369,161,174	289,172,873	368,941,463	288,953,161
Total equity		446,057,868	361,344,279	445,838,156	361,124,567
Liabilities					
Non current liabilities					
Interest bearing borrowing	23	37,037,022	54,814,806	37,037,022	54,814,806
Retirement benefit obligations	24	35,211,410	26,460,336	35,211,410	26,460,337
Total non current liabilities		72,248,432	81,275,142	72,248,432	81,275,143
Current liabilities					
Trade payables	25	75,246,236	130,743,179	75,246,236	130,743,179
Interest bearing borrowing	23	17,777,784	17,777,784	17,777,784	17,777,784
Amounts due to related party	27	8,229,455	1,299,747	7,880,508	950,800
Other payables		15,727,377	11,709,288	16,296,016	12,138,462
Accrued charges		37,366,172	31,241,052	37,366,171	31,380,515
Bank overdraft	28	36,136,238	22,679,949	36,136,238	22,679,949
Total current liabilities		190,483,262	215,451,000	190,702,954	215,670,689
Total liabilities		262,731,694	296,726,142	262,951,386	296,945,832
Total equity and liabilities		708,789,562	658,070,420	708,789,542	658,070,400
Net assets value per share		162.20	131.40	162.12	131.32

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.



Chathura Wickramatilleka
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board:



M.P. Wickramasingha
Chairman



E.T. De Zoysa
Managing Director

20th June 2014

20th June 2014

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

Statement of Changes in Equity

For The Year Ended 31st March 2014				
Company	Stated capital Rs.	Available for sale reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31st March 2012	52,521,178	14,169,435	202,090,833	268,781,446
Adjustment for the accounting policy change (Note 24.1)	-	-	(6,968,189)	(6,968,189)
Restated balance as at 31st March 2012	52,521,178	14,169,435	195,122,644	261,813,258
Profit for the year	-	-	95,910,620	95,910,620
Other comprehensive income				
Change in fair value of share trust	-	5,480,793	-	5,480,793
Actuarial gain/ (loss) on defined benefit plan	-	-	889,609	889,609
Dividend paid for the year 2011/2012	-	-	(2,750,000)	(2,750,000)
Balance as at 31st March 2013	52,521,178	19,650,228	289,172,873	361,344,279
Profit for the year	-	-	85,969,880	85,969,880
Other comprehensive income				
Change in fair value of share trust	-	4,725,288	-	4,725,288
Actuarial gain/ (loss) on defined benefit plan	-	-	(1,856,579)	(1,856,579)
Dividend for the year 2012/2013	-	-	(4,125,000)	(4,125,000)
Balance as at 31st March 2014	52,521,178	24,375,517	369,161,174	446,057,868
Group	Stated capital Rs.	Available for sale reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31st March 2012	52,521,178	14,169,435	201,871,120	268,561,733
Adjustment for the accounting policy change (Note 24.1)	-	-	(6,968,189)	(6,968,189)
Restated balance as at 31st March 2012	52,521,178	14,169,435	194,902,931	261,593,544
Profit for the year	-	-	95,910,620	95,910,620
Other comprehensive income				
Change in fair value of share trust	-	5,480,793	-	5,480,793
Actuarial gain/ (loss) on defined benefit plan	-	-	889,609	889,609
Dividend paid for the year 2011/2012	-	-	(2,750,000)	(2,750,000)
Balance as at 31st March 2013	52,521,178	19,650,228	288,953,161	361,124,567
Profit for the year	-	-	85,969,880	85,969,880
Other comprehensive income				
Change in fair value of share trust	-	4,725,288	-	4,725,288
Actuarial gain/ (loss) on defined benefit plan	-	-	(1,856,579)	(1,856,579)
Dividend for the year 2012/2013	-	-	(4,125,000)	(4,125,000)
Balance as at 31st March 2014	52,521,178	24,375,516	368,941,463	445,838,157

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31ST MARCH 2014	Company		Group	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Cash flows from operating activities				
Profit before taxation	115,453,701	66,012,967	115,453,701	66,012,967
Adjustments for:				
Depreciation	31,121,918	25,431,187	31,121,918	25,431,187
Amortisation	69,596	69,596	69,596	69,596
Interest income	(6,476,520)	(433,701)	(6,476,520)	(433,701)
Profit on disposal of assets	(12,568)	-	(12,568)	-
Interest expense	8,729,951	10,725,335	8,729,951	10,725,335
Provision for gratuity	5,629,695	5,929,999	5,629,695	5,929,999
Operating profit before working capital changes	154,515,773	107,735,383	154,515,773	107,735,383
(Increase)/decrease in inventories	(7,103,901)	(17,705,423)	(7,103,901)	(17,705,423)
(Increase)/decrease in trade receivables	(34,588,851)	(49,377,927)	(34,588,851)	(49,377,927)
(Increase)/decrease in other receivables	6,861,578	(306,785)	6,861,578	(306,785)
(Increase)/decrease in amount due from related party	136,524	(308,485)	136,524	(308,485)
Increase/(decrease) in amount due to related party	6,929,708	927,700	6,929,708	927,700
Increase/(decrease) in trade payables	(55,496,944)	53,691,647	(55,496,944)	53,691,647
Increase/(decrease) in other payables	3,943,531	(5,824,364)	4,082,995	(5,824,364)
Increase/(decrease) in accrued charges	6,125,120	5,122,828	5,985,657	5,122,828
Cash flow generated from operations	81,322,538	93,954,574	81,322,538	93,954,574
Gratuity paid	(1,522,425)	(1,091,400)	(1,522,425)	(1,091,400)
Tax paid	(3,881,774)	(8,229,319)	(3,881,774)	(8,229,319)
Net cash flow generated from operations	75,918,339	84,633,855	75,918,339	84,633,855
Cash flows from investing activities				
Purchase of property, plant & equipment	(22,623,235)	(30,672,379)	(22,623,235)	(30,672,379)
Investment in capital work-in progress	(2,554,918)	(45,319,462)	(2,554,918)	(45,319,462)
Proceeds from disposal of assets	29,500	-	29,500	-
Interest received	6,476,521	433,701	6,476,521	433,701
Increase in short term investment	(38,251,069)	(36,009,937)	(38,251,069)	(36,009,937)
Net cash flow used in investing activities	(56,923,201)	(111,568,077)	(56,923,201)	(111,568,077)
Cash flows from financing activities				
Receipt of long term borrowing	-	80,000,000	-	80,000,000
Borrowing repayment	(17,777,784)	(18,199,509)	(17,777,784)	(18,199,509)
Interest paid	(8,729,951)	(10,725,335)	(8,729,951)	(10,725,335)
Dividends paid	(4,050,444)	(3,075,198)	(4,050,444)	(3,075,198)
Net cash generated from / (used in) financing activities	(30,558,179)	47,999,958	(30,558,179)	47,999,958
Net increase/ (decrease) in cash & cash equivalents	(11,563,041)	21,065,736	(11,563,041)	21,065,736
Cash & Cash Equivalents at the beginning of the year	(21,846,900)	(42,912,636)	(21,846,900)	(42,912,636)
Cash & Cash Equivalents at the end of the year	(33,409,941)	(21,846,900)	(33,409,941)	(21,846,900)
Cash & Cash Equivalents at the end of the year				
Cash in hand and at bank	2,726,297	833,049	2,726,297	833,049
Bank overdraft	(36,136,238)	(22,679,949)	(36,136,238)	(22,679,949)
	(33,409,941)	(21,846,900)	(33,409,941)	(21,846,900)

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31st March 2014

1. CORPORATE INFORMATION

1.1 General

Convenience Foods (Lanka) PLC ("The Company") is a public limited liability company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the company is located at High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, Sir John Kotelawala Mawatha, Kandawala, Ratmalana. The consolidated financial statements of Convenience Foods (Lanka) PLC for the year ended 31st March 2014 comprises the company and its subsidiary (together referred to as the "group").

