Ceylon Biscuits Limited
Member of the CBL Group

When the going gets tough... The tough excel and endure.

Convenience Foods (Lanka) PLC
Annual Report 2015/2016

When the going gets tough... The tough excel and endure.

The year under review has been a positive one. A plethora of external factors contributed formidable hardships and hurdles along the way, which your Company has faced and overcome with vigor, resolve and team work.

It is a steadfast vision an emphasis on value, product innovation and a customer oriented focus that has been our driving impetus to continue to grow each day.

We are positive that with unstinted determination and the attitude to prevail and rise embodied into our operational framework, that the future will reward your Company with exponential growth, reaping greater benefits.

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fifth (25th) Annual General Meeting of Convenience Foods (Lanka) PLC will be held on Wednesday, 24th August 2016 at 3.30 p.m. at Ceylon Biscuits Limited, High Level Road, Makumbura, Pannipitiya for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2016 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 4.00 per share for the year ended 31st March 2016.
3. To re-elect Ms N K Wickramasingha as a Director in terms of Article 26(6) of the Articles of Association.
4. To re-appoint the retiring Auditors Messrs S J M S Associates, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their remuneration.
5. To authorise the Directors to determine donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.

By Order of the Board
CONVENIENCE FOODS (LANKA) PLC

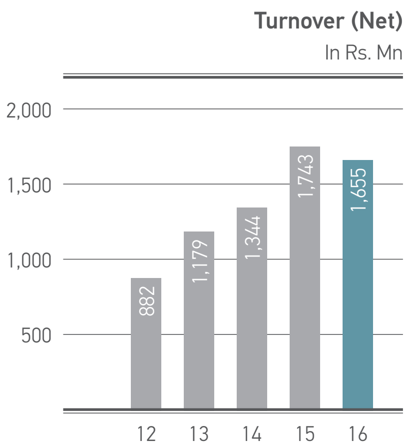
P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th July 2016
Colombo

Notes:
1. A shareholder is entitled to appoint a Proxy to attend and vote at the Meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company at Ceylon Biscuits Ltd, High Level Road, Makumbura, Pannipitiya by 3.30 p.m. on 22nd August 2016.

FINANCIAL HIGHLIGHTS

Group data	For the year ended 31.03.2016 Rs.	For the year ended 31.03.2015 Rs.	Change Favourable/ (Unfavourable) %
PROFITABILITY			
Turnover (Net)	1,655,253,143	1,742,502,671	-5.01%
Operating return	129,331,738	171,888,441	-24.76%
Finance Cost	(3,110,807)	(5,045,496)	38.34%
Profit after finance cost	126,220,931	166,842,945	-24.35%
Other income	23,821,787	13,561,664	75.66%
Total gain on disposal of shares held by the trust	-	41,613,945	-100.00%
Profit before taxation	150,042,718	222,018,555	-32.42%
Taxation	(54,307,886)	(57,096,337)	4.88%
Profit after taxation	95,734,832	164,922,218	-41.95%
PER SHARE DATA			
Earnings per share (Rs.)	34.81	59.97	-41.95%
Net assets per share (Rs.)	240.60	209.01	15.11%
Market price at year end (Rs.)	365.00	325.70	12.07%
PROFITABILITY RATIOS			
Operating return on average investment	17.84%	26.87%	-33.59%
Profit before taxation as a percentage of turnover	9.06%	12.74%	-28.86%



Turnover (Net)

1,655 Mn

2014/15: Rs. 1,743 Mn)

CHAIRMAN'S REVIEW

"The progress made in terms of further expanding on our promise of delivering appetising, healthy and convenient food products to our customers in Sri Lanka and to a growing consumer demographic in overseas markets as well."

It is with great pleasure that we present to our valued stakeholders, the audited financial statements and annual report of Convenience Foods (Lanka) PLC for the financial year ended 31st March 2016. The year under review has been one, in which the Company consolidated its product portfolio, building on a rich legacy of manufacturing and distributing, highest-quality food products to the discerning Sri Lankan consumer.

The "Convenience Foods" brand stands as a testament to the trust and confidence it has provided in the minds of the consumer, and the vision of our former Chairman, Mr. M P Wickramasingha. I consider it a privilege for myself and my team to be bestowed with the responsibility of steering the company forward, and wish to, once again register our heart-felt gratitude to the outgoing Chairman for his outstanding service provided to Convenience Foods (Lanka) PLC and to the CBL Group in the years gone by.

The Company was unable to surpass last year's performance – during which year, Convenience Foods (Lanka) PLC achieved its best financial results to date and celebrated 25 years of operations in the Sri Lankan market. Due to a combination of domestic economic factors and some realignments within the Company's own internal processes, we were able to deliver compelling results and implement initiatives that will serve to further strengthen our position in the domestic market moving into the new financial year.

The Sri Lankan economy performed at a modest pace during 2015, as GDP growth was 4.8%, a marginal reduction from 4.9% in 2014 .As a result of changing international dynamics and a period of uncertainty in the Sri Lankan economy following the conclusion of two key national elections which also contributed towards the slowdown in economic growth as numerous projects and polices were re-evaluated and redesigned as part of a continuing reform-oriented programme aimed at placing the country on a firmer and more sustainable growth trajectory.

Headline inflation remained moderate during the year, increasing slightly from 2.1% in 2014, to 2.8% in 2015. Subdued international commodity prices and their resultant reductions in the prices of utilities, fuel and food items along with positive supply-side conditions in terms of domestic production helped maintain benign inflationary trends during the period under review.

Notably, food inflation displayed a decreasing trend during the year, despite a peak in prices during the early months of 2015 arising out of weather-related shortfalls in domestic production. Meanwhile, GDP per capita recorded 2% Year-on-Year (YoY) growth reaching US$ 3,924 in 2015 while unemployment rates rose to 4.6% in 2015, as compared with 4.3% in the previous year.

These factors combined, continued low prices in international commodity markets and revisions of Sri Lanka's taxation policies ultimately resulted in enabling Sri Lankans to enjoy a larger proportion of disposable income, which consequently gave rise to increased consumer spending during the year. Consumption expenditure increased by 8.9% YoY in 2015, as compared with a previous rate of 9.9% YoY in 2014. Spurred by an 8.4% YoY increase in private consumption, demand for consumer goods surged during the year with food and non-alcoholic beverages accounting for 26.8% of all private consumption, amounting to a sharp growth rate of 13.6% increase in 2015, against 6.2% in 2014.

The above-described economic conditions, particularly in terms of favourable consumer demand during the year helped sustain sales turnover. Challenges relating to sales and distribution channels marginally affected growth in sales despite the consistently strong demand enjoyed by Convenience Food branded products. Nevertheless, our popular range of Lanka Soy products continued to maintain its dominant position as the clear market leader in Textured Vegetable Protein (TVP).

During the previous financial year, international soy bean prices – the raw material in the manufacture of soy flour which in turn is the primary input for the manufacture of TVP, reached a peak of US$ 725 per metric tonne. However, in the financial year under review, some of the lowest prices for soy beans since 2008 was witnessed. These low prices helped the Company to reduce input costs, however these positive impacts were partially negated by currency fluctuations during the year. The sharp increase in the value of the US Dollar relative to the Sri

Lankan rupee which was approximately Rs. 135 depreciated by as much as 9% up to an all-time high of Rs. 147 to the dollar during the period in review.

It was in this backdrop that Convenience Foods was able to achieve revenues of Rs. 1.66 billion during the period in review, albeit at a lower level than the our previous year's record breaking turnover of Rs. 1.74 billion. The Company was able to grow its asset base from Rs. 903.6 million up to Rs. 939.3 million ultimately generating a profit for the year of Rs. 95.7 million, as compared with a previous Rs. 164.9 million.

Despite some of the challenges described above, we are greatly encouraged by the performance of Convenience Foods over the last year and are also pleased to note the progress made in terms of further expanding on our promise of delivering appetising, healthy and convenient food products to our customers in Sri Lanka and to a growing consumer demographic in overseas markets as well. Through timely initiatives and the committed efforts and cooperation of our team across departments, Convenience Foods was also able to further augment its extensive product portfolio with new additions designed to capture new market share, while providing nutritious alternatives across an increasingly wider spectrum of socio-economic consumer demographics.

Through a process of continuous, customer-focused product development, backed comprehensive market research and the skilled and innovative efforts of our research and development teams, Convenience Foods has been able to consistently launch wholesome, nutritious and appealing food offerings that are reliable, easy to prepare and affordable across multiple price points. Our ability to consistently deliver products that offer exciting new flavours and delight customers year-after-year, is a key component to the magnitude of success currently enjoyed by our brands and is a vital part of our strategy to grow and capture a larger portion of Sri Lankan and overseas market share in future.

Having established a dominant position in the Sri Lankan market with respect to TVP products, we are also cognizant of the vast untapped potential that exists through the diversification of our product portfolio; both through greater specialisation of TVP products and through totally new ranges leveraging the considerable large-scale manufacturing and technical expertise developed by our Company over the last quarter of a century. The first steps to such diversification were undertaken in the previous financial year when we launched our pioneering new ready-made cereal brand: Nutriline.

Manufactured, processed and packaged locally with home-grown cereals, the Nutriline range has been a ground-breaking addition to our product portfolio, not only in terms of providing a healthy and affordable option to our Sri Lankan consumers, but perhaps equally importantly in terms of the vibrant and mutually rewarding relationship that the Company has been able to establish with farming communities across the island. Since its launch last year, the Nutriline range has been generating considerable interest in the local market and we are confident that the brand will grow from strength-to-strength in the coming year.

Despite limited short-medium term uncertainty as the Sri Lankan Government continues to address important structural and policy issues within the Sri Lankan economy, we remain confident with respect to the prospects, of both the national economy and the outlook for Convenience Foods (Lanka) PLC. The Sri Lankan economy is projected to grow at a rate of 5.6% in 2016 as new policies designed to inspire investor confidence and spur growth are put into position. Such improvements to the general economic climate will inevitably lead to greater prosperity for all Sri Lankans and in the process, contribute to an even more dynamic and vibrant market for our food offerings. Given the well-established popularity of our soya-based products and the growing demand for our exciting new line of products, the growth prospects for Convenience Foods over the short, medium and long term is assured. In that context, we aim to support this growth through continued investments into capacity expansion, research and development and comprehensive marketing and promotion initiatives over the coming year.

In conclusion, I wish to register my sincere thanks to our Board of Directors whose wisdom and guidance has been invaluable. I also wish to express gratitude to our esteemed shareholders for continued faith and confidence reposed in the Company and to our dedicated Management team and our hard-working and committed family of employees that have consistently delivered exemplary performances during the year; their efforts form the backbone of our success and I look forward to working with them in future to deliver on the promise of excellence extended by Convenience Foods (Lanka) PLC. Finally, I wish to place on record my sincere thanks to our deeply valued customers for the continued trust and loyalty that they have placed in our products. We will continue to work hard to earn and reward their trust and loyalty in the years to come.

Sincerely

R S Wickaramasingha
Chairman

29th July 2016

MANAGING DIRECTOR'S REVIEW

"Significant progress was made towards the further consolidation of the Company's pioneering legacy as one of the most vibrant, truly Sri Lankan producers of top-quality, convenient processed foods."

INTRODUCTION

Convenience Foods (Lanka) PLC has long been a company that is intimately associated with values of innovation, quality and growth. Our pioneering work in manufacturing, packaging and distributing Textured Vegetable Protein (TVP) products under our flagship brand, Lankasoy, enabled Convenience Foods to quickly capture and dominate the domestic market for TVP products for over a quarter of a century. In that time, Lankasoy has become a trusted household name that is renowned for delicious taste, high nutrient content and affordable pricing.

Our efforts to deliver the best-quality products through constant improvements to our manufacturing processes has continuously been rewarded by our loyal customer base and today the Company stands on the cusp of a new growth trajectory that will see our role expand from our current position as Sri Lanka's leading TVP brand into a diversified operating in domestic and export food markets.

As noted by our esteemed Chairman, the first steps towards this bold new vision were already taken in recent years through the development and launch of new non-soya-based product lines. During the year in review, we are pleased to note that significant progress was made towards the further consolidation of the Company's pioneering legacy as one of the most vibrant, truly Sri Lankan producers of top-quality, convenient processed foods.

From enhancements to production and packaging capacity, to the improvement of our internal processes, Convenience Foods was able to once again deliver sound results across all aspects of our business, all the while augmenting our rich product portfolio with exciting new additions.

Such timely measures have been consistently implemented in a strategic and organic manner in order to ensure that our growth parallels the growth of the Sri Lankan economy. As greater opportunity is generated for citizens across the island, we are cognizant of the increasing sophistication of customer preferences and lifestyles and the growing demand for responsibly manufactured, nutritious and healthy dietary options among Sri Lankans from all walks of life.

This report will provide a snapshot of our financial performance over the year in review and provide an outline of some of the notable developments that took place during that time.

FINANCIAL HIGHLIGHTS

While certain bottlenecks in our sales and distribution network combined with fluctuations in the value of the Sri Lankan Rupee versus the US Dollar, resulted in impediments to the Company, Convenience Foods (Lanka) PLC was nevertheless able to achieve a turnover of Rs. 1.66 billion, as compared with our record breaking 2014/15 financial year when the Company achieved a turnover of Rs. 1.74 billion. This relative decrease in our top-line performance was partially a result of issues within the Company's sales network that unfortunately hampered distribution of Lankasoy products during the year in review. Consequently, swift and effective measures were taken to analyse and rectify these issues during the period in review and it is anticipated that the coming financial year will see improvements to our top-line performance as a result.

As noted by our Chairman, despite the stable, international prices of soya flour prevalent during the period in review, the cost of importing soy flour – which is the core pre-requisite to manufacturing TVP products –increased as a result of fluctuations in the value of the Sri Lankan Rupee relative to the US Dollar. Nevertheless, the decision was taken by our Management team to absorb the costs of these currency fluctuations instead of passing them on to our valued consumers enabling stable sales volumes during the period, not withstanding the distribution issues alluded to previously.

Gross profits increased from Rs. 506.8 million up to Rs. 536.7 million during the period in review however distribution costs also posted an increase from Rs. 238.6 million up to Rs. 289.7 million. Meanwhile, Finance costs dropped from Rs. 5 million down to Rs. 3.1 million.

Ultimately the Company posted a profit after tax of Rs. 95.7 million during the financial year ended 31st March 2016, as compared with the previous year's landmark profit of Rs. 165 million. However it must be noted that Convenience Foods benefited from a one-off income arising out of the dissolution and disposal of its employee share trust as directed by the Colombo Stock Exchange during the previous financial year.

