POSSIBILITIES *Redefined*

CONVENIENCE FOODS (LANKA) PLC
Annual Report 2018 | 2019

POSSIBILITIES *Redefined*

By exploring new horizons, whilst adapting and changing, we seize every possible opportunity to grow and evolve.

In the year under review, we focused on improving and elevating, by nurturing new product development, launching new products, decentralizing certain business processes and expanding our sales force.

Redefining possibilities have enabled us to continue our growth in a volatile market and we will make all efforts to ensure that we continue to be your trusted choice for convenient, affordable and quality nourishment.

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Eighth (28th) Annual General Meeting of Convenience Foods (Lanka) PLC will be held on 16, September 2019 at 3.30pm 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 31 March 2019 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 4.50 per share for the year ended 31 March 2019.
3. To pass the ordinary resolution set out below to re-appoint Mr R S A Wickramasingha who is 72 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT age limit of 70 years referred to in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr R S A Wickramasingha who is 72 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."
4. To pass the ordinary resolution set out below to re-appoint Mr L J M De Silva who is 75 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr L J M De Silva who is 75 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.07 of 2007."
5. To re-appoint the retiring Auditors Messrs S J M S Associates, Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine donations for the year ending 31 March 2020 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

16 August 2019
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 14 September 2019.

FINANCIAL HIGHLIGHTS

Group data	For the year ended 31.03.2019 Rs.	For the year ended 31.03.2018 Restated Rs.	Change Favourable/ (Unfavourable) %
PROFITABILITY			
Turnover (Net)	1,996,718,507	1,825,160,656	9.40%
Operating profit	100,073,534	200,267,440	-50.03%
Finance cost	(376,329)	(327,338)	-14.97%
Other income	70,363,283	57,038,049	23.36%
Profit before taxation	170,060,488	256,978,151	-33.82%
Taxation	(51,456,080)	(86,944,533)	40.82%
Profit after taxation	118,604,408	170,033,618	-30.25%
PER SHARE DATA			
Earnings per share (Rs.)	43.13	61.83	-30.25%
Net assets per share (Rs.)	366.69	326.30	12.38%
Market price at year end (Rs.)	399.60	430.00	-7.07%
PROFITABILITY RATIOS			
Return on capital employed (ROCE)	16.90%	28.68%	-41.06%
Profit before tax margin	8.52%	14.08%	-39.51%

Turnover (Net)

Rs.1,997Mn

2017/18: Rs. 1825 Mn

Operating Profit

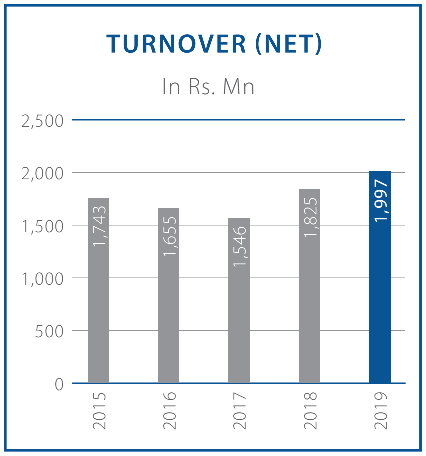
Rs.100Mn

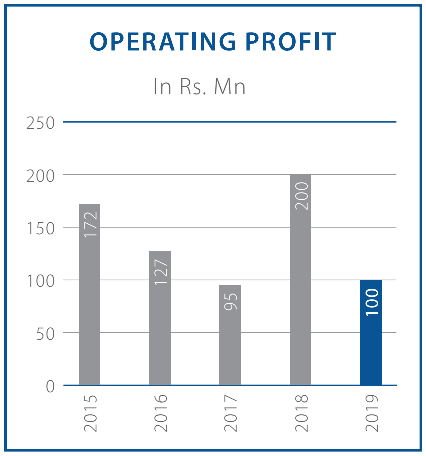
2017/18: Rs. 200 Mn

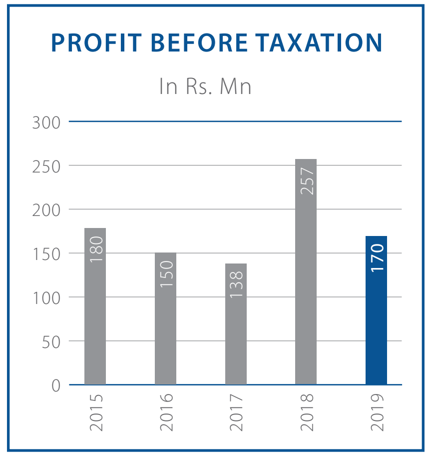
Profit Before Taxation

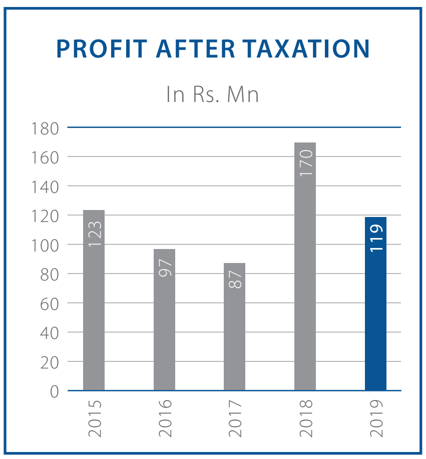
Rs.170Mn

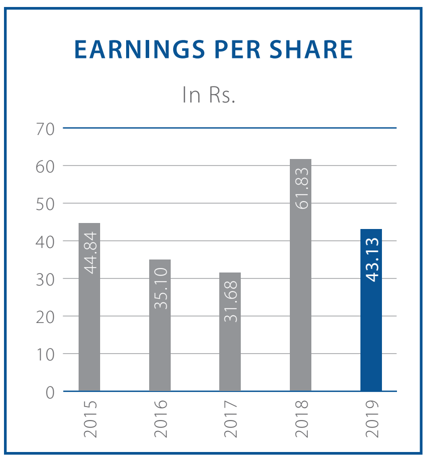
2017/18: Rs. 257 Mn

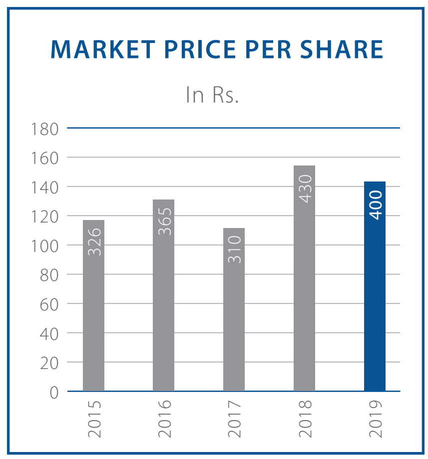












Profit After Taxation

Rs.119Mn

2017/18: Rs. 170 Mn

Earnings Per Share

Rs.43.13

2017/18: Rs. 61.83

Market Price Per Share

Rs.400

2017/18: Rs. 430

CHAIRMAN'S MESSAGE

"... THE COMPANY'S ABILITY TO BE RESILIENT ENABLED IT TO FACE THE UNEXPECTED SHOCKS AND HAS BEEN ABLE TO RECORD A **PROFIT OF RS 119 MILLION** *AT THE CLOSE OF THE YEAR AND HAS ALSO MAINTAINED AN UNWAVERING FOCUS ON ITS LONG TERM STRATEGIC OBJECTIVES..."*

Dear Shareholders,

Looking back on an unexpectedly eventful period immediately after the financial year, I believe Convenience Foods (Lanka) PLC (CFL) has done quite well, given the level of macro level uncertainties experienced for much of the year. Therefore, it is with a sense of confidence for the future, that I present the Annual Report and Audited Accounts of CFL for the financial year 2018/19.

As our shareholders are aware, CFL reported an excellent performance for the previous financial year of 2017/18. Therefore, we were quite optimistic about the current financial year 2018/19. However, after commencing the year on a positive vibe, the macro conditions changed unexpectedly for the worst, particularly during the middle of the year, the sentiment of which continued thereafter. External geopolitics pressured Sri Lanka's reserves, the exchange rate and on going political events which came to a head in end 2018, did not help shore up the external account. The events had caused a dent on the growth rates, and the country's economic growth was downgraded from 3.4% to 3.2% for 2018 and businesses, particularly those dependent on imported raw materials, saw their profits under immense pressure due to the unprecedented rise in costs due to the movement of the exchange rate.

Financial status

Where CFL was concerned, the exchange rates had the worst impact on our plans due the nature of the business. While the Board and Senior Management are actively involved in managing external elements contributing towards systematic risks, we did not foresee a rupee depreciation of almost 13% against the US Dollar. In fact, this is an almost unprecedented anomaly that our risk management system did not anticipate, against which our forward buying contracts could deter the damage partially, though the loss was not covered in totally. Therefore, as a net importer of Soy flour we had to absorb this cost increase, which created a serious impact on our carefully planned bottom line.

Consequently, CFL was unable to meet its financial targets set for the year. The Company's profit after tax has fallen by 30% year on year and the Company's operating costs increased by 17%, from Rs 1.6 billion to Rs 1.9 billion for the year.

Despite the above, the Company's ability to be resilient enabled it to face the unexpected shocks and has been able to record a profit of Rs 119 million at the close of the year and has also maintained an unwavering focus on its long term strategic objectives.

Shareholder returns

As a result of lower profits our investor ratios have recorded a negative trend this year. The return on assets declined against the previous year from 14% to 9% and the return on equity followed from 19% in the previous year to 12%. The earnings per share also fell from Rs 61.83 in 2017/18 to Rs 43.13.

Despite the underperforming ratios, I would like to reassure our shareholders that CFL has a strong financial foundation. The balance sheet has grown by 9% year on year to Rs 1.4 billion on strong cash flows and investments, and the Company's retained earnings have grown to Rs 914 million, from Rs 803 million from the end of the last financial year. Reflecting the growth in assets, the net asset value per share has improved from Rs 326.30 to Rs 366.69. The balance sheet is also totally unburdened by debt and has a positive leverage most would be envy about.

Compliance and good governance

CFL did not face any fines or penalties for non-compliance, or delays in compliance with any applicable regulations during the year under review.

The Board and Board Sub Committees met regularly to discharge their duties. There were no changes to the composition of the Board of eight (08) Directors, except for the resignation of Mr Nandana Wickramage on 1 April 2018. Mr L J M De Silva the former Managing Director of Ceylon Biscuits Ltd and a current Director of CBL Investments Ltd, was appointed as the new Non-Executive Director in his place.

In addition, the Partner responsible for the external audit, rotated in compliance with good corporate governance requirements.

A significant development with regards to the Company's financial reporting, was the two new accounting standards SLFRS 15 and 9, which came into effect in 2018. I wish to confirm that the CFL's financial statements for 2018/19 are fully compliant with both. As a result of the new SLFRS 15 standard, the Company had to restate the gross profit from the previous year. However, this has not had an effect on the profit before taxation. Meanwhile, SLFRS 9 did not have a significant impact on CFL, due to the nature of business, "Manufacturing".

As an important step to support our future growth plans, we strengthened the Management team with the recruitment of a Production Planner. As CFL continues to expand its production to meet demand and with a wider range of products manufactured, it has necessitated streamlining production processes to yield the maximum efficiencies and manage waste to an optimum. Therefore, dedicated supervision of the production process is bound to strengthen this area in meeting future customer demand.

Highlights of the year

A high point of the year was CFL winning the National Business Excellence Awards 2018, awarded by the National Chamber of Commerce of Sri Lanka. This is indeed an achievement, as it establishes CFL as one of the country's top manufacturers of food products. It is also encouraging to note that our new product, Instant Kottu was recognised as the most innovative product of the year, by the Keells supermarket outlets.

In May 2018, CBL celebrated its 50th Anniversary with a number of staff events to renew and strengthen internal relationships and long standing employees were recognised and rewarded for their service, at special ceremonies.

Also, for the first time in its history, the CBL Group organised a Chairman's Award for companies of the Group and CFL was recognised with the Business Excellence Award for New Product Initiatives /Innovation for 2018. A CFL employee was also recognised with the Spirit of CBL Award, for his dedicated service.

Meeting our strategic objectives

Over the past few years we have been working to dilute the concentration risk faced by CFL through product diversification. I am pleased to report that we have made progress in this regard. The Company's revenue concentration on Soy has continued to reduce during the year with the successful expansion of the Non-Soy product portfolio while also achieving healthy growth in the Soy segment. We have also retained our market leader position in the branded Soy market and expanded our market share in the Soy market.

The Company had to invest in marketing and branding but did not have to carry capital investment costs, and was able to leverage our extensive retail and distribution system to penetrate the market more effectively.

Plans for the future

Due to rapidly urbanising lifestyles and the growing share of women in the labour market, we anticipate continued demand growth for Soy products and other easy-to-prepare foods, from households. Therefore, CFL will have a growing role to play in the emerging new age of Sri Lanka in providing affordable, nutritious, high quality and convenient foods for its diversity of consumers.

To cater to this growing demand, CFL will continue to develop its own diversified product portfolio based on market demand patterns and emerging trends. The Company will also continue to build the newly formed portfolio under the, "Sera" brand, to tap into new market opportunities. In line with its brand philosophy, CFL will focus on developing innovative but wholesome food solutions to cater to the fast paced lifestyle of the modern and urbanising societies. We will also examine other business expansion opportunities to diversify the Company's risks, while enhancing revenue streams into the future.

I believe the new financial year will be more stable and would enable CFL to strengthen its revenues and record improved levels of profitability. On that cautiously optimistic note, I thank the Board of Directors and the Managing Director for their expert advice and all our staff for their dedication during a challenging year. Last but not least, I would like to extend my heartfelt gratitude to all our stakeholders who have remained at the forefront providing strength to the success of the CFL. I look forward to their continued cooperation in the new financial year as well.

R S A Wickramasingha
Chairman
16 August 2019

MANAGING DIRECTOR'S MESSAGE

*"... OUR TOTAL **REVENUE INCREASED BY 9% TO RS 2 BILLION FROM RS 1.8 BILLION** ON THE BACK OF HIGHER SALES VOLUMES OF EXISTING PRODUCTS, INCLUDING OUR FLAGSHIP BRAND LANKA SOY, AND ADDITIONAL REVENUES FROM NEW PRODUCTS..."*

As already discussed by the Chairman, Convenience Foods (Lanka) PLC was quite resilient despite been challenged with some unanticipated developments in the 2018/19 financial year. However, I would like to clarify that, despite this setback, we have made steady progress towards a stronger financial position for the future.

In a nutshell, CFL has managed to reduce dependence on Soy from 80% of total revenue in the previous financial year to 77% by end March 2019, while also expanding our total revenues contributed from Soy segment. Over the year under review, we are pleased to report that CFL was able to maintain its product diversification momentum through the launch of our latest breakthrough products under the Sera brand. In 2018 we introduced to the consumer market two new products under this brand, Sera Coconut Milk and Sera Coconut Oil.

Financial performance

Our total revenue increased by 9% to Rs 2 billion from Rs 1.8 billion on the back of higher sales volumes of existing products, including our flagship brand Lanka Soy, and additional revenues from new products.

However, operating costs outpaced revenue growth by rising by 17% year on year, from Rs 1.6 billion to Rs 1.9 billion. The cost of sales increased sharply due to the large depreciation of the rupee against the dollar from Rs 157.47 in end March 2018 to Rs 180.00 by end March 2019. This caused the average price of Soy flour to increase from Rs 89.32 per kg to 104.66 during the year. Our energy costs also increased with upward revision of furnace oil prices from Rs 80 per litre, to Rs 92 per litre, and we had to absorb the cost of diesel during power cuts in the 3rd quarter. We also had to budget higher marketing and advertising costs to take our new products to consumers. To drive market expansion we have expanded our sales, marketing and distribution teams which increased our staff costs by 16%. Our total cadre increased from 254 to 271 and the revenue per employee has also shown an increase from Rs 7.2 million to Rs 7.4 million during the financial year.

We also continued with our planned capital expenditure, which was at Rs. 13.2 million. This includes a new smoke and fire detection system at a cost of Rs 4 million and set up 34 security cameras around our production facilities at a cost of Rs 3 million.

