

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 4TH QUARTER ENDED,
31ST MARCH 2022



CORPORATE INFORMATION

NAME OF THE COMPANY

Convenience Foods (Lanka) PLC - PQ 164

SECRETARIES & REGISTRARS

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

LEGAL FORM & LISTING

A Public Limited Company listed on the
Colombo Stock Exchange

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Peoples' Bank
Standard Chartered Bank
State Bank of India

DATE OF INCORPORATION

27th March 1991

REGISTERED OFFICE

Ceylon Biscuits Ltd,
No. 555, High Level 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.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2022

For the 12 Months Ended 31st March	Group			Company		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Revenue	4,858,647,421	3,207,282,244	51.5	4,858,647,421	3,207,282,244	51.5
Cost of Sales	(3,696,355,746)	(2,074,451,264)	78.2	(3,696,355,746)	(2,074,451,264)	78.2
Gross Profit	1,162,291,676	1,132,830,980	2.6	1,162,291,676	1,132,830,980	2.6
Other Operating Income	23,785,260	28,797,221	-17.4	23,201,620	28,797,221	-19.4
Distribution Expenses	(541,365,129)	(417,513,192)	29.7	(541,365,129)	(417,513,192)	29.7
Administrative Expenses	(184,171,999)	(168,142,811)	9.5	(184,171,999)	(168,127,811)	9.5
Results from Operating Activities	460,539,807	575,972,199	-20.0	459,956,167	575,987,199	-20.1
Finance Income	40,957,256	62,158,719	-34.1	40,957,256	62,158,719	-34.1
Finance Expenses	(11,679,300)	(5,183,148)	125.3	(11,679,300)	(5,183,148)	125.3
Net Finance Income	29,277,956	56,975,571	-48.6	29,277,956	56,975,571	-48.6
Profit Before Tax	489,817,763	632,947,770	-22.6	489,234,123	632,962,770	-22.7
Income Tax Expenses	(103,644,723)	(117,042,986)	-11.4	(103,644,723)	(117,042,986)	-11.4
Profit for the Period	386,173,040	515,904,784	-25.1	385,589,400	515,919,784	-25.3
Other Comprehensive Income						
<i>Items that will not be reclassified to profit or loss:</i>						
Re-measurement component of defined benefit plan	5,096,184	(11,555,476)	-144.1	5,096,184	(11,555,476)	-144.1
Deferred Tax on Actuarial Loss	(917,313)	2,079,986	-144.1	(917,313)	2,079,986	-144.1
Other Comprehensive Income for the Period	4,178,871	(9,475,490)	-144.1	4,178,871	(9,475,490)	-144.1
Total Comprehensive Income for the Period	390,351,911	506,429,294	-22.9	389,768,271	506,444,294	-23.0
Profit for the Period Attributable to:						
Owners of the Company	386,173,040	515,904,784	-25.1	385,589,400	515,919,784	-25.3
Non-Controlling Interest	-	-	0.0	-	-	0.0
Total Profit for the Period	386,173,040	515,904,784	-25.1	385,589,400	515,919,784	-25.3
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	390,351,911	506,429,294	-22.9	389,768,271	506,444,294	-23.0
Non-Controlling Interest	-	-	0.0	-	-	0.0
Total Comprehensive Income for the Period	390,351,911	506,429,294	-22.9	389,768,271	506,444,294	-23.0
Basic and Diluted Earnings Per Share	140.43	187.60		140.21	187.61	

