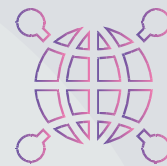


B

OUNDLESS PROSPERITY





View Convenience Foods (Lanka) PLC
Annual Report 2019/2020 online version

BOUNDLESS PROSPERITY

Winning the trust of households across the nation, Convenience Foods (Lanka) PLC (CFL) continues to provide a diverse range of choices to those that depend on the convenience our products offer, amidst changing lifestyles. As an innovative manufacturer of food ranges that match the pace of life of many Sri Lankans, CFL continues to expand market position, and surpass expectations in revenue while creating wholesome, ready-to-cook, food solutions to millions of Sri Lankans.

Achieving over Rs. 2 billion in revenue in 2020, CFL reached a feat that is a first in the history of the Company, marking yet another example of the boundless possibilities of growth. But our prosperity comes not only through financial gains, but it is achieved due to the trust, confidence and loyalty of our customers. Hence, we continue to increase and enhance our offerings, redefining our own benchmarks, and we continue to innovate in a market that is excessively saturated, proving the efficacy of our key strengths, time and time again.

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CORPORATE INFORMATION **Inner Back Cover**



OUR VISION, MISSION AND VALUES

Our Vision

“Total and complete nutrition to enhance the quality of life of future generations”

Our Mission

“To achieve total consumer satisfaction by maintaining consistently superior quality products that are innovative and nutritious while penetrating new markets to maintain market leadership in a competitive environment”

CBL Group Purpose

“To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity”

CBL Group Core Values

Caring

We are considerate. We respect our stake-holders, community and planet.

Quality

We strive with passion to deliver higher value and satisfaction through our products and services.

Innovation

We constantly explore new possibilities to create happy moments for people.

Integrity

We act honestly, responsibly and ethically.

ABOUT OUR COMPANY

Starting operations in 1991, Soy Foods Forbes and Walker Limited, a public quoted, a subsidiary of Forbes and Walker Limited, was the Sri Lankan pioneer in textured vegetable protein (TVP) and popularly termed, Soya meat. The locally manufactured product was originally introduced to domestic consumers in bulk form under the brand name 'Lankasoy', as an alternative source of protein.

A paradigm shift occurred in 2000, when Ceylon Biscuits Limited (CBL) acquired a 79% controlling stake of the Company and re-launched the Company as Soy Foods Lanka Limited. In 2001 and 2002 CBL revolutionised the slow-moving Soya meat market by introducing nugget shaped fish, chicken and vegetarian flavoured Soya products in attractive and convenient package sizes, that appealed to non-vegetarians as well as vegetarians. The new flavoured Soya products transformed and expanded the domestic Soya market, leading to many accolades for Lankasoy.

In 2008, the Company changed its name to Convenience Foods Lanka PLC (CFL), to reflect its growth plans of diversifying beyond Soya based foods, into the convenience foods segment.

The Company then expanded its product portfolio to manufacture soups, extruded snacks, nutritional cereal, and other convenience products under the brand names of Lankasoy, Tetos Snack, Sera Soup and Nutriline Cereal. The Company exports a range of products to the Middle East, Europe, USA, Asia and Australia and thereby contributes a notable percentage towards CBL exports.

In 2017 CBL Investments Limited (CBLI) purchased 71.38% of the issued share capital of CFL from CBL, thereby transferring majority ownership of CFL, to CBLI. Today the Company further diversified its product ranges by adding Sera Kottu, Sera Salt, Sera Coconut oil and Sera Coconut Milk to the portfolio.

As we look to the future, we remain committed towards our mission of bringing healthy but convenient food to Sri Lankan tables.

ABOUT US

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FINANCIAL HIGHLIGHTS

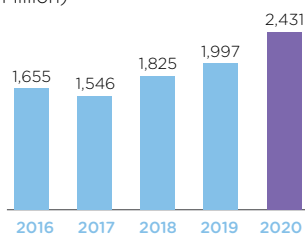
Group data	For the year ended 31.03.2020 Rs.	For the year ended 31.03.2019 Rs.	Change Favourable/ (Unfavourable) %
PROFITABILITY			
Turnover (Net)	2,430,828,555	1,996,718,507	21.74%
Operating profit	231,878,430	100,073,534	131.71%
Finance cost	(1,850,860)	(376,329)	(391.82%)
Other income	85,979,542	70,363,283	22.19%
Profit before taxation	316,007,112	170,060,488	85.82%
Taxation	(86,567,859)	(51,456,080)	(68.24%)
Profit after taxation	229,439,253	118,604,408	93.45%
PER SHARE DATA			
Earnings per share (Rs.)	83.43	43.13	93.45%
Net assets per share (Rs.)	444.46	366.69	21.21%
Market price at year end (Rs.)	337.40	399.60	(15.57%)
PROFITABILITY RATIOS			
Return on capital employed (ROCE)	24.43%	15.79%	54.70%
Profit before tax margin	13.00%	8.52%	52.64%



Financial Performance

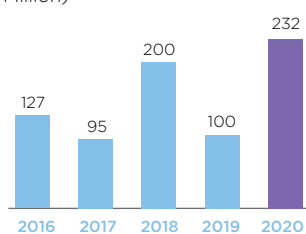
Turnover (Net)

(Rs. Million)



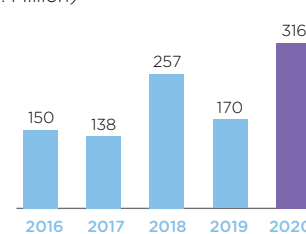
Operating Profit

(Rs. Million)



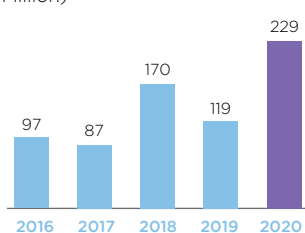
Profit Before Taxation

(Rs. Million)



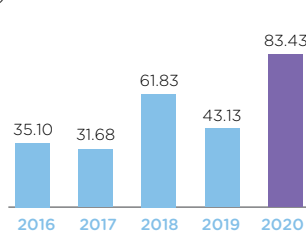
Profit After Taxation

(Rs. Million)



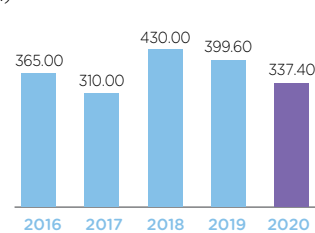
Earnings Per Share

(Rs.)