Therefore, despite the growth in income, our operating profits experienced a dip and our cost to income ratio increased from 0.89 to 0.95 during the year. The profit before tax fell by 34% and the profit after tax moved down by 28% against the previous financial year.

However, monitoring and controls over inventory and debtor management have ensured a healthy operating cash flow of Rs 40 million for the year.

Market expansion

Our sales volume growth during the year was driven by the expansion of our distribution network, which has taken our products closer to consumers in all parts of the country. During the year, we invested further into strengthening distribution, including hiring more sales personnel and expanding our delivery vehicle fleet. With more people and vehicles on the ground we have been able to extend our geographic coverage by adding almost 10,000 new retail outlets all over the island. An emerging retail trend in towns is mini super markets, which are owned by individual operators and are independent of the larger supermarket chains. We have also tapped into this new retail channel with our products and our branding. This was supplemented by advertising and promotional campaigns to raise consumer awareness about the new products, while also retaining brand visibility of our existing products. Further, we made brand investments amounting to Rs 39 million on the Sera brand

Turnover (Net)	Profit Before Tax	Earnings Per Share
Rs.1,997Mn	Rs.170Mn	Rs.43.13

products – Instant Kottu, Coconut Milk and Coconut Oil. Given the extremely competitive nature of our products, top of the mind brand recall and retail shelf visibility are essential to retain, if not grow, market share. The effectiveness of our strategy can be seen in the Lanka Soy market share increase. Independent market research also revealed that Lanka Soy had gained in top of the mind recall in consumer studies.

Storage space expansion was another pressing need to store larger inventories and this year we allocated another 10.000 sq. ft. of storage space in our Rathmalana warehouse. We also intend to expand the packing machine space to cater to the increased activity levels.

ICT and automation

As manufacturing costs continue to increase, modern technologies and automations are essential to facilitate financially sustainable expansion through cost efficiencies. Therefore, we continued to modernise and upgrade our systems.

A major advancement that would support our future expansion was the shift to the SAP HANA ERP system. The upgraded system facilitates higher levels of data integration and covers both direct sales and redistribution sales. The ability to monitor retail sales greatly increases the level of information and controls for timely production, stock management and retail sales management. We have also introduced an automated retail invoicing process through tablets given to our sales representatives, which has boosted speed of retail data processing and significantly enhanced productivity at ground level .

Quality management

The Lanka Soy brand and our sub brands maintain high customer trust levels due to the clean and high quality manufacturing processes that we observe. During the current year we renewed our ISO certification to ensure consistent quality standards across our production facility. Further, we obtained the revised certification for ISO 9001:2008 and ISO 14001:2004 (ISO 9001:2015 and ISO 14001:2015)

Corporate social responsibility

As CFL grows its business, we are aware of our responsibility to give back to those in need. Therefore, in the current year, we selected five students from the School for the Deaf and Blind in Rathmalana and sponsored them for a course in web design at a vocational training institute in Narahenpita. We hope this intervention will change their future for the better through new employment opportunities.

In addition, our sales force hit the roads during the year and planted young fruit trees in various public locations. They have planted about 1000 trees in temples, churches, community centres and other public spaces, to help re-green our country.

Performance by product line

Making our products not just convenient to prepare, but also fun to eat, in a variety of favourite flavours, helps to sustain brand popularity. During the year we introduced a number of new sizes and flavours to make mealtimes fun and tasty, and to better fit the portion sizes of different consumer segments.

While maintaining most of our product ranges, our marketing efforts were focused on our new products and our cereals range to raise brand visibility in the crowded consumer market. We also sustained the advertising level for the Lanka Soy brand, which is in a highly competitive category requiring constant promotions to defend its market share.

The extruded snack segment saw a 16% decline as this is again an extremely competitive segment and is not based on brand loyalty. Our range of soups also lost market share due to the lower emphasis on promoting these items.

MANAGING DIRECTOR'S MESSAGE Contd.

"... I AM HAPPY TO REPORT THAT THE NUTRILINE RANGE RECORDED AN EXCELLENT 51% GROWTH IN REVENUE DESPITE STIFF COMPETITION FROM FOREIGN AND LOCAL CEREAL BRANDS..."

Performance of Lanka Soy

Demand for Soy products continued to increase in all parts of the country as an affordable, high protein meat alternative. Supported by this demand growth and continuous marketing drive, Lanka Soy maintained a steady growth during the year with revenue increasing by 7% and market share increasing from 26% at the start of the year to 30% by the close of the year. Lanka Soy retained its position as the market leader in the Soy market against almost 200 competitor brands, demonstrating its brand strength and popularity. To retain consumer interest in the mid-range segment, we introduced the Maldive fish variant, which has done extremely well.

Performance of Cereals

I am happy to report that the Nutriline range recorded an excellent 51% growth in revenue despite stiff competition from foreign and local cereal brands. This growth can be attributed to our ongoing marketing campaigns and our market penetration drive to expand the retail network for greater visibility, which has increased the competitiveness of the Nutriline brand. We introduced a large sized 300g pack for Nutriline Chocochips, Nutriline Honeybee and Nutriline Chocoblobs, which also contributed to the volume growth. Another positive development is the market research indication that our small 20g packs are gaining ground as nutritious snacks for adults and children, which has also helped sales growth.

The Nutriline range now comprises a 20g pack, a 150 g pack and a 300g pack, which again gives us improved shelf visibility and access to niche markets, while give price benefits for consumers.

Performance of the Sera brand

The Sera Instant Kottu has done very well within one year and was recognised as the most innovative product of the year by the Keells supermarket. To expand the range of flavours, we introduced the chicken and cheese flavours in a 95g pack size.

Sera Coconut Milk and Coconut Oil were introduced this year and are doing well. We are the only Company to provide coconut milk with no preservatives in 180 ml, 250 ml, 330 ml and 720 ml volumes. The coconut oil extraction does not use the RBD method (refined, bleached and deodorised). Instead, the oil is extracted mechanically and marketed in 350 ml, 650 ml and 1 l bottles.

Outlook

During the current financial year our stumbling block was the sudden and unexpectedly steep depreciation of the rupee. If not for this development, CFL would have returned a robust growth in profits. Today, with the macro environment stabilising, with particular reference to the rupee exchange rate, the outlook for the 2019/20 financial year has improved considerably.

We do not anticipate another year of rupee depreciation to the extent witnessed in 2018, which would be detrimental to the entire economy. While we can expect some volatility in oil prices due to the unstable situation in the Middle East, which will put upward pressure on energy prices, and the global prices for Soy flour can be expected to trend upwards, I believe CFL is equipped to withstand a reasonable level of external pressure. During the year, CFL has also strengthened its market position through a more widespread distribution system and is in a more competitive footing than before. Our business model is also stronger with multiple streams of revenue that are gradually growing. Taking into consideration our strengths and weaknesses, we believe our outlook for 2019/20 is strongly positive. Lost ground in our bottom-line can be recovered through continued growth in volumes and introduction of new products under our Sera brand.

Therefore, we will maintain our marketing and distribution expansion drive in the new financial year, while simultaneously upgrading and introducing digital solutions and automations, to create cost efficiencies across the value chain.

I thank the Chairman and the Board of Directors for their unfailing support during an exceptionally challenging year. I also thank my Management team and all my staff for their hard work during the year, which has helped us withstand the unexpected challenges of the year and continue on our strategic route. Our business partners are essential for our success and our future growth and I thank them for their loyalty during the year and I look forward to a mutually beneficial new financial year.

Sincerely,

E T De Zoysa
Managing Director
16 August 2019

CORPORATE GOVERNANCE

Convenience Foods (Lanka) PLC (CFL), is a subsidiary of CBL Investments Limited. CFL aspires to observe the highest standards of corporate governance across the organisation, in order to fulfil our responsibilities towards our stakeholders namely, shareholders, employees, consumers, suppliers and the community through meeting our business objectives through integrity and professionalism.

We have adopted our business practices within the framework stipulated by the Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Section 7 of the Listing Rules of the Colombo Stock Exchange (CSE) [the rules and compliance of the same has been detailed in Appendix 1] and the Companies Act, No. 07 of 2007 [the rules and compliance of the same has been detailed in Appendix 2]. The disclosures demonstrate the extent to which the principles of good corporate governance are adhered to by the Company.

The Board of Directors, to the best of their knowledge, are satisfied that all statutory payments to the Government and other regulatory bodies, including those related to the employees, have been made on a timely manner.

The Governance philosophy and operating procedures at CFL is derived from the values developed internally by the Company since its inception in addition to the values inherited from CFL's parent company, CBL Investments Limited. The Company's values are centred on the fundamental principles of cultivation of honest, ethical and empowering relationships between stakeholders in general are at the very foundation of any successful business enterprise. As such, the Board of Directors are committed to meeting the business goals with the high standards of transparency and professionalism.

The Directors acknowledge and accept responsibility in ensuring that the affairs of the Company are managed in a manner that achieves full compliance with the internal governance framework and the regulatory requirements and in remaining fully committed to the principles of good governance. CFL is committed to being transparent and fair in all 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. For a diagram of the organisational chart refer page X (Only employees from Executive cadre and above have been presented).

Board of Directors

Duties and Responsibilities

The business of CFL is managed under the oversight of the Company's Board of Directors, along with the Chairman. 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.

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/ 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

The Board of CFL consisted eight (08) directors during the financial year of 2018/19, with one (01) Executive Director, four (04) Non-Executive Directors and three (03) Non-Executive Independent Directors which fulfils the mandate of the Listing Rules of the CSE which requires a minimum of two (02) or one third (1/3) of the None Executive Directors to be independent directors. 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. A detailed profile of each member of the Board is provided on pages 23 to 25 of this Annual Report.

Each Non-Executive Director has submitted a declaration of his independence or non-independence as required under the Listing Rules of the Colombo Stock Exchange.

Mr. M S Nanayakkara qualifies against the criteria for independence as per Rule 7.10.4 of the Listing Rules and the Board, based on the declaration submitted by the said Director, has determined that he is an Independent Director.

The period of service of Mr Udara Thilakawardana and Dr D M A Kulasooriya exceeds nine years. The Board is of the view that the period of service of the said Directors do not compromise their independence and objectivity in discharging their functions as Directors and therefore, based on declarations submitted by the said Directors, has determined that those Directors shall nevertheless be 'Independent' as per the Listing Rules.

Mr. L J M De Silva was appointed to the Board on 19 September 2018.

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.

Board Meetings

Members	25 May 18	08 Aug 18	09 Nov 18	01 Feb 19
Mr. R S A Wickramasingha	✓	✓	×	✓
Mr. E T De Zoysa	✓	✓	✓	✓
Ms. D S Wickramasingha	✓	×	✓	✓
Ms. N K Wickramasingha	✓	×	✓	✓
Mr. L J M De Silva	N/A	N/A	✓	✓
Dr. D M A Kulasooriya	×	✓	✓	×
Mr. Udara Thilakawardana	✓	✓	✓	✓
Mr. M S Nanayakkara	✓	✓	✓	✓

In accordance with the Company principles and practices the Board of Directors met four (04) times during the year in review. The attendance of the Board of Directors to the Board meetings are displayed below.

In addition to attending Board meetings the relevant Directors also attended Sub Committee 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.

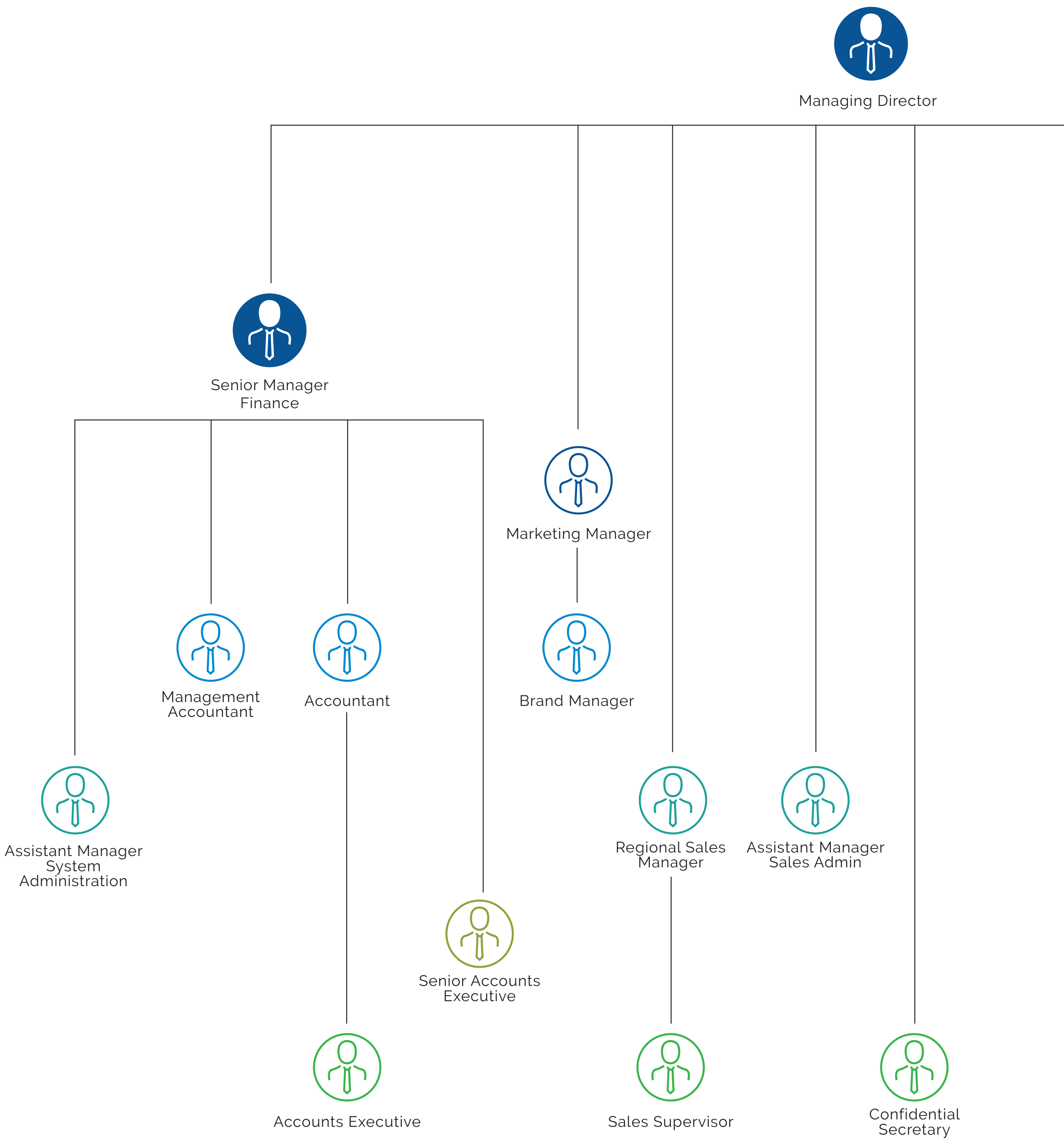
The operational management function is guided by a team of Senior Managers within the ethical framework as established by the Board. Monthly management review meetings are also held, the agenda of which is to review the operation of the Senior Management team under the supervision and guidance of the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