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

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2022

For the 03 Months Ended 31st March	Group			Company		
	2022 Rs.	2021 Rs.	Change %	2022 Rs.	2021 Rs.	Change %
Revenue	1,497,723,201	863,390,898	73.5	1,497,723,201	863,390,898	73.5
Cost of Sales	(1,170,641,499)	(582,062,528)	101.1	(1,170,641,499)	(582,062,528)	101.1
Gross Profit	327,081,703	281,328,370	16.3	327,081,703	281,328,370	16.3
Other Operating Income	7,237,227	11,881,562	-39.1	7,237,227	11,881,562	-39.1
Distribution Expenses	(154,387,138)	(114,127,769)	35.3	(154,387,138)	(114,127,769)	35.3
Administrative Expenses	(44,659,065)	(33,217,963)	34.4	(44,644,065)	(33,202,963)	34.5
Results from Operating Activities	135,272,727	145,864,200	-7.3	135,287,727	145,879,200	-7.3
Finance Income	9,223,657	14,708,353	-37.3	9,223,657	14,708,353	-37.3
Finance Expenses	(6,700,764)	(3,347,049)	100.2	(6,700,764)	(3,347,049)	100.2
Net Finance Income	2,522,893	11,361,303	-77.8	2,522,893	11,361,303	-77.8
Profit Before Tax	137,795,620	157,225,504	-12.4	137,810,620	157,240,504	-12.4
Income Tax Expenses	(35,831,951)	(33,713,192)	6.3	(35,831,951)	(33,713,192)	6.3
Profit for the Period	101,963,669	123,512,312	-17.4	101,978,669	123,527,312	-17.4
Other Comprehensive Income						
<i>Items that will not be reclassified to profit or loss:</i>						
Re-measurement component of defined benefit plan	5,096,184	(11,555,476)	-144.1	5,096,184	(11,555,476)	-144.1
Deferred Tax on Actuarial Loss	(917,313)	2,079,986	-144.1	(917,313)	2,079,986	-144.1
Other Comprehensive Income for the Period	4,178,871	(9,475,490)	-144.1	4,178,871	(9,475,490)	-144.1
Total Comprehensive Income for the Period	106,142,540	114,036,822	-6.9	106,157,540	114,051,822	-6.9
Profit for the Period Attributable to:						
Owners of the Company	101,963,669	123,512,312	-17.4	101,978,669	123,527,312	-17.4
Non-Controlling Interest	-	-	0.0	-	-	0.0
Total Profit for the Period	101,963,669	123,512,312	-17.4	101,978,669	123,527,312	-17.4
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	106,142,540	114,036,822	-6.9	106,157,540	114,051,822	-6.9
Non-Controlling Interest	-	-	0.0	-	-	0.0
Total Comprehensive Income for the Period	106,142,540	114,036,822	-6.9	106,157,540	114,051,822	-6.9
Basic and Diluted Earnings Per Share	37.08	44.91		37.08	44.92	

Figures in brackets indicate deductions.

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2022


As at	Group		Company	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Rs.	Rs.	Rs.	Rs.
Assets				
Non Current Assets				
Property, Plant and Equipment	616,391,944	494,613,301	616,391,944	494,613,301
Right of Use Assets	116,325,327	40,279,015	116,325,327	40,279,015
Intangible Assets	7,827,705	6,435,508	7,827,705	6,435,508
Investment in Subsidiary	-	-	20	20
Total Non Current Assets	740,544,976	541,327,824	740,544,996	541,327,844
Current Assets				
Inventories	1,136,374,206	242,033,806	1,136,374,206	242,033,806
Trade and Other Receivables	636,390,108	751,933,096	636,390,108	751,933,096
Amounts due from Related Companies	26,337,704	9,331,044	26,337,704	9,331,044
Short Term Investments	418,645,514	940,475,759	418,645,514	940,475,759
Cash and Cash Equivalents	173,094,623	40,319,425	173,094,623	40,319,425
Total Current Assets	2,390,842,155	1,984,093,130	2,390,842,155	1,984,093,130
Total Assets	3,131,387,131	2,525,420,954	3,131,387,151	2,525,420,974
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	1,982,289,597	1,619,437,686	1,982,289,617	1,620,021,346
Total Equity	2,076,424,720	1,713,572,809	2,076,424,740	1,714,156,469
Liabilities				
Non Current Liabilities				
Deferred Tax Liability	17,168,762	5,743,322	17,168,762	5,743,322
Lease Liabilities	112,526,575	31,911,903	112,526,575	31,911,903
Retirement Benefit Obligation	70,888,677	89,531,649	70,888,677	89,531,649
Total Non Current Liabilities	200,584,014	127,186,874	200,584,014	127,186,874
Current Liabilities				
Trade and Other Payables	783,769,816	612,512,875	783,769,816	611,929,235
Lease Liabilities	7,987,137	6,189,056	7,987,137	6,189,056
Current Tax Liabilities	32,074,465	38,328,088	32,074,465	38,328,088
Amount due to Related Companies	30,546,978	27,631,252	30,546,978	27,631,252
Total Current Liabilities	854,378,397	684,661,271	854,378,397	684,077,631
Total Liabilities	1,054,962,410	811,848,145	1,054,962,410	811,264,505
Total Equity and Liabilities	3,131,387,131	2,525,420,954	3,131,387,151	2,525,420,974
Net assets value per share	755.06	623.12	755.06	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.