Market Price Per Share

(Rs.)



Profit After Taxation
Rs. Million

229

2018/19 : Rs. 119 Million

Earnings Per Share
Rs.

83.43













2018/19 : Rs. 43.13

Market Price Per Share
Rs.

337.40

2018/19 : Rs. 399.60

KEY MILESTONES

	1991	Commencing of Operations of Textured Vegetable Protein (TVP) under the name Soy Foods (Pvt) Ltd.
	1992	Company listed under Colombo Stock Exchange (CSE).
	2000	Ceylon Biscuits Limited (CBL) stepping in to guide operations under its wings and change the perception of Soya meat in the local marketplace.
	2001-2002	Introduction of new shapes and authentic flavours to revolutionise the slow moving Soya meat in the marketplace.
	2003	Lankasoy won awards at the SLIM Brand Excellence Awards and Sri Lanka Food Processors Association. Gold Award - 'Turnaround Brand of the Year' Silver Award - 'Innovative Brand' Bronze Award - 'Brand of the Year'
	2004	Soy Foods Lanka Limited expanded its operations with the introduction of modern technology to the factory by investing in new machinery.
	2006-2007	Introduction to Lean Manufacturing Practices. Certification of ISO 9001 for the new high tech factory. Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from National Productivity Secretariat (NPS).
	2008	Soy Foods Lanka Limited was transformed to Convenience Foods (Lanka) PLC as the Company expanded with diverse range of food. Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from National Productivity Secretariat (NPS).
	2009	Won SLIM 'Brand Excellence' award and 'Productivity and Quality' award from National Productivity Secretariat (NPS).
	2010	Certified with SLS certification for Soy food products by making Lankasoy the first Soya food brand to qualify for the certification.
	2011	Certified with ISO 22000, GMP and HACCP.
	2012	Bronze award and secured position among the Top 10 Awards of Extra Large category at CNCI Achievers awards.



2013

Introduction to State of the Art Machinery for production of variety of flavours and snack range.

Won the following at SLIM Brand Excellence Awards

1. 'Brand of the Year'
2. Gold Award for 'Product Brand of the Year'
3. 'Local Brand of the Year'
4. Gold Award 'Innovative Brand of the Year'



2014

Implementing of SAP ERP System and & HRIS System

Silver Quality Circle Award at the National Business Excellence Summit

Bronze Award - Brand of the Year at SLIM Brand Excellence Awards

Gold Award - Manufacturing Food & Beverages at National Business Excellence Awards



2015

Introducing Nutriline Cereal with three different varieties.

Certification of ISO 14001 - Environment Management System

Gold Award - Manufacturing Food & Beverages at National Business Excellence Awards



2016

Introducing of Tetos snack range



2017

Ownership transfer of CFL with majority shares to CBL

Certification of OHSAS 18001

Introducing of easy to make Kottu range



2018

Existing system upgrade to SAP HANA ERP System

Introduction of Sera Coconut Milk

CBL celebrated 50th anniversary

Recognised with Business Excellence Award for New Product Initiatives/ Innovations at the Chairman's Awards organised for the first time by CBL Group

Runners Up - Manufacturing Food & Beverages at the National Business Excellence Awards

Sri Lanka's Best Brand Award at CMO Asia Brand Leadership Awards



2019

Launching of Sera Coconut Oil

Gold Award - Quality and Productivity at National Convention conducted by Sri Lanka Association for Advancement of Quality & Productivity

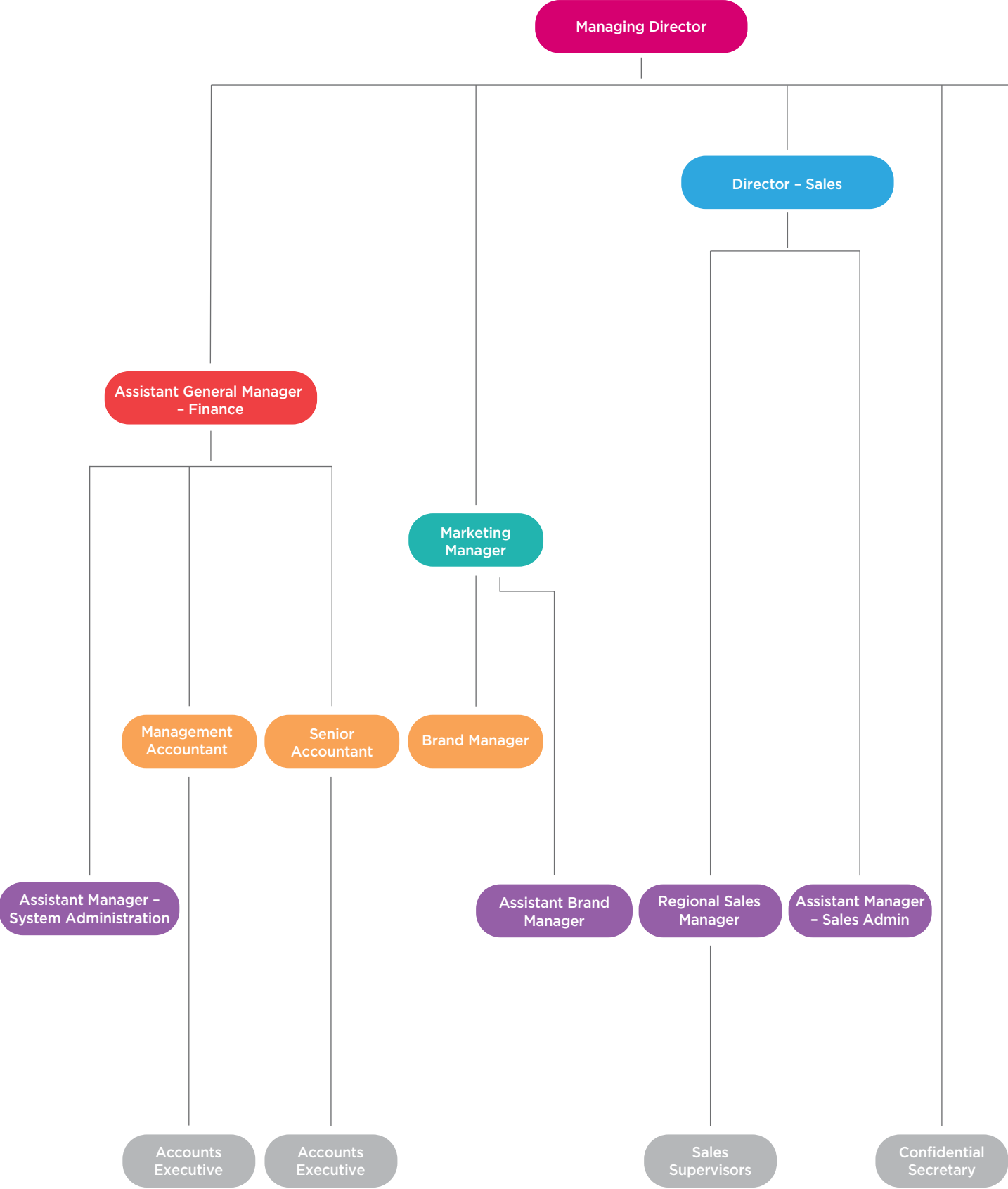
Gold Award for Lankasoy 'Kiri Malu' in the Best New Entrant category at SLIM Brand Excellence Awards