1.2 Principal activities and nature of operations

The Company is engaged in the manufacture and marketing of Textured Vegetable Protein (TVP) and other food products.

1.3 Parent company

The Company's parent undertaking is Ceylon Biscuits Ltd. In the opinion of the Directors, the company's ultimate parent undertaking and controlling party is also Ceylon Biscuits Ltd, which is incorporated in Sri Lanka.

1.4 Date of authorisation for issue

The Financial Statements of group for the year ended 31st March 2014 were authorized for issue under a resolution of the board of directors on 20th June 2014.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the group (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are

prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The following companies have been consolidated:

Convenience Foods (Lanka) PLC - Parent
Soy Products (Pvt) Ltd - Subsidiary

Subsidiary is the enterprise controlled by the parent. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control is effectively transferred to the Company until the date that control effectively ceases.

Control exists when the parent has the power, directly or indirectly to govern the financial and operating policies of an enterprise.

However, the subsidiary had not carried out any operations during the year.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except in respect of the following material items in the statement of

financial position:

- available for sale financial assets are measured at fair value.
- liability of defined benefit obligation is recognized as the present value of the defined benefit obligation.

2.4 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the group's functional currency and presentation currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

2.5 Comparative information

The accounting policies have been consistently applied by the group with those of the previous financial year in accordance with LKAS 01 - presentation of financial statements.

2.6 Materiality & aggregation

In compliance with LKAS 01 on presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not off-set in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the company to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

a) Taxation

The company is subject to income taxes and other taxes including value added taxation and nations building tax. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The company recognized assets and liabilities for current, deferred and other

taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

b) Useful life-time of the property, plant and equipment

The company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

d) Impairment losses on financial assets

The group assesses at each reporting date or more frequently to determine whether there is any objective evidence whether an impairment loss should be recorded in the statement of comprehensive income.

e) Impairment of available for sale investments

The Company reviews its loan given to the share trust classified as available for sale investments at each reporting date

to assess whether they are impaired. This requires similar judgment as applied on the individual assessment of loans and advances.

f) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profits will be available against which these losses/credits can be utilized. Significant management judgments are required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

g) Defined benefit plans

The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

Notes to the Financial Statements Contd.

Year ended 31st March 2014

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise is indicated.

4.1 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Sri Lanka rupees, using the exchange rates prevailing at the dates of the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lanka rupees using the spot foreign exchange rate as at the date and all differences arising in non-trading activities are taken to "other income" in the statement of comprehensive income.

4.2 Revenue recognition

4.2.1 Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- a) The company has transferred significant risks and rewards of ownership of the goods to the buyer.

- b) The company retaining, neither a continuing managerial involvement to the degree usually associated with ownership nor an effective control over the goods sold.

- c) The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and

- d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.2.2 Interest income

Interest income is recognised using the Effective Interest Rate (EIR) method.

4.2.3 Dividend income

Dividend income is recognised in the statement of comprehensive income on an accrual basis when the Company's right to receive the dividend is established.

4.2.4 Other income

Other income is recognised on an accrual basis.

4.3 Expenditure recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income.

4.4 Taxation

4.4.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

4.4.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting period date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax assets are recognised for all deductible differences. Carrying forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carrying forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Un-recognised deferred tax assets are re-assessed at each statement of financial position date and are recognised to the extent that it is probable that future

taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

4.5 Non-financial asset

4.5.1 Property, plant and equipment Recognition and measurement

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - property, plant & equipment. Initially property, plant and equipment are measured at cost.

Cost model

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent cost

Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognised in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment is recognised in the statement of comprehensive income as incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Depreciation is charged from the date of purchase to the date of disposal on pro-rata basis. Land is not depreciated. The rates of depreciations based on the estimated useful lives are as follows:

Category of asset	Depreciation rate (%)
Building	4
Machinery	12.5
Tools & equipment	15
Motor vehicles	25
Furniture & fittings	20
Electrical installations	15
Office equipment	15
Computers	25

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'other operating income' in the statement of comprehensive income in the year the asset is de-recognised.

4.5.2 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual

impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

4.6 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term or on a basis which is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.7 Leasehold property

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs.

4.8 Investment in subsidiary

In the Company's financial statements, the investment in subsidiary is treated as a long term investment and stated at cost. The cost of investment is the cost of acquisition inclusive of brokerage and costs of transaction.

Notes to the Financial Statements Contd.

Year ended 31st March 2014

4.9 Inventories

Inventories are valued at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Costs incurred in bringing inventories to their present conditions and locations are determined as follows:

Raw Materials and Consumables	- At actual cost on weighted average basis.
Finished Goods	- At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Spares & Accessories	- At actual cost.
Goods in Transit	- At actual cost

4.10 Financial assets – recognition and measurement

4.10.1 Initial recognition

All financial assets are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place.

4.10.2 Initial measurement

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are

measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

4.10.3 Subsequent measurement

The Company subsequently measures non-derivative financial assets categorising them in to the categories of financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-sale financial assets.

i. Financial assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

ii. Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity. Subsequent to initial measurement, held to maturity financial investments are measured at amortised cost using the Effective Interest Rate (EIR), less impairment.

iii. Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Company intends to sell immediately or in the near term and those that the Company, upon initial recognition, designates as at fair value through profit or loss.
- Those that the Company, upon initial

recognition, designates as available for sale.

- Those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, loans and receivables are subsequently measured at amortised cost using the EIR method less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'interest income' in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in 'impairment gain/ (loss) on loans and receivables'.

iv. Available-for-sale financial investments

Available-for-sale investments include loan given to the employee's share trust fund. Available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. The Company has not designated any loans or receivables as available-for-sale.

After initial measurement, available-for-sale financial investments are measured at fair value. Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the "available-for-sale reserve". When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income in other operating income.

4.10.4 Reclassification of financial assets

The Company may re-classify non-derivative financial assets other than those designated at FVTPL upon initial recognition, in certain circumstances:

- Out of the held-for-trading category and into the available for sale, loans and receivables, or held-to-maturity categories.
- Out of the 'available-for-sale' category and into the 'loans and receivables', 'held for trading category' or 'held-to-maturity'. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. For a financial asset re-classified out of the 'available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the statement of comprehensive income.
- Out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is re-classified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase are recognised as an

adjustment to the EIR from the date of the change in estimate.