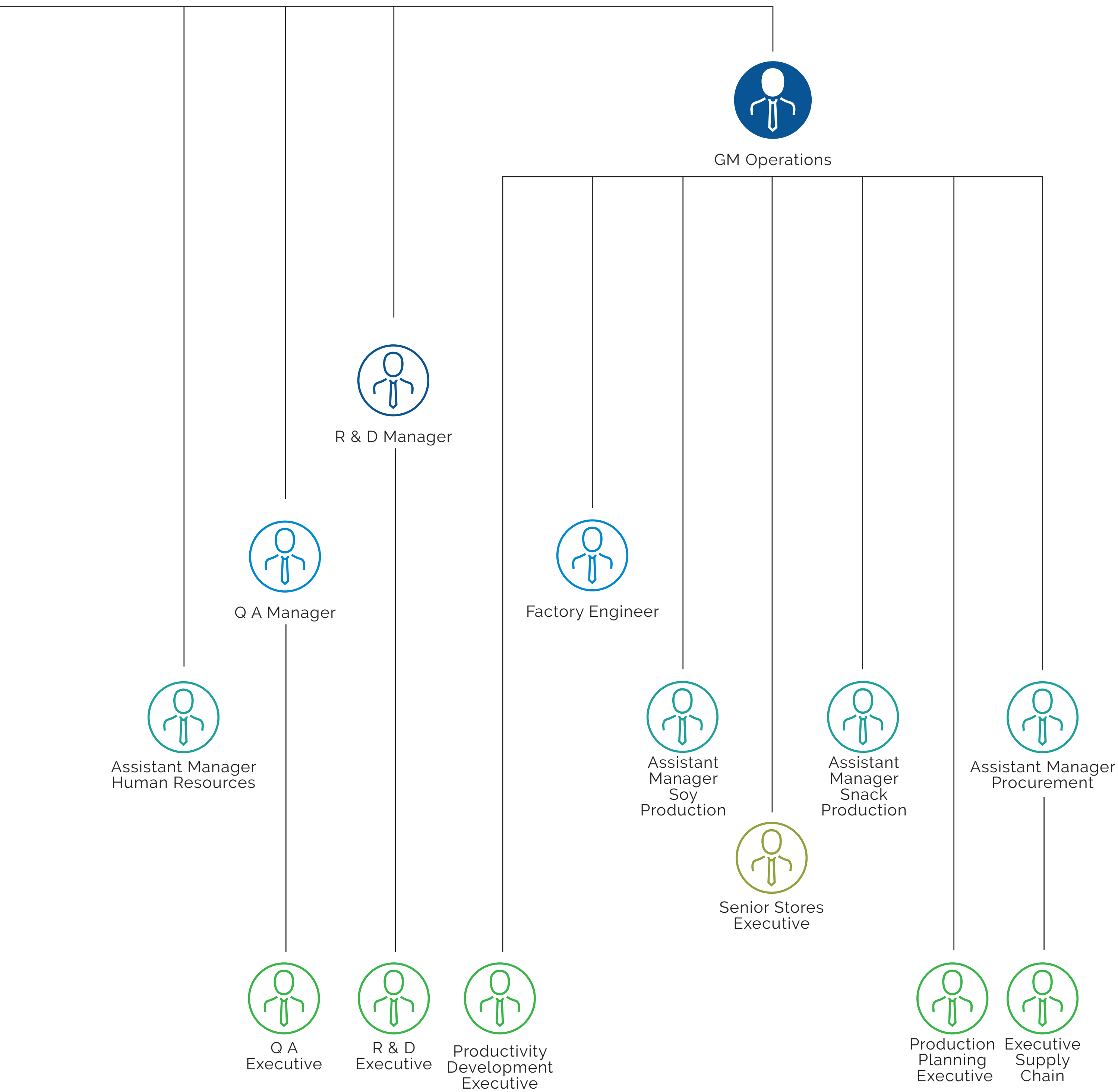
Board Sub Committees

The Board has delegated some of its functions to its Sub Committees which are responsible to monitor, review and enhance the accountability in certain areas. However, the Board retains the right to make a final decision in respect of some of the selected matters coming under the purview of the Sub Committees. The composition and the functions of these Sub Committees are discussed in detail under the relevant sections of this Report.

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

ORGANISATIONAL CHART




GM Operations
R & D Manager
Q A Manager
Factory Engineer
Assistant Manager Human Resources
Assistant Manager Soy Production
Assistant Manager Snack Production
Assistant Manager Procurement
Senior Stores Executive
Q A Executive
R & D Executive
Productivity Development Executive
Production Planning Executive
Executive Supply Chain

CORPORATE GOVERNANCE Contd.

Remuneration Committee

The Remuneration Committee comprising of the Directors given below. The Committee meets and makes recommendations to the Board on the remuneration payable to the Key Management Personnel. 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 Key Management should reflect market expectations and should be sufficient to attract and retain the quality of Management 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 Members of the Remuneration Committee during the year under review:

- Mr. N K Wickramasingha (Non-Executive Director/Chairman)
- Dr. D M A Kulasooriya (Independent/ Non- Executive Director)
- Mr. Udara 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 recognized Accounting Body. The Audit Committee consists of all Independent Non-Executive Directors. The Managing Director, Senior Manager Finance, 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 proficiently 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 (SLFRS/LKAS), 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. Udara 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, the Securities Exchange Commission 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. Udara Thilakawardana (Independent/Non- Executive Director)
Mr. E T De Zoysa (Executive Director)

The Senior Manager Finance, 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 Secretaries 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 Senior Manager Finance, 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 up to date with all developments taking place in the Company.

Arising out of these briefings, advice and guidance is provided to the Company's Board 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 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 Managing Director'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 financial investments, among others; are continuously monitored by M/s Ernst & Young.

Results from regular internal audits and system reviews are discussed with the Managing Director and Senior Manager Finance 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 of Convenience Foods (Lanka) PLC

E T De Zoysa
Managing Director

16 August 2019

CORPORATE GOVERNANCE Contd.

Appendix 1 - Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

	Corporate Governance Rule	Compliance Status	Details
7.10.1	Non-Executive Directors		
a)	The Board of Directors of a Listed Entity shall include at least, (i) Two (02) Non-Executive Directors; or (ii) Such number of Non-Executive Directors equivalent to one third (1/3) of the total number of Directors whichever is higher.	Complied	Company had seven (07) Non-Executive Directors and one (01) Executive Director on its Board as at 31 March 2019.
b)	The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.	Complied	The Company had seven (07) Non-Executive Directors and one (01) Executive Director at the conclusion of the AGM for the financial year 2017/18.
c)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied	There has not been any period of non-compliance as explained above.
7.10.2	Independent Directors		
a)	Where the constitution of the Board of Directors includes only two (02) Non-Executive Directors as mentioned above, both such Non-Executive Directors shall be 'Independent'. In all other instances two (02) or one third 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'Independent'.	Complied	Three (03) of seven (07) Non-Executive Directors are determined to be Independent.
b)	The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her Independence or Non-Independence against the specified criteria.	Complied	The Independent Non-Executive Directors have submitted to the Company a declaration in the prescribed format.
7.10.3	Disclosures Relating to Directors		
a)	The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be 'Independent'.	Complied	Tree (03) Non-Executive Directors are determined to be independent by the Board of Directors. They are as follows; Mr. M S Nanayakkara Dr. D M A Kulasooriya Mr. Udara Thilakawardana
b)	In the event a Director does not qualify as 'Independent' against any of the criteria set out below but if the Board, taking account of all the circumstances, is of the opinion that the Director is nevertheless 'Independent', The Board shall specify the criteria not met and the basis for its determination in the Annual Report.	Complied	Refer page 13 in the report.

	Corporate Governance Rule	Compliance Status	Details
c)	In addition to the disclosures relating to the Independence of a Director set out above, the Board shall publish in its annual report a brief resume of each Director on its Board which Includes information on the nature of his/her expertise in relevant functional areas.	Complied	Refer Profile of Directors on pages 23 to 25 for a brief resume of the Board of Directors.
d)	Upon appointment of a new Director to its Board, the Entity shall forthwith provide to the exchange a brief resume of such Director for dissemination to the public. Such resume shall include information on the matters itemised in paragraphs (a), (b) and (c) above.	Complied	Mr. L J M De Silva is a newly appointed Director to the Board during the year. His brief resume was submitted to the CSE.
7.10.5 Remuneration Committee			
A Listed Entity shall have a Remuneration Committee in conformity with the following:			
a)	Composition The Remuneration Committee shall comprise; (i) of a minimum of two (02) Independent Non-Executive Directors (in instances where an Entity has only two (02) Directors on its Board); or (ii) of Non-Executive Directors a majority of whom shall be Independent, whichever shall be higher.	Complied	Two (02) out of three (03) members of the Remuneration Committee are independent Non-Executive Directors
	In a situation where both the parent company and the subsidiary are 'Listed Entities', the Remuneration Committee of the parent company may be permitted to function as the Remuneration Committee of the subsidiary.	N/A	N/A
	However, if the parent company is not a Listed Entity, then the Remuneration Committee of the parent company is not permitted to act as the Remuneration Committee of the subsidiary. The subsidiary shall have a separate Remuneration Committee.	Complied	Since parent company (CBL Investments Limited) is not a listed company, Remuneration Committee has been appointed specific to the Company.
	One (01) Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors.	Complied	The Committee is led by Ms. N K Wickramasingha a Non-Executive Director.
b)	Functions		
	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the Listed Entity and/ or equivalent position thereof, to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.	Complied	The Committee recommends to the Board, the remuneration payable to the Key Executives. In recommending an appropriate remuneration package the primary objective of the Committee is to attract and retain the services of highly qualified and experienced personnel.

CORPORATE GOVERNANCE Contd.

	Corporate Governance Rule	Compliance Status	Details
c)	Disclosures		
	The Annual Report should set out the names of Directors (or persons in the parent company's committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied	Refer Remuneration Committee Report on page 32 for the members of the Company's Remuneration Committee and statement for the remuneration policy.
			Refer Directors remuneration on Note 8 of the Financial Statements.
7.10.6 Audit Committee			
A Listed Entity shall have an Audit Committee in conformity with the following:			
a)	Composition		
	(i) The Audit Committee shall comprise; of a minimum of two (02) Independent Non-Executive Directors (in instances where an Entity has only two Directors on its board); or	Complied	The Audit Committee comprise of three (03) Independent Non-Executive Directors as follows;
	(ii) of Non-Executive Directors a majority of whom shall be Independent, whichever shall be higher.		Mr. M S Nanayakkara (Chairman)
			Dr. D M A Kulasooriya (Member)
			Mr. Udara Thilakawardana (Member)
	In a situation where both the parent company and the subsidiary are 'Listed Entities', the Audit Committee of the parent company may function as the Audit Committee of the subsidiary.	N/A	N/A
	However, if the parent company is not a Listed Entity, then the Audit Committee of the parent company is not permitted to act as the Audit Committee of the subsidiary. The subsidiary should have a separate Audit Committee.	Complied	Since parent company (CBL Investments Limited) is not a listed company, the Audit Committee has been appointed specific to the Company.
	One (01) Non-Executive Director shall be appointed as Chairman of The Committee by the Board of Directors.	Complied	The Committee is led by Mr. M S Nanayakkara, a Non- Executive Director.
	Unless otherwise determined by the Audit Committee, the Chief Executive Officer and the Chief Financial Officer of the Listed Entity shall attend Audit Committee meetings.	Complied	Both the officers have attended the Audit Committee meetings throughout the year.
	The Chairman or one (01) member of the Committee should be a member of a recognised professional accounting body.	Complied	The Chairman of the Committee is a Fellow member of CA Sri Lanka and Associate member of CIMA (UK).

	Corporate Governance Rule	Compliance Status	Details
b)	Functions	Complied	Refer Audit Committee Report on page 33
	Shall include		
	(i) Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs).		
	(ii) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.		
	(iii) Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.		
	(iv) Assessment of the Independence and performance of the Entity's external auditors.		
	(v) To make recommendation to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.		
c)	Disclosures		
	The names of the Directors (or persons in the parent company's committee in the Case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.	Complied	Refer Audit Committee Report on page 33 for CFL Audit Committee members.
	The Committee shall make a determination of the Independence of the Auditors and shall disclose the basis for such determination in the Annual Report.	Complied	Refer Audit Committee Report on page 33.
	The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the Annual Report relates.	Complied	Refer Audit Committee Report on page 33.

CORPORATE GOVERNANCE Contd.

Statement of Compliance under Section 9.2 and 9.3.2 of the Listing Rules of the CSE on Corporate Governance pertaining to Related Party Transaction Review Committee (RPTRC)

Corporate Governance Rule		Compliance Status	Details
9.2 Related Party Transactions Review Committee			
9.2.1	Related Party Review Committee	Complied	Refer the Related Party Transaction Review Committee report on page 35.
9.2.2	Composition	Complied	Refer the Related Party Transaction Review Committee report on page 35.
9.2.4	Meetings	Complied	Refer the Related Party Transaction Review Committee report on page 35.
9.3.2 Disclosures in the Annual Report			
(a)	Details pertaining to non-recurrent Related Party Transactions	Complied	There have been no non-recurrent Related Party Transactions for the year under review.
(b)	Details pertaining to recurrent Related Party Transactions	Complied	The aggregate value of recurrent Related Party Transactions during the financial year falls within the threshold.
(c)	Report of the Related Party Transactions Review Committee	Complied	Refer the Related Party Transaction Review Committee report on page 35.
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Complied	Refer the Annual Report of the Board of Directors on page 28.

Appendix 2

Section Reference	Requirement	Complied Status	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Complied	Refer page no. 28
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Complied	Refer pages 41 to 72
168 (1) (c)	Auditor's report on Financial Statements of the Group and the Company.	Complied	Refer page no. 38 to 40
168 (1) (d)	Accounting policies and any changes therein.	Complied	Refer pages 45 to 54
168 (1) (e)	Particulars of the entries made in the interest register during the accounting period.	Complied	Refer page no. 29
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied	Refer page no. 55 and 68
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Complied	Refer page no. 30
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Complied	Refer page no. 28 and 29
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Complied	Refer page no. 29
168 (1) (j)	Auditor's relationship or any interest with the Company and its subsidiaries.	Complied	Refer page no. 29
168 (1) (k)	Acknowledgement of the contents of this report and signatures on behalf of the Board.	Complied	Refer page no. 31

BOARD OF DIRECTORS

Mr R S A Wickramasingha

Chairman

Mr R S A Wickramasingha was appointed as the Chairman of Convenience Foods (Lanka) PLC from 24 June 2015 having served on the Board since 10 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 qualified 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 is the patron 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 1 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 CBL Investments Ltd and the Managing Director of Modern Pack Lanka (Pvt) Ltd. She is also a Director of Ceylon Biscuits Limited, Ritzbury Lanka (Pvt) Limited, Plenty Foods (Pvt) Ltd, CBL Foods International (Pvt) Ltd, CBL Export (Pvt) Ltd, CBL Natural Foods (Pvt) Ltd, CBL Agroprocessors (Pvt) Ltd, CBL Agro (Pvt) Limited, CBL Canneries (Pvt) Limited, CBL Cocos (Pvt) Ltd, CBL Global Foods Ltd and CBL Myanmar (Private) Limited, CBL Management Services (Pvt) Ltd, and Spar SL (Private) Ltd.

She possesses a Masters Degree in Food Chemistry from the USA.

BOARD OF DIRECTORS Contd.

Ms. N K Wickramasingha

Director

Ms. N K Wickramasingha is a Director of CBL and serves on the board of the subsidiary companies of CBL.

She holds a Bsc. Degree in Food Science from Purdue University, USA and is CIM qualified. Ms. Wickramasingha joined CBL as a Management Trainee (R&D) in 1993 and worked across various management positions in the company.

Ms. Wickramasingha was appointed to the Board of CBL in 1999 and counts over 21 years of experience with the CBL group.

Mr. L J M De Silva

Director

Mr. L J M De Silva joined the Ceylon Biscuits Group as Group Managing Director in October 1999 and completed 12 years with the Group. Prior to that period he had served as the Managing Director of Delmege Forsyth & Co, Trading Group Commercial Controller at Al- Futtaim Group of Companies, Finance Manager Reckitt & Colman, Finance Manager Richard Pieris & Co. Ltd and Group Accountant Rowlands Group of Companies. Presently, in addition to serving as a director at Convenience Foods (Lanka) PLC, Mr. De Silva is a director of Ceylon Biscuits Limited and David Pieris Motor Company.

Mr. De Silva is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) where he had completed articles at Turquand Youngs and Co. (Currently Ernst & Young) and qualified as a Chartered Accountant in June 1970.

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 Jayawardenapura, 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 General at National Institute of Business Management and possesses 22 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 25 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.

Mr Nanayakkara was 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.