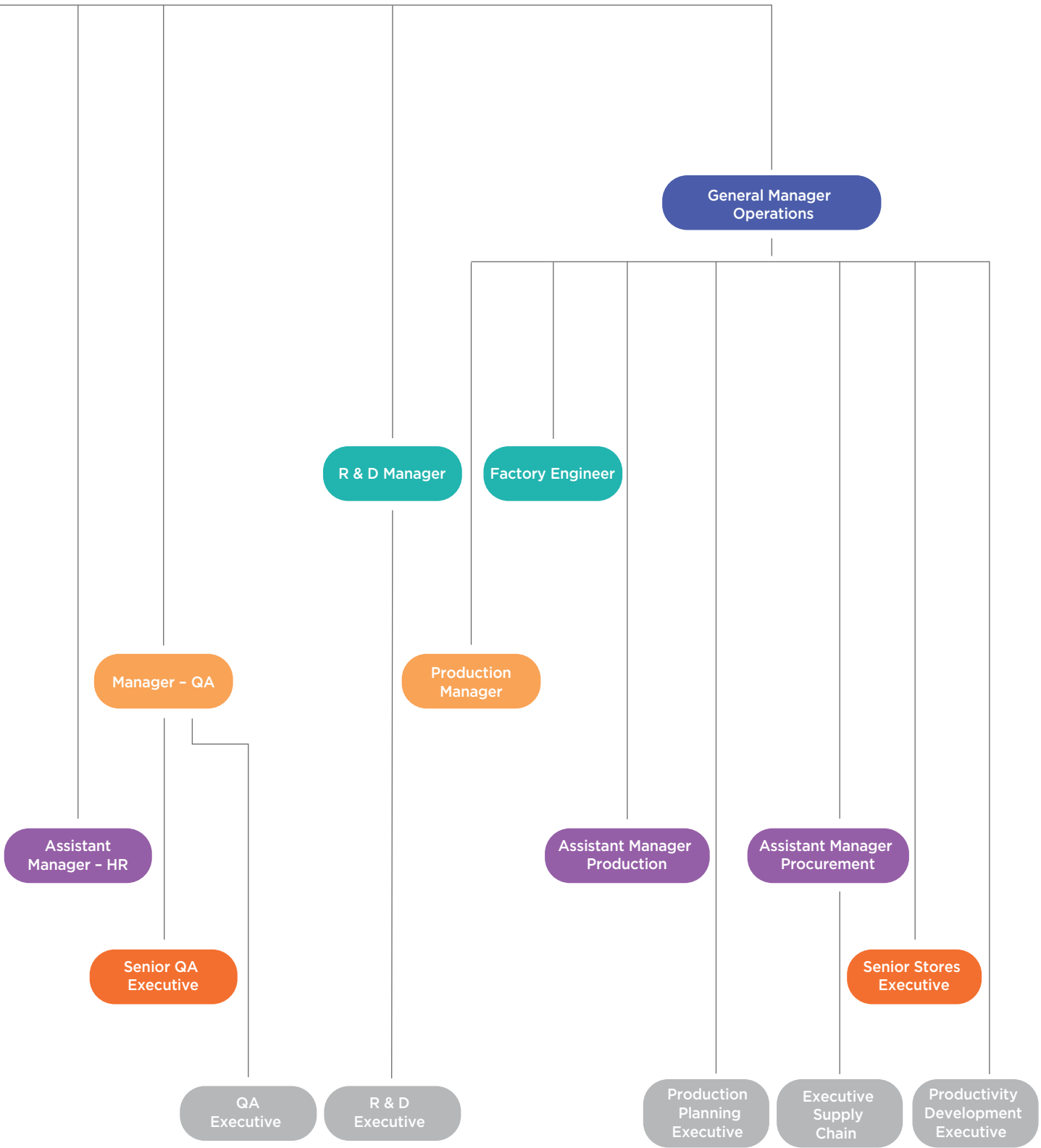


2020

Introducing refined and iodised Sera Salt range

ORGANISATIONAL STRUCTURE





OUR INNOVATIVE PRODUCT RANGE



LANKASOY MIRIS MALU

- Lankasoy Miris Malu is the finest Soy product full of spice and fish flavour. This Soy curry brings the traditional Sri Lankan 'Miris Malu' dish back to life and it tastes just like real fish experience. Enjoy your favourite meals; rice, bread and string hoppers with Miris Malu, the spicy soya curry. The product has no added MSG or any other artificial flavour enhancers.
- Available in: 50g packs

LANKASOY ALA CURRY

- Lankasoy Ala Curry is an innovative and easy to prepare dish that looks and tastes just like your favorite potato curry. The spice mix sachet includes authentic spices, which makes this potato curry ever tasty. The product has no added MSG or any other artificial flavour enhancers.
- Available in: 55g packs



SERA SALT

- Sera Salt is highly refined and finely ground with impurities and trace minerals removed in the process of refining. It is double washed and iodised.
- Available in : 400g and 1Kg packs