Re-classification is at the election of the management, and is determined on an instrument by instrument basis.

4.10.5 De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:
- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing

involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.10.6 Identification, measurement and assessment of impairment

At each reporting date the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The Company writes off loans and advances and investment securities when they are determined to be unrecoverable.

4.11 Cash and bank balances

Cash and bank balances are defined as cash-in-hand and balances with banks.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.12 Stated capital

Ordinary shares are classified as equity. The equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Notes to the Financial Statements Contd.

Year ended 31st March 2014

4.13 Retirement benefit obligations

4.13.1 Defined benefit plan – gratuity

The Company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which an obligation to pay gratuity arises only on completion of 5 years of continued service. The Company's obligations under that the said Act is determined based on an actuarial valuation, using the projected unit credit method, carried out by a professional actuary.

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

4.13.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into 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 as in the periods during which services are rendered by employees.

a. Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b. Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.

4.14 Financial liabilities

4.14.1 Initial recognition and measurement

The Company classifies financial liabilities into financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The Company recognises financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the financial liability.

i. Financial liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and changes there in recognised in profit or loss.

Upon initial recognition, transaction cost are directly attributable to the acquisition are recognized in profit or loss as incurred. The criteria for designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

ii. Other financial liabilities

Other financial liabilities including deposits, debt issued by the Company and the other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

4.14.2 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4.16 Cash flow statement

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

4.17 Segmental information

A Segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The company does not have distinguishable components to be

identified as a segment as all operations are treated as one segment.

4.18 Changes in Accounting Policies and Disclosures - New and Amended Standards

Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits)

The Company applied, for the first time, Sri Lanka Accounting Standard - LKAS 19 and this necessitates restatement of previous Financial Statements.

In accordance with the transitional provisions set out in LKAS 19, the Company applied the Standard with retrospective effect. The opening Statement of Financial Position of the earliest comparative period is 1st April 2012 and therefore the comparative figures have been restated with effect from 1st April 2012 as disclosed in the note 24.1

4.19 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Company will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimated as at the date of publication of these financial statements.

- SLFRS 9 -Financial instruments: classification and measurement
- SLFRS 10 - Consolidated financial statements
- SLFRS 11 - Joint arrangements
- SLFRS 12 - Disclosure of interests in other entities
- SLFRS 13 -Fair value measurement

Notes to the Financial Statements Contd.

Year ended 31st March 2014

	Company		Group	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
5 Revenue				
Sales	1,360,253,889	1,192,961,482	1,360,253,889	1,192,961,482
Sales return	(16,464,868)	(13,723,781)	(16,464,868)	(13,723,781)
	1,343,789,021	1,179,237,701	1,343,789,021	1,179,237,701

6 Other income

Interest income	6,476,520	433,701	6,476,520	433,701
Exchange gain	4,721	4,829,999	4,721	4,829,999
Scrap sales	4,936,953	6,384,877	4,936,953	6,384,877
Bad debt write back	80,053	-	80,053	-
Profit on disposal of assets	12,568	-	12,568	-
	11,510,815	11,648,577	11,510,815	11,648,577

7 Finance costs

Bank charges	358,270	417,803	358,270	417,803
Overdraft interest	178,252	781,446	178,252	781,446
Loan interest	8,551,699	9,943,889	8,551,699	9,943,889
	9,088,221	11,143,138	9,088,221	11,143,138

8 Profit before tax

Profit for the year is stated after charging all expenses including the following:

Directors remuneration	8,225,193	7,045,080	8,225,193	7,045,080
Staff costs	154,045,243	133,157,667	154,045,243	133,157,667
Contributions to Employees' Provident Fund	7,377,174	6,445,811	7,377,174	6,445,811
Contributions to Employees' Trust Fund	1,872,443	1,611,869	1,872,443	1,611,869
Defined benefit plan contribution	5,629,695	5,929,999	5,629,695	5,929,999
Depreciation	31,121,918	25,431,187	31,121,918	25,431,187
Auditor's remuneration	370,780	480,252	370,780	480,252
Research & development expenses	313,924	3,500,038	313,924	3,500,038
Gifts and donations	-	10,000	-	10,000

9 Tax expenses

Current tax (Note 9.1)	(14,490,695)	-	(14,490,695)	-
Deferred tax (Note 17.1)	(14,993,126)	29,897,653	(14,993,126)	29,897,653
	(29,483,821)	29,897,653	(29,483,821)	29,897,653

	Company		Group	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
9.1 Reconciliation between current tax expense/ (income) and the accounting profit.				
Accounting profit	115,453,701	66,012,967	115,453,701	66,012,967
Tax at the applicable tax rate of 28%	32,327,036	18,483,631	32,327,036	18,483,631
Tax effect on disallowable expenses	14,441,599	12,323,277	14,441,599	12,323,277
Tax effect on allowable expenses	(16,559,605)	(15,990,529)	(16,559,605)	(15,990,529)
Tax effect on investment allowance	(15,718,336)	(15,718,336)	(15,718,336)	(15,718,336)
Income tax for the year	14,490,695	-	14,490,695	-
Statutory tax rate	28%	28%	28%	28%
Effective tax rate	13%	-	13%	-

10 Earnings per share - basic/diluted

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	Company		Group	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Amount used as the numerator				
Profit after tax attributable to ordinary shareholders	85,969,880	95,910,620	85,969,880	95,910,620
Amount used as the denominator				
Weighted average number of ordinary shares in issue	2,750,000	2,750,000	2,750,000	2,750,000

11 Dividend per share

First and final dividends	4,125,000	2,750,000	4,125,000	2,750,000
Number of ordinary shares	2,750,000	2,750,000	2,750,000	2,750,000
Dividend per share	1.50	1.00	1.50	1.00

* The previous year's final dividend was paid in the financial year 2013/14.

Notes to the Financial Statements Contd.

Year ended 31st March 2014

	Buildings	Machinery	Furniture fittings and office equipment	Motor vehicles	Installations, tools and equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

12 Property, plant & equipment

Company / group

Cost

Balance at 1 April 2012	35,466,680	67,521,588	14,211,391	18,686,069	16,184,760	152,070,488
Additions during the year	14,867,954	2,981,321	2,683,097	6,053,136	4,086,870	30,672,379
Transferred from capital work in progress	129,679,735	66,726,573	-	-	3,522,106	199,928,414
Balance at 31 March 2013	180,014,369	137,229,482	16,894,488	24,739,205	23,793,736	382,671,280
Additions during the year	13,319,920	4,203,073	1,900,660	-	3,199,582	22,623,235
Disposal during the year	-	-	(29,500)	-	-	(29,500)
Balance at 31 March 2014	193,334,289	141,432,556	18,765,648	24,739,205	26,993,318	405,265,016

Accumulated depreciation

Balance at 1 April 2012	15,500,891	40,730,456	10,278,089	6,253,311	8,624,140	81,386,887
Charge for the year	4,984,632	11,427,655	1,706,419	5,128,128	2,184,353	25,431,187
Balance at 31 March 2013	20,485,523	52,158,111	11,984,508	11,381,439	10,808,493	106,818,074
Disposals during the year	-	-	(12,568)	-	-	(12,568)
Charge for the year	7,447,852	13,549,838	1,898,258	5,405,880	2,820,089	31,121,918
Balance at 31 March 2014	27,933,376	65,707,949	13,870,198	16,787,319	13,628,582	137,927,424

Written down value

Balance at 31 March 2014	165,400,913	75,724,607	4,895,450	7,951,886	13,364,736	267,337,592
Balance at 31 March 2013	159,528,846	85,071,372	4,909,980	13,357,767	12,985,243	275,853,206

	Company		Group	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.