Earnings per share stood at Rs. 34.81 during the period in review, as compared with Rs. 59.97 per share in the previous year. The Board of Directors has accordingly proposed a first and final dividend for the year of Rs. 4.00 per share in line with its long term policy. This is a drop of Rs. 1.50 per share compared to the previous financial year which saw record profits due to the one off profit from disposal of the share trust.

LANKASOY PERFORMANCE

During the year in review, our Lankasoy brand continued to maintain its dominant position as the leading TVP brand within the Sri Lankan market. Nevertheless, certain unsustainable sales and distribution practices implemented by certain competitor brands during the past year resulted in a short-term reduction in market share for the brand.

At present approximately 175 different TVP brands are competing for the same market share in Sri Lanka. The drop in sales volumes – relative to the previous financial year - was partially attributable to such practices through which certain brands were willing to sacrifice revenue by advancing unsustainably large credit margins to traders as a short-term tactic aimed at capturing market share. While such practices resulted in a slim reduction of Lankasoy market share during the year in review, it remains clear that such practices cannot be sustained over the medium-long term.

As mentioned previously, Lankasoy was the first to introduce TVP products to the Sri Lankan market and in the subsequent decades since its introduction, consumers have grown to trust and rely on the promise of Lankasoy. Hence we remain confident that the brand will continue to hold its clear lead in terms of market share which will be further augmented through the addition of new product variants that will deliver even greater levels of convenience and affordability to our loyal and valued customers.

INCREASING POPULARITY OF NUTRILINE RANGE

The previous financial year also witnessed the launch of one of the most significant product diversifications for Convenience Foods through the introduction of our range of breakfast cereals. Manufactured using domestically sourced grains, Nutriline is a high energy, nutritious, cereal line specifically designed for adults and children. Currently the Nutriline range comprises of three variants, with Choco Blobs, Choco Chips and Choco Grains. The cereals are manufactured using a combination of wheat, rice, soya, green gram and maize to ensure a diversity of nutrients, with a chocolate centre that combines to give a memorable, sweet taste which can be consumed as a snack directly out of the pack or combined with milk for a wholesome breakfast.

Given the current position enjoyed by imported breakfast cereals, Convenience Foods believes that a locally manufactured breakfast cereal that utilises locally sourced grains to create a product that is on-par with the best international brands on offer has vast growth potential over the medium term. Since its introduction, the Nutriline brand has been performing well and over the past year, steps were taken to introduce new stock keeping units (SKUs) that will encourage more customers to try and eventually switch over to Nutriline cereals as their preferred choice.

> **"The Company regularly reinvests its profits towards the further development of its infrastructure, research and development and production capabilities with a view to gearing the Company for future growth opportunities and such investments are anticipated to continue as a matter of policy in the coming financial year."**

PERFORMANCE OF THE RAMBA RANGE

Sales of the Ramba Range of extruded snacks showed stable performance during the year under review. Our market research indicates that our efforts to create an extruded snack that has a totally unique taste and mouth-feel have gained traction within some segments of the market. We will continue in our efforts to expand our reach to new consumers with both promotional activities and product improvements.

Manufactured using locally sourced corn and rice and prepared through baking, instead of frying, the Ramba line of products is quickly emerging as a popular alternative among younger demographics. With this increasing popularity, the Company took steps to launch a new Cheese flavoured Ramba variety during the year in review and preliminary indications show that the new variety is gaining in popularity as well.

PRODUCTION IMPROVEMENTS

In addition to our sales and distribution processes, the Company also took steps towards improving manufacturing capacity. Consequently, during the last year, investments into the Company's factory operations were successfully completed resulting in the installation of a new state-of-the-art packing machine. The Company regularly reinvests its profits towards the further development of its infrastructure, research and development, and production capabilities with a view to gearing the Company for future growth opportunities and such investments are anticipated to continue as a matter of policy in the coming financial year.

EXPORT GROWTH

Over the years Convenience Foods has gradually been developing a minor presence for our most popular products, particularly in the Lankasoy range, across several international markets. At present the Company exports small quantities of its products to 20 nations, with the largest international demand for these products being found in the Middle-East region. Qatar is currently one of our largest export markets, along with other markets in Dubai, Jordan and Lebanon. Additionally we also export to South Korea and, to a lesser extent, New Zealand and Australia.

All of these nations host sizeable expatriate Sri Lankan populations which accounts for a larger proportion of international demand however during the year in review, steps were taken to introduce our product to the local population, particularly in the Middle-Eastern markets where a surge in demand was recorded. Consequently, Lankasoy branding was placed on our trucks in Qatar. Moving forward we aim to further develop demand across all our international markets, targeting both expatriate Sri Lankans and natural citizens alike.

INTERNAL IMPROVEMENTS

Continuing the Company's concerted long-term efforts to strictly manage costs and efficiency, efforts were made to further streamline production efficiency during the year, ultimately contributing to a stronger bottom-line performance. Notably, our investments into the installation of an SAP Enterprise Resource Planning (ERP) system, which came online in the previous financial year continued to yield strong returns for the Company as it gained a more accurate and holistic view across the total spectrum of our operations resulting in numerous efficiency gains during the period in review.

Meanwhile, efforts were also made to further strengthen the Corporate Governance framework of Convenience Foods during the year in review. Consequently, the company added a Related Party Transactions Committee to its governance framework, bringing our organisation on par with industry best-practices.

A FAMILY OF EMPLOYEES

Ultimately, the continuing high standards of performance delivered by Convenience Foods rests on the ability of our family of employees. As in previous years, steps were taken to improve the technical skills of our team. This was accomplished firstly by continuing our policy of seeking out the best recruits from the Sri Lankan labour market and secondly through the continuation of our comprehensive training and development programmes during the year.

Occupational health and safety plays a vital role in the success of our Company and to the end, the organisation maintained stringent training programmes focused on occupational health, safety, and emergency fire training. The Company maintains a committee to investigate all incidents of accidents and near-accidents and take corrective action in every instance.

Additionally, the Company held its regular motivational training programme for our team in order to build a positive mind-set within a workplace environment conducive to productivity through a Quality and Productivity Week. Additionally, the Company hosted its annual pirith and alms giving ceremony along with a 3-day annual trip to Pollonanaruwa and Pasikuda. Other highlights on the Company calendar included a Sports Day held at the St. Thomas' Ground and our annual get-together with employees and their families at the Aqua Pearl Lake Resort.

CORPORATE SOCIAL RESPONSIBILITY

Convenience Foods remains committed to creating value for the widest possible group of stakeholders. This commitment ensures that the Company stays connected and engaged with Sri Lankan communities. During the year in review, the Company organised Vesak celebrations during which gift packs and refreshments were distributed to the Vajira Sri Rehabilitation Children's Home' in Pitta Kotte.

Steps were also taken in concert with the National Productivity Secretariat to host a 5S Seminar for students and teachers of the Kandawala School in order to create awareness as to the importance of effective and efficient organisation as a means to vastly improved productivity.

Additionally, the Company also organised participation for 104 of its employees for a Blood Donation Campaign held at the YMBA, Ratmalana during the year in review

ACHIEVEMENTS

In keeping with Convenience Foods' commitment to preserving the environment and maintaining the highest possible environmental standards within our production processes, the Company was able to achieve SLS ISO 14001:2004 certification for its Environmental Management Systems during the year in review.

Additionally, the Company was awarded a Gold Award at the National Business Excellence Awards in the Food and Beverage Category and one of our Territory Sales Officers, Mr. Nilantha Mendis, won the Gold Award for the Best Front Liner in the FMCG Sector at the Sri Lanka Institute of Marketing (SLIM) NASCO Awards.

OUTLOOK

Overall, the outlook for Convenience Foods (Lanka) PLC appears positive over the coming financial year given the strong positon occupied by our brands and the emerging popularity of new product lines. Nevertheless, since the conclusion of the 2015/16 financial year, the announcement of increases in Value-Added Taxes (VAT) combined with uncertainty in terms of the continuing fluctuation of the Sri Lankan Rupee versus the US Dollar creates notable challenges for our business. The impact of these factors on wider consumption patterns also remains to be seen.

The increase in VAT will likely drive up costs across the total Sri Lankan food and beverage sector. However given the lower price point of our Nutriline cereal range, we anticipate greater interest in this range moving forward. Nevertheless, the medium-long term outlook for the Sri Lankan economy appears positive and backed by innovative product diversifications and an aggressive marketing and communications strategy over the coming financial year, we are confident that Convenience Foods (Lanka) PLC will be able to weather these turbulent conditions with relative ease and continue to deliver affordable, convenient and nutritious food offerings to Sri Lankans from all walks of life.

ACKNOWLEDGEMENTS

I wish to thank our Chairman for his invaluable leadership and guidance that has helped to once again steer Convenience Foods into a path of prosperity and success and look forward to working with him in the coming year in order to continue to develop and grow our Company in future. Further, I extend my sincere gratitude to our Board of Directors for their unwavering commitment and support. I also wish to thank our suppliers and of course our loyal and valued customers for their support and loyalty.

Finally I thank and congratulate my team of dedicated and hard-working employees for the excellent work they achieved during years past, and I look forward to working in cooperation with them to take our Company to new heights in the coming year.

Sincerely

E T De Zoysa
Managing Director

29th July 2016

CORPORATE GOVERNANCE

Corporate Governance is broadly defined as a system of internal controls and procedures by which Convenience Foods (Lanka) PLC (CFL) is managed to ensure conformity with pertinent statutory and regulatory obligations in addition to ensuring the highest standards of transparency and accountability to all stakeholders of CFL.

The Corporate Governance philosophy of CFL is derived from the values developed internally by the Company since its inception in addition to values inherited from CFL's parent company, Ceylon Biscuits Limited (CBL). These values are centred on the fundamental principle that the cultivation of honest, ethical and empowering relationships between all stakeholder groups – shareholders, employees, regulators, consumers and the Sri Lankan community in general – are at the very foundation of any successful business enterprise. In pursuit of this objective, the Board is committed to meet its business goals with the highest standards of transparency and professionalism.

The Directors of the Company acknowledge and accept their responsibility to ensure that the affairs of the Company are managed in a manner that achieves full compliance with internal governance framework and external regulatory requirements and remain fully committed to the principles of good governance. The Company is committed to acting in a manner that is transparent and fair in all of its dealings. The Directors and Management of the Company consistently strive to inculcate values of good governance and associated best practices across every level of the organisational hierarchy and such processes are formalised through the development and constant refinement of processes and procedures designed to ensure the highest standards of compliance throughout the organisation.

The business of CFL is managed under the oversight of the Company's Board of Directors. The Board is responsible and accountable for the management of the affairs of the Company, conduct of business and maintenance of prudent risk management and soundness of the organisation.

Provided below are the practices adopted by the organisation within the framework stipulated by the Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and Section 7 of the Listing Rules set out by the Colombo Stock Exchange (CSE).

BOARD OF DIRECTORS

Duties and responsibilities

The Board is responsible for the supervision and management of the Company's business and affairs, which includes ensuring that the policies and practices of the organisation are in full compliance with the established corporate governance framework of the Company in addition to the stipulations of pertinent regulatory and statutory requirements.

Among the primary responsibilities attributed to the Board of Directors is the duty to ensure an effective and equitable balance between ensuring the continued prosperity of CFL and providing value to shareholders. In addition to comprehensive oversight into issues related to business, finance, and shareholder relations, the Board also monitors and manages challenges and issues relating to corporate governance, corporate ethics and corporate social responsibility.

Furthermore, the Board is also responsible for defining and guiding the overall strategic direction of the Company, risk management, appointment of the CEO and Managing Director, evaluation and approval of capital expenditure and new investments, succession planning, approval of budgets, and establishing policies that ensure effective internal controls, standards, and employee satisfaction. We are pleased to report that the Board and the overall Company's steadfast commitment to values of good corporate governance continue to encourage accountability and transparency within the organisation and yield strongly positive results as evidenced by sound decision and policy making that has worked to support the business and ensure its continued success.

Composition of the Board of Directors

CFL fulfils the mandate of the Listing Rules of the CSE by having seven (07) Non-Executive Directors appointed, including the Chairman - representing more than one-third of the entire Board of eight (08) Directors. Further, based on the declarations made by the Non-Executive Directors, the Board has concluded that three (03) Non-Executive Directors meet the criteria of 'Independence' with no material dependence on CFL as specified in the Listing Rules. All of the Directors serving on the Board were selected on the basis of their wide range of skills and experience that have assisted in the effective management of the affairs of the Company.

The Directors were required to report any substantial changes in their professional responsibilities and business associations to the entire Board. It is also confirmed that the Board of Directors have dedicated adequate time for the fulfilment of their duties as Directors of the Company. A detailed profile of each member of the Board is provided on pages 14 and 15 of this Annual Report.

Board Meetings

The Board of Directors met four (04) times during the year in review. In addition to attending Board meetings the relevant Directors also attended subcommittee meetings such as Audit Committee meetings, Remuneration Committee meetings and Related Party Transactions Review Committee meetings.

The above-described meetings of the Board of Directors occurred on a quarterly basis while provisions remain in place to call further meetings of the Board as they become necessary in relation to the effective discharge of their duties.

BALANCE OF AUTHORITY & MANAGEMENT STRUCTURE

It is the policy of the Board to ensure that the role of Chief Executive, which is vested in the Executive Director, is kept separate from the Chairman of the Company, thereby facilitating the effective discharge of duties by the Board of Directors.

The operational management function is guided by a team of Senior Managers within the ethical framework as established by the Board. Monthly management review meetings are also held, the chief agenda of which is to review the operation of the senior management team under the supervision and guidance of the Board. At these meetings, the Board reviews strategic direction, risk management and other issues. The senior management team also advices the Board on the trends in Key Performance Indicators which are discussed at weekly internal committee meetings held with sectional heads.