SERA POL KIRI

- Sera Pol Kiri provides consumers an experience of liquid coconut milk with a superior taste that had been processed without adding any preservatives, stabilisers, colours or flavours. It is manufactured in a state of the art factory using the 'Steam Infusion' technology in the UHT Process.
- Available in : 180ml and 1L packs

SERA PURE WHITE COCONUT OIL

- Sera Pure White Coconut Oil is made from the finest Sri Lankan coconuts. Sera Pure White 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.
- Available in : 350ml and 650ml bottles



SERA SOUP RANGE

- Sera Soups are quick, easy and fun to make. This quick soup range comes in three variants as Cream of Chicken, Cream of Mushroom and Vegetable to choose as per customers' preferences.
- Sera Soups provide the experience of a 'light meal option' in a convenient way.
- Available in : 50g packs

Awarded with the highest certifications for Quality Standards



All the goodness, All the joy



STEWARDSHIP

CHAIRMAN'S MESSAGE 16

MANAGING DIRECTOR'S MESSAGE 19

BOARD OF DIRECTORS 24

CHAIRMAN'S MESSAGE

“Turnover was notable, surpassing the milestone of Rs. 2 billion and registering a turnover of Rs. 2.4 billion, a 22% increase over the Rs. 1.99 billion the previous year.”

R S A Wickramasingha

Chairman

Dear Shareholders,

We have come to the conclusion of another financial year and it gives me great pleasure to present you the Annual Report and Audited Accounts of Convenience Foods (Lanka) PLC (CFL) for the financial year 2019/20.

The year commenced on a tragic note with the Easter Sunday attacks which unfortunately claimed hundreds of lives and injured countless others, apart from adverse impact it had on the economy.

Consequent to this period, the Country faced numerous uncertainties during the lead up to the Presidential Elections in November as well as during the COVID-19 pandemic towards latter part of the financial year. Despite these challenges, I am pleased to note that your Company was able to overcome all obstacles and achieve a noteworthy performance during the financial year.

SRI LANKAN ECONOMY

The Sri Lankan economy had a dismal year, recording a passive growth of 2.3% in 2019, compared with a growth of 3.3% in the previous year. This subdued economic growth, together with the sharp decline in the parity of the Sri Lankan Rupee (LKR) towards the latter part of 2018 resulted, in a substantially devalued LKR during 2019. Overall manufacturing activities grew at a slower pace of 1.9% in 2019, a significant drop from the growth of 3.6% registered in 2018. This was due to the uncertainties caused by the unexpected events during the year. However, Food and Beverages sector in particular along with a few others contributed positively towards the overall growth in manufacturing activities.

COMPANY PERFORMANCE

While we are by no means in a celebratory mood given the tragic turn of events that marked the beginning of this financial year and the negative impact of the COVID-19 outbreak which yet prevails in Sri Lanka and globally, I am pleased to state that your Company registered an outstanding performance during the financial year under review. Turnover was notable, surpassing the milestone of Rs. 2 billion and registering a turnover of Rs. 2.4 billion, a 22% increase over the Rs. 1.99 billion the previous year. Operating profits grew by 132% to Rs. 231 million with profit before tax reaching Rs. 316 million, an 86% increase year on year and profit after tax recording Rs. 229 million, a 93% increase year on year.

The exchange rates continued to have a material impact on the business as the LKR depreciated beyond what was expected thus increasing the cost of production. However, we are in the process of carrying out skillful negotiations with alternative suppliers to obtain favourable prices. Following the Presidential Elections, the reduction in VAT and abolishment of NBT had a positive impact on the financials which benefit was shared with the consumers in respect of certain products.

SHAREHOLDER RETURNS

Driven by higher profits, ratios in relation to shareholder returns, recorded a significant improvement during the year. Return on assets was recorded at 13% compared with 9% during the prior year, return on equity was recorded at 19% compared with 12% the previous year, while earning per share almost doubled to Rs. 83.43 compared with Rs. 43.13 in 2018/19.

COMPLIANCE AND GOOD GOVERNANCE

I am pleased to state that the Company did not compromise on compliance with any applicable laws and other statutory regulations during the year under review. As always, the Board and Board Sub Committees met at designated intervals in a timely manner in order to carry out their respective duties. There were no changes to the composition of the Board of eight (08) Directors. In terms of the Company's financial reporting, I wish to confirm that CFL's Financial Statements for 2019/20 are fully compliant with all financial reporting regulations including the new accounting standard SLFRS16 which came into effect in 2019.

During the year, the Ministry of Health introduced the "Food (Colour coding for sugar, salt and fat) Regulations 2019 No-26/1980" which entailed labeling of certain food packaging to clearly display the level of sugar, salt and fat to consumers based on the colour codes of red, amber and green. The Company had to incur a significant cost to comply with these regulations as all packaging had to be changed over a period of time.

HIGHLIGHTS OF THE YEAR

The year witnessed the Company continuing its winning trend as one of the top manufacturers of food products in the Country. Our innovative product, Lankasoy Kiri Malu was honoured with the prestigious Gold Award in the "Best New Entrant" category at the SLIM Brand Excellence Awards 2019. The CFL Team (Continuous improvement project) bagged a Gold Award at the National Convention on Quality & Productivity 2019 conducted by the Sri Lanka Association for Advancement of Quality & Productivity.

The Company continued to invest in marketing and branding by carrying out a number of impactful marketing campaigns. The highlight among them was the Lankasoy corporate campaign, a creative communication concept for the Lankasoy brand. The main objective of the new communication was to build Lankasoy's corporate brand equity based on brand values, quality and standards while capturing the consumers' heart share. Other notable campaigns were the Sera Pol Kiri campaign, launched to penetrate the liquid coconut milk category while highlighting the affordable price point of 100% natural coconut milk with the convenience of tetra pack and the Sera pure coconut oil communication campaign. We invested on consumer engagement activities to reach out to more households in order to provide an enhanced product experience and further strengthen the brand top of mind.

EARNINGS PER SHARE

Rs. 83.43

2018/19 : Rs. 43.13

During the year, the Company continued to develop its own diversified product portfolio based on market demand and emerging consumer trends. The Sera brand portfolio was further expanded to tap into new market opportunities. The newly added products included Sera Pol Kiri (180ml and 1L), Sera Pure White Coconut Oil (650ml and 350ml) and Sera Salt (400g and 1kg). Additionally, the Nutriline cereals range also expanded its product availability and visibility in the market. In order to further enhance our marketing efforts, we were able to leverage our extensive retail and distribution system to penetrate the market more effectively while strengthening our presence.

