

# CONVENIENCE FOODS (LANKA) PLC

## INTERIM REPORT

FOR THE 1ST QUARTER ENDED,  
30TH JUNE 2023



## 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.A. 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 30TH JUNE 2023

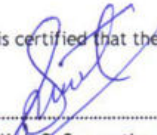
For the 03 Months Ended 30th June	2023 Rs.	2022 Rs.	Variance %
<b>Continuing Operations</b>			
Revenue	1,496,203,294	1,669,137,944	-10.4
Cost of Sales	(1,160,503,379)	(1,299,183,577)	-10.7
Gross Profit	335,699,914	369,954,366	-9.3
Other Operating Income	529,298	5,065,747	-89.6
Selling & Distribution Expenses	(180,665,208)	(165,684,811)	9.0
Administrative Expenses	(65,076,589)	(60,397,389)	7.7
Results from Operating Activities	90,487,416	148,937,914	-39.2
Finance Income	1,854,616	6,498,292	-71.5
Finance Expenses	(56,516,198)	(12,739,546)	343.6
Net Finance Income	(54,661,582)	(6,241,254)	775.8
Profit Before Tax	35,825,834	142,696,659	-74.9
Income Tax Expenses	(10,747,750)	(25,117,858)	-57.2
Profit for the Period	25,078,084	117,578,801	-78.7
Other Comprehensive Income	-	-	
Other Comprehensive Income for the Period	-	-	
Total Comprehensive Income for the Period	25,078,084	117,578,801	-78.7
Basic Earnings Per Share	9.12	42.76	

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

CONVENIENCE FOODS (LANKA) PLC  
STATEMENT OF FINANCIAL POSITION  
AS AT 30th June 2023

As at	30.06.2023	31.03.2023
	Rs.	Rs.
<b>Assets</b>		
<b>Non Current Assets</b>		
Property, Plant and Equipment	640,580,348	619,605,790
Right of Use Assets	116,344,215	119,753,786
Intangible Assets	6,423,667	6,836,928
<b>Total Non Current Assets</b>	<b>763,348,230</b>	<b>746,196,504</b>
<b>Current Assets</b>		
Inventories	1,659,429,672	2,335,620,191
Trade and Other Receivables	1,219,634,977	1,583,103,929
Amounts due from Related Companies	40,088,273	44,397,837
Cash and Cash Equivalents	213,564,991	149,301,596
<b>Total Current Assets</b>	<b>3,132,717,913</b>	<b>4,112,423,553</b>
<b>Total Assets</b>	<b>3,896,066,143</b>	<b>4,858,620,057</b>
<b>Equity and Liabilities</b>		
<b>Equity Attributable to Equity - holders of the Parent</b>		
Stated Capital	52,521,178	52,521,178
Other Reserves	41,613,945	41,613,945
Retained Earnings	2,371,272,787	2,346,194,703
<b>Total Equity</b>	<b>2,465,407,910</b>	<b>2,440,329,826</b>
<b>Liabilities</b>		
<b>Non Current Liabilities</b>		
Deferred Tax Liability	13,707,795	15,425,128
Lease Liabilities	113,262,152	115,038,544
Retirement Benefit Obligation	73,256,828	69,182,846
<b>Total Non Current Liabilities</b>	<b>200,226,775</b>	<b>199,646,518</b>
<b>Current Liabilities</b>		
Trade and Other Payables	355,414,283	837,620,587
Lease Liabilities	17,423,915	17,217,559
Current Tax Liabilities	10,264,136	14,142,822
Amount due to Related Companies	118,834,611	132,059,531
Short Term Loans	590,000,000	1,040,000,000
Bank Overdraft	138,494,513	177,603,214
<b>Total Current Liabilities</b>	<b>1,230,431,458</b>	<b>2,218,643,713</b>
<b>Total Liabilities</b>	<b>1,430,658,233</b>	<b>2,418,290,231</b>
<b>Total Equity and Liabilities</b>	<b>3,896,066,143</b>	<b>4,858,620,057</b>
<b>Net assets value per share</b>	<b>896.51</b>	<b>887.39</b>

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. A. Wickramasingha  
Chairman  
28th July 2023

  
E. T. De Zoysa  
Managing Director

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30TH JUNE 2023

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2022	52,521,178	41,613,945	1,982,289,617	2,076,424,740
Surcharge Tax paid for the year 2020/21	-	-	(78,993,130)	(78,993,130)
Balance as at 1st April 2022 (Adj.)	52,521,178	41,613,945	1,903,296,487	1,997,431,610
Profit for the period	-	-	117,578,801	117,578,801
Balance as at 30th June 2022 (Adj.)	52,521,178	41,613,945	2,020,875,288	2,115,010,411
Balance as at 1st April 2023	52,521,178	41,613,945	2,346,194,703	2,440,329,826
Profit for the period	-	-	25,078,084	25,078,084
Balance as at 30th June 2023	52,521,178	41,613,945	2,371,272,787	2,465,407,910