BOARD SUB COMMITTEES

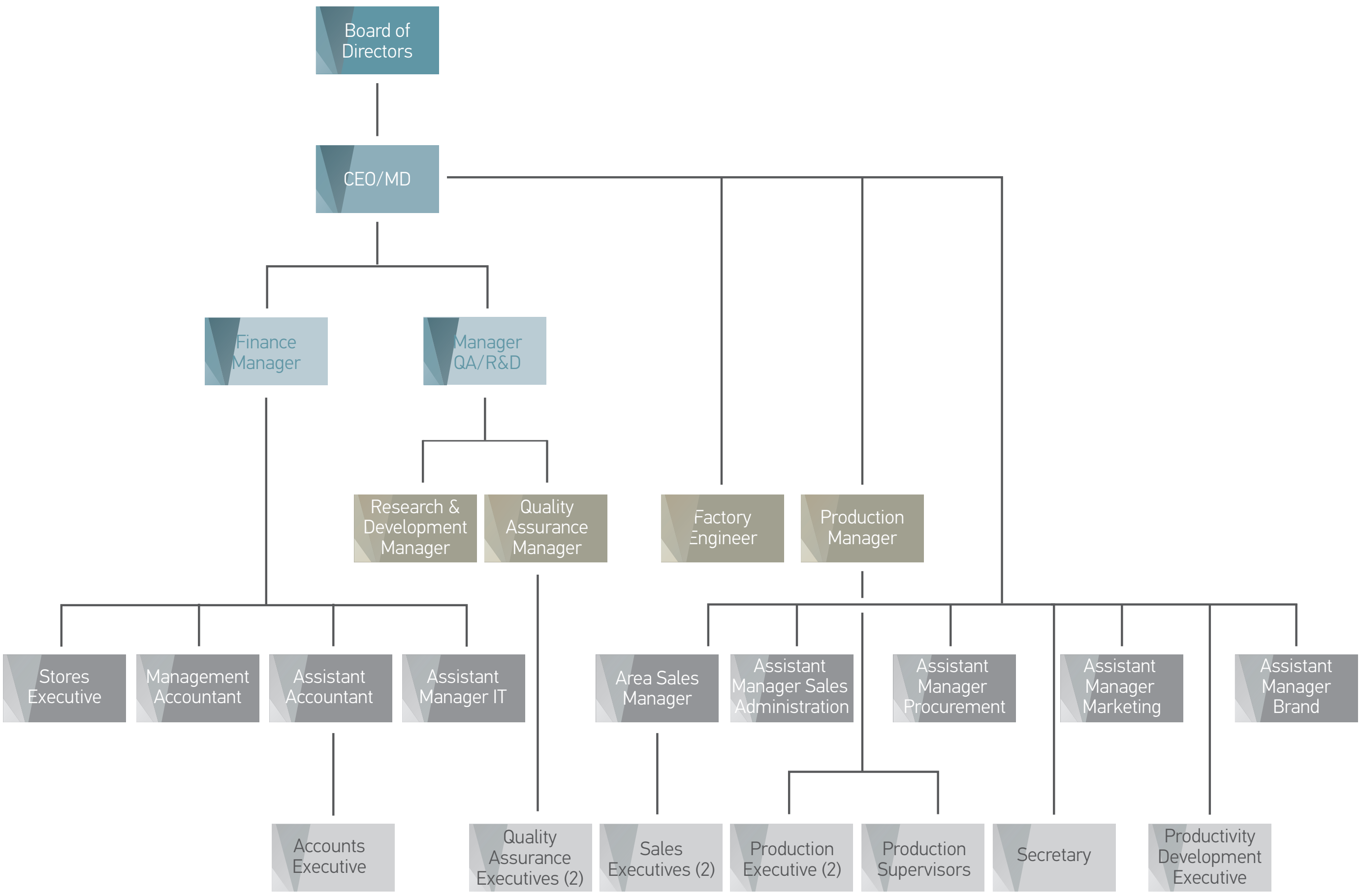
A Remuneration Committee, Audit Committee and a Related Party Transactions Review Committee function as Sub Committees of the Board.

REMUNERATION COMMITTEE

CFL appoints its own Remuneration Committee comprising of the Directors given below. The Committee meets and makes recommendations to the Board on the remuneration payable to the Executive Director. The remuneration is assessed based on the performance of the organisation during the preceding year. The Committee is mindful of the fact that the remuneration of the management and staff should reflect market expectations and should be sufficient to attract and retain the quality of management and staff needed to run the Company. The Committee also takes into consideration issues related to annual increments of confirmed employees as they relate to the performance, and discipline while also taking into account the profitability of the Company. Bonuses are similarly granted to employees in line with industry norms and in relation to the profitability of the Company as determined by the Committee.

Following are the Directors appointed to the Remuneration Committee for the year in review:

Mr. R S Wickramasingha (Non-Executive Director, Chairman of the Committee)
Dr. D M A Kulasooriya (Independent Non-Executive Director)
Mr. U Thilakawardana (Independent Non-Executive Director)



AUDIT COMMITTEE

The Board has established an Audit Committee to ensure a formal and transparent application of accounting policies, financial control and internal control principles, while maintaining an appropriate relationship with the Company's auditors.

The Chairman of the Committee is a member of a recognised Accounting Body. The Audit Committee consists of all Independent Non-Executive Directors. The Managing Director, senior management and other staff attend its meetings on invitation to provide information, advice and support as requested by the Committee.

This practice has been adopted to ensure that the Audit Committee is ably guided and advised to enable sufficient recommendations to be made to the Board to improve the organisation's internal control and risk management procedures, assess the independence and performance of the External Auditors, adopt any recommendations made in the Management Letter issued by the External Auditors, and to ensure that reliable and transparent financial information is disclosed in keeping with the Sri Lanka Accounting Standards (SLAS), the Companies Act and other regulations.

The Audit Committee comprises of the Directors named below.
Mr. M S Nanayakkara (Independent/ Non-Executive Director/Chairman of the Committee)
Dr. D M A Kulasooriya (Independent/Non-Executive Director)
Mr. U Thilakawardana (Independent/Non-Executive Director)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board has established the Related Party Transactions Review Committee, to review all related party transactions and advice the Board on their compliance with the requirements of the Colombo Stock Exchange, SEC rules and other rules, procedures and best practices. The Committee ensures that all related party transactions are carried out in the best interests of the Company.

The composition of the Committee is as follows :
Dr. D M A Kulasooriya (Independent/ Non-Executive Director/Chairman of the Committee)
Mr. M S Nanayakkara (Independent/Non-Executive Director)
Mr. U Thilakawardana (Independent/Non-Executive Director)
Mr. E T De Zoysa (Executive Director)

The senior management and other staff attend the meetings of the Committee on request in order to provide the Committee with information and advice to enable it to carry out its functions.

INDEPENDENT ADVICE

Provisions are in place to enable Directors to seek professional advice at the Company's expense when it is requested by the Board members. All Board members have access to the Company Secretary - P W Corporate Secretarial (Pvt) Ltd., to obtain advice on applicable rules, regulations and compliance requirements. Advice on taxation has been obtained over the year under review from M/s Ernst & Young, Chartered Accountants, while opinions were sought from the Employers Federation to ensure the organisation maintained healthy employee relations.

FINANCIAL ACUMEN

Adequate financial guidance is provided to the Board by Mr. M.S. Nanayakkara and the Chief Financial Officer (CFO), both of whom are members of professional accounting bodies and possess sufficient knowledge and competence to guide the Board.

SUPPLY OF INFORMATION

The Board's decision making capabilities are further strengthened by supplying comprehensive information through budgets, monthly financial statements, market reports and other reports as required, in accordance with the agenda. The Chairman ensures that all Directors are adequately briefed on matters to be decided at the meeting and ensures the Directors are fully conversant and upto-date with all developments taking place in the Company.

Arising out of these briefings, advice and guidance is provided to the Company's senior management teams on a regular basis in order to evaluate progress in relation to performance targets and ensure accountability of the senior management team. This is an ongoing process and is reviewed periodically by the entire Board. Training and career development also continues to be an issue of strong emphasis among the Board and at all levels of the organisational hierarchy. This has created a committed and empowered workforce and continues to generate value for the Company by driving continuous improvements in terms of productivity, innovation and performance excellence.

RELATIONS WITH SHAREHOLDERS AND FINANCIAL REPORTING

Active participation of the shareholders is encouraged at the Annual General Meeting, of which notice is given in the Annual Report. The Notice contains the agenda for the AGM and Form of Proxy and the prescribed period of notice set out in terms of the Articles of Association of the Company has been met. Individual shareholders are encouraged to participate at the Annual General Meeting and to carry out adequate analysis or seek independent advice on their investing decisions.

Through the Chairman's Review and the financial and non-financial information set out in the Annual Report and the interim accounts which are submitted to them (and to the CSE) at quarterly intervals, the shareholders are able to obtain a clear indication of the Company's performance over the year. The Board is committed to ensure complete transparency in disclosing its financial and non-financial information.

MAJOR TRANSACTIONS

No major transactions have occurred during the year, which falls within the definition of the Companies Act.

INTERNAL CONTROLS

The Board is responsible for establishing a sound framework of internal financial controls and monitoring its effectiveness on a continuous basis. By establishing such a strong framework, CFL is able to manage business risks and ensure that the financial information on which business decisions are made and published are reliable.

Policies in the areas of stocks, debtors, purchases, budgeting, and investments, among others; are continuously monitored by Messrs Ernst & Young. Results from regular internal audits and system reviews are discussed with the Managing Director and Finance Manager of CFL and where necessary, corrective measures are adopted and discussions held with the Audit Committee and the Board of CFL.

GOING CONCERN

After extensive analysis of financial statements, management reviews, feedback from the group internal audit team and analysis of the annual budgets, capital expenditure and other investment requirements, periodic cash-flow forecasts and the organisation's liquidity indicators, the Board is convinced that the Company has sufficient cash flow to continue as a going concern in the foreseeable future.

By Order of the Board Convenience Foods (Lanka) PLC

E T De Zoysa
Managing Director

29th July 2016

BOARD OF DIRECTORS

Mr. R S A Wickramasingha

Chairman

Mr. R S A Wickramasingha was appointed Chairman of Convenience Foods (Lanka) PLC from 24th June 2015 having served on the Board since 10th May 2000. He is currently the Chairman of Ceylon Biscuits Group, the largest FMCG conglomerate in the food industry that manufactures biscuits, chocolates, wafers, cake, soy products, cereals, snacks and dehydrated fruits. CBL possesses the strongest brands in the food industry and has market leadership in all categories it competes in. Its products are exported to over 50 countries while also operating in Bangladesh and Myanmar. He is also Chairman of all subsidiary companies of the CBL Group.

Mr. Wickramasingha possesses vast and varied experience in the food industry and is qualifed in Food technology at "Borough Polytechnic", now known as the" University of South Bank, U.K". While his focus has been on continuous product innovation and quality improvement, he has over the years been overall in-charge of product, quality assurance, product development and procurement across the CBL Group. He has been a Past President of the Lanka Confectionery Manufacturers Association.

Mr. Thilanka de Zoysa

Managing Director

He possesses over 25 years of experience in General Management. He started his career in the plantation sector, and has been with Soy Foods Lanka Ltd now Convenience Foods (Lanka) PLC since 1996. He was appointed to the Board of CFL in 30 October 2002 and was appointed as the Managing Director of the Company with effect from 1st April 2011.

Ms. Sheamalee Wickramasingha

Director

Ms. Wickramasingha was first appointed to the Board of Soy Foods (Lanka) Ltd. (Now Convenience Foods (Lanka) PLC.) in May 2000. She is the Group Managing Director of Ceylon Biscuits Limited and the Managing Director of Modern Pack Lanka (Pvt) Ltd. She is also a Director of Plenty Foods (Pvt) Ltd., CBL Foods International (Pvt) Ltd., CBL Export (Pvt) Ltd., CBL Natural Foods (Pvt) Ltd., CBL Agroprocessors (Pvt) Ltd., CBL Cocos (Pvt) Ltd. Retailers Alliance Ltd, CBL Global Foods Ltd and CBL Myanmar Private Limited. She possesses a Masters Degree in Food Chemistry from the USA.

Mr. Nandana Wickramage

Director

The Group Director / Head of Marketing & Sales, Mr. Wickramage is professionally qualified in Marketing, Sales and Retail Management and is a certified master practitioner of NLP. With over 35 years hands-on experience in the areas of Sales and Marketing, he is one of the most renowned marketers in the country, well-known for his ability to turn around brands and achieve success, proven by his strategic and innovative thinking. His continuing success in this highly challenging task proves the efficacy of his practical and creative approach to strategic planning and brand building. His enormous contribution to the field of Marketing & Sales has been recognised not only locally but internationally as well with most prestigious awards such as Global Brand Leadership Award 2010, Most Outstanding Marketing professional of the year 2011 by World Brand Congress, Marketing Professional of the year 2011 by CMO Council Asia, listed among 50 most talented Chief Marketing Officers (Global) at World Marketing Summit 2013 and Peoples Leader Award in Marketing at IPM 2014. He is also a well-recognized local and international peak performance coach and personal development trainer.

Ms. Nishka Wickramasingha

Director

Ms. Nishka Wickramasingha is a Group Director of Ceylon Biscuits Limited. She holds a Bsc Degree in Food Science from Purdue University USA and Chartered Institute of Marketing, UK. Having joined CBL in 1993 as a Management Trainee, she worked in various management positions in the Company and was invited to join the Board of CBL in 1999. Ms. Wickramasingha is also a Director of many of the subsidiaries of the Ceylon Biscuits Group.

Dr. D M A Kulasooriya

Director

A BSc Graduate from the University of Peradeniya Dr. Kulasooriya has a PhD in lean management from JNTU, India and a MSc in management at the University of Sri Jayawardanapura,a postgraduate Training in Management at the Postgraduate Institute of Management and a Certification in Six Sigma Black Belt. He currently serves as the Director Productivity and Management Development at National Institute of Business Management and Director Academic Affairs (Acting) , National School of Business Management. He possesses 21 years of experience in the field of Quality and Productivity Management, 12 years of which dealt directly in Lean Six Sigma implementation and Data Analytics.

Mr. Udara Thilakawardana

Director

Udara Thilakawardana, Attorney-at-Law currently practices as a Counsel for civil and criminal cases in Colombo and outstation courts and is a Legal Consultant for several organisations including private and public companies. He started his career in 1990 when he was enrolled in the Attorney General's Department as a State Counsel. Following six years in the Attorney General' s Department, he joined the unofficial bar and started practice in original and appellate courts. Currently, he is the legal Counsel of Rosmead Law Chambers.

Mr. Mahesh Shirantha Nanayakkara

Director

He has over 20 years of extensive experience in external and internal auditing and management consultancy related roles. Mr. Nanayakkara is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and an Associate Member of the Chartered Institute of Management Accountants (ACMA, UK). He also holds a Master of Business Administration degree from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and a Bachelor of Commerce degree from University of Colombo.

Appointed to the Board as an Independent Director in August 2010. Currently, he functions as the Senior Manager Group Assurance & Advisory Services of SriLankan Airlines and its subsidiary SriLankan Catering Ltd.

INNOVATIVE PRODUCTS

NUTRILINE

Nutriline cereal range; a tasty, healthy and wholesome cereal enriched with multi grains, delivering optimal nutrition for children. Nutriline's unique ingredient combinations include the five grains of wheat, soya, rice, corn and green gram without compromising taste and suitable for children aged 5 years and upwards. The chocolate cereal center filled with cocoa, does not contain artificial colours, additives or added flavours.

Choco Chips is sweetened cereal chips with cocoa made with grains and vitamins. Choco Grains is a multigrain chocolate centered cereal, with wholesome grains of wheat, soya, rice, corn and green gram. Choco Blobs is a chocolate centered cereal.