The Sera soups range was re-launched with improved product variants and eye-catching packaging. By bringing all soups under the Sera umbrella, we are able to carry out a more effective line of communication with consumers. In terms of the snacks range, we discontinued the Ramba brand and shifted our focus to the Tetos brand which we believe is a more innovative product with greater potential. The successful launch of these brands underscores the Company's continuous efforts over the past few years to dilute the concentration risk faced by CFL through product diversification.

Our innovative product, Lankasoy Kiri Malu was honoured with the prestigious Gold Award in the "Best New Entrant" category at the SLIM Brand Excellence Awards 2019.



CHAIRMAN'S MESSAGE

Although the COVID-19 pandemic brought the Country to a virtual standstill from mid March until June, CFL was able to deliver our consumers' favourite products right to their doorstep by tying up with leading online grocery delivery companies. These partnerships have proved to be very successful as there was significant demand for our products during the lockdown period.

FUTURE OUTLOOK

One of the main challenges for the Company will be sourcing the main raw material from India especially since the COVID-19 situation in India, which even continues at present. In meeting this challenge, we are identifying alternative suppliers of raw material in differed parts of the world. Similarly, locally given the strict health guidelines of the Government, which has an impact on the supply chain, is likely to have an impact on the operations during the current financial year, as of increased protocols.

Despite numerous challenges, we are confident that your Company will maintain the strong momentum to drive the flagship brand, Lankasoy by adding new, exciting and innovative variants to discerning consumers that will help us stay ahead of the competition. We also aim to leverage on digital channels and other marketing tools to connect more effectively with customers, while introducing more products under the Sera umbrella brand. This will further enable harnessing the support to communicate Sera to be the aspirational kitchen partner for the convenience seeking home-maker.

The Non-Soy segment will be further boosted to enhance its position in the market. As Sri Lanka enters a brand new decade, we will also focus on possible new business opportunities that may arise as the Country transforms into consumer driven era. As Sri Lanka emerges from difficult times caused by the COVID-19 pandemic, I am hopeful that the Company will demonstrate resilience to record another year of record revenues and performance during the current financial year.

ACKNOWLEDGMENTS

I would like to take this opportunity to thank the Board of Directors and the Managing Director for their wise counsel throughout the year. I am very grateful to all our wonderful staff members who demonstrated passion, dedication and hard work in the face of uncertain and difficult times during the year. Last and by no means least, I would like to extend my heartfelt gratitude to all our stakeholders who have steadfastly supported the Company and helped us conquer the heights reached at preened. It is clear that we are on the verge of some challenging times in the new financial year but I remain confident that by working together we can overcome all obstacles and continue our successful journey.



R S A Wickramasingha

Chairman

14 August 2020

MANAGING DIRECTOR'S MESSAGE

“Operating profit witnessed a significant jump from Rs. 100 million to Rs. 231 million, a 132% increase while, profit before tax went up by 86% from Rs. 170 million to Rs. 316 million and profit after tax rose by 93% from Rs. 118 million to Rs. 229 million”

E T De Zoysa

Managing Director

I am pleased to present to you a detailed view of the operations of Convenience Foods (Lanka) PLC (CFL) during the 2019/20 financial year.

As touched upon by the Chairman in his message, it was indeed a tumultuous year for the Country as we were faced with two major setbacks in the form of the Easter Sunday attacks at the start of the financial year and the COVID-19 pandemic at the end of the 12-month period. Despite this, we demonstrated our resilience as a Company by registering a record setting year that gives us a stronger financial position to launch into the future.

FINANCIAL PERFORMANCE

I am happy to report, that notwithstanding the difficult circumstances faced throughout the 12-month period, CFL was able to pass a significant milestone by topping the Rs. 2 billion mark in terms of revenue as we reached Rs. 2.43 billion in revenue, a 22% increase over the Rs. 1.99 billion achieved during 2018/19 period. Operating profit witnessed a significant jump from Rs. 100 million to Rs. 231 million, a 132% increase while, profit before tax went up by 86% from Rs. 170 million to Rs. 316 million and profit after tax rose by 93% from Rs. 118 million to Rs. 229 million. Higher sales volumes of existing products, including our flagship brand Lankasoy, as well as additional revenues from other ranges, including newly-introduced products contributed towards the increase. In addition, we expanded our distribution channels during the financial year which also substantially aided this revenue growth. This in turn, has escalated the cost of sales. Various cost cutting measures and efficiencies in the supply chain have resulted in an operating costs increment of only 16%.

During the year, the Company adopted the new accounting standard “Sri Lanka Accounting Standard - (SLFRS 16) Leases” which replaces the LKAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

MARKET EXPANSION

While our revenue grew to new heights, our cost of sales during the year has increased by 15% to Rs. 1.625 billion with distribution expenses reaching Rs. 415 million, a 21% increase. We were able to successfully expand our distribution channels by investing in increasing the number of delivery vehicles and by reaching larger number of retail outlets. With the introduction of our new product categories, we had to carry out extensive advertising and promotions in order to communicate the brand message to the target market. Additionally, with more sales force and vehicles on the ground, we have been able to extend our coverage at the ground level. There was greater emphasis on expanding our footprint in the North and East of the Country where we believe there is great potential for our wide range of products. During the year under review, we launched Sera coconut milk 1L, which gradually increased our presence in the foods service channel with our existing products range.

Our products are in a highly-competitive segment and as a result, retaining top of the mind brand recall and retail shelf visibility are essential to retain, the market share. I am pleased to note that during the year Lankasoy continued to hold high top of the mind recall which resulted in an overall increase of Lankasoy's market share.

MANAGING DIRECTOR'S MESSAGE

Maintaining an efficient supply chain has always been a priority for the Company and the wheels have been set in motion to find alternative Soy flour suppliers as, this would hold us in good stead to face the uncertainties of the global economy. We also expanded our existing warehouse space by 8,398sq. Ft. to meet our pressing need to stock larger inventories to cope with our ambitious expansion plans.