13 Capital work -in progress

Balance at the beginning of the year	-	154,608,952	-	154,608,952
Additions during the year	2,554,918	45,319,462	2,554,918	45,319,462
Transferred to property, plant and equipment	-	(199,928,414)	-	(199,928,414)
Balance at the end of the year	2,554,918	-	2,554,918	-

14 Leasehold land

Cost	6,643,989	6,643,989	6,643,989	6,643,989
Accumulated amortisation	(1,215,522)	(1,145,926)	(1,215,522)	(1,145,926)
Balance at the end of the year	5,428,467	5,498,063	5,428,467	5,498,063

The details of the leasehold land are as follows.

Property	Lessor	Lease period
No. 133, Sir John Kotelawala Mawatha Kandawala, Ratmalana	Urban Development Authority	99 Years commencing from 23rd March 1994

15 Investment in subsidiary

Unquoted investments

	Holding %	Number of shares	Company	31.03.2013
			31.03.2014 Rs.	Rs.
Soy Products (Pvt) Ltd.	100	2	20	20

The subsidiary has not carried out any operations during the year under review.

	Company		Group	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.

16 Other financial assets

Employee's share trust fund at cost	1,386,055	1,386,055	1,386,055	1,386,055
Adjustment for fair value	24,375,517	19,650,228	24,375,517	19,650,228
Employee's share trust fund at fair value	25,761,572	21,036,283	25,761,572	21,036,283

An employee share trust was established with a view to benefit the employees of the Company including any directors of the Company holding salaried employment or office in the Company by way of distributing the income, profits, dividends and benefits arising there from. On 25th February 1992 and 25th June 1993, 168,004 number of shares from the issued share capital of the Company were purchased for the trust by "Vanik Corporate Services Limited". (formerly known as Forbes Financial Services (Private) Limited), the custodian trustee, at a cost of Rs. 1,386,055.00. From 27th July 2011 onwards, the Board has resolved to transfer this trust to the partners of D.H.P Munaweera & Company from the present trustee. The trust shall be closed by 31st December 2022.

The loan given to employee's share trust funds were categorised as "available for sale" financial assets. This financial asset is measured at fair value. The Board of Directors have determined the fair value on the basis of "net asset value" per share (excluding AFS reserve).

	Company		Group	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.

17 Deferred tax asset

Balance at the beginning of the year	31,735,743	6,259,051	31,735,743	6,259,051
(Charge)/ reversal during the year				
Through income statement	(14,993,126)	29,897,653	(14,993,126)	29,897,653
Through OCI	2,787,225	(4,420,961)	2,787,225	(4,420,961)
Balance at the end of the year	19,529,842	31,735,743	19,529,842	31,735,743

Notes to the Financial Statements Contd.

Year ended 31st March 2014

	Tax effect		Income statement		OCI		
	31.03.2014	31.03.2013	31.03.2012	2013/2014	2012/2013	2013/2014	2012/2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
		Restated	Restated				
17.1 Deferred tax asset/ (liability)							
Company/Group							
Deferred tax asset							
Defined benefit obligation							
- Income Statement	8,558,929	8,895,853	4,607,044	(336,924)	4,288,809	-	-
Defined benefit obligation - OCI	1,300,265	(1,486,960)	2,934,001	-	-	2,787,225	(4,420,961)
	9,859,195	7,408,894	7,541,046				
Investment allowance	31,436,672	37,800,000	-	(6,363,328)	37,800,000		
	41,295,866	45,208,894	7,541,046	(6,700,252)	42,088,809	2,787,225	(4,420,961)
Deferred tax liability							
Depreciation of property, plant and equipment	21,766,025	13,473,151	1,281,995	(8,292,874)	(12,191,156)	-	-
	21,766,025	13,473,151	1,281,995	(8,292,874)	(12,191,156)	-	-
Net deferred tax asset/ (liability)	19,529,842	31,735,743	6,259,051	(14,993,126)	29,897,653	2,787,225	(4,420,961)

17.2 The Company is eligible for qualifying payment relief on the new building project under section 34 of the Inland Revenue Act. The value of future tax benefits have been recognized as a deferred tax asset as required by SLFRS based on best management estimates. The value of this asset is subject to eligibility for this allowance and the availability of taxable income during these respective periods.

	Company		Group	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
Investment allowance				
Investment allowance carried forward	168,410,742	224,547,656	168,410,742	224,547,656
Claimed during the year	(56,136,914)	(56,136,914)	(56,136,914)	(56,136,914)
Investment allowance carried forward for future years	112,273,828	168,410,742	112,273,828	168,410,742

Unrecognised deferred tax asset on investment allowance as at 31.03.2014 is nil. (31.03.2013 was Rs. 9,355,008)

18 Inventories

Raw materials and consumables	49,542,729	36,764,900	49,542,729	36,764,900
Finished goods	35,118,627	30,324,207	35,118,627	30,324,207
Spares and accessories	18,353,665	14,071,502	18,353,665	14,071,502
Goods in transit	1,838,469	15,649,345	1,838,469	15,649,345
	104,853,490	96,809,954	104,853,490	96,809,954
Provision for inventories	(939,635)	-	(939,635)	-
	103,913,855	96,809,954	103,913,855	96,809,954

	Company		Group	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
19 Trade receivables				
Trade receivables	183,983,544	149,394,693	183,983,544	149,394,693
Less: allowances for impairment of debtors	(556,705)	(556,705)	(556,705)	(556,705)
	183,426,839	148,837,988	183,426,839	148,837,988

20 Amounts due from related party

Ceylon Biscuits Limited	1,948,035	2,083,272	1,948,035	2,083,272
Plenty Foods (Pvt) Ltd	-	1,287	-	1,287
	1,948,035	2,084,559	1,948,035	2,084,559

21 Cash in hand and at bank

Sampath Bank	-	158,277	-	158,277
Standard Chartered Bank	1,888,252	551,733	1,888,252	551,733
Peoples Bank	482,773	82,039	482,773	82,039
Hatton National Bank	265,272	-	265,272	-
Petty cash	90,000	41,000	90,000	41,000
	2,726,297	833,049	2,726,297	833,049

22 Stated capital

Issued and fully paid up shares				
2,750,000 number of ordinary shares	52,521,178	52,521,178	52,521,178	52,521,178
	52,521,178	52,521,178	52,521,178	52,521,178

23 Term loans

Opening Balance	72,592,590	-	72,592,590	-
Loans obtained during the year	-	80,000,000	-	80,000,000
Payments made during the year	(17,777,784)	(7,407,410)	(17,777,784)	(7,407,410)
	54,814,806	72,592,590	54,814,806	72,592,590
Payable within one year	(17,777,784)	(17,777,784)	(17,777,784)	(17,777,784)
Payable after one year	37,037,022	54,814,806	37,037,022	54,814,806

Terms and conditions of borrowing facilities

Interest - 5% per annum above the AWPLR

Repayment - 54 equal monthly installments

Security - New factory building and purchased machinery

Notes to the Financial Statements Contd.