OUR INNOVATIVE PRODUCT RANGE

Lanka Soy "Umbalakada Soya 65g"

Lanka Soy "Umbalakada Soya" - Soya with Maldive fish is a nutritious and convenient product with a new concept. It Includes a real and natural Maldive fish powder sachet a popular ingredient along with a curry mix sachet, which includes a blend of authentic spices, to make it a tastier Maldive fish Soya curry. The product has no added MSG or any other artificial flavour enhancers.

Sera Kottu Kottu "Chicken/Cheese 95g"

Sera Kottu Kottu is an innovative product offering positioned as a fun, trendy and exciting product that appeals to the lifestyles of Sri Lankan consumers. Sera Kottu Kottu 95g "Full Kottu" pack was launched with two popular flavour varieties, namely Cheese and Chicken for Kottu lovers.

Sera Kottu Kottu is a hygienic, delicious and easy to make at home for your busy life style while fulfilling your Kottu craving.

The product has no added MSG or any other artificial flavour enhancers to enhance the real taste of it concerning the human health.

Sera Pure Coconut Oil

Sera Pure Coconut Oil is the newest member of the Sera Family, made from the finest Sri Lankan coconuts. Sera Pure Coconut Oil adds great taste and aroma to your food. A guilt free choice of goodness as it is not chemically refined, bleached or deodorised. It is available in 350ml, 650ml and 1l sizes to suit all your needs.

Experience a new look of purity with Sera Coconut Oil.

Sera Real Liquid Coconut Milk

The consumers with modern lifestyles seek products that aid the kitchen-cooking process. We paid attention to the coconut industry, acquired a business outfit, and invested with a view to revamp the industry with a great cultural heritage.

Sera Real Coconut Milk provides the consumers with a choice of a liquid coconut milk with a superior taste that had been processed without adding any preservatives, stabilisers, colours or flavours.

Sera Coconut Milk is manufactured by CBL Global Foods (Pvt) Ltd, one of subsidiaries in CBL in a state of the art factory using the 'Steam Infusion' technology in the UHT Process. The use of the coconut is multiple and 100% of the nut is used either in to the food chain or to the environment as bio mass. The product is distributed by Convenience Foods (Lanka) PLC and available in 180 ml, 330 ml and 720 ml sizes.

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 Consolidated Financial Statements of the Company and its subsidiary for the year ended 31 March 2019.

General

Convenience Foods (Lanka) PLC is a public limited liability company which was incorporated on 24 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 11 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 25 June 2008 under Registration No. PQ 164. The name of the Company was changed to Convenience Foods (Lanka) PLC on 21 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.

The subsidiary company did not carryout any operations during the year.

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 page no. 06.

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

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No.7 of 2007.

The aforesaid Financial Statements, duly signed by the Assistant General Manager -Finance, two Directors on behalf of the Board and the Auditors are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Auditors Report

The Report of the Auditors on the Financial Statements of the Company and the Group is given on pages 38 to 40.

Accounting Policies

The accounting policies adopted by the Company in the preparation of the Financial Statements are given from pages 45 to 54, 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 from pages 23 to 25.

Executive Directors

Mr E T De Zoysa	-	Managing Director

Non-Executive Directors

Mr R S A Wickramasingha	-	Chairman
Ms D S Wickramasingha	-	Director
Mr N A Wickramage	-	Director *(Resigned with effect from 1 April 2018)*
Ms N K Wickramasingha	-	Director
Mr L J M De Silva	-	Director *(Appointed with effect from 19 September 2018)*
*Mr Udara Thilakawardana	-	Director
*Dr D M A Kulasooriya	-	Director
*Mr M S Nanayakkara	-	Director

*Independent Non-Executive Directors

New appointments during the year

Mr L J M De Silva was appointed as a Non-Executive Director with effect from 19 September 2018.

Resignations during the year

Mr N A Wickramage who served as a Non-Executive Director resigned with effect from 1 April 2018.

Retirement and re-election/re-appointment of Directors

The Directors have recommended the re-appointment of Mr R S A Wickramasingha who is 72 years of age, as a Director of the Company and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re- appointment of Mr R S A Wickramasingha.

The Directors have recommended the re-appointment of Mr L J M De Silva who is 75 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders in terms of Section 211 of the Companies Act in regard to the re-appointment of Mr L J M De Silva.

Directors of subsidiary Companies

Soy Products (Private) Limited
Mr R S A Wickramasingha
Mr E T De Zoysa

Interest Register

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

The relevant interests of Directors in the shares of the Company as at 31 March 2019 as recorded in the interests register are given in this report under Directors' Shareholding.

Related Party Transactions with the Company

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the interests register in due compliance with the applicable rules and regulations of the relevant regulatory authorities.

Transactions of related parties (as defined in LKAS 24 - Related Parties Disclosure) with the Company are set out in Note 30 to the Financial Statements.

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31 March 2019.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31 March 2019 and 31 March 2018 are as follows:

	As at 31.03.2019	As at 31.03.2018
Mr R S A Wickramasingha	Nil	Nil
Ms D S Wickramasingha	Nil	Nil
Mr E T De Zoysa	Nil	Nil
Mr N A Wickramage (resigned w.e.f. 1 April 2018)	Nil	Nil
Ms N K Wickramasingha	Nil	Nil
Mr Udara Thilakawardana	Nil	Nil
Dr D M A Kulasooriya	Nil	Nil
Mr M S Nanayakkara	Nil	Nil
Mr L J M De Silva (appointed w.e.f. 19 September 2018)	Nil	Nil

Mr R S A Wickramasingha, Ms D S Wickramasingha, Ms N K Wickramasingha and Mr L J M De Silva served as Directors of CBL Investments Limited, which held 1,962,977 shares equivalent to 71.38% of the shares constituting the Stated Capital of the Company.

Directors' Remuneration

The Directors' remuneration is disclosed under Note 08 to the Financial Statements.

Directors' Responsibility for Financial Reporting

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

Auditors

M/s SJMS Associates, Chartered Accountants served as the auditors during the year under review. They 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 726,251/-.

M/s Ernst & Young provided tax compliance services during the year under review and the fee payable therefore amounts to Rs 269,060/-.

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

The auditors have expressed their willingness to continue in office. A resolution to re-appoint the auditors and to authorize 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 pages 73 and 74 under Shareholder Information.

Reserves

The movements of reserves during the year are given under the Statement of Changes in Equity on page 43.

Capital Expenditure

The total capital expenditure during the year was Rs.13,244,418/-. 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.

Investments

Details of the Company's investments as at 31 March 2019 are given in Note 19 to the Financial Statements.

Material Foreseeable Risk Factors

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

There were no material issues pertaining to employees and industrial relations of the Company during the year.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

Contingent Liabilities

The Contingent Liabilities as at 31 March 2019 are given in Note 31 to the Financial Statements.

Financial Ratios

The Earnings Per Share and other financial ratios are given under the Performance Summary on page 75.

Dividend

The payment of a first and final dividend of Rs. 4.50 per share as recommended by the Board of Directors will be proposed at the Annual General Meeting.

Donations

Neither the Company nor its subsidiary made any donations during the year under review.

Events occurring after the Reporting Period

No material circumstances have arisen since the reporting 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.

Annual General Meeting

The Annual General Meeting will be held on 16 September 2019 at Ceylon Biscuits Limited at High Level Road, Makumbura, Pannipitiya.

The Notice of the Annual General Meeting appears on page 03.

Signed for and on behalf of the Board of Directors by

R.S. Wickramasingha
Chairman

E.T. De Zoysa
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

16 August 2019
Colombo

REMUNERATION COMMITTEE REPORT

The Role and Responsibilities

The Remuneration Committee ("the Committee") is tasked with establishing and maintaining the remuneration policies of the Company as a whole. The policies have been designed in such a manner to reward, motivate and retain Company's Executive team while maximizing the overall profitability of the organisation in the long term. The Committee has acted within the parameters set out by Listing Rules of the Colombo Stock Exchange.

Remuneration Committee Composition

As guidelines set out by the Colombo Stock Exchange, the Remuneration Committee comprises of three (03) Non-Executive Directors, two (02) of whom are independent. The Chairman of the Committee is a Non-Executive Director. The members of the Remuneration Committee as at 31 March 2019 were as follows,

- Ms. N K Wickramasingha (Chairman)
- Dr. D M A Kulasooriya (Member)
- Mr. Udara Thilakawardana (Member)

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.

Remuneration Policy

- Attractive and capable of retaining well qualified and knowledgeable employees.
- 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 Executive team are made at the meetings. One of its other goals is to ensure that the Company's Executive team is 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 08 to the Financial Statements.

N K Wickaramasingha
Chairman - Remuneration Committee
16 August 2019

AUDIT COMMITTEE REPORT

The Roles and Responsibilities

The Audit Committee plays an important role in providing oversight of the Convenience Foods (Lanka) PLC's (CFL) governance, risk management and internal control processes. This oversight mechanism also serves to provide confidence in the integrity of these processes. The Audit Committee performs its role by providing independent oversight to the Board of Directors.

The Audit Committee will assist the Board of Directors in fulfilling its oversight responsibilities. To fulfill its responsibilities the Committee shall carry out the following;

Financial reporting

- Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements of the entity, in accordance with Sri Lanka Accounting Standards.
- Review the annual Financial Statements and interim Financial Statements and consider whether they are complete and consistent with information known to committee members and reflect appropriate accounting standards and policies.

Internal audit

- Approve the annual internal audit plan and review internal audit reports and action plans by the management. Further committee will assess their scope, independence and appointments

External Audit

- Review the external audit reports, management letters and will assess the scope of the external audit and their independence and take final decision on their appointment, re-appointment and remuneration.

Internal control, Compliance and Risk Management

- Consider the effectiveness of the organisation's control framework.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the management's investigations and follow up of any instances of non-compliances.
- Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in area of significant risks.
- Monitor management's performance in establishing and maintaining an effective enterprise wide risk management process.

Terms of Reference

The Committee functions, based on an Audit Committee Charter approved by the Board of Directors and deals with, the purpose, authority, composition and responsibilities.

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 appointed by, and responsible to, the Board of Directors comprised the following members as at the end of the year as at 31 March 2019 were as follows,

- Mr. M S Nanayakkara (Chairman)
- Dr. D M A Kulasooriya (Member)
- Mr. Udara Thilakawardana (Member).

During the financial year ended 31 March 2019, 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 Auditor, M/S SJMS Associates, Chartered Accountants to ascertain the nature, scope and approach of the External Audit function and to review the Financial Statements and the management reports.

Internal Audit Function

The Internal Auditor 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, Chartered Accountants. The Internal audit function provides risk based and objective assurance, advice, insight to protect and enhance organisation's system of internal controls.

AUDIT COMMITTEE REPORT Contd.

Key Activities of the Audit Committee During the Financial Year

- Ensured that a sound Financial Reporting System is in place and is well managed, in order to give accurate, appropriate and timely information to Management, Regulatory Authorities and Shareholders.
- Reviewed and discussed with Management the un-audited quarterly Financial Statements and the annual audited Financial Statements prior to the recommendation of same to the Board.
- 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 on implementation of management action plans thereon.
- Reviewed the results of the external audit report and management responses to the issues highlighted, in order to be satisfied that appropriate action being taken on a timely basis.
- Reviewed the procedures in place for the identification, evaluation and monitoring of Risk faced by the company at enterprise level.
- Reviewed the extent of compliance with laws of the country, government regulations, listing rules of the Colombo Stock Exchange 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.
- Approved revised internal audit charter and reviewed the revisions to the audit committee charter for approval from the board.
- Assessed the independence of the External Auditor and monitoring the External Audit function. The Audit Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor.
- Made recommendations to the Board pertaining to the re-appointment of M/S SJMS Associates, Chartered Accountants as the External Auditor and approved the remuneration and terms of engagement of the External Auditor.

M.S.

M S Nanayakkara
Chairman – Audit Committee
16 August 2019

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, limits and reporting guidelines of the SEC Code of Best Practices on Related Party Transactions ("the Related Party Code") and the Listing Rules of the Colombo Stock Exchange.

Furthermore, the Committee establishes guidelines and policies for management and reporting of Related Party Transaction. Committee remains steadfast ensuring fairness and transparency is maintained in reviewing Related Party Transactions and communicating the same to the Board.

Related Party Transactions Review Committee Composition

The Committee comprises of three (03) Independent Non-Executive Directors and one (01) Executive Director. The Chairman of the Committee is an Independent Non-Executive Director. The members of the Related Party Transactions Review Committee as at 31 March 2019 were as follows,

- Dr. D M A Kulasooriya (Chairman)
- Mr. M S Nanayakkara (Member)
- Mr. Udara Thilakawardana (Member)
- Mr. E T De Zoysa (Member)

During the Financial Year ended 31 March 2019, the Committee held four (04) 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

- Reviewed and pre-approved all non- recurrent Related Party Transactions of the Company prior to approval by the Board of Directors
- Reviewed recurrent Related Party Transactions of the Company on a quarterly basis and ascertained the economic and commercial substance
- Identified instances where an immediate market disclosure of non-recurrent Related Party Transaction is required in line with the definition of the Code.
- Reviewed all Related Party Transactions to ensure that they are in the best interests of the Company.
- Ensured that all reporting requirements of the Related Party Code and other statutes and regulations are met.
- Updated the Board of Directors on Related Party Transactions of the Company.
- Assessed the adequacy of Related Party reporting systems along with the advice of the External and Internal Auditors.
- Ensured that all transactions with Related Parties are in the best interest of all shareholders and adequate transparency is maintained.

Key Management Personnel

Key Management Personnel of the Company include members of the Board of Directors and identified Senior Management Personnel of the Company. The Committee ensures that no participant in the discussions of a Related Party Transaction shall be a direct Related Party to the particular 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
16 August 2019

FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT

Deloitte.

SJMS Associates
Chartered Accountants
No.11, Castle Lane
Colombo 04
Sri Lanka

Tel: +94 11 2580409, 5444400
Fax: +94 11 2582452
www.deloitte.com

TO THE SHAREHOLDERS OF CONVENIENCE FOODS (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Convenience Foods (Lanka) PLC ("the Company"), and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nature and area of focus	How our audit addressed the key audit matter
Revenue recognition We refer to note 4.3 to the financial statements which explains the Group's accounting policy on revenue recognition. As disclosed in note 5 to the financial statements, the Group recognised a revenue of Rs.1,996,718,506 during the year ended 31 March 2019. The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognised before the control has been transferred, resulting in a significant risk associated with revenue from an audit perspective. Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.	Our audit procedures included assessing the Group's adoption of SLFRS 15 Revenue from Contracts with Customers, considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in accordance with Sri Lanka Accounting Standards. We also assessed the adequacy of enhanced disclosure made in Note 34.1.1. Further, performing tests of control over the point of transfer of control of goods was supported by substantive audit procedures including, amongst others: ◆ Performing analytical review procedures; ◆ Testing all transactions around the year end to ensure inclusion in the correct period; ◆ Testing of a sample of sales and trade receivables at year end by agreeing a sample of invoices at year end to subsequent receipts from customers.

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

Deloitte.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information included in the annual report and we will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT Contd.

Deloitte.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2293.