PERFORMANCE BY PRODUCT LINE

Lankasoy

There was a steady increase in the demand for Soy products across the Country as consumers sought out affordable, high protein meat alternatives. Boosted by this growth in demand, Lankasoy was able to reinforce its position as the market leader and record a growth of 24% while also growing market share from 30.9% to 33.5% by the end of the period under review. The brand's continued success in the face of relentless pressure caused by nearly 150 competitor brands, demonstrates its brand strength and equity for the future of both the brand and the Company. Two innovative products were launched during the year - Lankasoy Miris Malu and Lankasoy Ala Curry - to provide even greater choice to our consumers. The Miris Malu is one of the finest Soy products in the market full of spice and fish flavour and this Soy curry brings the traditional Sri Lankan Miris Malu to life with the taste of real fish. On the other hand, the Lankasoy Ala Curry is an innovative and easy to prepare dish that looks and tastes just like everyone's favourite potato curry. The spice mix sachet includes authentic spices which make this potato curry a delicious additional to the everyday meal.

Neilsen research revealed that the Lankasoy market share, numeric distribution, weighted distribution and share among handles have all increased. The Survey Research Lanka Ltd (SRL) Consumer Track showed that all brand health parameters including Brand Awareness, Brand Penetration, Brand Preference, Brand Adaptation and Brand Loyalty have increased while the SRL Super Track also showed that Modern Trade (MT) shares in all MT chains have increased. On the awards front, our innovative product Lankasoy Kiri Malu was honoured with the prestigious Gold Award in the "Best New Entrant" category at the SLIM Brand Excellence Awards 2019.

As the market leader in the category, Lankasoy sets high standards when it comes to loyalty building programmes and promotions for both customers and traders. Several different loyalty building and consumer engagement promotions were successfully carried out throughout the period. Some of the key new activities that took place include the following:

MARKET SHARE

33.5%

2018/19 : 30.9%

"Lakdivetama Lankasoy" Below The Line (BTL) campaign: This BTL campaign kicked off in line with the Lankasoy new corporate TV campaign. This activation was instrumental in boosting the brand message which was communicated through Above The Line (ATL). The BTL campaign initiated from Galle to Jaffna covering main towns and railway stations, providing product experience through live cooking with integration of Digital Games.

"Lankasoy Sripada Wandana": For the first time ever, Lankasoy took part in the annual Sri Pada Wandana (Adam's Peak Pilgrimage) event with the aim of building consumer loyalty. Being a key brand in the vegetarian segment, this ideal platform was utilised by carrying out product sampling to engage with the consumers.

"Scholarship workshop programs": This year too Lankasoy provided the product experience to further build brand awareness and loyalty through product sampling and cookery demonstrations to the parents who attend the scholarship exam workshops.

"Lankasoy Town and Village promotions": Lankasoy has conducted series of activities in towns and villages targeting rural and urban consumers Islandwide promoting the brand values and increasing brand awareness through product sampling, selling and live cooking demonstrations, while entertaining the audience.

"Lankasoy's Worlds Women's Day Celebration by ITN Liyawaruna": This ATL programme was conducted by the famous chef and product demonstrator Dushanthi Madunayake to provide the product experience with the brand message and to enlighten the variety of innovative flavours provided by Lankasoy.

Two innovative products were launched during the year - Lankasoy Miris Malu and Lankasoy Ala Curry - to provide even greater choice to our consumers.

CFL has aggressively promoted the ‘SERA Kitchen’ Concept, which takes the entire range building under one umbrella theme – Coconut milk, coconut oil and soups.

Culinary applications and product experience: Lankasoy regularly takes part in many consumer engagement campaigns in order to provide impart knowledge on nutritional values of foods, cooking methods and applications.

Lankasoy continued to support retailers by investing in merchandising for them to improve their in-store visibility standards and provide more attraction to customers. The first stage of the initiative saw 60 retailers benefitting while 55 retailers benefitted during the second stage, bringing the total to 115. This project will be continued during the new financial year as well.

Sera

During the year under review, CFL has aggressively promoted the ‘SERA Kitchen’ Concept, which takes the entire range building under one umbrella theme – Coconut milk, coconut oil and soups. A key focus under this concept is to satisfy all culinary needs of a household and to offer solutions for easy, convenient and quick options for busy households.

There was renewed focus on the Sera brand during the year and we were able to successfully expand the brand portfolio with Sera Pol Kiri (180ml and 1L), Sera Pure White Coconut Oil (650ml and 350ml) and Sera Salt (400g and 1kg). The Sera Soups range was re-launched with improved product variants and better, attractive packaging. Three new soup variants were also added to the range - Sera Soup Vegetable 50g, Sera Soup Creamy Chicken 50g and Sera Soup Creamy Mushroom 50g.

There was also a concerted effort to create strong brand association with culinary and other related events for the Sera brand. During these initiatives, we successfully reached out to over 140,000 consumers on the brand and product Universal Selling Point (USP) and provided cooking tips while also giving them the opportunity to buy any Sera product under one roof.

CFL stepped forward as the corporate sponsor for three of the largest events in the year. Sera brand was the corporate sponsor in Pro Food – Pro Pack exhibition, the largest culinary and packaging exhibition in Sri Lanka. The brand was also the corporate sponsor at the SLIM Effie Awards, the leading awards campaign in the Country which stands for effectiveness in marketing communications and recognises the best campaigns and agencies. The brand came forward again as the corporate sponsor of Culinary Art Food Expo, the most comprehensive Food and Beverage Exhibition in Sri Lanka which covers food products and services from processing to consuming stage.

Snacks

We made a strategic decision to discontinue the Ramba brand and focus all our efforts on the Tetos brand which is inherently a more innovative product that can compete better with foreign entrants into the market.

Nutriline

The Nutriline cereal range faced stiff competition from both foreign and local cereal brands. Having been supported by our marketing campaigns, market penetration drives and expansion of retail network, I am happy to note that Nutriline cereals registered a 19% growth in revenue during the year.

ICT AND AUTOMATION

With manufacturing costs on an upward trend, investing in modern technologies and automation has always been a top priority for the Company. During the year, we carried out several initiatives that were instrumental in enhancing the robustness of our IT infrastructure.

