

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 2ND QUARTER ENDED,
30TH SEPTEMBER 2021



CORPORATE INFORMATION

NAME OF THE COMPANY

Convenience Foods (Lanka) PLC - PQ 164

LEGAL FORM & LISTING

A Public Limited Company listed on the Colombo Stock Exchange.

DATE OF INCORPORATION

27th March 1991

REGISTERED OFFICE

Ceylon Biscuits Ltd,
No. 555, Highlevel Road,
Makumbura, Pannipitiya,
Sri Lanka.

BUSINESS ACTIVITY

Manufacture and Marketing of Textured Vegetable Protein (TVP), Culinary 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
State Bank of India
Standard Chartered Bank

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

For the 06 Months Ended 30th September	Group			Company		
	2021 Rs.	2020 Rs.	Variance Rs.	2021 Rs.	2020 Rs.	Variance Rs.
Revenue	2,036,700,447	1,427,454,572	609,245,875	2,036,700,447	1,427,454,572	609,245,875
Cost of Sales	(1,504,599,680)	(913,620,753)	(590,978,927)	(1,504,599,680)	(913,620,753)	(590,978,927)
Gross Profit	532,100,767	513,833,819	18,266,948	532,100,767	513,833,819	18,266,948
Other Operating Income	11,091,197	13,339,420	(2,248,222)	11,091,197	13,339,420	(2,248,222)
Distribution Expenses	(244,029,808)	(183,524,832)	(60,504,977)	(244,029,808)	(183,524,832)	(60,504,977)
Administrative Expenses	(84,195,358)	(89,435,596)	5,240,238	(84,195,358)	(89,435,596)	5,240,238
Results from Operating Activities	214,966,798	254,212,811	(39,246,012)	214,966,798	254,212,811	(39,246,012)
Finance Income	22,399,106	33,268,062	(10,868,955)	22,399,106	33,268,062	(10,868,955)
Finance Expenses	(3,010,078)	(996,495)	(2,013,583)	(3,010,078)	(996,495)	(2,013,583)
Net Finance Income	19,389,029	32,271,567	(12,882,538)	19,389,029	32,271,567	(12,882,538)
Profit Before Tax	234,355,827	286,484,377	(52,128,550)	234,355,827	286,484,377	(52,128,550)
Income Tax Expenses	(44,047,198)	(49,498,700)	5,451,502	(44,047,198)	(49,498,700)	5,451,502
Profit for the Period	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
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	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
Profit for the Period Attributable to:						
Owners of the Company	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
Non-Controlling Interest	-	-	-	-	-	-
Total Profit for the Period	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period	190,308,629	236,985,678	(46,677,048)	190,308,629	236,985,678	(46,677,048)
Basic and Diluted Earnings Per Share	69.20	86.18		69.20	86.18	

*Figures in brackets indicate deductions.
The above figures are not audited.*

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


For the 03 Months Ended 30th September	Group			Company		
	2021 Rs.	2020 Rs.	Variance Rs.	2021 Rs.	2020 Rs.	Variance Rs.
Revenue	1,251,033,788	874,594,071	376,439,718	1,251,033,788	874,594,071	376,439,718
Cost of Sales	(947,974,881)	(565,165,331)	(382,809,550)	(947,974,881)	(565,165,331)	(382,809,550)
Gross Profit	303,058,907	309,428,739	(6,369,832)	303,058,907	309,428,739	(6,369,832)
Other Operating Income	7,415,529	10,845,165	(3,429,636)	7,415,529	10,845,165	(3,429,636)
Distribution Expenses	(134,385,929)	(115,405,088)	(18,980,841)	(134,385,929)	(115,405,088)	(18,980,841)
Administrative Expenses	(42,252,699)	(43,176,852)	924,153	(42,252,699)	(43,176,852)	924,153
Results from Operating Activities	133,835,808	161,691,964	(27,856,157)	133,835,808	161,691,964	(27,856,157)
Finance Income	9,470,968	16,256,348	(6,785,380)	9,470,968	16,256,348	(6,785,380)
Finance Expenses	(1,194,129)	(572,358)	(621,772)	(1,194,129)	(572,358)	(621,772)
Net Finance Income	8,276,839	15,683,990	(7,407,151)	8,276,839	15,683,990	(7,407,151)
Profit Before Tax	142,112,647	177,375,955	(35,263,308)	142,112,647	177,375,955	(35,263,308)
Income Tax Expenses	(27,282,561)	(31,235,073)	3,952,512	(27,282,561)	(31,235,073)	3,952,512
Profit for the Period	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
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	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
Profit for the Period Attributable to:						
Owners of the Company	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
Non-Controlling Interest	-	-	-	-	-	-
Total Profit for the Period	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period	114,830,085	146,140,882	(31,310,796)	114,830,085	146,140,882	(31,310,796)
Basic and Diluted Earnings Per Share	41.76	53.14		41.76	53.14	