S. K. I. S. Senarathne
General Manager - Finance

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


N. K. Wickramasingha
Director


L. J. M. De Silva
Director

27th May 2022

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST MARCH 2022

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	-	-	515,904,784	515,904,784
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2021	52,521,178	41,613,945	1,628,913,176	1,723,048,299
Balance as at 1st April 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,809
Profit for the period	-	-	386,173,040	386,173,040
Other Comprehensive Income for the year			4,178,871	4,178,871
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 31st March 2022	52,521,178	41,613,945	1,982,289,597	2,076,424,720

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	-	-	506,444,294	506,444,294
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Balance as at 1st April 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Profit for the period	-	-	385,589,400	385,589,400
Other Comprehensive Income for the year			4,178,871	4,178,871
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 31st March 2022	52,521,178	41,613,945	1,982,289,617	2,076,424,740

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST MARCH 2022

For the 12 Months Ended 31st March	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	489,817,763	632,947,770	489,234,123	632,962,770
Adjustments for:				
Depreciation of Property, Plant and Equipment	58,385,345	31,856,095	58,385,345	31,856,095
Amortization of Intangible Assets	1,446,714	1,272,559	1,446,714	1,272,559
Depreciation of Right of use Assets	9,555,443	7,336,352	9,555,443	7,336,352
Profit on Disposal of Assests	-	(17,334,026)	-	(17,334,026)
Interest Income	(40,957,256)	(62,158,719)	(40,957,256)	(62,158,719)
Interest Expenses	9,688,186	4,589,148	9,688,186	4,589,148
Provision for Retirement Benefit Obligation	11,181,112	13,377,159	11,181,112	13,377,159
Operating Profit before Working Capital Changes	539,117,307	611,886,337	538,533,667	611,901,337
Changes in Working Capital				
(Increase)/Decrease in Inventories	(894,340,400)	(29,713,391)	(894,340,400)	(29,713,391)
(Increase)/Decrease in Trade and Other Receivables	115,542,988	(193,836,720)	115,542,988	(193,836,720)
(Increase)/Decrease in Amount due from Related Companies	(17,006,660)	1,278,270	(17,006,660)	1,278,270
Increase/(Decrease) in Amount due to Related Companies	2,915,726	(20,340,398)	2,915,726	(20,340,398)
Increase/(Decrease) in Trade and Other Payables	171,256,946	274,096,182	171,840,586	274,081,182
Cash Generated from/ (Used in) Operations	(82,514,092)	643,370,279	(82,514,092)	643,370,280
Retiring Gratuity Paid	(24,727,900)	(403,048)	(24,727,900)	(403,048)
Interest Paid	(9,688,186)	(4,589,148)	(9,688,186)	(4,589,148)
Income Tax Paid	(99,390,219)	(123,874,534)	(99,390,219)	(123,874,534)
Net Cash Flows from/ (Used in) Operating Activities	(216,320,397)	514,503,550	(216,320,397)	514,503,551
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(180,163,949)	(271,632,264)	(180,163,949)	(271,632,264)
Purchase of Intangible Assets	(2,838,911)	(397,350)	(2,838,911)	(397,350)
Proceeds from Disposal of Assests	-	17,350,828	-	17,350,828
Interest Received	40,957,256	62,158,719	40,957,256	62,158,719
Net Movement of Investment in Fixed Deposits	521,830,245	(334,707,236)	521,830,245	(334,707,236)
Net Cash Flows from/ (Used in) Investing Activities	379,784,641	(527,227,303)	379,784,641	(527,227,303)
Cash Flows from Financing Activities				
Dividend Paid	(27,500,000)	(15,125,000)	(27,500,000)	(15,125,000)
Repayment of Lease	(3,189,045)	(5,074,725)	(3,189,045)	(5,074,725)
Net Cash Flows from/ (Used in) Financing Activities	(30,689,045)	(20,199,725)	(30,689,045)	(20,199,725)
Net (Decrease) / Increase in Cash and Cash Equivalents	132,775,198	(32,923,478)	132,775,198	(32,923,478)
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	173,094,623	40,319,424	173,094,623	40,319,424
Cash in Hand and at Bank	173,094,623	40,319,424	173,094,623	40,319,424
Cash and Cash Equivalents at the End of the Period	173,094,623	40,319,424	173,094,623	40,319,424

