

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 3RD QUARTER ENDED,
31ST DECEMBER 2022



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, 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.

SECRETARIES & REGISTRARS

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

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nation Trust Bank
National Development Bank PLC
Peoples Bank
Sampath Bank PLC
Standard Chartered Bank
State Bank of India

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

For the 09 Months Ended 31st December	Company		Variance %
	2022 Rs.	2021 Rs.	
Continuing Operations			
Revenue	6,245,256,937	3,360,924,220	85.8%
Cost of Sales	(4,712,588,501)	(2,525,714,247)	86.6%
Gross Profit	1,532,668,435	835,209,973	83.5%
Other Operating Income	33,385,686	16,548,033	101.8%
Distribution Expenses	(578,630,680)	(386,977,991)	49.5%
Administrative Expenses	(198,845,629)	(139,527,935)	42.5%
Results from Operating Activities	788,577,811	325,252,080	142.5%
Finance Income	20,206,506	31,733,600	-36.3%
Finance Expenses	(180,180,678)	(4,978,536)	3519.2%
Net Finance Income	(159,974,172)	26,755,064	-697.9%
Profit Before Tax	628,603,639	352,007,144	78.6%
Income Tax Expenses	(143,037,366)	(67,812,772)	110.9%
Profit for the Period	485,566,273	284,194,373	70.9%
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	485,566,273	284,194,373	70.9%
Basic and Diluted Earnings Per Share	176.57	103.34	

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

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

For the 03 Months Ended 31st December	Company		Variance %
	2022 Rs.	2021 Rs.	
Continuing Operations			
Revenue	2,378,137,012	1,324,223,773	79.6%
Cost of Sales	(1,788,129,715)	(1,021,114,568)	75.1%
Gross Profit	590,007,296	303,109,205	94.7%
Other Operating Income	15,163,668	5,456,836	177.9%
Distribution Expenses	(240,965,034)	(142,948,183)	68.6%
Administrative Expenses	(71,140,666)	(55,332,577)	28.6%
Results from Operating Activities	293,065,263	110,285,282	165.7%
Finance Income	5,044,083	9,334,493	-46.0%
Finance Expenses	(95,280,963)	(1,968,458)	4740.4%
Net Finance Income	(90,236,880)	7,366,036	-1325.0%
Profit Before Tax	202,828,383	117,651,317	72.4%
Income Tax Expenses	(65,057,648)	(23,765,574)	173.7%
Profit for the Period	137,770,735	93,885,743	46.7%
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	137,770,735	93,885,743	46.7%
Basic and Diluted Earnings Per Share	50.10	34.14	

Figures in brackets indicate deductions.

The above figures are not audited.

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

As at	Company	
	31.12.2022 Rs.	31.03.2022 Rs.
Assets		
Non Current Assets		
Property, Plant and Equipment	621,282,000	616,391,944
Right of Use Assets	123,163,346	116,325,327
Intangible Assets	7,041,106	7,827,705
Investment in Subsidiary	-	20
Total Non Current Assets	751,486,453	740,544,996
Current Assets		
Inventories	2,452,346,781	1,136,374,206
Trade and Other Receivables	1,904,460,996	636,390,109
Amounts due from Related Companies	55,558,136	26,337,704
Short Term Investments	106,900,195	418,645,514
Cash and Cash Equivalents	107,123,329	173,094,623
Total Current Assets	4,626,389,436	2,390,842,156
Total Assets	5,377,875,889	3,131,387,152
Equity and Liabilities		
Equity Attributable to Equity - holders of the Parent		
Stated Capital	52,521,178	52,521,178
Other Reserves	41,613,945	41,613,945
Retained Earnings	2,300,244,630	1,982,289,617
Total Equity	2,394,379,753	2,076,424,740
Liabilities		
Non Current Liabilities		
Deferred Tax Liability	31,614,375	17,168,762
Lease Liabilities	116,637,367	112,526,574
Retirement Benefit Obligation	85,246,318	70,888,677
Total Non Current Liabilities	233,498,060	200,584,013
Current Liabilities		
Trade and Other Payables	2,184,016,382	783,769,818
Lease Liabilities	17,025,096	7,987,138
Current Tax Liabilities	63,941,933	32,074,465
Amount due to Related Companies	485,014,665	30,546,978
Total Current Liabilities	2,749,998,076	854,378,399
Total Liabilities	2,983,496,137	1,054,962,412
Total Equity and Liabilities	5,377,875,889	3,131,387,152
Net assets value per share	870.68	755.06

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 behalf of the Board;


R. S. Wickramasingha
Chairman


E. T. De Zoysa
Managing Director

27th January 2023

The above figures are not audited.

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

Company	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2021	52,521,178	41,613,945	1,128,702,052	1,222,837,175
Profit for the period	-	-	284,194,373	284,194,373
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 31st December 2021	52,521,178	41,613,945	1,385,396,424	1,479,531,548
Balance as at 1st April 2022	52,521,178	41,613,945	1,982,289,617	2,076,424,740
Profit for the period	-	-	485,566,273	485,566,273
Dividend paid for the year 2021/22	-	-	(9,625,000)	(9,625,000)
Surcharge Tax paid for the year 2020/21			(157,986,260)	(157,986,260)
Balance as at 31st December 2022	52,521,178	41,613,945	2,300,244,630	2,394,379,753

The above figures are not audited.