Year ended 31st March 2014

	Company		Group	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
24 Retirement benefit obligations				
Opening defined benefit obligation	26,460,336	26,932,306	26,460,336	26,932,306
Current service cost	2,454,455	2,506,850	2,454,455	2,506,850
Interest cost	3,175,240	3,423,149	3,175,240	3,423,149
Actuarial / (gains) or losses recognised	4,643,804	(5,310,569)	4,643,804	(5,310,569)
Benefits paid during the year	(1,522,425)	(1,091,400)	(1,522,425)	(1,091,400)
Provision at the end of the year	35,211,410	26,460,336	35,211,410	26,460,336

The amount recognised in the income statement is as follows:

	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Current service cost	2,454,455	2,506,850	2,454,455	2,506,850
Interest cost	3,175,240	3,423,149	3,175,240	3,423,149
Actuarial (gains) / losses	4,643,804	(5,310,569)	4,643,804	(5,310,569)
	10,273,499	619,430	10,273,499	619,430

An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2014 by Messrs.' Piyal S Goonetilleke & Associates, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by Sri Lanka Accounting Standards-LKAS 19 (Employee Benefits).

Actuarial assumptions	31.03.2014	31.03.2013
Discount rate	10.5%	12.0%
Future salary increment rate	15%	15%

24.1 The Company applied, for the first time, Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits) and this necessitates restatement of previous financial statements.

In accordance with the transitional provisions set out in LKAS 19, the Company applied the Standard with retrospective effect. The opening statement of financial position of the earliest comparative period is 1st April 2012 and therefore the comparative figures have been restated with effect from 1st March 2013. The statement of financial position as at 01st April 2012 is not presented since the reconciliation of retained earnings, retirement benefit obligation and deferred tax asset is presented below.

Impact on Retained earning, Retirement benefit obligation and Deferred tax asset

	31.03.2013	01.04.2012
	Rs.	Rs.
Retained earning		
Retained earning	291,814,546	202,090,833
Net impact of the LKAS 19 adjustment		
Recognition of actuarial loss	(5,219,372)	(9,678,040)
Deferred tax adjustment	2,577,699	2,709,851
Restated balance	289,172,873	195,122,644
Retirement benefit obligation		
Balance before the LKAS 19 adjustment	22,791,346	17,254,266
Recognition of actuarial loss	3,668,990	9,678,040
Restated balance	26,460,336	26,932,306
Deferred tax asset		
Balance before the LKAS 19 adjustment	30,708,426	3,549,199
Deferred tax adjustment	1,027,317	2,709,851
Restated balance	31,735,743	6,259,051
		2012/2013
Total comprehensive income		Rs.
Total comprehensive income for the year		97,954,506
Net impact of the LKAS 19 adjustment		4,326,516
Restated total comprehensive income for the year		102,281,022

	Company		Group	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	Rs.	Rs.	Rs.
25 Trade payables				
Trade creditors - local	52,126,395	45,745,563	52,126,395	45,745,563
Trade creditors - imports	23,119,841	84,997,616	23,119,841	84,997,616
	75,246,236	130,743,179	75,246,236	130,743,179
26 Income tax payable/ (receivable)				
Balance at the beginning of the year	(21,362,760)	(13,133,441)	(21,362,760)	(13,133,441)
Provision for the period	14,490,695	-	14,490,695	-
	(6,872,066)	(13,133,441)	(6,872,066)	(13,133,441)
Tax credit				
Economic Service Charge	(3,575,084)	-	(3,575,084)	-
WHT receivable	(306,690)	(8,229,319)	(306,690)	(8,229,319)
Balance at the end of the year	(10,753,839)	(21,362,760)	(10,753,839)	(21,362,760)

Notes to the Financial Statements Contd.

Year ended 31st March 2014

	Company		Group	
	31.03.2014 Rs.	31.03.2013 Rs.	31.03.2014 Rs.	31.03.2013 Rs.
27 Amounts due to related party				
CBL Foods International (Pvt) Ltd	7,207,106	950,800	7,207,106	950,800
Plenty Foods (Pvt) Ltd	411,202	-	411,202	-
CBL Agro (Pvt) Ltd	262,200	-	262,200	-
Soy Products (Pvt) Ltd	348,947	348,947	-	-
	8,229,455	1,299,747	7,880,508	950,800

28 Bank overdraft

Hatton National Bank	-	223,340	-	223,340
Hatton National Bank	36,136,238	22,456,610	36,136,238	22,456,610
	36,136,238	22,679,949	36,136,238	22,679,949

Terms and condition of facility

The company has obtained overdraft facilities amounting to Rs.20,000,000/- at an interest rate of AWPLR +1% from Hatton National Bank PLC by negative pledge over project assets

29 Analysis of financial instruments by measurement basis

29.1 Analysis of financial instruments by measurement basis as at 31st March 2014

Company/Group

Financial assets	HFT at fair value Rs.	HTM at amortised cost Rs.	L&R at amortised cost Rs.	AFS at fair value Rs.	Total Rs.
Other financial assets	-	-	-	25,761,572	25,761,572
Trade receivables	-	-	183,426,839	-	183,426,839
Other receivables	-	-	11,027,754	-	11,027,754
Amounts due from related party	-	-	1,948,035	-	1,948,035
Short term investments	-	-	74,380,532	-	74,380,532
Cash in hand and at bank	-	-	2,726,297	-	2,726,297
	-	-	273,509,457	25,761,572	299,271,029

Financial Liabilities

	FL - FVTPL Rs.	OFL Rs.
Long term borrowings	-	37,037,022
Trade payables	-	75,246,236
Short term borrowings	-	17,777,784
Amounts due to related party	-	7,880,508
Other payables	-	4,815,751
Accrued charges	-	37,366,171
Bank overdraft	-	36,136,238
	-	216,259,711

29.2 Analysis of financial instruments by measurement basis as at 31 March 2013

Company/Group

Financial assets	HFT at fair value	HTM at amortised cost	L&R at amortised cost	AFS at fair value	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Other financial assets	-	-	-	21,036,283	21,036,283
Trade receivables	-	-	148,837,988	-	148,837,988
Other receivables	-	-	13,818,267	-	13,818,267
Amounts due from related party	-	-	2,084,559	-	2,084,559
Short term investments	-	-	36,129,463	-	36,129,463
Cash in hand and at bank	-	-	833,049	-	833,049
	-	-	201,703,327	21,036,283	222,739,610
Financial Liabilities				FL - FVTPL	OFL
				Rs.	Rs.
Long term borrowings				-	72,592,590
Trade payables				-	130,743,179
Amounts due to related party				-	1,299,747
Other payables				-	4,815,750
Accrued charges				-	31,363,137
Bank overdraft				-	22,679,949
				-	263,494,353

30 Financial risk management

As at 31st March 2014, the Company was exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk through financial instruments owned by the company. The Company's overall risk management process focuses on the unpredictability of financial risks and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is performed by the finance department under policies approved by the board of directors.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments are to raise and maintain liquidity for the Company's operations, and maximize returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

(a) Foreign exchange risk

The Company is principally exposed to fluctuations in the value of the US Dollar (USD) & Indian Rupee against the Sri Lankan Rupee (LKR) on its pending letter of credit valued at Rs. 57,859,800 and import bills valued at Rs. 26,740,104 as at 31st March 2014. The depreciation of the LKR against the USD by Rs. 1 per USD will have a total impact of Rs. 649,196 on the financial statements.