RAMBA

A range of extruded snacks which are baked not fried, and enriched with Vitamins & Minerals. It comes in Nitrogen flushed packs to keep the freshness and taste in five mouthwatering flavour variants (Chicken/ Onion/Pizza/Chilli/Cheese)

INDUSTRY RECOGNITION

THE NATIONAL BUSINESS EXCELLENCE AWARDS 2015

Convenience Foods (Lanka) PLC earned Prestige with recognition awarded from two reputed organization. At the National Chamber of Commerce of Sri Lanka, Convenience Foods (Lanka PLC) was unveiled the Winner of Manufacturing - Food and Beverage Sector.

Convenience Foods (Lanka) PLC achieved recognition from the Sri Lanka Standards Institution with the awarding of ISO 1400:2004 certification for its commitment to environmental management.

Lankasoy Celebrates 25 years of Leadership

Convenience Foods (Lanka) PLC

commemorated the momentous occasion of reaching 25 years since its inception in 1990. As a true pioneer in manufacturing the benchmark anniversary was highlighted with the felicitation of employees who have completed 25 years of service.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Convenience Foods (Lanka) PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2016.

GENERAL

Convenience Foods (Lanka) PLC is a public limited liability company which was incorporated on 24th March 1991 as a private limited liability company under the Companies Act, No.17 of 1982 as Soy Foods (Private) Limited. The Company was converted to a public limited liability company on 11th March 1992 and was listed on the Colombo Stock Exchange in May 1992. It was re-registered as per the Companies Act, No.7 of 2007 on 25th June 2008 under Registration No. PQ 164. The name of the Company was changed to Convenience Foods (Lanka) PLC on 21st August 2008.

PRINCIPAL ACTIVITY

The principle activity of the Company is the manufacture and marketing of Textured Vegetable Protein (TVP), which is popularly known as soya meat and also other food products.

REVIEW OF BUSINESS

A review of the business of the Company and its performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's review on pages 4 and 5.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 27 to 49.

AUDITORS REPORT

The Report of the Auditors on the Financial Statements of the Company is given on page 27.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 32 to 38, which are consistent with those of the previous period.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 14 to 15.

Executive Directors

Mr. E T De Zoysa - Managing Director

Non-Executive Directors

Mr. R S Wickramasingha - Chairman
Ms. D S Wickramasingha - Director
Mr. N A Wickramage - Director
*Mr. M U S G Thilakawardana - Director
*Dr. D M A Kulasooriya - Director
*Mr. M S Nanayakkara - Director

*Independent Non-Executive Directors

Ms. N K Wickramasingha was appointed as a Non-Executive Director with effect from 14th July 2016. She will hold office until this year's Annual General Meeting, and being eligible, is recommended for re-election in terms of Article 26(6) of the Articles of Association.

INTEREST REGISTER

The Company maintains an Interest Register in terms of the Companies Act, No.07 of 2007.

The Directors' have no direct or indirect interest in any contract or proposed contract with the Company other than those disclosed under Note 31 to the Financial Statements.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2016 and 31st March 2015 are as follows:

	as at 31/03/2016	as at 31/03/2015
Mr. R S Wickramasingha	Nil	Nil
Ms. D S Wickramasingha	Nil	Nil
Mr. E T De Zoysa	Nil	Nil
Mr. N A Wickramage	Nil	Nil
Ms. N K Wickramasingha	Nil	Nil
Mr. M U S G Thilakawardana	Nil	Nil
Dr. D M A Kulasooriya	Nil	Nil
Mr. M S Nanayakkara	Nil	Nil

Mr. R S Wickramasingha, Ms. D S Wickramasingha, Mr. N A Wickramage and Ms. N K Wickramasingha are Directors of Ceylon Biscuits Limited which held 1,962,977 shares equivalent to 71.381% of the shares constituting the Stated Capital of the Company.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under Note 8 to the Financial Statements.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

AUDITORS

Messrs SJMS Associates, Chartered Accountants served as the Auditors during the year under review. The Auditors do not have any interest in the Company other than as Auditors.

The fee payable to the Auditors for the year under review is Rs. 522,021/-.

Messrs Ernst & Young provided tax compliance services during the year under review and the fee payable therefore amounts to Rs. 298,550.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

STATED CAPITAL

The Stated Capital of the Company is Rs.52,521,178/- represented by 2,750,000 Ordinary Shares.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty (20) largest shareholders of the Company, the distribution schedule of shareholders, percentage of shares held by the public, market values per share as per the Listing Rules of the Colombo Stock Exchange are given on page 51 and 52 under Shareholder Information.

RESERVES

The movements of reserves during the year are given under the Statement of Changes in Equity on page 30.

CAPITAL EXPENDITURE

The total capital expenditure during the year was Rs. 64,790,715 Details of movements in property, plant and equipment are given in Note 12 to the Financial Statements.

LAND HOLDINGS

The Company does not own any freehold land.

EMPLOYEE AND INDUSTRIAL RELATIONS

The Company did not experience any material issues related to employee or industrial relations during the year.

FINANCIAL RATIOS

The Earnings Per Share and other financial ratios are given under the Performance Summary on page 53.

DIVIDEND

The payment of a first and final dividend of Rs. 4.00 per share as recommended by the Board of Directors will be proposed at the Annual General Meeting.

DONATIONS

The total amount of donations made during the year under review amounted to Rs. 194,242/-.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No material circumstances have arisen since the balance sheet date, which would require adjustment to, or disclosure in the Financial Statements.

CORPORATE GOVERNANCE

The Board of Directors confirms that the Company is compliant with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

The corporate governance report on pages 10 to 13 sets out the procedures implemented by the Company in this respect.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 24th August 2016 at 3.30 p.m. at Ceylon Biscuits Limited, High Level Road, Makumbura, Pannipitiya.

The Notice of the Annual General Meeting appears on page 2.

Signed for and on behalf of the Board of Directors by

R S Wickaramasingha
Chairman

E T De Zoysa
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

29th July 2016
Colombo

REMUNERATION COMMITTEE REPORT

THE ROLE AND RESPONSIBILITIES

The Remuneration Committee is tasked with establishing and maintaining the remuneration policies of the Company as a whole. The policies have been established in such a manner as to enable the Company to hire and retain vital talent while maximising the overall profitability of the organisation in the long term.

REMUNERATION COMMITTEE COMPOSITION

The Remuneration Committee comprises of three (03) Non-Executive Directors, two (02) of whom are independent. The members of the Remuneration Committee as at 31st March 2016 were Mr. R S Wickramasingha (Chairman), Dr. D M A Kulasooriya (Member) and Mr. U. Thilakawardana (Member).

The Managing Director and members of management attend the meetings upon invitation to brief the Remuneration Committee on specific issues and submit relevant information.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The functions of the Remuneration Committee include

- Making recommendations to the Board on the ideal compensation packages in a transparent manner.
- Ensuring no Director is involved in deciding his own pay package
- Deciding on the remuneration packages and extra benefits of the Executive Director and Key Management Personnel.

REMUNERATION POLICY

The remuneration policy of the Company is designed to be:

- Attractive and capable of retaining well qualified and knowledgeable employees.
- Minimise the long term cost to the Company by rewarding employees based on experience and quantifiable contribution to the Company's bottom line.
- Be in line with industry standards and best practices.

REMUNERATION COMMITTEE MEETINGS

The Committee meets to ensure two-way communication, comprehensive dialogue and resolution of issues. Meetings are held as often as required. Recommendation on compensation structures, bonuses, increments and matters concerning recruitment of key management personnel are made at the meetings. One of its other goals is to ensure that management and staff at all levels are adequately rewarded for their performance and commitment to the Company's goals on a competitive basis.

REMUNERATION PACKAGES

The cumulative amount paid to Directors' as remuneration during the year under review is recorded in Note 09 to the Financial Statements.

R S Wickaramasingha
Chairman - Remuneration Committee

29th July 2016

AUDIT COMMITTEE REPORT

THE ROLE AND RESPONSIBILITIES

The primary role of the Audit Committee is to assist the Board of Directors in fulfilling its duties by providing an independent review of the system of internal controls, the financial reporting system, the management of business risks, the Company's process for monitoring compliance with laws and regulations, the independence of the external audit and the internal audit function.

AUDIT COMMITTEE COMPOSITION AND MEETINGS

The Audit Committee comprises of three (03) Non-Executive Directors all of whom are independent. The members of the Audit Committee as at 31st March 2016 were Mr. Mahesh Nanayakkara (Chairman), Dr. D M A Kulasooriya (Member) and Mr. Udara Thilakawardana (Member).

During the financial year ended 31st March 2016, the Audit Committee held four (04) meetings. The members of the management attend the meetings upon invitation to brief the Audit Committee on specific issues. In addition the Audit Committee met with the external auditors M/S SJMS to ascertain the nature, scope and approach of the external audit and to review the financial statements and the management reports.

Internal Audit Function

The Internal auditors of Convenience Foods (Lanka) PLC reports to the Audit Committee of CFL and to the Audit Committee of the CBL Group. The internal audit function is outsourced to M/S Ernst & Young. The Internal audit function provides an independent and objective evaluation of adequacy, efficiency and effectiveness of the system of internal controls.

Key Activities of the Audit Committee during the Financial Year

- Ensuring that a good financial reporting system is in place and is well managed.
- Reviewed the implementation of the annual internal audit plan and the audit findings on the system of internal controls including IS/IT controls and the status of implementation of management action plans
- Reviewed the results of the external audit report and management response to the issues highlighted.
- Reviewed the procedures in place for the identification, evaluation and management of business risks.
- Reviewed the extent of compliance with laws of the country, government regulations, listing rules and established policies of the Company.
- Reviewed the Internal Audit Function, including the independence and authority of its reporting obligations and the internal audit plan.
- Assessing the independence of External Auditor and monitoring the External Audit.

M.S. [signature]

Mahesh Nanayakkara
Chairman – Audit Committee

29th July 2016

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

THE ROLE AND RESPONSIBILITIES

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Related Party Transactions of the Company and ensuring that it complies with the requirements of the SEC Code of Best Practices on Related Party Transactions ("the Related Party Code") and other relevant statutes and regulations.

The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Related Party Code.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE COMPOSITION

The Committee comprises of three (03) Independent Non-Executive Directors and one (01) Executive Director. The members of the Related Party Transactions Review Committee as at 31st March 2016 were Dr. D M A Kulasooriya (Chairman), Mr. Mahesh Nanayakkara (Member), Mr. Udara Thilakawardana (Member) and Mr. E T De Zoysa (Member).

During the financial year ended 31st March 2016, the Committee held two (02) meetings. The members of the management attend the meetings upon invitation to brief the Committee on specific issues.

KEY ACTIVITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE DURING THE FINANCIAL YEAR

- Review and pre-approve all non-recurrent related party transactions of the Company prior to approval by the Board of Directors
- Review all related party transactions to ensure that they are in the best interests of the Company
- Ensure that all reporting requirements of the Related Party Code and other statutes and regulations are met.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Assess the adequacy of related party reporting systems along with the advice of the External and Internal Auditors.
- Ensure that all transactions with related parties are in the best interest of all shareholders and adequate transparency is maintained.
- Establish guidelines and policies for the management and reporting of related party transactions.

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting.

KEY MANAGEMENT PERSONNEL

In addition to the Directors, all Senior Managers of the Company were designated as Key Management Personnel of the Company. The Committee ensures that no participant in the discussions of a related party transaction shall have a direct related party for that transaction. However, such persons may participate in the discussion for the sole purpose of providing information on such transactions.

Dr. D M A Kulasooriya
Chairman – Related Party Transactions Review Committee

FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

.SJMS.
ASSOCIATES
Independent Correspondent Firm to
Deloitte Touche Tohmatsu

SJMS Associates
Chartered Accountants
No. 11, Castle Lane,
Colombo 04, Sri Lanka.
Tel: +94(11) 2580409, 5444400
Fax: +94(11) 2582452

Restructure & Corporate Recovery
Tel: 5364293, 5444420 Fax: 5364295

E-mail: sjmsa@sjmsassociates.com
Website: www.sjmsassociates.lk

TO THE SHAREHOLDERS OF CONVENIENCE FOODS (LANKA) PLC

Report on the financial statements
We have audited the accompanying financial statements of Convenience Foods (Lanka) PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("Group"), which comprise the statement of financial position as at 31st March 2016, and the statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's responsibility for the financial statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.
- the financial statements of the Company give a true and fair view of its financial position as at 31st March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- the financial statements of the Company and the Group comply with the requirements of section 151 and 153 of the Companies Act No.07 of 2007.

sjmsassociates

SJMS ASSOCIATES
Chartered Accountants

13th June 2016
Colombo

P. E. A. Jayewickreme, M. B. Ismail, Ms. A. M. J. Patrick, Ms. S. L. Jayasuriya, D. S. W. Andradi,
G. J. David, Ms. F. M. Marikkar, Ms. M. S. J. Henry, Ms. A. U. M. Keppetipola, R. H. M. Minfaz, Ms. S. Y. Kodagoda

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2016	Note	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Revenue	5	1,655,253,143	1,742,502,671	1,655,253,143	1,742,502,671
Cost of sales		(1,118,586,063)	(1,235,688,111)	(1,118,586,063)	(1,235,688,111)
Gross profit		536,667,081	506,814,561	536,667,081	506,814,561
Other income	6	23,821,787	13,561,664	23,821,787	13,561,664
Total gain on disposal of shares held by the trust		-	41,613,945	-	41,613,945
Distribution costs		(289,663,581)	(238,582,651)	(289,663,581)	(238,582,651)
Administrative expenses		(117,671,762)	(96,343,469)	(117,671,762)	(96,343,469)
Finance costs	7	(3,110,807)	(5,045,496)	(3,110,807)	(5,045,496)
Profit before tax	8	150,042,718	222,018,555	150,042,718	222,018,555
Income tax expense	9	(54,307,886)	(57,096,337)	(54,307,886)	(57,096,337)
Profit for the year		95,734,832	164,922,218	95,734,832	164,922,218
Other comprehensive income					
Increase in the value of the loan given to share trust		-	8,655,242	-	8,655,242
Transfer of available for sale reserve to the profit & loss upon derecognition		-	(33,030,758)	-	(33,030,758)
Actuarial gain/(loss) on defined benefit plan, net of tax		6,244,470	(3,344,993)	6,244,470	(3,344,993)
Total other comprehensive income for the year		6,244,470	(27,720,510)	6,244,470	(27,720,510)
Total comprehensive income for the year		101,979,303	137,201,708	101,979,303	137,201,708
Profit attributable to:					
Equity holders of the parent		95,734,832	164,922,218	95,734,832	164,922,218
Non-controlling interest		-	-	-	-
		95,734,832	164,922,218	95,734,832	164,922,218
Total comprehensive income attributable to:					
Equity holders of the parent		101,979,303	137,201,708	101,979,303	137,201,708
Non-controlling interest		-	-	-	-
		101,979,303	137,201,708	101,979,303	137,201,708
Earnings per share - basic	10	34.81	59.97	34.81	59.97
Dividend per share	11	5.50	3.00	5.50	3.00

