

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

For the 1st Quarter Ended 30th June 2021

NAME OF THE COMPANY
Convenience 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,
Makumbura,
Pannipitiya,
Sri Lanka.

BUSINESS ACTIVITY
Manufacture and Marketing of Textured Vegetable Protein (TVP) and other Food Products.

DIRECTORS OF THE COMPANY

Mr. R.S. Wickramasingha	- Chairman
Mr. E.T. De Zoysa	- Managing Director
Ms. D.S. Wickramasingha	- Director
Ms. N.K. Wickramasingha	- Director
Mr. L.J.M. De Silva	- Director
Mr. M.U.S.G. Thilakawardana	- Director
Dr. D.M.A. Kulasooriya	- Director
Mr. M.S. Nanayakkara	- Director

AUDITORS
KPMG Sri Lanka
Chartered Accountants,
32A, Sir Mohomad Macan Markar Mawatha,
Colombo 3, Sri Lanka.

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

BANKERS
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Peoples Bank
National Development Bank of Sri Lanka
DFCC Bank PLC

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH JUNE 2021

	Group			Company		
	03 months ended 30/06/2021	03 months ended 30/06/2020	Variance	03 months ended 30/06/2021	03 months ended 30/06/2020	Variance
Revenue	785,666,659	552,860,502	232,806,157	785,666,659	552,860,502	232,806,157
Cost of Sales	(556,624,799)	(348,455,422)	(208,169,377)	(556,624,799)	(348,455,422)	(208,169,377)
Gross Profit	229,041,860	204,405,080	24,636,780	229,041,860	204,405,080	24,636,780
Other Operating Income	3,675,668	2,494,255	1,181,414	3,675,668	2,494,255	1,181,414
Distribution Expenses	(109,643,880)	(68,119,744)	(41,524,136)	(109,643,880)	(68,119,744)	(41,524,136)
Administrative Expenses	(41,942,658)	(46,258,744)	4,316,086	(41,942,658)	(46,258,744)	4,316,086
Results from Operating Activities	81,130,991	92,520,847	(11,389,856)	81,130,991	92,520,847	(11,389,856)
Finance Income	12,928,138	17,011,714	(4,083,576)	12,928,138	17,011,714	(4,083,576)
Finance Expenses	(1,815,949)	(424,137)	(1,391,811)	(1,815,949)	(424,137)	(1,391,811)
Net Finance Income	11,112,190	16,587,576	(5,475,387)	11,112,190	16,587,576	(5,475,387)
Profit Before Tax	92,243,180	109,108,423	(16,865,242)	92,243,180	109,108,423	(16,865,242)
Income Tax Expenses	(16,764,636)	(18,263,627)	1,498,990	(16,764,636)	(18,263,627)	1,498,990
Profit for the Period	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Other Comprehensive Income						
<i>Items that will not be reclassified to profit or loss:</i>						
Re-measurement component of defined benefit plan	-	-	-	-	-	-
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Profit for the Period Attributable to:						
Owners of the Company	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Non-Controlling Interest	-	-	-	-	-	-
Total Profit for the Period	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period	75,478,544	90,844,796	(15,366,252)	75,478,544	90,844,796	(15,366,252)
Basic and Diluted Earnings Per Share	27.45	33.03		27.45	33.03	


Figures in brackets indicate deductions.

The above figures are not audited.


CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2021

As at	Group		Variance	Company		Variance
	30.06.2021	31.03.2021		30.06.2021	31.03.2021	
	Rs.	Rs.		Rs.	Rs.	
Assets						
Non Current Assets						
Property, Plant and Equipment	511,587,206	494,613,301	16,973,905	511,587,206	494,613,301	16,973,905
Right of Use Assets	38,308,729	40,279,015	(1,970,286)	38,308,729	40,279,015	(1,970,286)
Intangible Assets	6,201,860	6,435,508	(233,648)	6,201,860	6,435,508	(233,648)
Investment in Subsidiary	-	-	-	20	20	-
Total Non Current Assets	556,097,795	541,327,824	14,769,971	556,097,815	541,327,844	14,769,971
Current Assets						
Inventories	482,533,544	242,033,806	240,499,738	482,533,544	242,033,806	240,499,738
Trade and Other Receivables	847,141,015	751,933,096	95,207,919	847,141,015	751,933,096	95,207,919
Amounts due from Related Companies	16,979,439	9,331,044	7,648,395	16,979,439	9,331,044	7,648,395
Short Term Investments	757,115,241	940,475,759	(183,360,518)	757,115,241	940,475,759	(183,360,518)
Cash and Cash Equivalents	-	40,319,426	(40,319,426)	-	40,319,426	(40,319,426)
Total Current Assets	2,103,769,238	1,984,093,131	119,676,108	2,103,769,238	1,984,093,131	119,676,108
Total Assets	2,659,867,033	2,525,420,955	134,446,079	2,659,867,053	2,525,420,975	134,446,079
Equity and Liabilities						
Equity Attributable to Equity - holders of the Parent						
Stated Capital	52,521,178	52,521,178	-	52,521,178	52,521,178	-
Other Reserves	41,613,945	41,613,945	-	41,613,945	41,613,945	-
Retained Earnings	1,694,916,230	1,619,437,686	75,478,544	1,695,499,890	1,620,021,346	75,478,544
Total Equity	1,789,051,353	1,713,572,809	75,478,544	1,789,635,013	1,714,156,469	75,478,544
Liabilities						
Non Current Liabilities						
Deferred Tax Liability	7,557,705	5,743,322	1,814,383	7,557,705	5,743,322	1,814,383
Lease Liabilities	30,128,164	31,911,903	(1,783,739)	30,128,164	31,911,903	(1,783,739)
Retirement Benefit Obligation	74,819,087	89,531,649	(14,712,562)	74,819,087	89,531,649	(14,712,562)
Total Non Current Liabilities	112,504,956	127,186,874	(14,681,917)	112,504,956	127,186,874	(14,681,917)
Current Liabilities						
Trade and Other Payables	615,867,197	612,512,875	3,354,322	615,283,558	611,929,235	3,354,323
Lease Liabilities	6,492,291	6,189,056	303,235	6,492,291	6,189,056	303,235
Current Tax Liabilities	14,391,837	38,328,088	(23,936,251)	14,391,837	38,328,088	(23,936,251)
Amount due to Related Companies	18,688,444	27,631,252	(8,942,809)	18,688,444	27,631,252	(8,942,809)
Bank Overdraft	102,870,955	-	102,870,955	102,870,955	-	102,870,955
Total Current Liabilities	758,310,723	684,661,271	73,649,452	757,727,084	684,077,631	73,649,452
Total Liabilities	870,815,680	811,848,145	58,967,535	870,232,040	811,264,505	58,967,535
Total Equity and Liabilities	2,659,867,033	2,525,420,955	134,446,079	2,659,867,053	2,525,420,975	134,446,079
Net assets value per share	650.56	623.12		650.78	623.33	

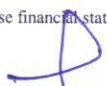
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.


A. D. T. Mendis
General Manager - Finance

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


R. S. Wickramasingha
Chairman

30th July 2021


E. T. De Zoysa
Managing Director

30th July 2021

The above figures are not audited.

**CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH JUNE 2021**

Group	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1 st April 2020	52,521,178	41,613,945	1,128,133,393	1,222,268,516
Profit for the period	-	-	90,844,796	90,844,796
Balance as at 30 th June 2020	<u>52,521,178</u>	<u>41,613,945</u>	<u>1,218,978,189</u>	<u>1,313,113,312</u>
Balance as at 1 st April 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,810
Profit for the period	-	-	75,478,544	75,478,544
Balance as at 30 th June 2021	<u>52,521,178</u>	<u>41,613,945</u>	<u>1,694,916,230</u>	<u>1,789,051,354</u>
 Company				
Balance as at 1 st April 2020	52,521,178	41,613,945	1,128,702,052	1,222,837,175
Profit for the period	-	-	90,844,796	90,844,796
Balance as at 30 th June 2020	<u>52,521,178</u>	<u>41,613,945</u>	<u>1,219,546,848</u>	<u>1,313,681,971</u>
Balance as at 1 st April 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Profit for the period	-	-	75,478,544	75,478,544
Balance as at 30 th June 2021	<u>52,521,178</u>	<u>41,613,945</u>	<u>1,695,499,890</u>	<u>1,789,635,013</u>