Notes to the Financial Statements Contd.

Year ended 31st March 2014

(b) Credit risk

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Trade receivables

Trade receivables consist of local and overseas customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have a significant credit risk exposure to any single counterparty or any group of counterparties. The company has established policies and procedures to evaluate the clients before approving credit terms. Debtor balance as at 31 March 2014 comprises of Modern Trade, Distributors, Direct Dealers and individuals are represents 30% ,63%, 6% and 1% respectively.

Bank balances and deposits

All positive bank balances and deposits are maintained with licensed commercial banks, recognised financial institutions or treasury bills repurchase agreements.

(c) Interest rate risk

The Company does not have any financial instruments on which the realisable/market value will be significantly affected by the movements of interest rates as at 31st March 2014.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 22 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings and Available for Sale financial instrument reserve as detailed in notes 20 and in the Statement of financial position).

The Company finance division reviews the capital structure of the Group on a semi-annual basis and report to the Board of Directors. As part of this review, the division considers the cost of capital and the risks associated with each class of capital.

31 Related party disclosures

31.1 Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key Management Personnel include members of the Board of Directors of the company. Compensation to Key Management personnel are as follows:

	Company		Group	
	2013/2014 Rs.	2012/2013 Rs.	2013/2014 Rs.	2012/2013 Rs.
Short term employee benefits	8,225,193	7,045,080	8,225,193	7,045,080

31.2 Transactions of the company with its subsidiary

There were no transaction with the subsidiary during the year.

31.3 Transactions of the Company with its parent

During the year the company entered into the following transactions with its parent company, Ceylon Biscuits Limited.

Nature of transaction	Transaction Value Rs.	Receivable/ (Payable) 31.03.2014 Rs.
Reimbursement of expenses	361,974	-
Purchase of Raw material	1,480,984	-
Sales	14,980,484	1,948,035

31.4 Transactions of the company with group companies

Name of the company	Nature of transaction	Transaction Value Rs.	Receivable/ (Payable) 31.03.2014 Rs.
Plenty Foods (Pvt) Limited	Reimbursement of expenses	1,493,063	260,260
	Reimbursement of expenses	1,295,324	(10,010)
	Purchase of goods	3,279,872	(661,452)
CBL Foods International (Pvt) Ltd	Reimbursement of expenses	220,455	(80,091)
	Purchase of raw material	4,405,744	(123,500)
	Purchase of finished goods	19,331,980	(7,003,515)
CBL Agro (Pvt) Ltd	Purchase of raw material	2,263,250	(262,200)
Ritzbury Lanka (Pvt) Limited	Stores rent expense	2,888,400	-

32 Commitments and contingencies

32.1 Financial commitments

Commitments on account of letter of credit as at 31st March 2014 was Rs. 57,859,800 (31st March 2013: Rs. 51,458,356). There are no performance guarantees and other contingencies granted to third parties on behalf of the company as at 31st March 2014 (31st March 2013:Nil)

32.2 Pending litigations and contingent liabilities

The company had made an appeal to the court of Appeal on question of law arising from the determination of the Board of Review and is made under and in terms of Section 122 (1) of the Inland Revenue Act No. 28 of 1979 (as amended). The income tax payable as per the Board of Review determination for the year of assessment 1991/1992 amounts to a sum of Rs. 8,871,886 and surcharge on income tax of Rs. 1,072,031 (plus any penalties payable thereon). Pending the final decision, no provision has been made in these financial statements. There were no other significant contingent liabilities as at the reporting date.

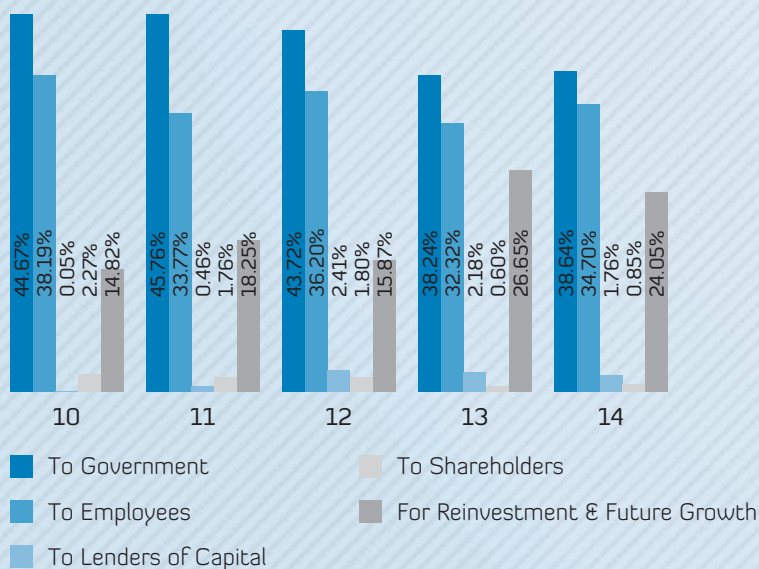
33. Events after the reporting period

There were no significant events after the reporting date that would require adjustments to or disclosures in the financial statements.

Statement of Value Added

CONSOLIDATED	For The Year Ended 31st March 2014 Rs.	For The Year Ended 31st March 2013 Rs.	For The Year Ended 31st March 2012 Rs.	For The Year Ended 31st March 2011 Rs.	For The Year Ended 31st March 2010 Rs.
Total Revenue	1,505,043,704	1,320,746,225	987,372,726	989,984,764	779,145,254
Purchase of Goods & Services	(1,029,731,003)	(877,146,212)	(617,445,983)	(650,970,743)	(519,543,737)
	475,312,700	443,600,014	369,926,743	339,014,021	259,601,517
Other Income	11,510,815	11,648,577	12,819,496	12,605,374	13,279,742
Total Value Added	486,823,515	455,248,590	382,746,239	351,619,396	272,881,259
DISTRIBUTED AS FOLLOWS					
To Government (VAT, NBT, Income Tax)	188,130,463	174,067,549	167,337,662	160,890,093	121,891,145
To Employees (Salaries & other Costs)	168,924,555	147,145,346	138,566,924	118,736,090	104,220,102
To Lenders of Capital (Interest)	8,551,699	9,943,889	9,220,174	1,622,229	138,779
To Shareholders (Dividends)	4,125,000	2,750,000	6,875,000	6,187,500	6,187,500
For Reinvestment & Future Growth	117,091,798	121,341,806	60,746,479	64,183,484	40,443,733
Depreciation	31,121,918	25,431,187	13,716,091	11,994,668	9,637,057
Reserves	85,969,880	95,910,619	47,030,388	52,188,816	30,806,676
	486,823,515	455,248,590	382,746,239	351,619,396	272,881,259