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March 2016	Note	Company 31.03.2016 Rs.	Company 31.03.2015 Rs.	Group 31.03.2016 Rs.	Group 31.03.2015 Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	291,042,879	274,349,842	291,042,879	274,349,842
Leasehold land	13	5,289,275	5,353,072	5,289,275	5,353,072
Intangible asset	14	9,472,995	1,049,056	9,472,995	1,049,056
Investment in subsidiary	15	20	20	-	-
Total non-current assets		305,805,170	280,751,990	305,805,150	280,751,970
Current assets					
Inventories	16	124,110,383	118,908,502	124,110,383	118,908,502
Trade receivables	17	177,642,709	202,536,089	177,642,709	202,536,089
Other receivables		18,533,853	41,564,334	18,533,853	41,564,334
Amounts due from related party	18	4,147,669	2,218,049	4,147,669	2,218,049
Short term investments	19	308,009,301	255,902,549	308,009,301	255,902,549
Cash in hand and at bank	20	1,058,381	1,759,880	1,058,381	1,759,880
Total current assets		633,502,296	622,889,404	633,502,296	622,889,404
Total assets		939,307,466	903,641,394	939,307,446	903,641,374
Equity and liabilities					
Equity attributable to equity - holders of the parent					
Stated capital	21	52,521,178	52,521,178	52,521,178	52,521,178
Retained earnings		609,342,701	522,488,399	609,122,990	522,268,688
Total equity		661,863,879	575,009,577	661,644,168	574,789,865
Liabilities					
Non-current liabilities					
Deferred tax liabilities	22	15,984,925	1,061,104	15,984,925	1,061,104
Interest bearing borrowing	23	1,481,482	19,259,238	1,481,482	19,259,238
Retirement benefit obligations	24	45,425,885	44,584,186	45,425,885	44,584,186
Total non current liabilities		62,892,292	64,904,528	62,892,292	64,904,528
Current liabilities					
Trade payables	25	77,872,148	130,800,887	77,872,148	130,800,887
Interest bearing borrowing	23	17,777,756	17,777,784	17,777,756	17,777,784
Income tax payable	26	2,846,834	16,421,644	2,846,834	16,421,644
Amounts due to related party	27	2,829,962	4,594,559	2,481,015	4,245,612
Other payables		17,301,637	22,557,705	17,870,275	23,126,343
Accrued charges		66,199,778	50,416,803	66,199,778	50,416,803
Bank overdraft	28	29,723,179	21,157,908	29,723,179	21,157,908
Total current liabilities		214,551,294	263,727,289	214,770,985	263,946,981
Total liabilities		277,443,586	328,631,817	277,663,277	328,851,508
Total equity and liabilities		939,307,466	903,641,394	939,307,446	903,641,374
Net assets value per share		240.68	209.09	240.60	209.01

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

Chathura Wickramatileka
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board on 13th June 2016.

R S A Wickramasingha
Chairman

E T De Zoysa
Managing Director

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2016 Company	Stated capital Rs.	Available for sale reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31st March 2014	52,521,178	24,375,517	369,161,173	446,057,868
Profit for the year	-	-	164,922,218	164,922,218
Other comprehensive income				
Change in fair value of share trust	-	8,655,242	-	8,655,242
Actuarial loss on defined benefit plan	-	-	(3,344,993)	(3,344,993)
Transfer of available for sale reserve to the profit & loss upon derecognition	-	(33,030,758)	-	(33,030,758)
Dividend for the year 2013/2014	-	-	(8,250,000)	(8,250,000)
Balance as at 31st March 2015	52,521,178	-	522,488,399	575,009,577
Profit for the year	-	-	95,734,832	95,734,832
Other comprehensive income				
Actuarial loss on defined benefit plan	-	-	6,244,470	6,244,470
Dividend for the year 2014/2015	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2016	52,521,178	-	609,342,701	661,863,879

Group	Stated capital Rs.	Available for sale reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31st March 2014	52,521,178	24,375,516	368,941,463	445,838,157
Profit for the year	-	-	164,922,218	164,922,218
Other comprehensive income				
Change in fair value of share trust	-	8,655,242	-	8,655,242
Actuarial loss on defined benefit plan	-	-	(3,344,993)	(3,344,993)
Transfer of available for sale reserve to the profit & loss upon derecognition	-	(33,030,758)	-	(33,030,758)
Dividend for the year 2013/2014	-	-	(8,250,000)	(8,250,000)
Balance as at 31st March 2015	52,521,178	-	522,268,688	574,789,866
Profit for the year	-	-	95,734,832	95,734,832
Other comprehensive income				
Actuarial loss on defined benefit plan	-	-	6,244,470	6,244,470
Dividend for the year 2014/2015	-	-	(15,125,000)	(15,125,000)
Balance as at 31st March 2016	52,521,178	-	609,122,990	661,644,168

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31st March 2016	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Cash flows from operating activities				
Profit before taxation	150,042,718	222,018,555	150,042,718	222,018,555
Adjustments for:				
Depreciation	38,841,223	32,886,424	38,841,223	32,886,424
Amortization	663,516	75,395	663,516	75,395
Interest income	(18,966,947)	(6,811,198)	(18,966,947)	(6,811,198)
Profit on disposal of assets	(1,687,154)	(115,994)	(1,687,154)	(115,994)
Interest expense	2,497,250	4,608,698	2,497,250	4,608,698
Provision for gratuity	8,745,509	7,248,459	8,745,509	7,248,459
Profit on disposal other financial asset	-	(41,613,945)	-	(41,613,945)
Operating profit before working capital changes	180,136,115	218,296,395	180,136,115	218,296,395
Increase in inventories	(5,201,881)	(14,994,647)	(5,201,881)	(14,994,647)
(Increase)/decrease in trade receivables	24,893,380	(21,327,299)	24,893,380	(21,327,299)
(Increase)/decrease in other receivables	23,030,482	(30,536,580)	23,030,482	(30,536,580)
(Increase)/decrease in amount due from related party	(1,929,620)	1,948,035	(1,929,620)	1,948,035
Increase/(decrease) in amount due to related party	(1,764,597)	(7,880,508)	(1,764,597)	(7,880,508)
Increase/(decrease) in trade payables	(52,928,739)	59,800,263	(52,928,739)	59,800,263
Increase/(decrease) in other payables	(5,256,068)	6,830,327	(5,256,068)	6,830,327
Increase in accrued charges	15,782,976	13,050,631	15,782,976	13,050,631
Cash flow generated from operations	176,762,047	225,186,616	176,762,047	225,186,615
Gratuity paid	(335,340)	(715,583)	(335,340)	(715,583)
Tax paid	(54,282,875)	(9,835,000)	(54,282,875)	(9,835,000)
Net cash flow generated from operations	122,143,832	214,636,033	122,143,832	214,636,032
Cash flows from investing activities				
Purchase of property, plant & equipment	(64,790,715)	(36,425,592)	(64,790,715)	(36,425,592)
Investment in capital work-in progress	-	(1,967,220)	-	(1,967,220)
Proceeds from disposal of assets	1,919,950	115,994	1,919,950	115,994
Interest received	18,966,947	6,811,198	18,966,947	6,811,198
Increase in short term investment	(52,106,752)	(181,522,017)	(52,106,752)	(181,522,017)
Net cash flow used in investing activities	(96,010,570)	(212,987,637)	(96,010,570)	(212,987,637)
Cash flows from financing activities				
Proceed from disposal of other financial asset	-	43,000,000	-	43,000,000
Borrowing repayment	(17,777,784)	(17,777,784)	(17,777,784)	(17,777,784)
Interest paid	(2,497,250)	(4,608,698)	(2,497,250)	(4,608,698)
Dividends paid	(15,125,000)	(8,250,000)	(15,125,000)	(8,250,000)
Net cash generated from /(used in) financing activities	(35,400,034)	12,363,518	(35,400,034)	12,363,518
Net increase/ (decrease) in cash & cash equivalents	(9,266,772)	14,011,914	(9,266,772)	14,011,914
Cash & cash equivalents at the beginning of the year	(19,398,027)	(33,409,941)	(19,398,027)	(33,409,941)
Cash & cash equivalents at the end of the year	(28,664,798)	(19,398,027)	(28,664,798)	(19,398,027)
Cash & Cash Equivalents at the end of the year				
Cash in hand and at bank	1,058,381	1,759,880	1,058,381	1,759,880
Bank overdraft	(29,723,179)	(21,157,908)	(29,723,179)	(21,157,908)
	(28,664,798)	(19,398,027)	(28,664,798)	(19,398,027)

The accounting policies and notes from 1 to 33 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2016

1. CORPORATE INFORMATION

1.1 General

Convenience Foods (Lanka) PLC ("The Company") is a public limited liability company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company is located at High Level Road, Makumbura, Pannipitiya and the principal place of business is situated at No. 133, Sir John Kotelawala Mawatha, Kandawala, Ratmalana. The consolidated financial statements of Convenience Foods (Lanka) PLC for the year ended 31st March 2016 comprises the Company and its subsidiary (together referred to as the "group").

1.2 Principal activities and nature of operations

The Company is engaged in the manufacture and marketing of Textured Vegetable Protein (TVP) and other food products.

1.3 Parent company

The Company's parent undertaking is Ceylon Biscuits Ltd. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is also Ceylon Biscuits Ltd, which is incorporated in Sri Lanka.

1.4 Date of authorisation for issue

The financial Statements of group for the year ended 31st March 2016 were authorised for issue under a resolution of the Board of Directors on 13th June 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the group (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) as issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No.07 of 2007.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The following companies have been consolidated:

Convenience Foods (Lanka) PLC - Parent
Soy Products (Pvt) Ltd - Subsidiary

Subsidiary is the enterprise controlled by the parent. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control is effectively transferred to the Company until the date that control effectively ceases.

Control exists when the parent has the power, directly or indirectly to govern the financial and operating policies of an enterprise.

However, the subsidiary had not carried out any operations during the year.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except in respect of the following material items in the statement of financial position:

- available for sale financial assets are measured at fair value
- liability of defined benefit obligation is recognised as the present value of the defined benefit obligation

2.4 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the group's functional currency and presentation currency. All financial information presented in Sri Lanka Rupees is rounded to the nearest rupee unless otherwise stated.

2.5 Comparative information

The accounting policies have been consistently applied by the group with those of the previous financial year in accordance with LKAS 01 - presentation of financial statements.

2.6 Materiality & aggregation

In compliance with LKAS 01 on presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions too are presented separately, if they are material.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not off-set in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the application of certain critical accounting assumptions relating to the future. Further, it requires the management of the Company to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. Hence, actual experience and results may differ from these judgments and estimates.

In the process of applying the company's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements:

a) Taxation

The Company is subject to income taxes and other taxes including value added taxation and nation building tax. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

b) Useful life-time of the property, plant and equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets as at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

c) Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the company. Therefore, the financial statements continue to be prepared on the going concern basis.

d) Impairment losses on financial assets

The group assesses at each reporting date or more frequently to determine whether there is any objective evidence whether an impairment loss should be recorded in the statement of comprehensive income.

e) Impairment of available for sale investments

The Company reviews its loan given to the share trust classified as available for sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied on the individual assessment of loans and advances.

f) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent it is probable that taxable profits will be available against which these losses/credits can be utilised. Significant management judgements are required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

g) Defined benefit plans

The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the yield of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

4.1 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Sri Lanka rupees, using the exchange rates prevailing at the dates of the transactions was affected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lanka rupees using the spot foreign exchange rate as at the date and all differences arising in non-trading activities are taken to "other income" in the statement of comprehensive income.

4.2 Revenue recognition

4.2.1 Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

a) The Company has transferred significant risks and rewards of ownership of the goods to the buyer.

b) The company retaining, neither a continuing managerial involvement to the degree usually associated with ownership nor an effective control over the goods sold.

c) The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and

d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.2.2 Interest income

Interest income is recognised using the Effective Interest Rate (EIR) method.

4.2.3 Dividend income

Dividend income is recognised in the statement of comprehensive income on an accrual basis when the company's right to receive the dividend is established.

4.2.4 Other income

Other income is recognised on an accrual basis.

4.3 Expenditure recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the company's performance.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income.

4.4 Taxation

4.4.1 Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

4.4.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting period date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose.

Deferred tax assets are recognised for all deductible differences. Carrying forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carrying forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each statement of financial position date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the reporting date.

4.5 Non-financial asset

4.5.1 Property, plant and equipment

Recognition and measurement

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 - property, plant & equipment. Initially property, plant and equipment are measured at cost.

Cost model

Property, plant and equipment is stated at cost, excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Subsequent cost

Subsequent expenditure incurred for the purpose of acquiring, extending, or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognised in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment is recognised in the statement of comprehensive income as incurred.

Depreciation

Depreciation is calculated using the straight–line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Depreciation is charged from the month following the date of purchase to the month of disposal on pro-rata basis. Land is not depreciated.

The rates of depreciations based on the estimated useful lives are as follows:

Category of asset	Depreciation rate (%)
Building	4
Machinery	12.5
Tools & equipment	15
Motor vehicles	25
Furniture & fittings	20
Electrical installations	15
Office equipment	15
Computers	25

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition
Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'other operating income' in the statement of comprehensive income in the year the asset is de-recognised.

4.5.2 Impairment of non–financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

4.6 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term or on a basis which is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.7 Leasehold property

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs.

4.8 Intangible asset

Computer software
Purchased computer software is stated at cost less accumulated amortisation and any accumulated impairment losses. It is amortised over its estimated life of ten years using the straight-line method. If there is any indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation of the asset is revised prospectively to reflect the new expectations.

4.9 Investment in subsidiary

In the Company's financial statements, the investment in subsidiary is treated as a long term investment and stated at cost. The cost of investment is the cost of acquisition inclusive of brokerage and costs of transaction.

4.10 Inventories

Inventories are valued at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. Costs incurred in bringing inventories to their present conditions and locations are determined as follows:

Raw Materials and Consumables
- At actual cost on weighted average basis.

Finished Goods	- At actual cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Spares & Accessories	- At actual cost.
Goods in Transit	- At actual cost

4.11 Financial assets – recognition and measurement

4.11.1 Initial recognition

All financial assets are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. This includes 'regular way trades': purchases or sales of financial assets that require delivery of assets within the time-frame generally established by regulation or convention in the market place.