The SAP HANA ERP system, which we implemented in the previous financial year, functioned smoothly throughout the year and helped us facilitate financially sustainable expansion through cost efficiencies. KPMG carried out a comprehensive audit on the SAP system and the suggested recommendations were executed. Understanding that IT security is a very vital component of a robust IT system, Price Waterhouse Coopers conducted a General IT Risk Assessment Audit and we have implemented a majority of the recommendations put forward by them while the rest would be implemented in the new financial year. Overall, general IT controls were implemented and existing controls were further strengthened. Additionally, we carried out a vulnerability assessment on the network security of the Company with the assistance of Techcert and enhanced the network security based on the recommendations provided.

MANAGING DIRECTOR'S MESSAGE

During the last two weeks of the COVID-19 pandemic that sent the Country into lockdown, the Ceylon Biscuits Limited (CBL) Group sprang into action by offering a wide variety of products to customers through various leading online sales platforms. CFL products were also a part of these CBL product baskets and as a result our customers had hassle-free access to our products throughout the lockdown period.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

As a Company that leads from the front when it comes to health, safety, quality and good environmental practices, we successfully implemented several initiatives to further our commitment to the environment. A new project to minimise waste to landfills and reduce pollution was launched where packing material waste and market returns were recycled through INSEE Ecocycle Lanka (Pvt) Ltd. We also continued the paper recycling processes throughout the year with our recycling partner. Impactful marketing campaigns were conducted to create awareness on waste segregation and using recycled materials. The importance of reduction in food waste was communicated to sales staff through the sales conference as well as to internal staff through awareness programmes. We collaborated with E-waste management partners to safely dispose of e-waste. During the annual SHEQ Week (Safety, Health, Environment and Quality), we also welcomed suggestions from our internal stakeholders and departments and implemented them to increase employee engagement in sustainability.

As the COVID-19 pandemic unfolded, greater emphasis was placed on strict health guidelines. All health protocols issued by the Government and the Health Ministry regarding COVID-19 were strictly adhered to. The Colombo Stock Exchange (CSE) was duly informed of the Company's response to the pandemic in terms of appropriate measures taken to ensure compliance with the various directives issued by the authorities. The health guidelines were clearly communicated to all staff members.

When it comes to constantly improving production quality during manufacturing, the Company follows ISO standards and goes to great lengths to ensure that the highest of standards are maintained. New test methodologies were introduced for inspection of incoming raw and packing materials. Treatment levels of reels and corrugated packing material tests were advanced. Testings of fat content and Acid Insoluble Ash (AIA) which were initially carried out on Soy flour were expanded to other raw materials too. Improvements and adjustments were made to resolve the issue of ink

erosion in packing materials. Periodic quality audits were carried out at the premises of suppliers, contractors and distributors to strengthen the supplier relationships and to improve the quality of products.

All our brands have built a solid reputation and a high level of trust among consumers for setting the industry standard when it comes to hygienic, high quality manufacturing processes. The prevailing ISO 9001:2008 and ISO 14001:2004 (ISO 9001:2015 and ISO 14001:2015) certifications are renewed periodically.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen, CFL has always strived to give back to those in need and empower lives. We continued our partnership with the school for the deaf and blind in Ratmalana by sponsoring a selected number of students of the school for a graphic designing course at the Vocational Training Authority (VTA) in Narahenpita. After successful completion of the course, we were able to provide placements for these students at prominent companies and institutions in the Country for paid six-month internships, in collaboration with the Employers' Federation of Ceylon. We are confident that such progressive initiatives will help these young minds to prosper and they will be able to look forward to a brighter future through new employment opportunities. The Company also commenced an initiative to develop preschool libraries by providing books. The model for this includes collecting wasted LDPE bags, the outer master bags of our products and selling them for recycling where the funds generated are directed towards purchasing books for the libraries.

Our tree planting campaign was continued with great vigour with the active participation of the Sales Team as they distributed 3,500 saplings that were subsequently planted by the traders within their premises. The trees are well looked after especially since a team member looks into the growth of these trees on weekly or bi-weekly visit to the outlet. The traders themselves have very positive feedback about the initiative and have given their fullest support to make it a success. Overall, traders in all 25 Districts and around 200 territories Countrywide have received a tree sapling as we drive forward in our efforts to help make our island green again.

LOOKING AHEAD

It is evident that the new financial year is becoming one of the most challenging this Country has faced in recent history. The key challenge would be to maintain an uninterrupted flow of Soy flour given the fact that India's pandemic situation looks to be dire at present. On top of this, global prices for Soy flour can be expected to trend upwards. We are hopeful that the Rupee exchange rate fluctuations remain reasonably manageable amidst all the turmoil and uncertainty in the global economy.

Having come through a tough year with record setting numbers, the challenge would be to carry forward the same upward trajectory into the new financial year while coping with the expected level of external pressure. CFL will continue to strengthen its market position by expanding our distribution network, introducing new, innovative products and building on the strong partnership with distributors and traders. We will diversify our portfolio to new ranges with the idea of providing more choices for consumers and reducing dependency on limited products.

We will continue to invest in modern technology by upgrading our manufacturing plant and bringing in automation where necessary, while also leveraging the power of digital solutions to engage meaningfully with our consumers. In conclusion, when taking into consideration our robust performance in 2019/20 in the face of trying circumstances, I believe that we are well-positioned to put in a strong performance in the new financial year.

APPRECIATIONS

I would like to convey my gratitude to the Chairman and the Board of Directors for their support and guidance during the year. A big "Thank you" goes out to each and every one of my Management team as well as all staff members for their drive and determination throughout the year, even during the darkest of days. We can witness the results of this commitment in the Quarter 1 results of the new financial year 2020/21. I would like to thank all our business partners who have played a vital role in our continued success over the years. Of course, my heartfelt gratitude goes out to all our valued customers for letting our brands to be a part of their daily lives. As we conclude this financial year and enter a brand new one, I am confident that we can build on the success of this year and reach greater heights in the year ahead.

Sincerely,



E T De Zoysa
Managing Director
14 August 2020

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 (CBL), 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

Mr. de Zoysa 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 01 April 2011. Subsequently he was appointed as the Chief Executive Officer – Food Cluster with effect from 01 May 2020.

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. (CBLI) 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., CBL Myanmar Private Limited, CBL Management Services (Pvt) Ltd., Spar SL (Private) Ltd. and CBL West Africa Limited. She has been a member of the main committee of Ceylon Chamber of Commerce since 2013 and was a Board Member of the institution's first Board from June 2015 to May 2017. She is a member of the Council of the Employers' Federation of Ceylon.