SJMS ASSOCIATES
Chartered Accountants
Colombo
25 July 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March	Note	Company 2018/2019 Rs.	Company 2017/2018 Restated Rs.	Group 2018/2019 Rs.	Group 2017/2018 Restated Rs.
Revenue	5	1,996,718,507	1,825,160,656	1,996,718,507	1,825,160,656
Cost of sales		(1,414,987,798)	(1,220,138,719)	(1,414,987,798)	(1,220,138,719)
Gross profit		581,730,709	605,021,937	581,730,709	605,021,937
Other income	6	70,363,283	57,386,996	70,363,283	57,038,049
Distribution expenses		(343,419,875)	(302,429,581)	(343,419,875)	(302,429,581)
Administrative expenses		(138,237,300)	(102,324,916)	(138,237,300)	(102,324,916)
Finance expenses	7	(376,329)	(327,338)	(376,329)	(327,338)
Profit before tax	8	170,060,488	257,327,098	170,060,488	256,978,151
Income tax expense	9	(51,456,080)	(86,944,533)	(51,456,080)	(86,944,533)
Profit for the year		118,604,408	170,382,565	118,604,408	170,033,618
Other comprehensive income					
Items that will not be reclassified subsequently to profit/ (loss):					
Re-measurement component of defined benefit plan		8,666,694	(6,099,190)	8,666,694	(6,099,190)
Deferred tax effect on re-measurement of defined benefit plans		(2,426,674)	1,707,773	(2,426,674)	1,707,773
Total other comprehensive income/ (loss) for the year, net of income tax		6,240,020	(4,391,417)	6,240,020	(4,391,417)
Total comprehensive income for the year		124,844,428	165,991,149	124,844,428	165,642,202
Profit for the year attributable to:					
Owners of the Company		118,604,408	170,382,565	118,604,408	170,033,618
Non-controlling interest		-	-	-	-
		118,604,408	170,382,565	118,604,408	170,033,618
Total comprehensive income for the year attributable to:					
Owners of the Company		124,844,428	165,991,149	124,844,428	165,642,202
Non-controlling interest		-	-	-	-
		124,844,428	165,991,149	124,844,428	165,642,202
Earnings per share - basic	10	43.13	61.96	43.13	61.83
Dividend per share	11	5.00	4.00	5.00	4.00

The accounting policies and notes on pages from 45 to 72 an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company		Group	
		31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
Assets					
Non current assets					
Property, plant and equipment	12	218,824,003	253,135,171	218,824,003	253,135,171
Leasehold land	13	5,016,573	5,086,170	5,016,573	5,086,170
Intangible assets	14	8,458,159	9,070,692	8,458,159	9,070,692
Investment in subsidiary	15	20	20	-	-
Total non current assets		232,298,755	267,292,053	232,298,735	267,292,033
Current assets					
Inventories	16	174,386,935	160,131,838	174,386,935	160,131,838
Trade and other receivables	17	354,931,431	308,646,965	354,931,431	308,646,965
Amounts due from related parties	18	4,545,058	4,527,627	4,545,058	4,527,627
Other financial assets	19	590,958,151	476,498,112	590,958,151	476,498,112
Cash in hand and at bank	20	7,692,952	31,420,727	7,692,952	31,420,727
Total current assets		1,132,514,527	981,225,269	1,132,514,527	981,225,269
Total assets		1,364,813,282	1,248,517,322	1,364,813,262	1,248,517,302
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
Other reserves	22	41,613,945	41,613,945	41,613,945	41,613,945
Retained earnings		914,805,892	803,747,953	914,237,232	803,179,294
Total equity		1,008,941,014	897,883,076	1,008,372,355	897,314,417
Liabilities					
Non current liabilities					
Deferred tax liabilities	23	17,685,512	18,646,416	17,685,512	18,646,416
Retirement benefit obligations	24	53,441,031	54,188,772	53,441,031	54,188,772
Total non current liabilities		71,126,543	72,835,188	71,126,543	72,835,188
Current liabilities					
Trade and other payables	25	230,827,588	225,382,382	231,396,227	225,951,020
Current tax liabilities	26	4,623,415	48,053,685	4,623,415	48,053,685
Amounts due to related parties	27	29,042,336	4,362,992	29,042,336	4,362,992
Bank overdrafts	20.2	20,252,386	-	20,252,386	-
Total current liabilities		284,745,725	277,799,059	285,314,364	278,367,697
Total liabilities		355,872,268	350,634,246	356,440,907	351,202,885
Total equity and liabilities		1,364,813,282	1,248,517,322	1,364,813,262	1,248,517,302
Net assets value per share		366.89	326.50	366.69	326.30

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

Dasun Mendis
Assistant General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board on 25 July 2019.

R.S. Wickramasingha
Chairman

E.T. De Zoysa
Managing Director

The accounting policies and notes on pages from 45 to 72 an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Stated capital Rs.	Other reserves Rs.	Retained earnings Rs.	Total Rs.
Company				
Balance as at 01 April 2017	52,521,178	41,613,945	648,756,804	742,891,927
Profit for the year	-	-	170,382,565	170,382,565
Other comprehensive loss for the year	-	-	(4,391,417)	(4,391,417)
Total comprehensive income for the year	-	-	165,991,148	165,991,148
Payment of dividend for the year 2016/2017 (Rs. 4 per share)	-	-	(11,000,000)	(11,000,000)
Balance as at 31 March 2018	**52,521,178**	**41,613,945**	**803,747,953**	**897,883,076**
Adjustment on initial application of SLFRS 9 (Note 34.1.2)	-	-	(36,489)	(36,489)
Balance as at 01 April 2018 (Restated)	52,521,178	41,613,945	803,711,464	897,846,587
Profit for the year	-	-	118,604,408	118,604,408
Other comprehensive income for the year	-	-	6,240,020	6,240,020
Total comprehensive income for the year	-	-	124,844,428	124,844,428
Payment of dividend for the year 2017/2018 (Rs. 5 per share)	-	-	(13,750,000)	(13,750,000)
Balance as at 31 March 2019	**52,521,178**	**41,613,945**	**914,805,892**	**1,008,941,014**
Group				
Balance as at 01 April 2017	52,521,178	41,613,945	648,537,092	742,672,215
Profit for the year	-	-	170,033,618	170,033,618
Other comprehensive loss for the year	-	-	(4,391,417)	(4,391,417)
Total comprehensive income for the year	-	-	165,642,202	165,642,202
Payment of dividend for the year 2016/2017 (Rs. 4 per share)	-	-	(11,000,000)	(11,000,000)
Balance as at 31 March 2018	**52,521,178**	**41,613,945**	**803,179,294**	**897,314,417**
Adjustment on initial application of SLFRS 9 (Note 34.1.2)	-	-	(36,489)	(36,489)
Balance as at 01 April 2018 (Restated)	52,521,178	41,613,945	803,142,805	897,277,928
Profit for the year	-	-	118,604,408	118,604,408
Other comprehensive income for the year	-	-	6,240,020	6,240,020
Total comprehensive income for the year	-	-	124,844,428	124,844,428
Payment of dividend for the year 2017/2018 (Rs. 5 per share)	-	-	(13,750,000)	(13,750,000)
Balance as at 31 March 2019	**52,521,178**	**41,613,945**	**914,237,232**	**1,008,372,355**

The accounting policies and notes on pages from 45 to 72 an integral part of these financial statements.

STATEMENT OF CASH FLOW

Year ended 31 March	Company		Group	
	2018/2019 Rs.	2017/2018 Rs.	2018/2019 Rs.	2017/2018 Rs.
Cash flows from operating activities				
Profit before taxation	170,060,488	257,327,098	170,060,488	256,978,151
Adjustments for:				
Depreciation	47,517,063	47,424,412	47,517,063	47,424,412
Amortisation	1,352,781	1,229,955	1,352,781	1,229,955
Interest income	(58,659,794)	(48,963,876)	(58,659,794)	(48,963,876)
Interest expenses	114,107	26,170	114,107	26,170
Provision for gratuity	10,489,983	9,837,357	10,489,983	9,837,357
Operating profit before working capital changes	170,874,629	266,881,116	170,874,629	266,532,169
Increase in inventories	(14,255,097)	(49,811,479)	(14,255,097)	(49,811,479)
Increase in trade and other receivables	(46,320,956)	(68,380,675)	(46,320,956)	(68,380,675)
increase in amount due from related parties	(17,431)	(2,682,592)	(17,431)	(2,682,592)
Increase in amount due to related parties	24,679,344	457,064	24,679,344	806,011
Increase in trade and other payables	5,445,207	81,808,331	5,445,207	81,808,331
Cash generated from operations	140,405,696	228,271,765	140,405,696	228,271,765
Retirement benefits paid	(2,571,029)	(3,017,728)	(2,571,029)	(3,017,728)
Income tax paid	(98,273,929)	(54,820,566)	(98,273,929)	(54,820,566)
Net cash generated from operating activities	39,560,737	170,433,471	39,560,737	170,433,471
Cash flows from investing activities				
Payments for property, plant & equipment	(13,205,896)	(29,715,644)	(13,205,896)	(29,715,644)
Payments for intangible assets	(670,651)	(1,315,502)	(670,651)	(1,315,502)
Interest received	58,659,794	48,963,876	58,659,794	48,963,876
Investment in other financial assets	(114,460,039)	(163,815,322)	(114,460,039)	(163,815,322)
Net cash flow used in investing activities	(69,676,792)	(145,882,592)	(69,676,792)	(145,882,592)
Cash flows from financing activities				
Interest paid	(114,107)	(26,170)	(114,107)	(26,170)
Dividends paid to owners of the Company	(13,750,000)	(11,000,000)	(13,750,000)	(11,000,000)
Net cash used in financing activities	(13,864,107)	(11,026,170)	(13,864,107)	(11,026,170)
Net increase in cash & cash equivalents	(43,980,161)	13,524,709	(43,980,161)	13,524,709
Cash & cash equivalents at the beginning of the year	31,420,727	17,896,018	31,420,727	17,896,018
Cash & cash equivalents at the end of the year	(12,559,434)	31,420,727	(12,559,434)	31,420,727
Cash & cash equivalents at the end of the year				
Cash in hand and at bank	7,692,952	31,420,727	7,692,952	31,420,727
Bank overdrafts	(20,252,386)	-	(20,252,386)	-
	(12,559,434)	31,420,727	(12,559,434)	31,420,727

The accounting policies and notes on pages from 45 to 72 an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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, 7th Lane, Off Borupana Road, Kandawala, Rathmalana. The consolidated Financial Statements of Convenience Foods (Lanka) PLC for the year ended 31 March 2019 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 manufacturing and marketing of Textured Vegetable Protein (TVP) and other food products.

1.3 Parent company

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

1.4 Date of authorization for issue

The Financial Statements of the Group for the year ended 31 March 2019 were authorized for issue under a resolution of the Board of Directors on 25 July 2019.

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 an entity 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 the entity.

However, the subsidiary had not carried out any operations during the year and the subsidiary has been dormant for many years.

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:

- The defined benefit obligation is recognized at 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 Lankan 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, except for the adoption of SLFRS 9 - Financial Instruments and SLFRS 15 - Revenue from Contracts with customers.

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current period for the better presentation of financial information. The management has reasonable evidence that such presentation would be more relevant for the understanding of the entity's financial performance and financial position.

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.

NOTES TO THE FINANCIAL STATEMENTS Contd.

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 recognized 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 JUDGEMENTS, 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 Group to make judgements, 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 judgements and estimates.

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

a) Taxation

The Group recognized 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 Group reviews the residual values, useful lives and methods of depreciation of assets 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 Group'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 Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the financial statements continue to be prepared on the going concern basis.

d) Loss allowance on financial assets

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

e) 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 utilized. 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.

f) 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 Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in preparation of its financial statements are included below.

4.1 Changes in accounting policies and disclosures

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these financial statements. Certain comparative amounts in the Statements of Profit or Loss and Other Comprehensive Income have been restated, reclassified or re-presented as a result of changes in accounting policies.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing from 1 April 2018:

a) Sri Lanka Accounting standards (SLFRS 15) - Revenue from Contracts with Customers

SLFRS 15 replaced LKAS 18 which covered contracts for sale of goods and services, LKAS 11 which covered construction contracts and several revenue – related interpretations. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – as such the concept of control replaces the existing concept of risks and rewards.

A new five-step process must be applied before revenue can be recognized:

I. Identify contracts with customers
II. Identify the separate performance obligation
III. Determine the transaction price of the contract
IV. Allocate the transaction price to each of the separate performance obligations, and
V. Recognize revenue when performance obligation is satisfied

The effect of initially applying SLFRS 15 is described in Note 34.1.1

b) Sri Lanka Accounting Standard (SLFRS 9) – Financial Instruments: Classification and measurement

SLFRS 09 sets out requirements for classifying and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and measurement.

The standard addresses the accounting principles for the financial reporting of financial assets and financial liabilities, including recognition, classification, measurement, impairment, de-recognition and hedge accounting as defined in SLFRS 9. This standard is effective for financial periods beginning on or after 01 January 2018. The Group has assessed the potential impact on its financial statements resulting from the application of SLFRS 9 for the year ended 31 March 2019.

Classification and measurement of financial assets and financial liabilities

SLFRS 09 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under SLFRS 09 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 09 eliminates the previous LKAS 39 categories of held to maturity, loans and receivable and available for sale.

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group's accounting policies related to financial liabilities.

The Group has performed a review of the business model corresponding to the different portfolios of financial assets and liabilities, and of the characteristics of these financial assets and liabilities, and has concluded that this change has no material impact on the Group's results and the financial position.

The effect of initially applying this standard is described in Note 34.1.1.

4.2 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees using the spot foreign exchange rate as at that date and all differences are taken to "other income" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS Contd.

4.3 Revenue recognition

4.3.1 Sale of goods

Revenue principally comprises, sales of products to external customers. Revenue is measured at the fair value of the consideration received or receivable and excludes taxes collected on behalf of third parties, rebates, discounts and certain marketing expenses which re not distinctive from sales. The Group considers sale and delivery of products as one performance obligation and recognises revenue when it transfers control to a customer.

4.3.2 Interest income

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

4.3.3 Dividend income

Dividend income is recognised in profit or loss on an accrual basis when the Group's right to receive the dividend is established.

4.3.4 Other income

Other income is recognized on an accrual basis.

4.4 Expenditure recognition

Expenses are recognized in profit or loss 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 profit or loss.

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

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.5 Taxation

4.5.1 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.

4.5.2 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, carry-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 carry-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. Un-recognised 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 rates 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.

4.6 Earnings Per Share (EPS)

The Company presents basic Earnings Per Share (EPS) based on profit or loss attributable to the ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

4.7 Non-financial assets

4.7.1 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 profit or loss 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. Land is not depreciated.

The rate of depreciation based on the estimated useful life is as follows:

Category of asset	Depreciation rate (%)
Buildings	4
Machinery	12.5
Tools and equipment	15
Motor vehicles	25
Furniture and fittings	20
Electrical installations	15
Office equipment	15
Computers	25
Point of sale equipment	50

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted,
if appropriate, at each financial year end with the effect of any changes in such estimates accounted for prospectively.

De-recognition

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from the 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 income' in profit or loss in the year the asset is de-recognised.

4.7.2 Impairment of non–financial assets

The Group 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 Group estimates the asset's recoverable amount.

4.8 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Operating lease payments are recognised as expenses 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.

4.9 Finance leases

Assets held under finance leases are initially recognised as assets of the Group 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 a 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 Group's general policy on borrowing costs.

4.10 Intangible assets

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.

4.11 Investment in subsidiary

In the Company's Financial Statements, the investment in subsidiary is treated as a long term investment and stated at cost. Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS Contd.

4.12 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 on weighted average basis.

4.13 Financial assets

Policy applicable from 1 April 2018

4.13.1 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

4.13.2 Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification of financial assets at amortised cost and measured at fair value through other comprehensive income depends on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.13.3 Recognition

All financial assets are initially recognized 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.

Debt instruments

Subsequent measurement and gains and losses.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss including impairment losses, if any.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented as separate line item charged to profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL.

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.13.4 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 Group 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 Group has transferred substantially all the risks and rewards of the asset or
  - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group's continuing involvement in the asset. In that case, the Group 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 Group 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 Group could be required to repay.

4.13.5 Loss allowance of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Policy applicable prior to 1 April 2018

4.13.6 Initial recognition

All financial assets are initially recognized on the trade date, i.e., the date that the Group 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.

4.13.7 Initial measurement

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

4.13.8 Subsequent measurement

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

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

   A financial asset is at as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss. Any gains or losses arising on remeasurement were recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS Contd.

ii. Held-to-maturity financial assets

Held-to-maturity financial assets are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Group 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 Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as at fair value through profit or loss
- those that the Group, upon initial recognition, designates as available for sale
- those for which the Group 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 profit or loss. The losses arising from impairment are recognised in profit or loss in 'impairment gain/(loss) on loans and receivables'.

iv. Available-for-sale financial investments

Available for sale investments are those which are neither classified as held for trading nor designated at fair value through profit or loss. The Group has not designated any loans or receivables as available-for-sale.