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

For the 09 Months Ended 31st December	Company	
	2022 Rs.	2021 Rs.
Cash Flows from Operating Activities		
Profit Before Tax	628,603,639	286,484,377
Adjustments for:		
Depreciation of Property, Plant and Equipment	59,909,139	16,992,977
Amortization of Intangible Assets	1,215,562	667,765
Depreciation of Right of use Assets	8,867,755	1,885,023
Profit on Disposal of Assests	-	(7,851,676)
Interest Income	(20,206,506)	(33,094,588)
Interest Expenses	176,812,460	712,922
Provision for Retirement Benefit Obligation	14,930,091	7,832,430
Operating Profit before Working Capital Changes	870,132,140	273,629,231
Changes in Working Capital		
(Increase)/Decrease in Inventories	(1,315,972,575)	(56,731,389)
(Increase)/Decrease in Trade and Other Receivables	(1,268,070,887)	(48,878,617)
(Increase)/Decrease in Amount due from Related Companies	(29,220,432)	695,670
Increase/(Decrease) in Amount due to Related Companies	454,467,687	(30,850,691)
Increase/(Decrease) in Trade and Other Payables	1,400,246,584	49,497,823
Cash Generated from Operations	111,582,517	187,362,027
Retiring Gratuity Paid	390,450	(219,210)
Interest Paid	(176,812,460)	(712,922)
Income Tax Paid	(97,943,696)	(58,443,210)
Surcharge Tax Paid	(157,986,260)	-
Net Cash Flows from Operating Activities	(320,769,449)	127,986,685
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(62,969,484)	(19,258,614)
Purchase of Intangible Assets	(2,002,161)	-
Proceeds from Disposal of Assests	-	7,868,479
Interest Received	20,206,506	33,094,588
Net Movement of Investment in Fixed Deposits	311,745,319	(129,723,763)
Net Cash Flows Used in Investing Activities	266,980,180	(108,019,310)
Cash Flows from Financing Activities		
Dividend Paid	(9,625,000)	(15,125,000)
Repayment of Lease	(2,557,026)	(1,825,293)
Net Cash Flows Used in Financing Activities	(12,182,026)	(16,950,293)
Net (Decrease) / Increase in Cash and Cash Equivalents	(65,971,294)	3,017,082
Cash and Cash Equivalents at the Beginning of the Period	173,094,623	73,242,903
Cash and Cash Equivalents at the End of the Period	107,123,329	76,259,984
Cash in Hand and at Bank	107,123,329	76,259,984
Cash and Cash Equivalents at the End of the Period	107,123,329	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 nine months period ended 31st December 2022 were authorised for issue by the Board of Directors on 27th January 2023.

3 Basis of preparation

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

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 Discontinuation of Soy Products (Pvt) Limited

The board of directors resolved to liquidate its subsidiary of Soy products (Pvt) Limited on 05th August 2022. Legal proceedings which related liquidation has been completed on 19th December 2022. Since the company was in dormant status, there's no material financial impact to the financial statements as at 31st December 2022.

6 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 December 2022.

7 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 December 2022.

8 Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 31st December 2022 was Rs. 37,896,012 (31st March 2022: Rs. 744,148,456). Shipping Guarantees as at 31st December 2022 was 205,300,000 (31st March 2022: Rs. 122,037,530). Import Bills as at 31st December 2022 was Nil (31st March 2022: Rs. 4,483,794).

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. The Supreme Court has granted Special Leave to Appeal to questions of law raised by both parties. The matter has been fixed for argument on 28 February 2023.

CONVENIENCE FOODS (LANKA) PLC
ADDITIONAL NOTES

1 Share prices during the Quarter

	03 Months Ended 31st December 2022	03 Months Ended 31st December 2021
	Rs.	Rs.
Highest	1,485.00	1,352.00
Lowest	960.00	1,000.00
Last traded	1,307.00	1,246.00

2 Names and the number of shares held by the 25 major shareholders

	As At 31st December 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	210,734	7.66%
4 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
5 MR K.C. VIGNARAJAH	14,730	0.54%
6 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	14,000	0.51%
7 MR S.R.S. DE SARAM & MRS S.T.T. JAYASUNDERA	10,742	0.39%
8 MR U.I. SURIYABANDARA	10,002	0.36%
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 DAWI INVESTMENT TRUST (PVT) LTD	7,111	0.26%
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 DFCC BANK PLC/MR.P.PRANAVAN	6,295	0.23%
17 MRS M.M. UDESHI	6,000	0.22%
18 DR S. YADDEHIGE	4,798	0.17%
19 MR N.K. FLEMMING	4,064	0.15%
20 MR U.C. BANDARANAYAKE & MRS L. BANDARANAYAKE	4,023	0.15%
21 MR A.J. RUMY	3,900	0.14%
22 MR S.K. HATHIRAMANI (DECEASED)	3,850	0.14%
23 MRS Z.M. ADAMALLY	3,433	0.13%
24 SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	3,000	0.11%
25 MRS Y.K. AMARASINGHE	2,409	0.09%
Sub total	2,599,554	94.53%
Others	150,446	5.47%
Issued Capital	2,750,000	100.00%

3 Director's shareholding as at 31st December 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 Kulasoorya	Nil
Mr. M S Nanayakkara	Nil

4 Public holding percentage as at 31st December 2022 was 28.619% and comprised of approximately 1,573 Shareholders.

5 The Float adjusted market capitalization of the company as at 31st December 2022 was Rs. 1,028,639,061.00

6 The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.