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH JUNE 2021

	Group		Company	
	03 months ended 30/06/2021	03 months ended 30/06/2020	03 months ended 30/06/2021	03 months ended 30/06/2020
Cash Flows from Operating Activities				
Profit Before Tax	92,243,180	109,108,423	92,243,180	109,108,423
<i>Adjustments for:</i>				
Depreciation of Property, Plant and Equipment	7,526,555	9,295,720	7,526,555	9,295,720
Amortization of Intangible Assets	327,203	333,889	327,203	333,889
Depreciation of Right of use Assets	1,970,286	942,515	1,970,286	942,515
Interest Income	(12,928,138)	(16,958,077)	(12,928,138)	(16,958,077)
Interest Expenses	1,651,701	401,937	1,651,701	401,937
Provision for Retirement Benefit Obligation	4,307,838	3,916,215	4,307,838	3,916,215
Operating Profit before Working Capital Changes	95,098,625	107,040,622	95,098,625	107,040,622
<i>Changes in Working Capital</i>				
(Increase) / Decrease in Inventories	(240,499,738)	(5,523,883)	(240,499,738)	(5,523,883)
(Increase) / Decrease in Trade and Other Receivables	(95,207,919)	128,575,510	(95,207,919)	128,575,510
(Increase) / Decrease in Amount due from Related Companies	(7,648,395)	(3,449,539)	(7,648,395)	(3,449,539)
Increase / (Decrease) in Amount due to Related Companies	(8,942,809)	(18,564,441)	(8,942,809)	(18,564,441)
Increase / (Decrease) in Trade and Other Payables	3,354,322	(29,511,122)	3,354,322	(29,511,122)
Cash Generated from Operations	(253,845,912)	178,567,147	(253,845,912)	178,567,147
Retiring Gratuity Paid	(19,020,400)	(137,550)	(19,020,400)	(137,550)
Interest Paid	(1,651,701)	(401,937)	(1,651,701)	(401,937)
Income Tax Paid	(38,886,504)	(24,544,492)	(38,886,504)	(24,544,492)
Net Cash Flows from Operating Activities	(313,404,517)	153,483,168	(313,404,517)	153,483,168
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(24,500,459)	(672,659)	(24,500,459)	(672,659)
Purchase of Intangible Assets	(93,555)	-	(93,555)	-
Interest Received	12,928,138	16,958,077	12,928,138	16,958,077
Investment in Fixed Deposits	183,360,518	(117,979,042)	183,360,518	(117,979,042)
Net Cash Flows Used in Investing Activities	171,694,642	(101,693,623)	171,694,642	(101,693,623)
Cash Flows from Financing Activities				
Repayment of Lease	(1,480,504)	(867,450)	(1,480,504)	(867,450)
Net Cash Flows Used in Financing Activities	(1,480,504)	(867,450)	(1,480,504)	(867,450)
Net (Decrease) / Increase in Cash and Cash Equivalents	(143,190,379)	50,922,094	(143,190,379)	50,922,094
Cash and Cash Equivalents at the Beginning of the Period	40,319,425	73,242,903	40,319,425	73,242,903
Cash and Cash Equivalents at the End of the Period	(102,870,955)	124,164,996	(102,870,955)	124,164,996
Cash and Cash Equivalents at the End of the Period				
Cash in Hand and at Bank	-	124,164,996	-	124,164,996
Bank Overdrafts	(102,870,955)	-	(102,870,955)	-
	(102,870,955)	124,164,996	(102,870,955)	124,164,996

Figures in brackets indicate deductions.

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate information

Convenience Foods (Lanka) PLC (the Company) is engaged in the manufacture and marketing of Textured Vegetable Protein (TVP) and other food products.

Convenience Foods (Lanka) PLC is a public limited company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange.

2. Approval of financial statements

The interim condensed financial statements of the group and the company for the three months period ended 30th June 2021 were authorised for issue by the Board of Directors on 30th July 2021.