After initial measurement, available-for-sale financial assets 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 recognized in equity is recognised in profit or loss in other income.

4.13.9 Reclassification of financial assets

The Group 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 Group 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 Group 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.

4.13.10 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 Group 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 Group has transferred substantially all the risks and rewards of the asset or
  - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group's continuing involvement in the asset. In that case, the Group 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 Group 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 Group could be required to repay.

4.13.11 Identification, measurement and assessment of impairment

At each reporting date the Group assesses whether there is any objective evidence that financial asset not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when an 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 Group writes off loans and advances and investment securities when they are determined to be unrecoverable.

4.14 Cash and bank balances

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

For the purpose of the statement of cash flows, 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.

4.15 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.

4.16 Retirement benefit obligations

4.16.1 Defined benefit plan – gratuity

The Group 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 Group's obligation under the said Act is determined based on an actuarial valuation, using the projected unit credit method, carried out by a professional actuary.
The Group recognises the total actuarial gain and loss that arises in calculating the Group's obligation in respect of the plan in other comprehensive income during the period in which it occurs.

4.16.2 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 profit or loss as in the periods during which services are rendered by employees.
a. Employees' Provident Fund
The Group and employees contribute 12% and 8% respectively on the salary of each employee to the approved Provident Fund.

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

4.17 Financial liabilities

4.17.1 Recognition and measurement

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

All financial liabilities are measured subsequently at Fair Value through Profit or Loss (FVPTL) or at amortised cost using the effective interest method.

i. Financial liability at FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition, financial liabilities at FVTPL are measured at fair value, and changes there in recognized in profit or loss.

Upon initial recognition, transaction costs directly attributable to the acquisition are recognized 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. Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held for trading or designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that exacting discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of financial liability.

NOTES TO THE FINANCIAL STATEMENTS Contd.

4.17.2 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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.

4.18 Provisions

Provisions are recognised when the Group 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 obligations and a reliable estimate can be made towards the amount of the obligations. The expense relating to any provision is presented in profit or loss net of any reimbursement.

4.19 Statement of cash flows

The statement of cash flows 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.

4.20 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 Group does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

4.21 New Accounting Standards issued but not yet effective as at reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standard which will become applicable for the financial periods beginning on or after 1 January 2019.

Sri Lanka Accounting Standard - (SLFRS 16) Leases

This standard replaces LKAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

SLFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group intends to assess the impact (if any) to the financial statements in the forthcoming financial period.

5. REVENUE

Year ended 31 March	Company		Group	
	2018/2019	2017/2018 Restated	2018/2019	2017/2018 Restated
	Rs.	Rs.	Rs.	Rs.
Sales	2,062,012,416	1,869,370,824	2,062,012,416	1,869,370,824
Sales return	(65,293,909)	(44,210,168)	(65,293,909)	(44,210,168)
	1,996,718,507	1,825,160,656	1,996,718,507	1,825,160,656

5.1 The group adopted SLFRS 15 from 1 April 2018 and the effect of applying this standard is described in note 34.1.1.

6. OTHER INCOME

	2018/2019 Rs.	2017/2018 Rs.	2018/2019 Rs.	2017/2018 Rs.
Interest income	58,659,794	48,963,876	58,659,794	48,963,876
Exchange gains	812,675	1,378,423	812,675	1,378,423
Scrap sales net income	5,237,241	4,617,212	5,237,241	4,617,212
Write back of amount due to related party	-	348,947	-	-
Sundry income	5,653,573	2,078,538	5,653,573	2,078,538
	70,363,283	57,386,996	70,363,283	57,038,049

7. FINANCE EXPENSES

Bank charges	262,223	301,168	262,223	301,168
Overdraft interest	66,298	3,499	66,298	3,499
Interest on security deposit	47,808	22,671	47,808	22,671
	376,329	327,338	376,329	327,338

8. PROFIT BEFORE TAX

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

	2018/2019 Rs.	2017/2018 Rs.	2018/2019 Rs.	2017/2018 Rs.
Directors fees	1,850,000	1,742,500	1,850,000	1,742,500
Staff costs	276,767,358	238,652,866	276,767,358	238,652,866
Contributions to Employees' Provident Fund	16,172,824	13,544,737	16,172,824	13,544,737
Contributions to Employees' Trust Fund	4,046,711	3,355,155	4,046,711	3,355,155
Defined benefit plan contribution	10,489,983	9,837,357	10,489,983	9,837,357
Depreciation	47,517,063	47,424,412	47,517,063	47,424,412
Amortisation	1,352,781	1,229,955	1,352,781	1,229,955
Audit and related services	726,251	648,088	726,251	648,088
Impairment of trade receivables	842,874	531,738	842,874	531,738

NOTES TO THE FINANCIAL STATEMENTS Contd.

9. INCOME TAXES

9.1 Income tax recognised in profit or loss

Year ended 31 March	Company		Group	
	2018/2019	2017/2018	2018/2019	2017/2018
	Rs.	Rs.	Rs.	Rs.
Current tax (Note 9.1)	54,904,278	87,797,028	54,904,278	87,797,028
Over provision of previous year's taxes	(60,620)	(820,867)	(60,620)	(820,867)
Deferred tax (Note 23)	(3,387,578)	(31,628)	(3,387,578)	(31,628)
Total income tax expense recognised in the current year	51,456,080	86,944,533	51,456,080	86,944,533
The income tax expenses for the year can be reconciled to the accounting profit as follows:				
Profit before tax	170,060,488	257,327,098	170,060,488	257,327,098
Tax at the applicable tax rate of (2018 : 28%)	47,616,937	72,051,587	47,616,937	72,051,587
Tax effect on expenses that are not deductible in determining taxable profits	16,856,756	28,159,602	16,856,756	28,159,602
Tax effect on expenses that are deductible in determining taxable profits	(25,994,157)	(26,124,047)	(25,994,157)	(26,124,047)
Tax effect on interest income	16,424,742	13,709,885	16,424,742	13,709,885
Income tax expenses at the effective income tax rate	54,904,278	87,797,028	54,904,278	87,797,028
Statutory tax rate	28%	28%	28%	28%
Effective tax rate	32%	34%	32%	34%

9.2 Income tax recognised in other comprehensive income

Deferred tax arising from re-measurement component of employee benefit obligation	(2,426,674)	1,707,773	(2,426,674)	1,707,773

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.

Year ended 31 March	Company		Group	
	2018/2019	2017/2018	2018/2019	2017/2018
	Rs.	Rs.	Rs.	Rs.
Amount used as the numerator				
Profit after tax attributable to ordinary shareholders	118,604,408	170,382,565	118,604,408	170,033,618
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	43.13	61.96	43.13	61.83

11. DIVIDENDS PER SHARE

First and final dividend	13,750,000	11,000,000	13,750,000	11,000,000
Number of ordinary shares	2,750,000	2,750,000	2,750,000	2,750,000
Dividend per share	5.00	4.00	5.00	4.00

* The previous year's final dividend was paid in the financial year 2018/19

12. PROPERTY, PLANT AND EQUIPMENT

Company / Group

Year ended 31 March	Buildings Rs.	Machinery Rs.	Furniture fitting and office Rs.	Motor vehicles Rs.	Installations, tools and equipment Rs.	Point of sale equipment Rs.	Total Rs.
Cost							
Balance as at 01 April 2017	222,218,352	160,122,858	34,175,604	58,039,459	29,963,946	-	504,520,219
Additions during the year	1,136,271	8,415,505	1,640,596	14,783,885	385,636	3,353,751	29,715,644
Disposals during the year	-	-	(6,600)	-	-	-	(6,600)
Balance as at 31 March 2018	**223,354,623**	**168,538,363**	**35,809,600**	**72,823,344**	**30,349,582**	**3,353,751**	**534,229,263**
Additions during the year	-	18,500	6,578,308	270,001	4,727,436	1,650,173	13,244,418
Adjustments during the year	-	(38,522)	-	-	-	-	(38,522)
Balance as at 31 March 2019	**223,354,623**	**168,518,341**	**42,387,908**	**73,093,345**	**35,077,018**	**5,003,924**	**547,435,159**
Accumulated depreciation							
Balance as at 01 April 2017	53,313,875	105,737,351	21,498,723	30,239,978	22,886,354	-	233,676,280
Disposals during the year	-	-	(6,600)	-	-	-	(6,600)
Charge for the y ear	8,928,873	15,581,611	4,234,876	14,609,090	2,952,045	1,117,917	47,424,412
Balance as at 31 March 2018	**62,242,748**	**121,318,962**	**25,726,998**	**44,849,068**	**25,838,399**	**1,117,917**	**281,094,093**
Charge for the year	8,934,184	15,154,393	4,837,621	13,337,068	2,751,836	2,501,962	47,517,063
Balance as at 31 March 2019	**71,176,932**	**136,473,355**	**30,564,619**	**58,186,136**	**28,590,235**	**3,619,879**	**328,611,156**
Written down value							
Balance as at 31 March 2019	**152,177,691**	**32,044,986**	**11,823,289**	**14,907,209**	**6,486,783**	**1,384,045**	**218,824,003**
Balance as at 31 March 2018	**161,111,875**	**47,219,401**	**10,082,602**	**27,974,276**	**4,511,182**	**2,235,834**	**253,135,171**

12.1. Cost of PPE amounting to Rs. 118,378,478 (31 March 2018 - Rs. 82,341,230) which were fully depreciated are still in use as at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS Contd.

13. LEASEHOLD LAND

As at 31 March	Company		Group	
	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
Cost	6,580,075	6,580,075	6,580,075	6,580,075
Accumulated Amortisation	(1,563,502)	(1,493,905)	(1,563,502)	(1,493,905)
Balance at the end of the year	5,016,573	5,086,170	5,016,573	5,086,170

The details of the leasehold land is as follows:

Property	Lessor	Lease period	Extent	Number of buildings
No. 133, 7th Lane, Off Borupana Road, Kandawala, Rathmalana.	Urban Development Authority	99 Years commencing from 23 March 1994	2A- 2R- 5.50P	2

14. INTANGIBLE ASSETS

As at 31 March	Company		Group	
	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
Computer software				
Cost				
Balance at the beginning of the year	12,228,823	10,913,321	12,228,823	10,913,321
Additions during the year	670,651	1,315,502	670,651	1,315,502
Balance at the end of the year	12,899,474	12,228,823	12,899,474	12,228,823
Accumulated Amortisation				
Balance at the beginning of the year	3,158,131	1,997,772	3,158,131	1,997,772
Charge for the year	1,283,184	1,160,359	1,283,184	1,160,359
Balance at the end of the year	4,441,315	3,158,131	4,441,315	3,158,131
Written down value at the end of the year	8,458,159	9,070,692	8,458,159	9,070,692

15. INVESTMENT IN SUBSIDIARY

Unquoted investments	Holding %	Number of shares	31.03.2019 Rs.	31.03.2018 Rs.
Soy Products (Pvt) Ltd	100	2	20	20

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

16. INVENTORIES

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Raw materials and consumables	56,340,250	57,314,725	56,340,250	57,314,725
Finished goods	90,253,946	77,742,497	90,253,946	77,742,497
Spares and accessories	28,593,673	25,735,410	28,593,673	25,735,410
	175,187,869	160,792,632	175,187,869	160,792,632
Less: Provision for slow moving inventories (Note 16.1)	(800,934)	(660,794)	(800,934)	(660,794)
	174,386,935	160,131,838	174,386,935	160,131,838

16.1 Impairment allowance for slow moving inventories

Balance at the beginning of the year	660,794	700,157	660,794	700,157
Charges during the year	458,280	2,293,405	458,280	2,293,405
Write off	(318,140)	(2,332,768)	(318,140)	(2,332,768)
Balance at the end of the year	800,934	660,794	800,934	660,794

17. TRADE AND OTHER RECEIVABLES

Trade receivables	330,115,894	283,898,448	330,115,894	283,898,448
Less: Loss allowances for trade receivables (Note 17.1)	(1,379,662)	(540,126)	(1,379,662)	(540,126)
Trade receivables - net	328,736,232	283,358,322	328,736,232	283,358,322
Other receivables	26,195,199	25,288,643	26,195,199	25,288,643
	354,931,431	308,646,965	354,931,431	308,646,965

17.1 Loss allowance for trade receivables

Balance at the beginning of the year	540,126	75,623	540,126	75,623
Loss allowance during the year	842,874	531,738	842,874	531,738
Write off	(3,338)	(67,235)	(3,338)	(67,235)
Balance at the end of the year	1,379,662	540,126	1,379,662	540,126

18. AMOUNTS DUE FROM RELATED PARTIES

Ceylon Biscuits Limited	1,560,957	2,844,810	1,560,957	2,844,810
CBL Foods International (Pvt) Ltd	332,612	79,280	332,612	79,280
CBL Global Foods (Pvt) Ltd	-	1,140,423	-	1,140,423
Plenty Foods (Pvt) Ltd	792,054	463,114	792,054	463,114
SPAR SL (Pvt) Ltd	1,859,435	-	1,859,435	-
	4,545,058	4,527,627	4,545,058	4,527,627

19. OTHER FINANCIAL ASSETS

Fixed deposits	590,958,151	476,498,112	590,958,151	476,498,112
	590,958,151	476,498,112	590,958,151	476,498,112

NOTES TO THE FINANCIAL STATEMENTS Contd.

20. CASH IN HAND AND AT BANK

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
People's Bank current account	433,194	340,645	433,194	340,645
Hatton National Bank current account	1,190,584	1,217,854	1,190,584	1,217,854
Petty cash	150,000	150,000	150,000	150,000
Hatton National Bank money market savings (Note 20.1)	5,919,174	29,712,228	5,919,174	29,712,228
	7,692,952	31,420,727	7,692,952	31,420,727

20.1 The money market savings account with Hatton National Bank is operated as a savings account linked with the current account where a minimum balance of Rs. 500,000 at any given time is maintained.

20.2 Bank overdraft

Hatton National Bank current account	20,252,386	-	20,252,386	-

21. STATED CAPITAL

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
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

22. OTHER RESERVES

Gain on disposal of Share Trust	41,613,945	41,613,945	41,613,945	41,613,945
	41,613,945	41,613,945	41,613,945	41,613,945

During the years 1992 and 1993 a total of 168,004 (One Hundred and Sixty Eight Thousand and Four) number of shares of the Company were purchased for the Share Trust setup by the Company. During the year 2015, the Company sold all the shares held by the Share Trust and the resulting surplus from the disposal of the shares held by the Share Trust were recognised in other reserves.

23. DEFERRED TAX LIABILITY

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	(18,646,416)	(20,385,817)	(18,646,416)	(20,385,817)
Charge/ (reversal) during the year				
Through income statement	3,387,578	31,628	3,387,578	31,628
Through OCI	(2,426,674)	1,707,773	(2,426,674)	1,707,773
Balance at the end of the year	(17,685,512)	(18,646,416)	(17,685,512)	(18,646,416)

23.1 Deferred tax for the period is arising from:

Origination of temporary difference from PPE	1,170,272	(1,877,868)	1,170,272	(1,877,868)
Origination of temporary difference from RBO - through profit/ (loss)	2,217,307	1,909,496	2,217,307	1,909,496
Origination of temporary difference from RBO - through OCI	(2,426,674)	1,707,773	(2,426,674)	1,707,773
	960,905	1,739,401	960,905	1,739,401

23.2 Deferred tax asset is arising from the temporary differences of:

Deferred tax asset				
Retirement benefit obligation (RBO)	14,963,489	15,172,856	14,963,489	15,172,856
Deferred tax liability				
Property, plant & equipment (PPE)	(32,649,000)	(33,819,272)	(32,649,000)	(33,819,272)
Net deferred tax liability	(17,685,512)	(18,646,416)	(17,685,512)	(18,646,416)

24. RETIREMENT BENEFIT OBLIGATIONS

Balance at the beginning of the year	54,188,772	41,269,953	54,188,772	41,269,953
Current service cost	4,529,217	4,575,438	4,529,217	4,575,438
Interest cost	5,960,765	5,261,919	5,960,765	5,261,919
Actuarial (gains)/ losses recognised	(8,666,694)	6,099,190	(8,666,694)	6,099,190
Payments during the year	(2,571,029)	(3,017,728)	(2,571,029)	(3,017,728)
Balance at the end of the year	53,441,031	54,188,772	53,441,031	54,188,772

The amount recognised in the statement of comprehensive income is as follows:

Current service cost	4,529,217	4,575,438	4,529,217	4,575,438
Interest cost	5,960,765	5,261,919	5,960,765	5,261,919
Actuarial (gains)/losses recognised	(8,666,694)	6,099,190	(8,666,694)	6,099,190
	1,823,288	15,936,547	1,823,288	15,936,547

24.1 An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2019 by Messrs. Actuarial & Management Consultants (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuary to value the retirement benefit obligations is the "Projected Unit Credit Method", recommended by Sri Lanka Accounting Standards-LKAS 19 (Employee Benefits).