4.11.2 Initial measurement

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

4.11.3 Subsequent measurement

The company subsequently measures non-derivative financial assets categorising them in to the categories of financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-sale financial assets.

i. Financial assets at Fair Value Through Profit or Loss (FVTPL)

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

ii. Held-to-maturity financial investments

Held-to-maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the company has the intention and ability to hold to maturity. Subsequent to initial measurement, held to maturity financial investments are measured at amortised cost using the Effective Interest Rate (EIR), less impairment.

iii. Loans and receivables

Loans and receivables include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the company intends to sell immediately or in the near term and those that the Company, upon initial recognition, designates as at fair value through profit or loss
- Those that the company, upon initial recognition, designates as available for sale
- Those for which the company may not recover substantially all of its initial investment, other than because of credit deterioration

After initial measurement, loans and receivables are subsequently measured at amortised cost using the EIR method less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'interest income' in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in 'impairment gain/ (loss) on loans and receivables'.

iv. Available-for-sale financial investments

Available-for-sale investments include loan given to the employee's share trust fund. Available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. The company has not designated any loans or receivables as available-for-sale.

After initial measurement, available-for-sale financial investments are measured at fair value. Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the "available-for-sale reserve". When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income in other operating income.

4.11.4 Reclassification of financial assets

The company may re-classify non-derivative financial assets other than those designated at FVTPL upon initial recognition, in certain circumstances:

- out of the held-for-trading category and into the available for sale, loans and receivables, or held-to-maturity categories.
- out of the 'available-for-sale' category and into the 'loans and receivables', 'held for trading category' or 'held-to-maturity'. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost. For a financial asset re-classified out of the 'available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the statement of comprehensive income.
- out of the 'held-for-trading' category and into the 'loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is re-classified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase are recognised as an adjustment to the EIR from the date of the change in estimate.

Re-classification is at the election of the management, and is determined on an instrument by instrument basis.

4.11.5 De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement and either:
- The company has transferred substantially all the risks and rewards of the asset or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. In that case, the company also recognises the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

4.11.6 Identification, measurement and assessment of impairment

At each reporting date the company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The company writes off loans and advances and investment securities when they are determined to be unrecoverable.

4.12 Cash and bank balances

Cash and bank balances are defined as cash-in-hand and balances with banks.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

4.13 Stated capital

Ordinary shares are classified as equity. The equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

4.14 Retirement benefit obligations

4.14.1 Defined benefit plan – gratuity

The company is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983, according to which an obligation to pay gratuity arises only on completion of 5 years of continued service. The company's obligations under that the said Act is determined based on an actuarial valuation, using the projected unit credit method, carried out by a professional actuary.

The company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

4.14.2 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of comprehensive income as in the periods during which services are rendered by employees.

a. Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

b. Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.

4.15Financial liabilities

4.15.1 Initial recognition and measurement

The company classifies financial liabilities in to financial liabilities at Fair Value through Profit or Loss (FVTPL) or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities.

The company recognises financial liabilities in the statement of financial position when the company becomes a party to the contractual provisions of the financial liability.

i. Financial liability at FVTPL

Financial liabilities at FVTPL include financial liabilities held-for-trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and changes there in recognised in profit or loss.

Upon initial recognition, transaction cost are directly attributable to the acquisition are recognised in profit or loss as incurred. The criteria for designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

ii. Other financial liabilities

Other financial liabilities including deposits, debt issued by the Company and the other borrowed funds are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

4.15.2 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.16 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4.17 Cash flow statement

The cash flow statement has been prepared using the indirect method, as stipulated in LKAS 7- statement of cash flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

4.18 Segmental information

A Segment is a distinguishable component engaged in providing services and that is subject to risks and returns that are different to those of other segments. The company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

4.19 New Accounting Standards issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Accounting Standards that have an effective date in the future and have not yet been applied in preparing the financial statements for the year ended 31st March 2016. Pending a detailed review, the financial impact is not reasonably estimated as at the date of publication of these financial statements.

- SLFRS 9 – Financial instruments: classification and measurement
- SLFRS 15 – Revenue from Contracts with Customers

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.

5. REVENUE

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Sales	1,680,070,775	1,774,539,219	1,680,070,775	1,774,539,219
Sales return	(24,817,631)	(32,036,548)	(24,817,631)	(32,036,548)
	1,655,253,143	1,742,502,671	1,655,253,143	1,742,502,671

6. OTHER INCOME

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Interest income	18,966,947	6,811,198	18,966,947	6,811,198
Scrap sales net income	5,721,173	7,349,599	5,721,173	7,349,599
Profit on disposal of assets	1,687,154	115,994	1,687,154	115,994
Other revenue	(2,553,487)	(715,126)	(2,553,487)	(715,126)
	23,821,787	13,561,664	23,821,787	13,561,664

7. FINANCE COSTS

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Bank charges	613,557	436,798	613,557	436,798
Overdraft interest	217,414	211,581	217,414	211,581
Loan interest	2,279,836	4,397,117	2,279,836	4,397,117
	3,110,807	5,045,496	3,110,807	5,045,496

8. PROFIT BEFORE TAX

Profit for the year is stated after charging all expenses including the following:

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Directors remuneration	10,847,581	10,118,323	10,847,581	10,118,323
Staff costs	168,294,431	165,399,260	168,294,431	165,399,260
Contributions to Employees' Provident Fund	11,377,776	9,584,140	11,377,776	9,584,140
Contributions to Employees' Trust Fund	2,844,174	2,378,724	2,844,174	2,378,724
Defined benefit plan contribution	8,745,509	7,248,459	8,745,509	7,248,459
Depreciation	38,841,223	32,850,364	38,841,223	32,850,364
Amortisation	663,516	283,992	663,516	283,992
Auditor's remuneration	522,021	459,000	522,021	459,000

9. TAX EXPENSES

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Current tax (Note 9.1)	35,697,649	37,010,484	35,697,649	37,010,484
Under/(Over) provision for previous year's taxes	5,010,416	-	5,010,416	-
Deferred tax (Note 22.1)	13,599,821	20,085,853	13,599,821	20,085,853
	54,307,886	57,096,337	54,307,886	57,096,337

9.1 Reconciliation between current tax expense/ (income) and the accounting profit

	Company 2015/2016 Rs.	Company 2014/2015 Rs.	Group 2015/2016 Rs.	Group 2014/2015 Rs.
Accounting profit as per draft tax computation	150,042,718	222,018,555	150,042,718	115,453,701
Tax at the applicable tax rate of 28%	42,011,961	62,165,195	42,011,961	32,327,036
Tax effect on disallowable expenses	26,032,906	19,491,475	26,032,906	14,441,599
Tax effect on allowable expenses	(16,628,882)	(28,927,851)	(16,628,882)	(16,559,605)
Tax effect on investment allowance	(15,718,336)	(15,718,336)	(15,718,336)	(15,718,336)
Income tax for the year	35,697,649	37,010,484	35,697,649	14,490,695
Statutory tax rate	28%	28%	28%	28%
Effective tax rate	24%	17%	24%	13%

10. EARNINGS PER SHARE - BASIC/DILUTED

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	Company		Group	
	2015/2016 Rs.	2014/2015 Rs.	2015/2016 Rs.	2014/2015 Rs.
Amount used as the numerator				
Profit after tax attributable to ordinary shareholders	95,734,832	164,922,218	95,734,832	164,922,218
Amount used as the denominator				
Weighted average number of ordinary shares in issue	2,750,000	2,750,000	2,750,000	2,750,000
Earnings per share - basic/diluted	34.81	59.97	34.81	59.97

11. DIVIDEND PER SHARE

First and final dividends	15,125,000	8,250,000	15,125,000	8,250,000
Number of ordinary shares	2,750,000	2,750,000	2,750,000	2,750,000
Dividend per share	5.50	3.00	5.50	3.00

* The previous year's final dividend was paid in the financial year 2015/16

12. PROPERTY, PLANT & EQUIPMENT

	Buildings Rs.	Machinery Rs.	Furniture fittings and office equipment Rs.	Motor vehicle Rs.	Installations, tools and equipment Rs.	Total Rs.
Cost						
Company / group						
Balance at 31st March 2014	193,334,289	141,432,556	18,765,648	24,739,205	26,993,318	405,265,016
Additions during the year	6,714,229	2,216,843	10,507,707	14,748,548	1,980,581	36,167,908
Transferred from capital working progress	2,158,399	465,000	1,026,344	218,717	-	3,868,460
Transfer to intangible asset	-	-	(421,686)	-	-	(421,686)
Disposal during the year	-	-	-	(309,400)	-	(309,400)
Balance at 31st March 2015	202,206,916	144,114,399	29,878,013	39,397,071	28,973,900	444,570,298
Additions during the year	20,011,436	16,476,910	5,350,773	12,997,000	867,141	55,703,260
Disposal during the year	-	-	(2,350,403)	(2,312,500)	(268,678)	(4,931,582)
Balance at 31st March 2016	222,218,352	160,591,309	32,878,382	50,081,571	29,572,363	495,341,976
Accumulated depreciation						
Balance at 31st March 2014	27,933,376	65,707,949	13,870,198	16,787,319	13,628,582	137,927,424
Disposals during the year	-	-	-	(309,400)	-	(309,400)
Transfer to intangible asset	-	-	(172,538)	-	-	(172,538)
Charge for the year	7,924,098	13,500,038	2,274,049	5,849,882	3,226,902	32,774,969
Balance at 31st March 2015	35,857,474	79,207,987	15,971,710	22,327,801	16,855,485	170,220,456
Disposals during the year	-	-	(2,117,608)	(2,312,500)	(268,678)	(4,698,786)
Charge for the year	8,571,362	14,893,313	4,037,433	8,053,413	3,221,906	38,777,427
Balance at 31st March 2016	44,428,836	94,101,300	17,891,535	28,068,714	19,808,712	204,299,097
Written down value						
Balance at 31st March 2016	177,789,517	66,490,009	14,986,847	22,012,856	9,763,651	291,042,879
Balance at 31 March 2015	166,349,443	64,906,412	13,906,302	17,069,270	12,118,415	274,349,842

12.1. Cost of PPE amounting to Rs. 76,155,341/- which are fully depreciated still in use as at the financial position date.

	Company		Group	
	2015/2016	2014/2015	2015/2016	2014/2015
	Rs.	Rs.	Rs.	Rs.

13. LEASEHOLD LAND

Cost	6,643,989	6,643,989	6,643,989	6,643,989
Accumulated amortisation	(1,354,714)	(1,290,917)	(1,354,714)	(1,290,917)
Balance at the end of the year	5,289,275	5,353,072	5,289,275	5,353,072

The details of the leasehold land are as follows.

Property	Lessor	Lease period
No. 133, Sir John Kotelawala Mawatha, Kandawala, Ratmalana	Urban Development Authority	99 Years commencing from 23 rd March 1994

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.

14. INTANGIBLE ASSET

Computer software	9,472,995	1,049,056	9,472,995	1,049,056

14.1 Computer software

Cost				
Balance at the beginning of the year	1,333,048	-	1,333,048	-
Transferred from capital working progress	-	653,677	-	653,677
Transferred from property plant and equipment	-	421,685	-	421,685
Additions during the year	9,087,455	257,686	9,087,455	257,686
Balance at the end of the year	10,420,503	1,333,048	10,420,503	1,333,048
Accumulated amortisation				
Balance at the beginning of the year	283,992	-	283,992	-
Charge for the year	663,516	283,992	663,516	283,992
Balance at the end of the year	947,508	283,992	947,508	283,992
Written down value at the end of the year	9,472,995	1,049,056	9,472,995	1,049,056

15. INVESTMENT IN SUBSIDIARY

Unquoted investments

	Holding %	Number of shares	31.03.2016 Rs.	31.03.2015 Rs.
Soy Products (Pvt) Ltd.	100	2	20	20

The subsidiary has not carried out any operations during the year under review.

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.

16. INVENTORIES

Raw materials and consumables	58,093,332	62,219,346	58,093,332	62,219,346
Finished goods	45,516,492	44,351,579	45,516,492	44,351,579
Spares and accessories	22,325,922	16,306,656	22,325,922	16,306,656
Goods in transit	-	379,229	-	379,229
	125,935,746	123,256,811	125,935,746	123,256,811
Provision for inventories	(1,825,363)	(4,348,308)	(1,825,363)	(4,348,308)
	124,110,383	118,908,502	124,110,383	118,908,502

17. TRADE RECEIVABLES

Trade receivables	179,159,687	203,092,794	179,159,687	203,092,794
Less: allowances for impairment of debtors	(1,516,978)	(556,705)	(1,516,978)	(556,705)
	177,642,709	202,536,089	177,642,709	202,536,089

18. AMOUNTS DUE FROM RELATED PARTY

Ceylon Biscuits Limited	3,079,785	2,128,677	3,079,785	2,128,677
Plenty Foods (Pvt) Ltd	1,067,884	89,372	1,067,884	89,372
	4,147,669	2,218,049	4,147,669	2,218,049

19. SHORT TERM INVESTMENTS

Fixed Deposit	257,966,610	-	257,966,610	-
Repo	50,042,691	255,902,549	50,042,691	255,902,549
	308,009,301	255,902,549	308,009,301	255,902,549

20. CASH IN HAND AND AT BANK

Cash and cheques	-	16,650	-	16,650
Peoples Bank	-	1,137,318	-	1,137,318
Hatton National Bank	996,466	536,852	996,466	536,852
Petty cash	61,915	69,060	61,915	69,060
	1,058,381	1,759,880	1,058,381	1,759,880

21. STATED CAPITAL

Issued and fully paid up shares				
2,750,000 number of ordinary shares	52,521,178	52,521,178	52,521,178	52,521,178
	52,521,178	52,521,178	52,521,178	52,521,178

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.