3. Basis of preparation

The interim financial statements of the company and group for the three months period ended 30th June 2021 have been prepared in accordance with the requirements of LKAS - 34 Interim Financial Reporting and have been prepared in accordance with the same accounting policies and methods set out in the Annual Audited Financial Statements for the year ended 31st March 2021.

4. Segmental information

Segmental information is not presented since the company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

5. Significant unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 30th June 2021.

6. Events after the reporting period

There were no significant events after the reporting period that would require adjustments to or disclosures in these interim financial statements for the period ended 30th June 2021.

7. Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 30th June 2021 was Rs. 93,243,822 (31st March 2021: Rs. 151,271,106). Shipping Guarantees as at 30th June 2021 was Rs. 354,859,000 (31st March 2021: Rs. 176,965,000). Import Bills as at 30th June 2021 was Rs. 38,831,101 (31st March 2021: Rs. 24,586,848).

Capital commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the financial statements amounted to approximately Rs. 1,471,008 (31st March 2021: Rs.1,443,040).

Contingencies - pending litigations

There were no other significant contingent liabilities as at the reporting date, except for the following;

The Company had made an appeal to the Court of Appeal on a 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). The Court of Appeal has given judgment in favor of the Company and has annulled the assessment. The Commissioner General of Inland Revenue has filed a petition in the Supreme Court seeking Special Leave to Appeal against the judgment of the Court of Appeal on this matter.

CONVENIENCE FOODS (LANKA) PLC

Additional Notes

1 Share prices during the Quarter

	03 Months Ended 30th June 2021 Rs.	03 Months Ended 30th June 2020 Rs.
Highest	1300.00	449.20
Lowest	1014.00	300.00
Last traded	1202.75	425.00

2 Names and the number of shares held by the 20 major shareholders

	As At 30 th June 2021	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.381%
2 DAWI INVESTMENT TRUST (PVT) LTD	210,369	7.650%
3 J.B. COCOSHELL (PVT) LTD	194,075	7.057%
4 MRS C.A.D.S. WOODWARD	26,994	0.982%
5 BANSEI SECURITIES CAPITAL PVT LTD/DAWI INVESTMENT TRUST (PVT) LTD	21,000	0.764%
6 MR.A.M.D.E.S.JAYARATNE	18,570	0.675%
7 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	15,000	0.545%
8 MR.K C VIGNARAJAH	14,210	0.517%
9 MR. U. ISURIYABANDARA	9,488	0.345%
10 MR.G.W.AMARATUNGA	8,677	0.316%
11 MRL H S PEIRIS	8,499	0.309%
12 MR.E.D.K.WEERASURIYA & MR S.WEERASURIYA	8,169	0.297%
13 MR. R.J.S. JAYAMAHA	7,000	0.255%
14 MR.Z.G.CARIMJEE	6,867	0.250%
15 MRS.S.VIGNARAJAH	6,300	0.229%
16 MRS.M.M.UDESHI	6,000	0.218%
17 MR.A.J.RUMY	5,800	0.211%
18 DR S.YADDEHIGE	4,798	0.174%
19 SOUTH ASIAN INVESTMENT (PVT) LTD	4,257	0.155%
20 HOPKINS GLOBAL FUND LP	4,120	0.150%
Sub total	2,543,170	92.479%
Others	206,830	7.521%
Issued Capital	2,750,000	100.000%

3 Director's holding as at 30th June 2021

Mr. R S Wickramasingha	Nil
Ms. D S Wickramasingha	Nil
Mr. E T De Zoysa	Nil
Ms. N K Wickramasingha	Nil
Mr. L J M De Silva	Nil
Mr. M U S G Thilakawardana	Nil
Dr. D M A Kulasooriya	Nil
Mr. M S Nanayakkara	Nil

4 Public holding percentage as at 30th June 2021 was 28.619% and comprised of approximately 1,727 Shareholders.

5 The Float adjusted market capitalization of the company as at 30th June 2021 was Rs. 946,591,913.25

6 The Float adjusted market capitalization of the company falls under Option 5 of Rule 7.13.1 (a) of the Listing rules of the Colombo Stock Exchange and the company has complied with the minimum public holding requirement applicable under said option.