NOTES TO THE FINANCIAL STATEMENTS Contd.

24. RETIREMENT BENEFIT OBLIGATIONS Contd.

24.2 The principal assumptions used for this purpose are as follows :

Company/Group		31.03.2019	31.03.2018
Discount rate		11.3%	11%
Future salary increment rate	Executives	11%	12%
	Staff	11%	12%
	Associates	11%	12%
Retirement age		55 years	55 years
Average expected future services		10 years	10 years

24.3 Assumption regarding future mortality are based on A1967/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

24.4 The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Company/Group	31.03.2019 Rs.	31.03.2018 Rs.
Sensitivity analysis		
Project benefit obligation on current assumption	53,441,031	54,188,772
One percentage point increase (+1%) in discount rate	(3,636,368)	(4,148,860)
One percentage point decrease (-1%) in discount rate	4,142,984	4,751,205
One percentage point increase (+1%) in salary escalation rate	4,188,994	5,026,364
One percentage point decrease (-1%) in salary escalation rate	(3,746,619)	(4,458,750)

25. TRADE AND OTHER PAYABLES

As at 31 March	Company		Group	
	31.03.2019 Rs.	31.03.2018 Rs.	31.03.2019 Rs.	31.03.2018 Rs.
Trade creditors	133,815,701	90,982,068	133,815,701	90,982,068
Other payables	19,693,423	25,636,972	20,262,062	26,205,610
Accrued expenses	77,318,464	108,763,342	77,318,464	108,763,342
	230,827,588	225,382,382	231,396,227	225,951,020

26. CURRENT TAX LIABILITIES

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	48,053,685	15,898,090	48,053,685	15,898,090
Over provision for previous year's taxes	(60,620)	(820,867)	(60,620)	(820,867)
Provision for the period	54,904,278	87,797,028	54,904,278	87,797,028
	102,897,343	102,874,251	102,897,343	102,874,251
Tax credit				
Economic service charge, self assessment payments, other refunds and final tax payments	(95,653,586)	(50,942,780)	(95,653,586)	(50,942,780)
Withholding tax receivable	(2,620,344)	(3,877,786)	(2,620,344)	(3,877,786)
Balance at the end of the year	4,623,415	48,053,685	4,623,415	48,053,685

27. AMOUNTS DUE TO RELATED PARTIES

CBL Foods International (Pvt) Ltd	2,546,608	1,716,218	2,546,608	1,716,218
Plenty Foods (Pvt) Ltd	1,995,260	1,453,454	1,995,260	1,453,454
CBL Global Foods (Pvt) Ltd	11,054,199	7,397	11,054,199	7,397
CBL Natural foods (Pvt) Ltd	208,160	208,160	208,160	208,160
CBL Canneries (Pvt) Ltd	128,800	101,200	128,800	101,200
Ceylon Biscuits Limited	10,288,165	876,563	10,288,165	876,563
CBL Management Services (Pvt) Ltd	2,821,144	-	2,821,144	-
	29,042,336	4,362,992	29,042,336	4,362,992

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

28.1 Accounting classification and fair value of financial instruments

The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains/(losses), are recognised.

The following is a description of how fair values are determined for financial instruments that are recorded at fair values using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : category of financial assets that are measured in whole or in partly by reference to published quotes in an active market.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS Contd.

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT Contd.

Company/Group As at 31 March 2019	Carrying amount Rs.	Fair value Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial assets				
- Assets carried at amortised cost				
Other financial assets	590,958,151	-	-	-
Trade receivables	328,736,232	-	-	-
Other receivables	1,989,924	-	-	-
Amounts due from related parties	4,545,058	-	-	-
Cash and cash equivalents	7,692,952	-	-	-
Total financial assets	933,922,317	-	-	-
Financial liabilities				
- Liabilities carried at amortised cost				
Trade payables	133,815,701	-	-	-
Amounts payable to related parties	29,042,336	-	-	-
Bank overdrafts	20,252,386	-	-	-
Income tax payable	4,623,415	-	-	-
Total financial liabilities	187,733,838	-	-	-
As at 31 March 2018				
Financial assets				
- Assets carried at amortised cost				
Other financial assets	476,498,112	-	-	-
Trade receivables	283,358,322	-	-	-
Other receivables	1,464,702	-	-	-
Amounts due from related parties	4,527,627	-	-	-
Cash and cash equivalents	31,420,727	-	-	-
Total financial assets	797,269,490	-	-	-
Financial liabilities				
- Liabilities carried at amortised cost				
Trade payables	90,982,068	-	-	-
Amounts payable to related parties	4,362,992	-	-	-
Income tax payable	48,053,685	-	-	-
Total financial liabilities	143,398,745	-	-	-

28.1.1 Determination of fair value of financial assets with short maturities

Carrying values of financial assets and liabilities that have a short term maturity such as trade and other receivables and payables, fixed deposits, cash and cash equivalents are reasonable approximation of their fair values. Therefore, fair value hierarchy is not applicable.

29. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES

Risk management of the Group is the systematic process of identifying, quantifying and managing all risks and opportunities that can affect the achievement of Convenience Foods (Lanka) PLC and its subsidiary's strategic and financial goals. The Group has established a sound risk management framework to identify and mitigate the risk exposure.

Financial instruments held by the Group, principally comprise of cash, trade receivables, trade payables and investments held under amortised cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group risk management processes / guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Financial risk management of the Group is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Group. The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department.

The Group has identified 3 critical types of risk which can affect the Group's operations adversely as credit, liquidity and market risks.

29.1 Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables consist of local and overseas customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group does not have a significant credit risk exposure to any single counterparty or any group of counterparties. The Group has established policies and procedures to evaluate the clients before approving credit terms. Debtor balance as at 31 March 2019 comprises Modern Trade, Distributors, Direct Dealers and individuals representing 45%, 48%, 7% and 0.11% respectively.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure that the counterparties fulfil their obligations.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Based on the review of their past performance and credit worthiness, the Group has obtained bank guarantees from its distributors.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers. In order to mitigate settlements and operational risks related to cash and cash equivalents, the Group uses several banks with acceptable ratings for its deposits.

NOTES TO THE FINANCIAL STATEMENTS Contd.

29. RISK MANAGEMENT FRAMEWORK, OBJECTIVES AND POLICIES Contd.

Company/Group As at 31 March	As at 31.03.2019	As at 31.03.2018
a) The maximum exposure to credit risk at reporting date		
Cash at bank and cheques in hand (Note 20)	7,542,952	31,270,727
Other financial assets	590,958,151	476,498,112
Trade receivables	328,736,232	283,358,322
	927,237,335	791,127,161

b) The aging of the trade receivables at the reporting date

Company/Group	Gross receivables		Loss allowance		Carrying value	
As at 31 March	2019	2018	2019	2018	2019	2018
Not due	159,773,821	239,981,752	-	-	159,773,821	239,981,752
Past due:						
Past due 1-30 days	144,922,866	18,995,842			144,922,866	18,995,842
Past due 31-60 days	19,311,952	8,741,174	-	-	19,311,952	8,741,174
Past due 61-90 days	3,182,781	7,242,246	-	-	3,182,781	7,242,246
Past due 91-120 days	839,269	2,816,185	-	-	839,269	2,816,185
More than 120 days	2,085,205	6,121,249	1,379,662	540,126	705,543	5,581,123
Total	330,115,894	283,898,448	1,379,662	540,126	328,736,232	283,358,322

The Group grants credit approvals to it's customers subjected to the internal credit limits which are regularly reviewed and controlled by the Management. The average credit period granted to such debtors are 30 days.

Company/Group As at 31 March	As at 31.03.2019	As at 31.03.2018
c) Movement in the loss allowances		
Balance at the beginning of the year	540,126	75,623
Loss allowance during the year	842,874	531,738
Write off	(3,338)	(67,235)
Balance at the end of the year	1,379,662	540,126

A loss allowance of Rs. 363,047 (31 March 2018 - Rs. 540,126) has been made in respect of trade receivables, as at the reporting date. Unimpaired amounts are considered collectible in full, based on historical payment pattern and analysis of customer's credit risks.

d) Other financial assets - fixed deposits

The Group limits its exposure to credit risk by investing in fixed deposits with selected bankers which have better ratings.

e) Cash equivalents

The Group held cash at bank of Rs.7,542,952 as at 31 March 2019 (31 March 2018 - Rs. 31,270,727) which represents its maximum credit exposure on these assets. The cash equivalents are held with bank and financial institutions counterparties, which have better ratings.

29.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

As at 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Financial liabilities				
Less than one year	187,733,838	143,398,745	187,733,838	143,398,745
More than one year	-	-	-	-
	187,733,838	143,398,745	187,733,838	143,398,745

The Group does not have any financial liquidity risk since the Group does not have any borrowings as at 31 March 2019 and the Group maintains adequate cash and cash equivalents to meet its obligations.

29.3 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

a) Foreign currency risk

The foreign currency risk is the risk that the fair values or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Group is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR) on its pending letters of credit valued at Rs. 118,345,986, shipping guarantee valued at Rs. 34,557,000 and import bills valued at Rs. 20,934,337 as at 31 March 2019 (31 March 2018 - Rs. 114,962,755, Rs. 33,420,600 and 16,765,397 respectively).

As the group does not have material foreign currency denominated financial assets and liabilities, there is no impact from foreign currency risk.

b) Interest rate risks

Interest rate risks mainly arises as a result of the Group having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

The Group 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 rates. However, as at the reporting date, the Group had not utilised the overdraft facility.

Other than the above, the Group does not have any financial instruments on which the realisable/market value will have significant effect by the movements of interest rates as at 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS Contd.

Sensitivity analysis

The impact to profit before tax if the interest rate had increased/ decreased by 1% is shown below:

Year ended 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Other financial assets	590,958,151	476,498,112	590,958,151	476,498,112
Impact to profit before tax				
One percentage point increase (+1%) in interest rate	5,909,582	4,764,981	5,909,582	4,764,981
One percentage point decrease (-1%) in interest rate	(5,909,582)	(4,764,981)	(5,909,582)	(4,764,981)

Capital risk management

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

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

30. RELATED PARTY DISCLOSURES

30.1 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 Group. Key Management Personnel include members

of the Board of Directors and identified senior management personnel of the Company. Compensation to Key Management personnel are as follows:

Year ended 31 March	Company		Group	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs.	Rs.	Rs.
Short term employee benefits	45,471,797	21,435,131	45,471,797	21,435,131

30.2 Transactions of the Company with group companies

Name of the Company	Nature of transaction	Transaction value 2018/2019 Rs.	Balance as at 31.03.2019 Rs.
Ceylon Biscuits Limited	Sales	17,040,014	1,560,957
	Purchase of raw materials	5,222,910	(10,288,165)
	Cost recovery charges	15,981,401	
	Services received	893,088	-
Plenty Foods (Pvt) Ltd	Sales	7,059,848	792,054
	Purchase of raw materials	29,777,960	(1,995,260)
	Reimbursement of expenses to the Company	1,616,117	-
	Reimbursement of expenses from the Company	2,929,744	-
CBL Foods International (Pvt) Ltd	Sales	1,456,442	332,612
	Purchase of raw materials	19,813,264	(2,546,608)
	Services received	650,290	-
Ritzbury Lanka (Pvt) Ltd	Stores rent expenses	1,740,000	-
CBL Natural Foods (Pvt) Ltd	Reimbursement of expenses to the Company	-	(208,160)
CBL Management Services (Pvt) Ltd	Internal group services	31,866,668	(2,821,144)
CBL Global Foods (Pvt) Ltd	Purchase of finished goods	35,983,273	(11,054,199)
	Reimbursement of expenses from the Company	805,200	-
SPAR SL (Pvt) Ltd	Sales	3,312,761	1,859,435
CBL Canneries (Pvt) Ltd	Purchase of raw materials	197,800	(128,800)

Sales of finished goods to related parties were made at the Company's usual list prices. Purchases and sales of goods and payment for receipt of services were made with a nominal mark-up. Expense reimbursements were made according to the cost incurred by the related parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

NOTES TO THE FINANCIAL STATEMENTS Contd.

31. COMMITMENTS AND CONTINGENCIES

31.1 Financial commitments

Commitments on account of letters of credit as at 31 March 2019 was Rs.118,345,986 (31 March 2018: Rs. 114,692,755). Shipping Guarantees as at 31 March 2019 was Rs. 34,557,000 (31 March 2018: 33,420,600). Import Bills as at 31 March 2019 was Rs. 20,934,337 (31 March 2018: Rs. 16,765,397).

31.2 Capital commitments

There were no significant capital commitments as at reporting date.

31.3 Contingencies

There were no other significant contingent liabilities as at the reporting date, except for the following:
The Company had made an appeal to the Court of Appeal pertaining to legal issues 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 amounted 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.

32. 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.

33. RECLASSIFICATION AND COMPARATIVE FIGURES

During the year ended 31 March 2019, the Company identified certain senior management personnel of the Company as its Key Management Personnel in addition to the Board of Directors. As a result, the short term employee benefits for the year ended 31 March 2019 in Note 30.1 has been amended to conform to the current year's presentation.

Due to the above amendment, the Company also reclassified the emoluments paid to directors, under salaries for the year ended 31 March 2019 as a result of which, the comparative information in Note 8, Profit before Tax, was reclassified.

Further, the amount receivable from SPAR SL (Pvt) Ltd was classified from trade and other receivables (Note 17) to amounts due from related parties (Note 18) as at 31 March 2019. Accordingly, the comparative figures have been adjusted to conform to the current year's presentation.

The items reclassified are as follows:

Items reclassified	Company / Group (year ended 31 March 2018)		
	Balance as previously reported (Rs.)	Adjustment for prior period reclassification (Rs.)	Reclassified balance (Rs.)
Note 30.1 - Transactions with Key Management Personnel			
Short term employee benefits	13,224,887	8,210,244	21,435,131
Note 8 - Profit before tax			
Staff costs	227,170,479	11,482,387	238,652,866
Directors fees and emoluments	13,224,887	(11,482,387)	1,742,500
Note 17 - Trade and other receivables	308,646,965	(325,415)	308,321,550
Note 18 - Amounts due from related parties	4,527,627	325,415	4,853,042

34. INITIAL APPLICATION OF SLFRS 15 AND SLFRS 9

34.1 Impact on adoption of new standards

The Group applied SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments for the first time from 1 April 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

34.1.1 SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted SLFRS 15 using the full retrospective method of adoption.

Based on the assessment performed, there is no impact on the statement of financial position as at 1 April 2017 and 31 March 2018. The effect of adopting SLFRS 15 on the statement of comprehensive income and basic earnings per share for the period ended 31 March 2018 is, as follows:

Items reclassified in the statement of comprehensive income	Group		
	Balance as previously reported (Rs.)	Adjustment for prior period reclassification (Rs.)	Reclassified balance as per SLFRS 15 (Rs.)
Revenue	1,915,822,410	(90,661,754)	1,825,160,656
Gross profit	695,683,691	(90,661,754)	605,021,937
Distribution expenses	(393,091,335)	90,661,754	(302,429,581)
Profit after tax	170,033,618	-	170,033,618
Basic earnings per share	61.83	-	61.83

34.1.2 SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

SLFRS 9 contains three principle classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income and Fair Value through Profit or Loss. The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale. Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group adopted SLFRS 9 using the modified retrospective method of adoption.