22. DEFERRED TAX ASSET / (LIABILITY)

Balance at the beginning of the year	(1,061,103)	19,529,842	(1,061,103)	19,529,842
Charge/(reversal) during the year				
Through income statement	(16,247,820)	(20,085,853)	(16,247,820)	(20,085,853)
Through OCI	1,324,000	(505,093)	1,324,000	(505,093)
Balance at the end of the year - asset / (liability)	(15,984,924)	(1,061,103)	(15,984,924)	(1,061,103)

22.1 Deferred tax asset/ (liability)

	Tax effect		Income statement		OCI	
	31.03.2016	31.03.2015	2015/2016	2014/2015	2015/2016	2014/2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company/Group						
Deferred tax asset						
Defined benefit obligation - Income statement	10,600,076	11,688,400	(1,088,324)	3,129,471	-	-
Defined benefit obligation - OCI	2,119,172	795,172	-	-	1,324,000	(505,093)
	12,719,248	12,483,572	(1,088,324)	3,129,471	1,324,000	(505,093)
Investment allowance	-	15,718,336	(15,718,336)	(15,718,336)	-	-
	12,719,248	28,201,908	(16,806,660)	(12,588,865)	1,324,000	(505,093)
Deferred tax liability						
Depreciation of property, plant and equipment	28,704,172	29,263,012	558,840	(7,496,987)	-	-
	28,704,172	29,263,012	558,840	(7,496,987)	-	-
Net deferred tax asset/ (liability)	(15,984,925)	(1,061,104)	(16,247,820)	(20,085,852)	1,324,000	(505,093)

22.2 The company is eligible for qualifying payment relief on the new building project under section 34 of the Inland Revenue Act. The value of future tax benefits have been recognised as a deferred tax asset as required by SLFRS based on best management estimates. The value of this asset is subject to eligibility for this allowance and the availability of taxable income during these respective periods. On 29th December 2014 the Inland Revenue made an assessment of Rs. 13,855,855/- on the above qualifying payment relief on the basis that value addition is less than the required amount of 35%. The company has appealed this provision and management believes that the grounds for its claim are strong.

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
Investment allowance				
Investment allowance carried forward	56,136,914	112,273,828	56,136,914	112,273,828
Claimed during the year	(56,136,914)	(56,136,914)	(56,136,914)	(56,136,914)
Investment allowance carried forward for future years	-	56,136,914	-	56,136,914

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
23. TERM LOANS				
Opening Balance	37,037,022	54,814,806	37,037,022	54,814,806
Loans obtained during the year	-	-	-	-
Payments made during the year	(17,777,784)	(17,777,784)	(17,777,784)	(17,777,784)
	19,259,238	37,037,022	19,259,238	37,037,022
Payable within one year	(17,777,756)	(17,777,784)	(17,777,756)	(17,777,784)
Payable after one year	1,481,482	19,259,238	1,481,482	19,259,238

Terms and conditions of borrowing facilities

Interest - 5% per annum above the AWPLR

Repayment - 54 equal monthly installments

Security - New factory building and purchased machinery

24. RETIREMENT BENEFIT OBLIGATIONS

Opening defined benefit obligation	44,584,186	35,211,410	44,584,186	35,211,410
Current service cost	4,287,091	3,551,261	4,287,091	3,551,261
Interest cost	4,458,418	3,697,198	4,458,418	3,697,198
Actuarial / (gains) or losses recognised	(7,568,470)	2,839,900	(7,568,470)	2,839,900
Benefits paid during the year	(335,340)	(715,583)	(335,340)	(715,583)
Provision at the end of the year	45,425,885	44,584,186	45,425,885	44,584,186

The amount recognised in the income statement is as follows:

	2015/2016	2014/2015	2015/2016	2014/2015
	Rs.	Rs.	Rs.	Rs.
Current service cost	4,287,091	3,551,261	4,287,091	3,551,261
Interest cost	4,458,418	3,697,198	4,458,418	3,697,198
Actuarial (gains) / losses	(7,568,470)	2,839,900	(7,568,470)	2,839,900
	1,177,039	10,088,359	1,177,039	10,088,359

An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2016 by Messrs.' Piyal S Goonetilleke & Associates, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by Sri Lanka Accounting Standards-LKAS 19 (Employee Benefits).

Actuarial assumptions	31.03.2016	31.03.2015
Discount rate	12%	10%
Future salary increment rate	15%	15%

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
25. TRADE PAYABLES				
Trade creditors - local	43,948,269	49,941,493	43,948,269	49,941,493
Trade creditors - imports	22,630,488	38,099,581	22,630,488	38,099,581
GR/IR clearing	11,293,390	42,759,812	11,293,390	42,759,812
	77,872,148	130,800,887	77,872,148	130,800,887

	Company		Group	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.

26. INCOME TAX PAYABLE/ (RECEIVABLE)

Balance at the beginning of the year - payable / (receivable)	16,421,644	(10,753,839)	16,421,644	(10,753,839)
Under/(Over) provision for previous year's taxes	5,010,416	-	5,010,416	-
Provision for the period	35,697,649	37,010,484	35,697,649	37,010,484
	57,129,709	26,256,644	57,129,709	26,256,644
Tax credit				
Economic service charge, self assessment payments, other refunds and final tax payments	(54,282,875)	(9,555,000)	(54,282,875)	(9,555,000)
WHT receivable	-	(280,000)	-	(280,000)
Balance at the end of the year - payable / (receivable)	2,846,834	16,421,644	2,846,834	16,421,644

27. AMOUNTS DUE TO RELATED PARTY

CBL Foods International (Pvt) Ltd	1,032,400	1,930,442	1,032,400	1,930,442
Plenty Foods (Pvt) Ltd	772,062	1,332,740	772,062	1,332,740
CBL Agro (Pvt) Ltd	21,894	-	21,894	-
Soy Products (Pvt) Ltd	348,947	348,947	-	-
Ceylon Biscuits Limited	654,660	982,430	654,660	982,430
	2,829,962	4,594,559	2,481,015	4,245,612

28. BANK OVERDRAFT

Hatton National Bank	29,114,275	21,157,908	29,114,275	21,157,908
People's Bank	608,904	-	-	-
	29,723,179	21,157,908	29,723,179	21,157,908

Terms and condition of facility

The company has obtained overdraft facilities amounting to Rs.20,000,000/- at an interest rate of AWPLR +1% from Hatton National Bank PLC by negative pledge over project assets. The bank statement balance of Hatton National Bank and People's Bank as at 31st March 2016 was credit balance Rs.11,907,267 cr. and Rs.200,543 cr. respectively.

29. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

29.1 Analysis of financial instruments by measurement basis As at 31st March 2016

Company/ Group

Financial assets	HFT at fair value Rs.	HTM at amortised cost Rs.	L&R at amortised cost Rs.	AFS at fair value Rs.	Total Rs.
Trade receivables	-	-	179,159,687	-	179,159,687
Other receivables	-	-	18,533,853	-	18,533,853
Short term investments	-	-	308,009,301	-	308,009,301
Cash in hand and at bank	-	-	1,058,381	-	1,058,381
	-	-	510,908,890	-	510,908,890

29.1 Analysis of financial instruments by measurement basis As at 31st March 2016 Contd.

Financial Liabilities	FL - FVTPL Rs.	OFL Rs.
Long term borrowings	-	1,481,482
Trade payables	-	130,800,887
Short term borrowing	-	17,777,784
Amounts due to related party	-	2,829,962
Other payables	-	17,301,636
Accrued charges	-	66,199,778
Bank overdraft	-	29,723,179
	-	266,114,708

29.2 Analysis of financial instruments by measurement basis As at 31st March 2015

Company/ Group

Financial assets	HFT at fair value Rs.	HTM at amortised cost Rs.	L&R at amortised cost Rs.	AFS at fair value Rs.	Total Rs
Trade receivables	-	-	203,092,794	-	203,092,794
Other receivables	-	-	41,564,334	-	41,564,334
Amounts due from related party	-	-	2,218,049	-	2,218,049
Short term investments	-	-	255,902,549	-	255,902,549
Cash in hand and at bank	-	-	1,759,880	-	1,759,880
	-	-	504,537,607	-	504,537,607

Financial Liabilities	FL - FVTPL Rs.	OFL Rs.
Long term borrowings	-	19,259,238
Trade payables	-	130,800,887
Short term borrowing	-	17,777,784
Amounts due to related party	-	4,594,559
Other payables	-	22,557,704
Accrued charges	-	50,416,803
Bank overdraft	-	21,157,908
	-	266,564,882

30. FINANCIAL RISK MANAGEMENT

As at 31st March 2016, the company was exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk through financial instruments owned by the company. The company's overall risk management process focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the company's financial performance. Risk management is performed by the finance department under policies approved by the board of directors.

The principal financial instruments of the company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the company's operations, and maximize returns on the company's financial reserves. The company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

(a) Foreign exchange risk

The company is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its pending letter of credit valued at Rs. 97,850,978 and import bills valued at Rs. 16,665,664 as at 31st March 2016. The movement of the LKR against the USD by Rs. 1 per USD, will have a total impact of Rs. 249,069 on the financial statements.

(b) Credit risk

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Trade receivables
Trade receivables consist of local and overseas customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have a significant credit risk exposure to any single counterparty or any group of counterparties. The company has established policies and procedures to evaluate the clients before approving credit terms. Debtor balance as at 31st March 2016 comprises of Modern Trade, Distributors, Direct Dealers and individuals are represents 35%, 55%, 9% and 1% respectively.

Bank balances and deposits
All positive bank balances and deposits are maintained with licensed commercial banks, recognised financial institutions or treasury bills repurchase agreements.

(c) Interest rate risk

The company has obtained an overdraft facility amounting to Rs.20,000,000 at an interest rate of AWPLR +1% from Hatton National Bank PLC by negative pledge over project assets, which has a direct impact on the interest expense due to the fluctuation of the interest rate.

Other than the above, the company does not have any financial instruments on which the realisable/market value will be significantly affected by the movements of interest rates as at 31st March 2016.

Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of net debt (borrowings as detailed in Notes 23 offset by cash and bank balances) and equity of the company (comprising issued capital, reserves, retained earnings and Available for Sale financial instrument reserve as detailed in Notes 21 and in the statement of financial position.

The company finance division reviews the capital structure of the Group on a semi-annual basis and report to Board of Directors. As part of this review, the division considers the cost of capital and the risks associated with each class of capital.

31. RELATED PARTY DISCLOSURES

31.1 Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key Management Personnel include members of the Board of Directors of the company. Compensation to Key Management personnel are as follows:

	Company		Group	
	2015/2016 Rs.	2014/2015 Rs.	2015/2016 Rs.	2014/2015 Rs.
Short term employee benefits	10,847,581	10,118,323	10,847,581	10,118,323

31.2 Transactions of the Company with its subsidiary

There were no transaction with the subsidiary during the year.

31.3 Transactions of the Company with its parent

During the year the company entered in to the following transactions with its parent company, Ceylon Biscuit Limited.

Nature of transaction	Transaction value Rs.	Receivable/ (payable) 31.03.2016 Rs.
Sales	16,744,415	3,079,786
Purchase of raw material	12,821,794	(654,660)
Reimbursement of expenses	2,923,092	-
Transfer of funds	453,057	-

31.4 Transactions of the company with group companies

Name of the company	Nature of transaction	Transaction value Rs.	Receivable/ (payable) 31.03.2016 Rs.
Plenty Foods (Pvt) Ltd	Sales	1,445,604	572,862
	Purchase of raw material	11,679,729	(772,092)
	Reimbursement of expenses to the company	900,296	
	Reimbursement of expenses from the company	2,162,081	495,021
CBL Foods International (Pvt) Ltd	Sales	12,784	(1,032,400)
	Reimbursement of expenses	1,250,957	
	Purchase of raw material & finish goods	8,177,741	
CBL Agro (Pvt) Ltd	Purchase of raw material	1,025,318	(21,892)
Ritzbury Lanka (Pvt) Ltd	Store rent expense	1,740,000	-

32. COMMITMENTS AND CONTINGENCIES

32.1 Financial commitments

Commitments on account of letter of credit as at 31st March 2016 was Rs. 97,850,977.57/- (31st March 2015: Rs. 83,850,123). There is no performance guarantees and other contingencies granted to third parties on behalf of the company as at 31st March 2016 (31st March 2015:Nil)

32.2 Pending litigations and contingent liabilities

There were no other significant contingent liabilities as at the reporting date, except for the followings:

a) The company had made an appeal to the court of Appeal on 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). Pending the final decision, no provision has been made in these financial statements.

b) As per the note no.22.2 in these financial statements, on 29th December 2014 the Inland Revenue made an assessment of Rs. 13,855,855/- on the qualifying payment relief on the basis that value addition is less than the required amount of 35%. The company has appealed this provision and management believes that the grounds for its claim are strong.

33. EVENTS AFTER THE REPORTING PERIOD

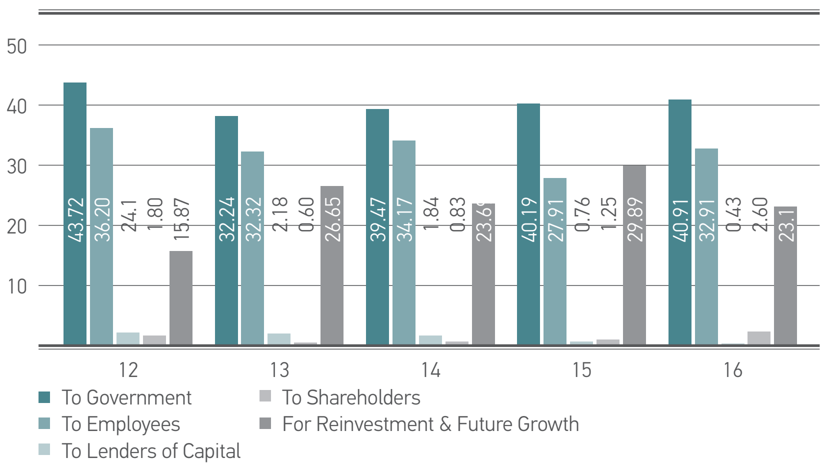
There were no significant events after the reporting date that would require adjustments to or disclosures in the financial statements.