Distribution of Value Added



Shareholder & Investor Information

ORDINARY SHAREHOLDERS

Number of shareholders - 1,439 as at 31st March 2014

From To	Number of shareholders	Number of shares	% Holding
1-1,000	1,381	152,993	5.56%
1,001-10,000	49	148,668	5.40%
10,001-100,000	6	145,665	5.30%
100,001-1,000,000	2	339,697	12.35%
OVER 1,000,000	1	1,962,977	71.39%
	1,439	2,750,000	100.00%

CATEGORIES OF SHAREHOLDERS

Categories	Number of shareholders	Number of shares	% Holding
Local Individuals	1,387	332,182	12.08%
Local Institutions	46	2,346,018	85.31%
Foreign Individuals	5	71,750	2.61%
Foreign Institutions	1	50	0.00%
Total	1,439	2,750,000	100.00%

DETAILS OF SHARES TRADED DURING THE YEAR

Market price per share	As at 3/31/2014 Rs.	As at 3/31/2013 Rs.
Highest during the year	250.00	194.90
Lowest during the year	139.70	120.00
As at end of the year	210.00	139.90
Market Capitalisation as at 31st March (Rs Millions)	577.50	384.73

Shareholder & Investor Information Contd.

MAJOR HOLDERS OF EQUITY

	2014		2013	
	Shares	Percentage	Shares	Percentage
1. Ceylon Biscuits Limited	1,962,977	71.381%	1,962,977	71.381%
2. Dawi Investment Trust (Pvt) Ltd	171,693	6.243%	180,636	6.569%
3. D H P Munaweera & Company	168,004	6.109%	168,004	6.109%
4. Mr. H W M Woodward	70,628	2.568%	0	0.000%
5. Freudenberg Shipping Agencies Limited	20,000	0.727%	0	0.000%
6. Mr. A M D E S Jayaratne	18,570	0.675%	18,570	0.675%
7. Mr. K C Vignarajah	14,200	0.516%	14,200	0.516%
8. Mr. B Selvanayagam & Mrs. L Selvanayagam	11,967	0.435%	11,967	0.435%
9. Mr. H G Carimjee (Deceased)	10,300	0.375%	10,300	0.375%
10. Mrs. N A Chandrasena/Mr. J U N Chandrasena	7,505	0.273%	7,505	0.273%
11. Mr. E D K Weerasuriya	7,300	0.265%	7,300	0.265%
12. Mr. P A J Kumara	7,000	0.255%	0	0.000%
13. Mr. G W Amaratunga	6,900	0.251%	6,900	0.251%
14. Mrs. S Vignarajah	6,300	0.229%	6,300	0.229%
15. Mr. A J Rummy	6,200	0.225%	6,200	0.225%
16. Mrs. M M Udeshi	6,000	0.218%	6,000	0.218%
17. Mrs. S S Silva	5,700	0.207%	0	0.000%
18. Mr. D Ratnayake	5,700	0.207%	5,700	0.207%
19. Mr. U I Suriyabandara	5,271	0.192%	6,271	0.228%
20. Mr. C Chanmugam	5,000	0.182%	5,000	0.182%
	2,517,215	91.535%	2,423,830	88.139%

The percentage of Shares held by the public is 28.62%

Performance Summary

Group data	For the Year Ended 3/31/2014	For the Year Ended 3/31/2013	For the Year Ended 3/31/2012	For the Year Ended 31/03/2011	For the Year Ended 31/03/2010
Profitability (Rs.)					
Revenue (Net)	1,343,789,021	1,179,237,701	881,582,791	883,388,900	713,664,655
Profit/(Loss) from Operating Activities	113,031,106	65,507,527	61,438,422	86,455,135	51,703,666
Finance Cost	(9,088,221)	(11,143,138)	(9,220,174)	(204,470)	(138,779)
Other Income	11,510,815	11,648,577	12,819,496	12,605,374	7,073,883
Profit before taxation	115,453,701	66,012,967	65,037,744	92,280,735	58,638,770
Taxation	(29,483,821)	29,897,653	(18,007,356)	(40,091,918)	(27,832,094)
Profit after taxation	85,969,881	95,910,620	47,030,388	52,188,817	30,806,676
Investor's funds (Rs.)					
Stated capital	52,521,178	52,521,178	52,521,178	52,521,178	52,521,178
Available for Sale Reserve	24,375,516	19,650,228	14,169,435	11,751,091	
Retained Profits	368,941,463	288,953,161	201,871,120	162,527,779	116,526,463
Provision for liabilities & charges	72,248,432	81,275,143	17,254,266	12,198,838	10,212,335
	518,086,590	442,399,712	285,816,000	238,998,886	179,259,976
Assets employed (Rs.)					
Current assets	388,177,152	323,947,105	216,763,131	265,568,030	230,026,328
Current liabilities	190,702,954	215,670,689	180,912,033	104,441,176	103,326,444
Working capital	197,474,198	108,276,416	35,851,098	161,126,854	126,699,884
Other Financial Assets	25,761,572	21,036,283	15,555,490	13,137,146	1,386,055
Property, plant & equipment	275,320,977	281,351,269	230,860,212	63,141,638	51,174,036
Deferred Tax Asset	19,529,842	31,735,743	3,549,199	1,593,248	-
	518,086,590	442,399,712	285,816,000	238,998,886	179,259,976
Key financial indicators					
Market Price of a Share as at year end	210	139.90	174.80	405.20	144.50
Net Assets Per Share	162.12	131.32	97.66	82.47	61.47
Earnings Per Share	31.26	34.88	17.10	18.98	11.20
Price Earnings Ratio (year end)	6.72	4.01	10.22	21.35	12.90
Market Capitalisation (Rs.'000)	577,500	384,725	480,700	1,114,300	397,375
Return on Capital Employed	18.35%	24.20%	19.68%	21.92%	17.26%
Dividend Payout Ratio	0.10	0.04	0.06	0.13	0.20
Interest Cover (times covered)	14	7	0	0	0
Current Ratio	2.04	1.50	1.20	2.54	2.23

Certain comparatives of the previous years have been restated to conform to the presentation of financial statements as at 31.03.2014

Employee Statistics

EMPLOYEE STRENGTH

	Group	
	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
Managerial Staff		
Director	1	1
Senior Managers	2	2
Manager	3	2
Assistant Managers	6	7
	12	12