*Figures in brackets indicate deductions.
The above figures are not audited.*

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

As at	Group			Company		
	30.09.2021 Rs.	31.03.2021 Rs.	Variance	30.09.2021 Rs.	31.03.2021 Rs.	Variance
Assets						
Non Current Assets						
Property, Plant and Equipment	585,266,116	494,613,301	90,652,815	585,266,116	494,613,301	90,652,815
Right of Use Assets	36,338,451	40,279,015	(3,940,564)	36,338,451	40,279,015	(3,940,564)
Intangible Assets	5,929,328	6,435,508	(506,180)	5,929,328	6,435,508	(506,180)
Investment in Subsidiary	-	-	-	20	20	-
Total Non Current Assets	627,533,896	541,327,824	86,206,072	627,533,916	541,327,844	86,206,072
Current Assets						
Inventories	420,063,283	242,033,806	178,029,477	420,063,283	242,033,806	178,029,477
Trade and Other Receivables	624,876,201	751,933,096	(127,056,895)	624,876,201	751,933,096	(127,056,895)
Amounts due from Related Companies	14,845,489	9,331,044	5,514,445	14,845,489	9,331,044	5,514,445
Short Term Investments	661,029,562	940,475,759	(279,446,197)	661,029,562	940,475,759	(279,446,197)
Cash and Cash Equivalents	181,629,938	40,319,426	141,310,512	181,629,938	40,319,426	141,310,512
Total Current Assets	1,902,444,473	1,984,093,131	(81,648,658)	1,902,444,473	1,984,093,131	(81,648,658)
Total Assets	2,529,978,369	2,525,420,955	4,557,414	2,529,978,389	2,525,420,975	4,557,413
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	1,782,246,316	1,619,437,686	162,808,630	1,782,829,975	1,620,021,346	162,808,629
Total Equity	1,876,381,439	1,713,572,809	162,808,630	1,876,965,098	1,714,156,469	162,808,629
Liabilities						
Non Current Liabilities						
Deferred Tax Liability	9,259,990	5,743,322	3,516,668	9,259,990	5,743,322	3,516,668
Lease Liabilities	29,046,623	31,911,903	(2,865,280)	29,046,623	31,911,903	(2,865,280)
Retirement Benefit Obligation	76,086,725	89,531,649	(13,444,924)	76,086,725	89,531,649	(13,444,924)
Total Non Current Liabilities	114,393,339	127,186,874	(12,793,535)	114,393,339	127,186,874	(12,793,535)
Current Liabilities						
Trade and Other Payables	507,947,194	612,512,875	(104,565,681)	507,363,554	611,929,235	(104,565,681)
Lease Liabilities	6,026,488	6,189,056	(162,568)	6,026,488	6,189,056	(162,568)
Current Tax Liabilities	15,475,204	38,328,088	(22,852,884)	15,475,204	38,328,088	(22,852,884)
Amount due to Related Companies	9,754,706	27,631,252	(17,876,546)	9,754,706	27,631,252	(17,876,546)
Total Current Liabilities	539,203,592	684,661,271	(145,457,679)	538,619,953	684,077,631	(145,457,678)
Total Liabilities	653,596,931	811,848,145	(158,251,214)	653,013,291	811,264,505	(158,251,214)
Total Equity and Liabilities	2,529,978,369	2,525,420,955	4,557,415	2,529,978,389	2,525,420,975	4,557,415
Net assets value per share	682.32	623.12		682.53	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


E. T. De Zoysa
Managing Director

29th October 2021

The above figures are not audited.

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

Group	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,133,393	1,222,268,516
Profit for the period	-	-	236,985,678	236,985,678
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 30th September 2020	52,521,178	41,613,945	1,349,994,070	1,444,129,193
Balance as at 1st April 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,809
Profit for the period	-	-	190,308,629	190,308,629
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 30th September 2021	52,521,178	41,613,945	1,782,246,316	1,876,381,439

Company	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,702,052	1,222,837,175
Profit for the period	-	-	236,985,678	236,985,678
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 30th September 2020	52,521,178	41,613,945	1,350,562,729	1,444,697,853
Balance as at 1st April 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Profit for the period	-	-	190,308,629	190,308,629
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 30th September 2021	52,521,178	41,613,945	1,782,829,975	1,876,965,098

The above figures are not audited.