STATEMENT OF VALUE ADDED

CONSOLIDATED	For The Year Ended 31st March 2016 Rs.	For The Year Ended 31st March 2015 Rs.	For The Year Ended 31st March 2014 Rs.	For The Year Ended 31st March 2013 Rs.	For The Year Ended 31st March 2012 Rs.
Total Revenue	1,837,330,989	1,947,246,735	1,505,043,704	1,320,746,225	987,372,726
Purchase of Goods & Services	(1,279,888,523)	(1,299,829,956)	(1,022,587,275)	(877,146,212)	(617,445,983)
	557,442,466	647,416,779	482,456,429	443,600,013	369,926,743
Other Income	23,821,787	13,561,664	11,510,815	11,648,577	12,819,496
Total Value Added	581,264,253	660,978,443	493,967,244	455,248,590	382,746,239
DISTRIBUTED AS FOLLOWS					
To Government	237,804,058	265,811,975	195,095,939	174,067,549	167,337,662
(VAT,NBT, Income Tax)					
To Employees	191,261,890	184,610,584	168,924,555	147,145,346	138,566,924
(Salaries & other Costs)					
To Lenders of Capital	2,497,250	4,608,698	8,729,951	9,943,889	9,220,174
(Interest)					
To Shareholders	15,125,000	8,250,000	4,125,000	2,750,000	6,875,000
(Dividends)					
For Reinvestment & Future Growth	134,576,055	197,697,187	117,091,798	121,341,806	60,746,479
Depreciation	38,841,223	32,774,969	31,121,918	25,431,187	13,716,091
Reserves	95,734,832	164,922,218	85,969,880	95,910,619	47,030,388
	581,264,253	660,978,443	493,967,244	455,248,590	382,746,239

Value Distribution

In %



SHAREHOLDER & INVESTOR INFORMATION

ORDINARY SHAREHOLDERS

Number of shareholders - 1,488 as at 31st March 2016

From To	Number of shareholders	Number of shares	% Holding
1 - 1,000	1,428	140,175	5.10%
1,001 - 10,000	53	166,406	6.05%
10,001 - 100,000	5	124,561	4.53%
100,001 - 1,000,000	2	355,881	12.94%
OVER 1,000,000	1	1,962,977	71.38%
	1,489	2,750,000	100.00%

CATEGORIES OF SHAREHOLDERS

Categories	Number of shareholders	Number of shares	% Holding
Local Individuals	1,432	336,092	12.22%
Local Institutions	50	2,342,502	85.18%
Foreign Individuals	6	71,356	2.59%
Foreign Institutions	1	50	0.00%
Total	1,489	2,750,000	100.00%

DETAILS OF SHARES TRADED DURING THE YEAR

Market price per share	As at 3/31/2016 Rs.	As at 3/31/2015 Rs.
Highest during the year	534.90	349.90
Lowest during the year	301.70	200.00
As at end of the year	365.00	325.70
Market Capitalisation as at 31st March (Rs Millions)	1,003.75	895.68

MAJOR HOLDERS OF EQUITY

		2016	%	2015	%
1.	CEYLON BISCUITS LIMITED	1,962,977	71.38	1,962,977	71.38
2.	DAWI INVESTMENT TRUST (PVT) LTD	189,204	6.88	238,409	8.67
3.	PEOPLE'S LEASING & FINANCE PLC/ C D KOHOMBANWICKRAMA	166,677	6.06	112,211	4.08
4.	MR. H W M WOODWARD	70,628	2.57	70,628	2.57
5.	MR. A M D E S JAYARATNE	18,570	0.68	18,570	0.68
6.	MR. K C VIGNARAJAH	14,200	0.52	14,200	0.52
7.	MR. E D K WEERASURIYA	10,765	0.39	8,400	0.31
8.	MR. R J S JAYAMAHA	10,398	0.38	10,398	0.38
9.	MR. L H S PEIRIS	7,730	0.28	7,730	0.28
10.	MRS. N A CHANDRASENA AND MR. J U N CHANDRASENA	7,505	0.27	7,505	0.27
11.	MR. G W AMARATUNGA	6,900	0.25	6,900	0.25
12.	MR. Z G CARIMJEE	6,867	0.25	-	-
13.	MR. D J N HETTIARACHCHI	6,369	0.23	1	0.00
14.	MRS. S VIGNARAJAH	6,300	0.23	6,300	0.23
15.	MR. A J RUMY	6,200	0.23	6,200	0.23
16.	MRS. M M UDESHI	6,000	0.22	6,000	0.22
17.	MR. D RATNAYAKE	5,700	0.21	5,700	0.21
18.	MR. U I SURIYABANDARA	5,312	0.19	5,040	0.18
19.	MRS. S S SILVA	5,000	0.18	5,000	0.18
20.	NATIONAL DEVELOPMENT BANK PLC/ SAKUVI INVESTMENT TRUST (PVT) LTD	5,000	0.18	5,000	0.18
		2,518,302	91.58	2,497,169	90.81

The percentage of Shares held by the public is 28.62% consisting of 1,488 shareholders

PERFORMANCE SUMMARY

Group data	For the Year Ended 3/31/2016	For the Year Ended 3/31/2015	For the Year Ended 3/31/2014	For the Year Ended 3/31/2013	For the Year Ended 3/31/2012
Profitability (Rs.)					
Revenue(Net)	1,655,253,143	1,742,502,671	1,343,789,021	1,179,237,701	881,582,791
Profit/(Loss) from Operating Activities	129,331,738	171,888,441	113,031,106	65,507,527	61,438,422
Finance Cost	(3,110,807)	(5,045,496)	(9,088,221)	(11,143,138)	(9,220,174)
Other Income	23,821,787	13,561,664	11,510,815	11,648,577	12,819,496
Total gain on disposal of shares held by the trust	-	41,613,945	-	-	-
Profit before taxation	150,042,718	222,018,555	115,453,701	66,012,966	65,037,744
Taxation	(54,307,886)	(57,096,337)	(29,483,821)	29,897,653	(18,007,356)
Profit after taxation	95,734,832	164,922,218	85,969,880	95,910,619	47,030,388
Investor's funds (Rs.)					
Stated capital	52,521,178	52,521,178	52,521,178	52,521,178	52,521,178
Available for Sale Reserve	-	24,375,517	19,650,228	14,169,435	
Retained Profits	609,122,990	522,268,688	368,941,463	288,953,161	201,871,120
Provision for liabilities & charges	62,892,292	64,904,528	72,248,432	81,275,143	17,254,266
	724,536,460	639,694,394	518,086,589	442,399,710	285,815,999
Assets employed (Rs.)					
Current assets	633,502,296	622,889,404	388,177,152	323,947,105	216,763,131
Current liabilities	214,770,985	263,946,981	190,702,954	215,670,689	180,912,033
Working capital	418,731,311	358,942,424	197,474,198	108,276,416	35,851,098
Other Financial Assets	-	25,761,572	21,036,283	15,555,490	
Property, plant & equipment	305,805,150	280,751,970	275,320,976	281,351,269	230,860,212
Deferred Tax Asset	-	19,529,842	31,735,743	3,549,199	
	724,536,460	639,694,393	518,086,588	442,399,712	285,815,999
	0.32	0.35	1.50	(1.92)	-
Key financial indicators					
Market Price of a share as at year end	365.00	325.70	210.00	139.90	174.80
Net assets per share	240.60	209.09	162.20	131.32	97.66
Earnings per share	34.81	59.97	31.26	34.88	17.10
Dividend per share	5.50	3.00	1.50	1.50	1.00
Price earnings ratio (year end)	10.48	5.43	6.72	4.01	10.22
Market capitalisation (Rs.'000)	1,003,750	895,675	577,500	384,725	480,700
Return on capital employed	13.64%	26.57%	18.35%	24.20%	19.68%
Dividend Pay Out ratio	0.16	0.05	0.05	0.04	0.06
Interest cover (times covered)	49	37	14	7	0
Current ratio	2.95	2.36	2.04	1.50	1.20

Certain comparatives of the previous years have been restated to conform to the presentation of financial statements as at 31.03.2016

EMPLOYEE STATISTICS

EMPLOYEE STRENGTH

Managerial Staff	Group AS AT 31ST MARCH 2016	Group AS AT 31ST MARCH 2015
Director	1	1
Senior Managers	2	2
Manager	5	4
Assistant Managers	8	8
	16	15

Support Staff	Group AS AT 31ST MARCH 2016	Group AS AT 31ST MARCH 2015
Executives	11	10
Other Support staff		
Permanent	204	200
Contract	2	2
Casual	0	0
	217	212

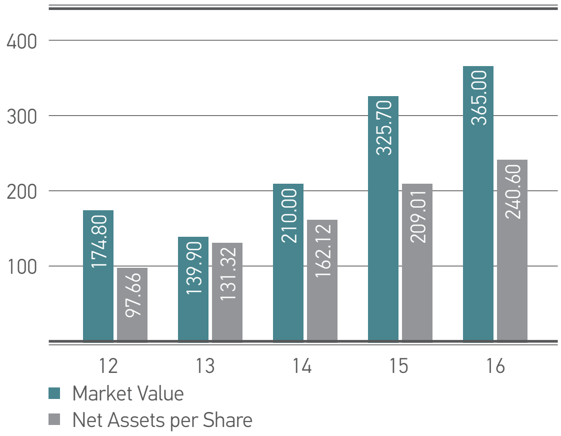
FUNCTIONAL ANALYSIS OF EXECUTIVES

	Group AS AT 31ST MARCH 2016	Group AS AT 31ST MARCH 2015
General Management	3	2
Finance	6	5
Marketing	6	6
Production	5	5
R&D	5	5
Procument & Sales Administration	2	2
	27	25

GRAPHICAL REVIEW

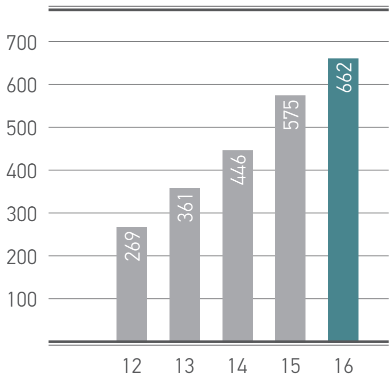
Market Value Vs Net Assets Per Share

In Rs.



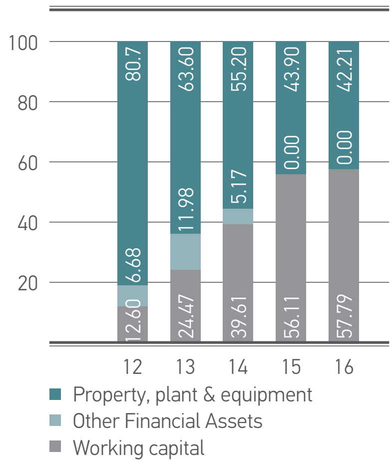
Shareholder's Funds Graph

In Rs. Mn



Asset Distribution

In %



GLOSSARY OF FINANCIAL TERMS

Capital Employed
The total of share capital, capital reserves, revenue reserves and long term liabilities.

Capital Reserves
Reserves identified for specific purposes and considered not available for distribution.

Current Ratio
Current assets divided by current liabilities.

Dividend per Share
Gross dividend divided by the number of ordinary shares in issue at the year end.

Dividend Payout Ratio
Ordinary dividend per share divided by earnings per share.

Earnings per Share
Profit attributable to ordinary shareholders divided by the number of shares in issue and ranking for dividend.

Interest Cover
Profit before tax plus interest charges divided by interest charges.

Market Capitalisation
Number of shares in issue at the end of the financial year multiplied by the market value of a share as at that date.

Market Value per Share
The price at which an ordinary share is traded in the market.

Net Assets per Share
Total assets less total liabilities excluding long term liabilities and provisions for liabilities and charges (net assets employed) divided by the number of shares.

Profit before Taxation on Turnover
Profit before taxation divided by turnover.

Operating Return Ratio
Operating profit after bad debts, before finance charges, other income and taxation, divided by the total average assets employed during the year.

Total Average Assets Employed
Average of the year opening and closing and fixed and current assets including deferred revenue expenditure.

Price Earnings Ratio
Market price of a share as at the end of the financial year divided by the earnings per share for the financial year.

Return on Capital Employed
Profit after tax divided by assets employed at the end of the year.

Shareholders' Funds
The total of stated capital, capital reserves and revenue reserves minus deferred revenue expenditure.

Total Debt
The total of long and short term (current) liabilities.

Value Addition
The quantum of wealth generated by the activities of the company and its application.

Working Capital
Capital required to finance day to day operations (Current assets minus current liabilities).

FORM OF PROXY

I/We*...NIC No...............................

of...being a shareholder/s* of CONVENIENCE FOODS (LANKA) PLC

hereby appoint..of..or failing him*;

Mr. Ramya Sanath Wickramasingha	of Colombo or failing him*
Ms. Dharshini Sheamalee Wickramasingha	of Colombo or failing her*
Mr. Edenadure Thilanka De Zoysa	of Colombo or failing him*
Mr. Nandana Arunasiri Wickramage	of Colombo or failing him*
Ms. Nishka Kanya Wickramasingha	of Colombo or failing her*
Mr. Muditha Udara Saliya Gamini Thilakawardana	of Colombo or failing him*
Dr. Dissanayake Mudiyanselage Ananda Kulasooriya	of Colombo or failing him*
Mr. Mahesh Shirantha Nanayakkara	of Colombo*

as my/our *proxy to represent me/us* and to vote as indicated hereunder for me/us* and on my/our* behalf and /or* to speak at the Twenty Fifth (25th) Annual General Meeting of the Company to be held on 24th August 2016 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		For	Against
1.	Declare a first and final dividend of Rs. 4.00 per share for the year ended 31st March 2016.		
2.	To re-elect Ms. N K Wickramasingha as a Director in terms of Article 26(6) of the Articles of Association.		
3.	To re-appoint the retiring Auditors Messrs S J M S Associates, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their remuneration.		
4.	To authorise the Directors to determine donations for the year ending 31st March 2017 and up to the date of the next Annual General Meeting.		

In witness my/our* hand this .... day of .... Two Thousand and Sixteen.

....

Signature of Shareholder/s

*Please delete what is inapplicable.

Note:

1. Instructions as to completion appear on the reverse.
2. A Proxy need not be a shareholder of the Company

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. If the appointor is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.
3. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy please insert the relevant details in the space provided.
5. Please indicate with an 'X' in the space provided how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, C/o Ceylon Biscuits Limited, Makumbura, Pannipitiya by 3.30 p.m. on 22nd August 2016.

NOTES

NOTES

CORPORATE INFORMATION

NAME OF THE COMPANY

Convenience Foods (Lanka) PLC
(Formerly known as Soy Foods (Lanka) PLC

LEGAL FORM & LISTING

A Public Limited Company listed on the Colombo Stock Exchange.

DATE OF INCORPORATION

27th March 1991

REGISTERED OFFICE

Ceylon Biscuits Ltd.
High Level Road
Makumbura
Pannipitiya, Sri Lanka

PRINCIPAL PLACE OF BUSINESS

No. 133, 7th Lane, Off Borupana Road,
Kandawala, Ratmalana.

Tel: +94 11 2611154, 2624408, 5003000
E- mail: inquiry.cf@cbllk.com
Web: www.muncheelk.com

BUSINESS ACTIVITY

Manufacture and Marketing of Textured Vegetable Protein (TVP) & Other Food Products.

DIRECTORS OF THE COMPANY

Mr. R S Wickramasingha - Chairman
Mr. E T De Zoysa - Managing Director
Ms. D S Wickramasingha
Mr. N A Wickramage
Ms. N K Wickramasingha
Mr. M U S G Thilakawardana
Dr. D M A Kulasooriya
Mr. M S Nanayakkara

AUDITORS

SJMS Associates
Chartered Accountants,
11, Castle Lane,
Colombo 4, Sri Lanka.

SECRETARIES & REGISTRARS

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

BANKERS

Hatton National Bank
Peoples Bank
DFCC

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Ceylon Biscuits Limited
Member of the CBL Group

No. 133, 7th Lane, Off Borupana Road,
Kandawala, Ratmalana.

Tel: +94 11 2611154, 2624408, 5003000
E- mail: inquiry.cf@cbllk.com
Web: www.muncheelk.com