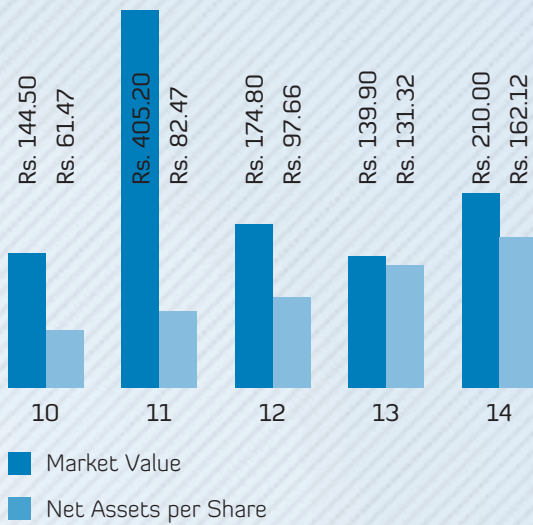
	Group	
	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
Support Staff		
Executives	6	7
<i>Other Support staff</i>		
Permanent	190	190
Contract	3	3
Casual	6	0
	205	200

FUNCTIONAL ANALYSIS OF EXECUTIVES

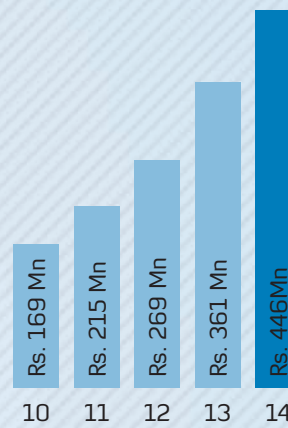
	Group	
	AS AT 31ST MARCH 2014	AS AT 31ST MARCH 2013
General Management	1	1
Finance	4	4
Marketing	5	5
Production	4	4
R&D	2	3
Procurement & Administration	2	2
	18	19

Graphical Review

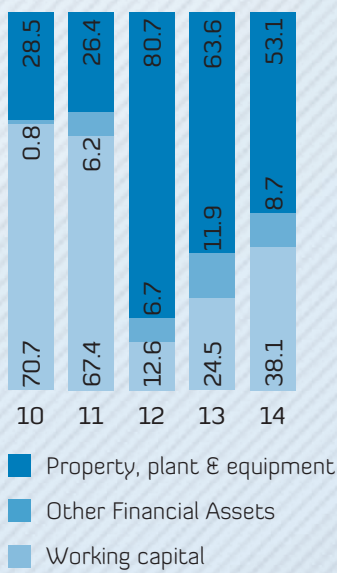
Market Value vs Net Assets per Share



Shareholder's Funds



Asset Distribution



Glossary of Financial Terms

Capital Employed

The total of share capital, capital reserves, revenue reserves and long term liabilities.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Current Ratio

Current assets divided by current liabilities.

Earnings per Share

Profit attributable to ordinary shareholders divided by the number of shares in issue and ranking for dividend.

Interest Cover

Profit before tax plus interest charges divided by interest charges.

Market Capitalisation

Number of shares in issue at the end of the financial year multiplied by the market value of a share as at that date.

Market Value per Share

The price at which an ordinary share is traded in the market.

Net Assets per Share

Total assets less total liabilities excluding long term liabilities and provisions for liabilities and charges (net assets employed) divided by the number of shares.

Profit before Taxation on Turnover

Profit before taxation divided by turnover.

Operating Return Ratio

Operating profit after bad debts, before finance charges, other income and taxation, divided by the total average assets employed during the year.

Total Average Assets Employed

Average of the year opening and closing and fixed and current assets including deferred revenue expenditure.

Price Earnings Ratio

Market price of a share as at the end of the financial year divided by the earnings per share for the financial year.

Return on Capital Employed

Profit after tax divided by assets employed at the end of the year.

Shareholders' Funds

The total of stated capital, capital reserves and revenue reserves minus deferred revenue expenditure.

Total Debt

The total of long and short term (current) liabilities.

Value Addition

The quantum of wealth generated by the activities of the company and its application.

Working Capital

Capital required to finance day to day operations (Current assets minus current liabilities).

Form of Proxy

I/We* NIC No.....
of.....being a shareholder/s* of CONVENIENCE FOODS (LANKA) PLC
hereby appoint.....of.....or failing him*;

Mr. Mineka Presantha Wickramasingha	of Colombo or failing him*
Mr. Ramya Sanath Wickramasingha	of Colombo or failing him*
Ms. Dharshini Sheamalee Wickramasingha	of Colombo or failing her*
Mr. Edenadure Thilanka De Zoysa	of Colombo or failing him*
Mr. Nandana Arunasiri Wickramage	of Colombo or failing him*
Mr. Muditha Udara Saliya Gamini Thilakawardana	of Colombo or failing him*
Mr. Dissanayake Mudiyanseelage Ananda Kulasooriya	of Colombo or failing him*
Mr. Mahesh Shirantha Nanayakkara	of Colombo*

as my/our *proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf and /or* to speak at the twenty third (23rd) Annual General Meeting of the Company to be held on Wednesday 3rd September 2014 at 3.30 p.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2014 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. Declare a first and final dividend of Rs. 3/- per share for the year ended 31st March 2014.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr M P Wickramasingha as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs S J M S Associates, Chartered Accountants, the retiring Auditors and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2015 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hand this day of Two Thousand and Fourteen.

.....
Signature of Shareholder/s

*Please delete what is inapplicable.

Note:

1. Instructions as to completion appear on the reverse.
2. A Proxy need not be a shareholder of the Company.

Form of Proxy Contd.

Instructions for Completion

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. If the appointor is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.
3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy please insert the relevant details in the space provided.
5. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, C/o Ceylon Biscuits Limited, Makumbura, Pannipitiya by 3.30 p.m. on 1st September 2014.

Corporate Information

Name of the Company

Convenience Foods (Lanka) PLC
(Formerly known as Soy Foods (Lanka) PLC)

Legal Form & Listing

A Public Limited Company listed on the Colombo Stock Exchange.

Date of Incorporation

27th March 1991

Registered Office

Ceylon Biscuits Ltd.
High Level Road
Makumbura
Pannipitiya, Sri Lanka

Principal Place of Business

No. 133, 7th Lane, Off Borupana Road,
Kandawala, Ratmalama.

Business Activity

Manufacture and Marketing of Textured
Vegetable Protein (TVP) & Other Food Products.

Tel: +94 11 2611154, 2624408, 5003000
E- mail: conveniencefoods@muncheelk.com
Web: www.muncheelk.com

Directors of the Company

Mr. M.P.Wickramasingha - Chairman
Mr. E. T. De Zoysa - Managing Director
Mr. R.S. Wickramasingha
Ms. D.S. Wickramasingha
Mr. N. A. Wickramage
Mr. M.U.S.G.Thilakawardana
Mr.D.M.A.Kulasooriya
Mr. M.S. Nanayakkara

Auditors

SJMS Associates
Chartered Accountants,
2, Castle Lane
Colombo 4, Sri Lanka.

Secretaries & Registrars

P.W.Corporate Secretarial (Pvt) Ltd
No.3/17, Kynsey Road,
Colombo 08

Bankers

Hatton National Bank
Peoples Bank
DFCC

Our Trajectory of Growth has
Reached New Levels

Dedication
Sustainability
Shareholder Value

Convenience Foods (Lanka) PLC
Annual Report 2013/2014



Member of the CBL Group