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

For the 06 Months Ended 30th September	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	234,355,827	286,484,377	234,355,827	286,484,377
Adjustments for:				
Depreciation of Property, Plant and Equipment	21,122,905	16,992,977	21,122,905	16,992,977
Amortization of Intangible Assets	657,393	667,765	657,393	667,765
Depreciation of Right of use Assets	3,940,564	1,885,023	3,940,564	1,885,023
Profit on Disposal of Assests	-	(7,851,676)	-	(7,851,676)
Interest Income	(22,399,106)	(33,094,588)	(22,399,106)	(33,094,588)
Interest Expenses	2,751,080	712,922	2,751,080	712,922
Provision for Retirement Benefit Obligation	8,615,676	7,832,430	8,615,676	7,832,430
Operating Profit before Working Capital Changes	249,044,339	273,629,231	249,044,339	273,629,231
Changes in Working Capital				
(Increase)/Decrease in Inventories	(178,029,477)	(56,731,389)	(178,029,477)	(56,731,389)
(Increase)/Decrease in Trade and Other Receivables	127,056,895	(48,878,617)	127,056,895	(48,878,617)
(Increase)/Decrease in Amount due from Related Companies	(5,514,445)	695,670	(5,514,445)	695,670
Increase/(Decrease) in Amount due to Related Companies	(17,876,546)	(30,850,691)	(17,876,546)	(30,850,691)
Increase/(Decrease) in Trade and Other Payables	(104,565,681)	49,497,823	(104,565,681)	49,497,823
Cash Generated from Operations	70,115,085	187,362,027	70,115,085	187,362,027
Retiring Gratuity Paid	(22,060,600)	(219,210)	(22,060,600)	(219,210)
Interest Paid	(2,751,080)	(712,922)	(2,751,080)	(712,922)
Income Tax Paid	(63,383,414)	(58,443,210)	(63,383,414)	(58,443,210)
Net Cash Flows from Operating Activities	(18,080,009)	127,986,685	(18,080,009)	127,986,685
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(111,775,720)	(19,258,614)	(111,775,720)	(19,258,614)
Purchase of Intangible Assets	(151,213)	-	(151,213)	-
Proceeds from Disposal of Assests	-	7,868,479	-	7,868,479
Interest Received	22,399,106	33,094,588	22,399,106	33,094,588
Net Movement of Investment in Fixed Deposits	279,446,196	(129,723,763)	279,446,196	(129,723,763)
Net Cash Flows Used in Investing Activities	189,918,369	(108,019,310)	189,918,369	(108,019,310)
Cash Flows from Financing Activities				
Dividend Paid	(27,500,000)	(15,125,000)	(27,500,000)	(15,125,000)
Repayment of Lease	(3,027,847)	(1,825,293)	(3,027,847)	(1,825,293)
Net Cash Flows Used in Financing Activities	(30,527,847)	(16,950,293)	(30,527,847)	(16,950,293)
Net (Decrease) / Increase in Cash and Cash Equivalents	141,310,513	3,017,082	141,310,513	3,017,082
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	181,629,938	76,259,984	181,629,938	76,259,984
Cash in Hand and at Bank	181,629,938	76,259,984	181,629,938	76,259,984
Cash and Cash Equivalents at the End of the Period	181,629,938	76,259,984	181,629,938	76,259,984

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), Culinary 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 six months period ended 30th September 2021 were authorised for issue by the Board of Directors on 29th October 2021.

3 Basis of preparation

The interim financial statements of the company and group for the six months period ended 30th September 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 September 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 September 2021.

7. Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 30th September 2021 was Rs. 394,875,733 (31st March 2021: Rs. 151,271,106). Shipping Guarantees as at 30th September 2021 was Rs. 57,795,000 (31st March 2021: Rs. 176,965,000). Import Bills as at 30th September 2021 was Rs. 18,309,784 (31st March 2021: Rs. 24,586,848).

Capital commitments

There were no significant capital commitments as at reporting date.

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 September 2021	03 Months Ended 30th September 2020
	Rs.	Rs.
Highest	1,300.00	690.00
Lowest	1,000.00	420.00
Last traded	1,020.20	615.15

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

	As At 30th September 2021	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.38%
2 J.B. COCOSHELL (PVT) LTD	212,210	7.72%
3 DAWI INVESTMENT TRUST (PVT) LTD	211,938	7.71%
4 BANSEI SECURITIES CAPITAL (PVT) LTD/DAWI INVESTMENT TRUST (PVT) LTD	21,436	0.78%
5 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
6 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	15,000	0.55%
7 MR K.C. VIGNARAJAH	14,220	0.52%
8 MR S.R.S. DE SARAM & MRS S.T.T. JAYASUNDERA	11,331	0.41%
9 MR U.I. SURIYABANDARA	9,488	0.35%
10 MR G.W. AMARATUNGA	8,677	0.32%
11 MR L.H.S. PEIRIS	8,499	0.31%
12 MR E.D.K. WEERASURIYA & MR S. WEERASURIYA	8,169	0.30%
13 MR R.J.S. JAYAMAHA	7,000	0.26%
14 MR Z.G. CARIMJEE	6,867	0.25%
15 MRS S. VIGNARAJAH	6,300	0.23%
16 MRS M.M. UDESHI	6,000	0.22%
17 MR A.J. RUMY	5,000	0.18%
18 DR S. YADDEHIGE	4,798	0.17%
19 DFCC BANK PLC/MR.P.PRANAVAN	4,500	0.16%
20 HOPKINS GLOBAL FUND LP	4,120	0.15%
Sub total	2,547,100	92.62%
Others	202,900	7.38%
Issued Capital	2,750,000	100.00%

3 Director's holding as at 30th September 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 September 2021 was 28.619% and comprised of approximately 1,718 Shareholders.

5 The Float adjusted market capitalization of the company as at 30th September 2021 was Rs. 803,156,971.50

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.