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 twelve months period ended 31st March 2022 were authorised for issue by the Board of Directors on 27th May 2022.

3 Basis of preparation

The interim financial statements of the company and group for the twelve months period ended 31st March 2022 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 31st March 2022.

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 31st March 2022 except for the following.

Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/21. The liability is computed at the rate of 25% on the taxable income of the individual Group companies, net of dividends from Subsidiaries

As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognised in financial year 2021/22 on account of the one-off Surcharge Tax as the law had not been enacted as at 31st March 2022.

On 18th April 2022, the Company paid Rs. 79 Mn on account of the first instalment of the Surcharge Tax liability with the balance of Rs. 79 Mn payable on or before 20th July 2022.

7. Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 31st March 2022 was Rs. 589,033,897 (31st March 2021: Rs. 151,271,106). Shipping Guarantees as at 31st March 2022 was Rs. 122,037,530 (31st March 2021: Rs. 176,965,000). Import Bills as at 31st December 2021 was Rs. 4,483,794 (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 31st March 2022	03 Months Ended 31st March 2021
	Rs.	Rs.
Highest	1,990.00	1,999.00
Lowest	999.75	950.00
Last traded	1,182.25	1,245.00

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

	As At 31st March 2022	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.38%
2 HATTON NATIONAL BANK PLC/ DAWI INVESTMENT TRUST (PVT) LTD	263,404	9.58%
3 J.B. COCOSHELL (PVT) LTD	211,686	7.70%
4 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
5 MR K.C. VIGNARAJAH	14,720	0.54%
6 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	14,000	0.51%
7 MR W.D.N.H. PERERA	9,623	0.35%
8 MR U.I. SURIYABANDARA	9,498	0.35%
9 MR G.W. AMARATUNGA	8,677	0.32%
10 MR L.H.S. PEIRIS	8,499	0.31%
11 MR E.D.K. WEERASURIYA & MR S. WEERASURIYA	8,169	0.30%
12 MR R.J.S. JAYAMAHA	7,000	0.26%
13 MR Z.G. CARIMJEE	6,867	0.25%
14 MRS S. VIGNARAJAH	6,300	0.23%
15 MRS M.M. UDESHI	6,000	0.22%
16 DFCC BANK PLC/MR.P.PRANAVAN	5,250	0.19%
17 DR S. YADDEHIGE	4,798	0.17%
18 MR N.K. FLEMMING	4,064	0.15%
19 MR U.C. BANDARANAYAKE & MRS L. BANDARANAYAKE	4,023	0.15%
20 MR A.J. RUMY	3,900	0.14%
Sub total	2,578,025	93.75%
Others	171,975	6.25%
Issued Capital	2,750,000	100.00%

3 Director's holding as at 31st March 2022

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 31st March 2022 was 28.619% and comprised of approximately 1,607 Shareholders.
5 The Float adjusted market capitalization of the company as at 31st March 2022 was Rs. 930,457,941.75
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.