

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 2ND QUARTER ENDED,
30TH SEPTEMBER 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

Ernst & Young Sri Lanka.
Chartered Accountants,
PO Box 101, 201 De Saram Place,
Colombo 10, 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
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 SEPTEMBER 2023

For the 03 Months Ended 30th September	2023 Rs.	2022 Rs.	Variance %
Revenue	1,542,973,208	2,200,735,981	-29.9
Cost of Sales	(1,170,083,413)	(1,627,029,694)	-28.1
Gross Profit	372,889,795	573,706,287	-35.0
Other Operating Income	5,261,876	9,952,602	-47.1
Distribution Expenses	(219,501,326)	(171,083,781)	28.3
Administrative Expenses	(59,401,364)	(66,000,474)	-10.0
Results from Operating Activities	99,248,981	346,574,634	-71.4
Finance Income	4,566,587	8,664,131	-47.3
Finance Expenses	(8,905,606)	(72,160,169)	-87.7
Net Finance Income	(4,339,019)	(63,496,038)	-93.2
Profit Before Tax	94,909,962	283,078,597	-66.5
Income Tax Expenses	(41,692,284)	(52,861,860)	-21.1
Profit for the Period	53,217,678	230,216,737	-76.9
Other Comprehensive Income	-	-	
Other Comprehensive Income for the Period	-	-	
Total Comprehensive Income for the Period	53,217,678	230,216,737	-76.9
Basic Earnings Per Share	19.35	83.72	

*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 2023

For the 06 Months Ended 30th September	2023 Rs.	2022 Rs.	Variance %
Revenue	3,039,176,502	3,867,119,925	-21.4
Cost of Sales	(2,330,586,792)	(2,926,662,940)	-20.4
Gross Profit	708,589,710	940,456,985	-24.7
Other Operating Income	5,791,174	18,222,018	-68.2
Distribution Expenses	(400,166,534)	(337,665,646)	18.5
Administrative Expenses	(124,477,953)	(125,500,809)	-0.8
Results from Operating Activities	189,736,397	495,512,548	-61.7
Finance Income	6,421,203	15,162,423	-57.7
Finance Expenses	(65,421,804)	(84,899,715)	-22.9
Net Finance Income	(59,000,601)	(69,737,292)	-15.4
Profit Before Tax	130,735,796	425,775,257	-69.3
Income Tax Expenses	(52,440,034)	(77,979,718)	-32.8
Profit for the Period	78,295,762	347,795,539	-77.5
Other Comprehensive Income			
Other Comprehensive Income for the Period	-	-	
Total Comprehensive Income for the Period	78,295,762	347,795,539	-77.5
Basic Earnings Per Share	28.47	126.47	

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

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2023

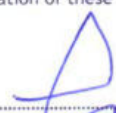
As at	30.09.2023 Rs.	31.03.2023 Rs.
Assets		
Non Current Assets		
Property, Plant and Equipment	622,937,596	619,605,790
Right of Use Assets	112,934,644	119,753,786
Intangible Assets	6,010,610	6,836,928
Total Non Current Assets	741,882,850	746,196,504
Current Assets		
Inventories	1,227,377,241	2,335,620,191
Trade and Other Receivables	947,737,010	1,583,103,929
Amounts due from Related Companies	35,812,134	44,397,837
Short Term Investments	100,997,260	-
Cash and Cash Equivalents	218,511,379	149,301,596
Total Current Assets	2,530,435,024	4,112,423,553
Total Assets	3,272,317,874	4,858,620,057
Equity and Liabilities		
Equity		
Stated Capital	52,521,178	52,521,178
Other Reserves	41,613,945	41,613,945
Retained Earnings	2,411,565,465	2,346,194,703
Total Equity	2,505,700,588	2,440,329,826
Liabilities		
Non Current Liabilities		
Deferred Tax Liability	21,409,573	15,425,128
Lease Liabilities	113,358,840	115,038,544
Retirement Benefit Obligation	76,955,010	69,182,846
Total Non Current Liabilities	211,723,423	199,646,518
Current Liabilities		
Trade and Other Payables	427,790,075	837,620,587
Lease Liabilities	15,610,052	17,217,559
Current Tax Liabilities	13,725,005	14,142,822
Amount due to Related Companies	68,313,733	132,059,531
Short Term Loans	-	1,040,000,000
Bank Overdraft	29,454,998	177,603,214
Total Current Liabilities	554,893,863	2,218,643,713
Total Liabilities	766,617,286	2,418,290,231
Total Equity and Liabilities	3,272,317,874	4,858,620,057
Net assets value per share	911.16	887.39