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30TH JUNE 2023

For the 03 Months Ended 30th June	2023 Rs.	2022 Rs.
<b>Cash Flows from Operating Activities</b>		
Profit Before Tax	35,825,834	142,696,659
<b>Adjustments for:</b>		
Depreciation of Property, Plant and Equipment	23,241,272	18,950,576
Amortization of Intangible Assets	413,261	401,939
Depreciation of Right of use Assets	3,409,570	2,388,861
Interest Income	(1,854,616)	(6,498,291)
Interest Expenses	56,092,998	11,762,975
Provision for Retirement Benefit Obligation	5,225,532	4,976,697
<b>Operating Profit before Working Capital Changes</b>	<b>122,353,851</b>	<b>174,679,416</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Inventories	676,190,519	(216,405,622)
(Increase)/Decrease in Trade and Other Receivables	363,468,952	(413,777,778)
(Increase)/Decrease in Amount due from Related Companies	4,309,564	(10,973,283)
Increase/(Decrease) in Amount due to Related Companies	(13,224,920)	893,236,054
Increase/(Decrease) in Trade and Other Payables	(932,206,304)	125,254,620
<b>Cash Generated from /(Used to) Operations</b>	<b>220,891,661</b>	<b>552,013,407</b>
Retiring Gratuity Paid	(1,151,550)	(333,200)
Interest Paid	(56,092,998)	(11,762,975)
Income Tax Paid	(16,343,770)	(19,244,285)
Surcharge Tax Paid	-	(78,993,130)
<b>Net Cash Flows from Operating Activities</b>	<b>147,303,343</b>	<b>441,679,817</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(44,215,826)	(14,006,500)
Purchase of Intangible Assets	-	272,700
Interest Received	1,854,616	6,498,292
Net Movement of Investment in Fixed Deposits	-	219,633,656
<b>Net Cash Flows Used in Investing Activities</b>	<b>(42,361,210)</b>	<b>212,398,148</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of Lease	(1,570,037)	(469,192)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(1,570,037)</b>	<b>(469,192)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>103,372,096</b>	<b>653,608,773</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>(28,301,618)</b>	<b>173,094,623</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>75,070,477</b>	<b>826,703,396</b>
Cash in Hand and at Bank	75,070,478	826,703,396
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>75,070,478</b>	<b>826,703,396</b>

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

## CONVENIENCE FOODS (LANKA) PLC NOTES TO THE INTERIM 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 financial statements of the company for the three months period ended 30th June 2023 were authorised for issue by the Board of Directors on 28th July 2023.

### 3 Basis of preparation

The interim financial statements of the company for the three months period ended 30th June 2023 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 2023.

### 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 Comparative figures

Certain reclassifications have been made to the comparative figures to improve the comparability and fair presentation of these financial statements. These reclassifications have not resulted in changes to the profit for the quarter or total net assets previously reported as at 30th June 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 30th June 2023.

### 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 30th June 2023.

### 8 Events after the reporting period

#### Dividend

The Board of Directors of the Company has declared a final dividend of Rs. 4.70 per share for the financial year ended 31<sup>st</sup> March 2023. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors.

### 9 Commitments and contingencies.

#### Financial commitments

Commitments on account of Letters of credit as at 30th June 2023 was Rs. 603,923,329 (31st March 2023: Rs. 180,364,438).

#### 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 case came up for argument on 28th February 2023 & fixed for the same on 13th September 2023.

**CONVENIENCE FOODS (LANKA) PLC**  
**ADDITIONAL NOTES**

**1 Share prices during the Quarter**

	03 Months Ended 30th June 2023	03 Months Ended 30th June 2022
	Rs.	Rs.
Highest	1,299.75	1,299.00
Lowest	1,150.00	888.00
Last traded	1,220.00	1,152.50

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

	As At 30th June 2023	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.38%
2 HATTON NATIONAL BANK PLC/DAWI INVESTMENT TRUST (PVT) LTD	263,428	9.58%
3 J.B. COCOSHELL (PVT) LTD	208,438	7.58%
4 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
5 MR S.R.S. DE SARAM & MRS S.T.T. JAYASUNDERA	15,019	0.55%
6 MR K.C. VIGNARAJAH	14,730	0.54%
7 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	12,526	0.46%
8 MR U.I. SURIYABANDARA	10,048	0.37%
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	7,357	0.27%
13 MR R.J.S. JAYAMAHA	7,000	0.25%
14 MR Z.G. CARIMJEE	6,867	0.25%
15 DFCC BANK PLC/MR.P.PRANAVAN	6,600	0.24%
16 MRS S. VIGNARAJAH	6,300	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	0.12%
24 SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	3,000	0.11%
25 MRS Y.K. AMARASINGHE	2,409	0.09%
Sub total	2,600,682	94.57%
Others	149,318	5.43%
Issued Capital	2,750,000	100.00%

**3 Director's shareholding as at 30th June 2023**

Mr. R S A 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 2023 was 28.619% and comprised of approximately 1,562 Shareholders.

5 The Float adjusted market capitalization of the company as at 30th June 2023 was Rs. 960,168,060.00

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.