NOTES TO THE FINANCIAL STATEMENTS Contd.

34. INITIAL APPLICATION OF SLFRS 15 AND SLFRS 9 Contd.

34.1.2 SLFRS 9 Financial Instruments (Contd…)

Classification and measurement of financial assets and financial liabilities

The following table and the accompanying notes below explain the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Group/Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting SLFRS 9 on the carrying amounts of financial assets as at 1 April 2018 relates solely to the new impairment requirements.

	Original classification under LKAS 39	New classification under SLFRS 9	Original carrying amount under LKAS 39	New carrying amount under SLFRS 9
Financial assets				
Trade and other receivables	Loans and receivable	Amortised cost	284,823,024	284,786,535
Amounts due from related parties	Loans and receivable	Amortised cost	4,527,627	4,527,627
Other financial assets	Loans and receivable	Amortised cost	476,498,112	476,498,112
Total Financial assets			765,848,763	765,812,274
Financial Liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	90,982,068	90,982,068
Amounts due to related parties	Other financial liabilities	Other financial liabilities	4,362,992	4,362,992
Current tax liabilities	Other financial liabilities	Other financial liabilities	48,053,685	48,053,685
Total Financial liabilities			143,398,745	143,398,745

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.

The Company has determined the application of the impairment requirements of SLFRS 9 as at 1 April 2018.

	Note	Impact of adopting SLFRS 9 on opening balance
Impairment of trade receivables		
Recognition of expected impairment loss under SLFRS 9 for financial assets at amortised cost	17	36,489
Impact as at 1 April 2018		36,489
Retained earnings		
Impairment loss		36,489
Impact as at 1 April 2018		36,489

SHAREHOLDER AND INVESTOR INFORMATION

ORDINARY SHAREHOLDERS

Number of Shareholders - 1,601 as at 31 March 2019

From	To	Number of Shareholders	Number of Shares	Holding %
1	- 1,000	1,548	127,630	4.64
1,001	- 10,000	46	152,615	5.55
10,001	- 100,000	4	116,421	4.24
100,001	- 1,000,000	2	390,357	14.19
Over 1,000,000		1	1,962,977	71.38
		1,601	2,750,000	100.00

CATEGORIES OF SHAREHOLDERS

	Number of Shareholders	Number of Shares	Holding %
Local Individuals	1,545	290,429	10.56
Local Institutions	46	2,379,032	86.51
Foreign Individuals	8	76,369	2.78
Foreign Institutions	2	4,170	0.15
	1,601	2,750,000	100.00

DETAILS OF SHARES TRADED DURING THE YEAR

Market price per Share	As at 31.03.2019	As at 31.03.2018
Highest during the year	Rs. 570.00	Rs. 450.00
Lowest during the year	Rs. 300.00	Rs. 276.50
As at end of the year	Rs. 399.60	Rs. 430.00
Market Capitalisation (Rs. Mn)	1,098.90	1,182.50

SHAREHOLDER AND INVESTOR INFORMATION Contd.

MAJOR SHAREHOLDERS EQUITY

	As At 31 March 2019		As At 31 March 2018	
	No of Shares	% of holding	No of Shares	% of holding
1. CBL INVESTMENTS LIMITED	1,962,977	71.381%	1,962,977	71.381%
2. PEOPLE'S LEASING & FINANCE PLC/C D KOHOMBANWICKRAMA	204,645	7.442%	182,836	6.649%
3. DAWI INVESTMENT TRUST (PVT) LTD	185,712	6.753%	184,465	6.708%
4. MRS. C A D S WOODWARD	70,628	2.568%	-	-
5. MR. A M D S JAYARATNE	18,570	0.675%	18,570	0.675%
6. MR. K C VIGNARAJAH	14,210	0.517%	14,210	0.517%
7. BANSEI SECURITIES CAPITAL PVT LTD/DAWI INVESTMENT TRUST PVT LTD	13,013	0.473%	13,833	0.503%
8. MR. R J S JAYAMAHA	10,000	0.364%	10,398	0.378%
9. MR. E D K WEERASURIYA & MR S WEERASURIYA	8,951	0.325%	-	-
10. MR. U I SURIYABANDARA	7,882	0.287%	6,931	0.252%
11. MR. L H S PEIRIS	7,730	0.281%	7,730	0.281%
12. MR. G W AMARATUNGA	6,900	0.251%	6,900	0.251%
13. MR. Z G CARIMJEE	6,867	0.250%	6,867	0.250%
14. MRS. S VIGNARAJAH	6,300	0.229%	6,300	0.229%
15. MR. A J RUMY	6,200	0.225%	6,200	0.225%
16. MRS. N A CHANDRASENA & MR. J U N CHANDRASENA	6,005	0.218%	7,005	0.255%
17. MRS. M M UDESHI	6,000	0.218%	6,000	0.218%
18. MR. D RATNAYAKE	5,700	0.207%	5,700	0.207%
19. DR. S YADDEHIGE	4,998	0.182%	4,998	0.182%
20. MR. D H N KANDAMUDALI	4,979	0.181%	5,000	0.182%
Sub total	2,558,267	93.028%	2,456,920	89.343%
Others	191,733	6.972%	293,080	10.657%
Issued Capital	2,750,000	100.000%	2,750,000	100.000%

Public Holding Percentage as at 31 March 2019 was **28.619%** and comprised of approximately 1,600 Shareholders

The Float Adjusted Market Capitalisation of the company as at 31 March 2019 was **Rs. 314,494,390.80/-**

The Float Adjusted Market Capitalisation of the company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under said option

PERFORMANCE SUMMARY

Group	For the Year Ended 3.31.2019	For the Year Year Ended 3.31.2018 Restated	For the Year Year Ended 3.31.2017	For the Year Year Ended 3.31.2016	For the Year Year Ended 3.31.2015
Profitability (Rs.)					
Revenue (Net)	1,996,718,507	1,825,160,656	1,546,475,941	1,655,253,143	1,742,502,671
Profit from operating activities	100,073,534	200,267,440	95,296,456	127,241,375	171,888,441
Finance cost	(376,329)	(327,338)	(1,943,100)	(3,110,807)	(5,045,496)
Other income	70,363,283	57,038,049	44,916,987	25,912,149	13,561,664
Profit before taxation	170,060,488	256,978,151	138,270,344	150,042,717	180,404,609
Taxation	(51,456,080)	(86,944,533)	(51,155,944)	(53,512,713)	(57,096,337)
Profit after taxation	118,604,408	170,033,618	87,114,400	96,530,003	123,308,273
Investor's Fund (Rs.)					
Stated capital	52,521,178	52,521,178	52,521,178	52,521,178	52,521,178
Other reserves	41,613,945	41,613,945	41,613,945	41,613,945	41,613,945
Retained earnings	914,237,232	803,179,294	648,537,093	567,509,045	480,654,743
Non current liabilities	71,126,543	72,835,188	61,655,770	62,892,291	64,904,528
Total investor's fund	1,079,498,898	970,149,605	804,327,986	724,536,460	639,694,394
Assets Employed (Rs.)					
Current assets	1,132,514,527	981,225,269	683,010,492	633,502,296	622,889,404
Current liabilities	285,314,364	278,367,697	163,597,760	214,770,986	263,946,981
Working capital	847,200,162	702,857,572	519,412,732	418,731,310	358,942,423
Non current asset	232,298,735	267,292,033	284,915,254	305,805,150	280,751,970
Total assets employed	1,079,498,897	970,149,605	804,327,986	724,536,460	639,694,394
Key Financial Indicators					
Market price of a share as at year end	399.60	430.00	310.00	365.00	325.70
Net assets per share	366.69	326.30	270.06	240.60	209.01
Earnings per share	43.13	61.83	31.68	35.10	44.84
Dividend per share	5.00	4.00	4.00	5.50	3.00
Price earnings ratio (Year end)	9.27	6.95	9.79	10.40	7.26
Market capitalisation (Rs.'000)	1,098,900	1,182,500	852,500	1,003,750	895,675
Return on capital employed	16.90%	8.60%	18.88%	22.49%	30.31%
Dividend pay out ratio	0.12	0.06	0.13	0.16	0.07
Interest cover (Times Covered)	453	786	72	49	37
Current ratio (No. of Times)	3.97	3.52	4.17	2.95	2.36

Financial year 2017/18 has been restated and prior years have been restated to be in conformity with 2018/19

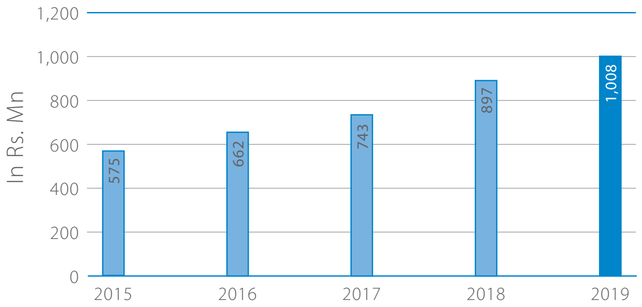
EMPLOYEE STATISTICS

EMPLOYEE STRENGTH

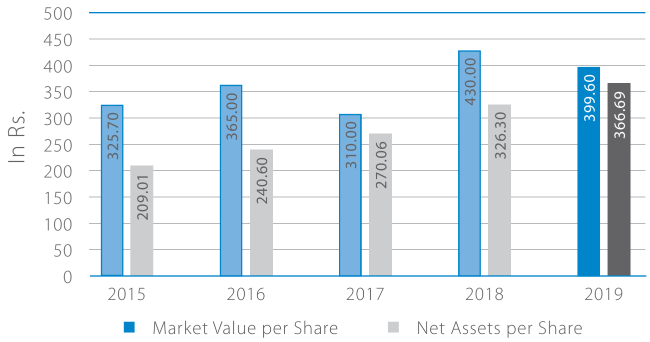
	As at 31.03.2019	As at 31.03.2018
Executives		
Director	1	1
Senior Managers	2	2
Managers	7	5
Assistant Managers	7	7
Executives	20	16
	37	31
Non Executives		
Support Staff		
Permanent	110	92
Contract	-	1
Factory Staff		
Permanent	120	124
Contract	4	6
	234	223
Functional Analysis of Executives		
General Management	1	1
Finance	5	4
Stores	1	1
Information Technology	1	1
Sales & Marketing	14	10
Production	4	3
Quality	3	3
Research & Development	2	2
Procument	2	2
Human Resources	1	1
Administration	2	2
Engineering	1	1
	37	31

GRAPHICAL REVIEW

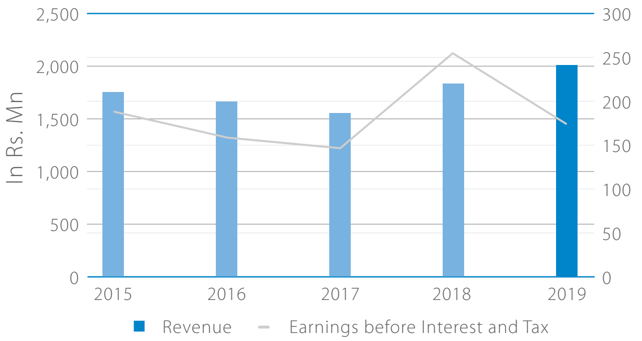
SHAREHOLDER'S FUNDS



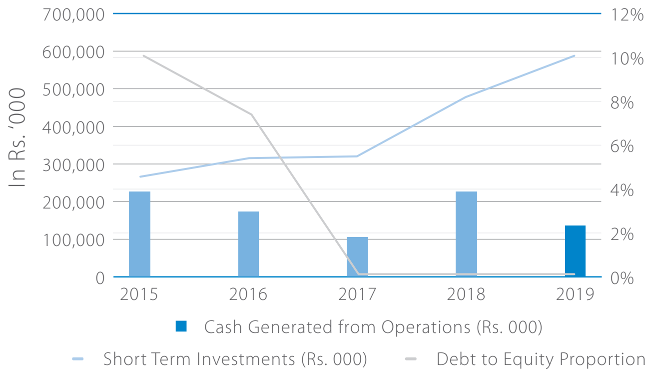
MARKET VALUE VS NET ASSETS PER SHARE



REVENUE & EBIT



STRENGTH OF CASH FLOWS



GLOSSARY OF FINANCIAL TERMS

CAPITAL EMPLOYED

The total of stated capital, capital reserves, revenue reserves and interest bearing liabilities.

CAPITAL RESERVES

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

CURRENT RATIO

Total current assets divided by total current liabilities.

MARKET VALUE (PRICE) PER SHARE

The price at which an ordinary share is traded in the market.

DIVIDEND PER SHARE

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

EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the number of shares in issue.

DIVIDEND PAYOUT RATIO

Ordinary dividend per share divided by earnings per share.

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.

FLOAT ADJUSTED MARKET CAPITALISATION

Public holding percentage multiplied by market capitalisation.

NET ASSETS PER SHARE

Total assets less total liabilities (net assets employed) divided by the number of shares.

PROFIT BEFORE TAX MARGIN

Profit before taxation divided by turnover.

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

Earnings Before Interest & Tax divided by Capital Employed

RETURN ON EQUITY

Profit after tax divided by shareholder's equity.

RETURN ON ASSETS

Profit after tax divided by total assets.

SHAREHOLDERS' FUNDS

Total of stated capital and reserves.

TOTAL DEBT

The total of long and short term (current) borrowings.

WORKING CAPITAL

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

INVENTORY TURNOVER PERIOD

Closing inventory divided by cost of goods sold. Then multiplied by 365 days.

RECEIVABLES TURNOVER PERIOD

Closing trade receivables divided by credit sales. Then multiplied by 365 days.

PAYABLES TURNOVER PERIOD

Closing trade payables divided by credit purchases. Then multiplied by 365 days.

WORKING CAPITAL DAYS

The total of inventory days and receivables days less payables days.

COST TO INCOME RATIO

Total operating cost divided by net turnover.

OPERATING COST

Cost of sales plus other overheads.

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*
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 or failing him*
Mr. Lakshman Joseph Mervin De Silva 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 Eighth (28th) Annual General Meeting of the Company to be held on 16 September 2019 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. 4.50 per share for the year ended 31 March 2019.		
2.	To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr R S A Wickramasingha as a Director of the Company.		
3.	To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the re-appointment of Mr L J M De Silva as a Director of the Company.		
4.	To re-appoint the retiring Auditors Messrs S J M S Associates, Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.		
5.	To authorize the Directors to determine donations for the year ending 31 March 2020 and up to the date of the next Annual General Meeting.		

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

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 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.
3. If the appointor is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.
4. 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.
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 or she 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 14 September 2019.

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

27 March 1991

REGISTERED OFFICE

Ceylon Biscuits Ltd,
Makumbura,
Pannipitiya,
Sri Lanka.

PRINCIPAL PLACE OF BUSINESS

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

Tel.: +94 11 2611154, 2624408, 5003000

E- mail: inquiry.cf@cbllk.com

Web: www.muncheelk.com

PRINCIPAL BUSINESS ACTIVITY

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

DIRECTORS OF THE COMPANY

Mr. R S A Wickramasingha - Chairman
Mr. E T De Zoysa - Managing Director
Ms. D S Wickramasingha
Ms. N K Wickramasingha
Mr. L J M De Silva (Appointed w.e.f 19.09.2018)
Mr. Udara Thilakawardana
Dr. D M A Kulasooriya
Mr. M S Nanayakkara
Mr. N A Wickramage (Resigned w.e.f 01.04.2018)

AUDITORS

SJMS Associates

(An affiliate of Deloitte Touche Tohmatsu India LLP),
Chartered Accountatnts,
No.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 PLC
Peoples Bank
National Development Bank of Sri Lanka
DFCC Bank PLC

Convenience Foods (Lanka) PLC
No. 133, 7th Lane, Off Borupana Road,
Kandawala, Rathmalana.

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

www.muncheelk.com