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;


D. S. Wickramasingha
Director
27th October 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 SEPTEMBER 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			(157,986,260)	(157,986,260)
Profit for the period	-	-	347,795,539	347,795,539
Dividend paid for the year 2021/22	-	-	(9,625,000)	(9,625,000)
Balance as at 30th September 2022	52,521,178	41,613,945	2,162,473,896	2,256,609,019
Balance as at 1st April 2023	52,521,178	41,613,945	2,346,194,703	2,440,329,826
Profit for the period	-	-	78,295,762	78,295,762
Dividend paid for the year 2022/23	-	-	(12,925,000)	(12,925,000)
Balance as at 30th September 2023	52,521,178	41,613,945	2,411,565,465	2,505,700,588

The above figures are not audited.

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

For the 06 Months Ended 30th September	2023 Rs.	2022 Rs.
Cash Flows from Operating Activities		
Profit Before Tax	130,735,796	425,775,256
Adjustments for:		
Depreciation of Property, Plant and Equipment	46,088,658	38,566,747
Amortization of Intangible Assets	826,318	807,444
Depreciation of Right of use Assets	6,819,142	4,149,368
Interest Income	(6,421,203)	(15,162,423)
Interest Expense	64,357,354	83,599,656
Provision for Retirement Benefit Obligation	9,859,564	9,953,394
Operating Profit before Working Capital Changes	252,265,629	547,689,442
Changes in Working Capital		
(Increase)/Decrease in Inventories	1,108,242,950	(424,141,387)
(Increase)/Decrease in Trade and Other Receivables	635,366,919	(1,207,258,561)
(Increase)/Decrease in Amount due from Related Companies	8,585,703	(30,484,985)
Increase/(Decrease) in Amount due to Related Companies	(63,745,798)	906,072,028
Increase/(Decrease) in Trade and Other Payables	(1,449,830,512)	501,361,283
Cash (Used in)/Generated from Operations	490,884,891	293,237,820
Retiring Gratuity Paid	(2,087,400)	333,200
Interest Paid	(64,357,354)	(83,599,656)
Income Tax Paid	(46,873,405)	(68,559,835)
Surcharge Tax Paid	-	(157,986,260)
Net Cash Flows (Used in)/from Operating Activities	377,566,732	(16,574,731)
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(49,420,465)	(44,454,719)
Purchase of Intangible Assets	-	(1,185,925)
Interest Received	5,423,943	15,162,423
Net Movement of Investment in Fixed Deposits	(100,000,000)	216,172,453
Net Cash Flows from / (Used in) Investing Activities	(143,996,522)	185,694,232
Cash Flows from Financing Activities		
Dividend Paid	(12,925,000)	(9,625,000)
Repayment of Lease	(3,287,211)	(458,548)
Net Cash Flows (Used in)/Generated from Financing Activities	(16,212,211)	(10,083,548)
Net (Decrease) / Increase in Cash and Cash Equivalents	217,357,999	159,035,953
Cash and Cash Equivalents at the Beginning of the Period	(28,301,618)	173,094,623
Cash and Cash Equivalents at the End of the Period	189,056,381	332,130,576
Cash in Hand and at Bank	218,511,379	332,130,576
Bank Overdraft	(29,454,998)	
Cash and Cash Equivalents at the End of the Period	189,056,381	332,130,576

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 2023 were authorised for issue by the Board of Directors on 27th October 2023.

3 Basis of preparation

The interim financial statements of the company and group for the six months period ended 30th September 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 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 2023.

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 2023.

7 Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 30th September 2023 was Rs. 319,657,767.49 (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 matter was refixed for argument on 22 March 2024.

CONVENIENCE FOODS (LANKA) PLC
ADDITIONAL NOTES

1 Share prices during the Quarter

	06 Months Ended 30th September 2023	06 Months Ended 30th September 2022
	Rs.	Rs.
Highest	1,193.00	1,347.00
Lowest	970.00	950.75
Last traded	987.00	1,300.25

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

	As At 30th September 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	261,448	9.51%
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	15,000	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	10,150	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	7,395	0.27%
13 MR R.J.S. JAYAMAHA	7,000	0.26%
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	0.13%
24 SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	3,000	0.11%
25 MRS Y.K. AMARASINGHE	2,409	0.09%
Sub total	2,598,823	94.50%
Others	151,177	5.50%
Issued Capital	2,750,000	100.00%

3 Director's holding as at 30th September 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 September 2023 was 28.619% and comprised of 1,621 Shareholders.

5 The Float adjusted market capitalization of the company as at 30th September 2023 was Rs. 776,791,701.00

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