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

MS. NISHKA K WICKRAMASINGHA

Director

Ms. N K Wickramasingha is a Director of CBLI and serves on the Board of some of the subsidiary companies of CBLI.

She holds a Bsc. Degree in Food Science from Purdue University, USA and is also 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 27 years of experience with the CBL Group.

DR. D M A KULASOORIYA

Director

A BSc Graduate from the University of Peradeniya Dr. Kulasooriya has a PhD in Lean Management from JNTU, India and a MSc in Management at the University of Sri Jayawardanapura, a Postgraduate Training in Management at the Postgraduate Institute of Management and a Certification in Six Sigma Black Belt. He currently serves as the Director General at National Institute of Business Management and possesses 23 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

Mr. 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

Mr. Nanayakkara has over 30 years of extensive experience in both public and private sector organisations in the external and internal auditing and management consultancy related roles.

He 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 (MBA) degree from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura and a Bachelor of Commerce (B.Com) degree from University of Colombo.

Mr. Nanayakkara was Appointed to the Board as an Independent Director and is currently the Chairman of the Board Audit Committee. He functions as the Senior Manager Group Assurance & Advisory Services of SriLankan Airlines Ltd.

MR. L J M DE SILVA

Director

Mr. 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 at Reckitt & Colman, Finance Manager at Richard Pieris & Co. Ltd and Group Accountant at 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.

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

CBL

Group



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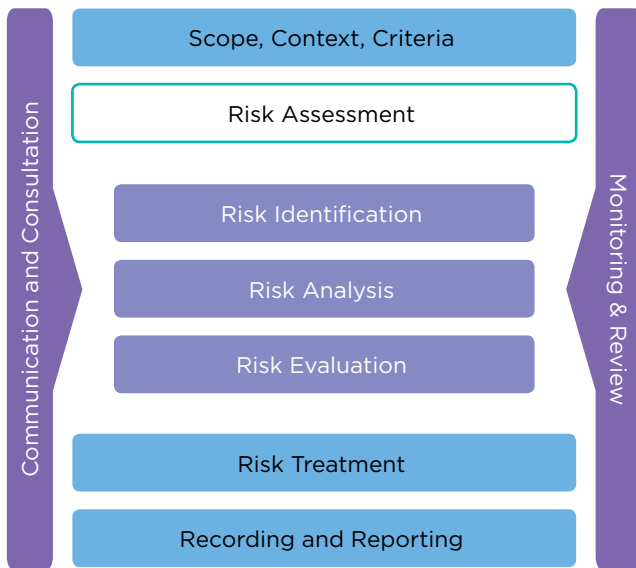
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RISK MANAGEMENT

Convenience Foods (Lanka) PLC (CFL) exposes to numerous challenges stemming from the internal and external environments that necessitates consistent evaluation and management of significant risks. In meeting the expectations of our stakeholders, identification of key risks, implementation of appropriate control measures and implementing procedures to manage them within a permissible levels of tolerance have become extremely important. Therefore, proactive and robust management of these risks is vital in delivering sustainable stakeholder value.

The risk management framework has been designed on the principles of ISO 31000 Risk Management Framework which provides a standardised, holistic and integrated approach to manage risk. This also involves embedding risk in the culture of the organisation, establishing clear roles and responsibilities in managing risks. Key risk faced at the Company level are identified, analysed, evaluated and mapped to a risk register, based on the impact and the likelihood. Accordingly, risk response plans are developed and timely monitoring and reporting mechanism is established.

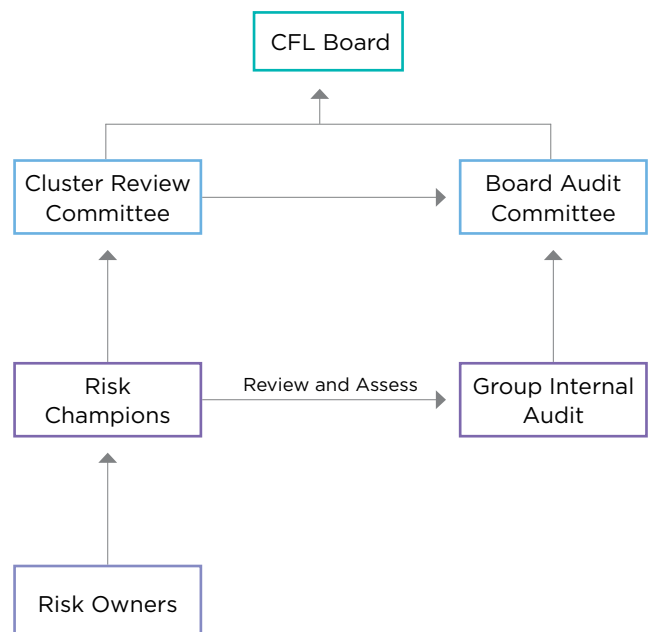
RISK MANAGEMENT PROCESS



The risk management process involves the systematic application of policies, procedures and practices which will assist to manage the risk. The Risk Management process consists with six main components and are briefly described as below;

- Scope, context and criteria - the scope, context, criteria involve defining the scope of the process and understanding the external and internal context and specify the amount & type of risk that it may or may not take relative to its objectives.
- Risk assessment - risk assessment is the overall process of risk identification, risk analysis and risk evaluation.
- Risk identification - risk identification is to find, recognise & describe risk
- Risk analysis - detailed consideration of uncertainties, risk sources, consequences, likelihoods, events, scenarios, controls and their effectiveness.
- Risk evaluation - involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required.
- Risk treatment - the purpose of risk treatment is to select and implement options for addressing risk and risk treatment can also introduce new risks that need to be managed.
- Monitoring and review - a monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes.

RISK MANAGEMENT REPORTING STRUCTURE AT CFL



The primary responsibility of identifying key risks lies with the department heads who are identified as the risk owners. They will identify and report the key risk in their business process to the Risk Champions.

Risk champions evaluate and assess all key risks and record in a Key risk register with risk treatments and response plans. Key risk identified by the Risk Champions are reviewed at Cluster Review Committee level and by the Board Audit Committee of CFL.

The responsibility for managing risk, rests with everybody in the organisation including the Board of Directors who set policies and procedures to manage the risks. The Board is assisted by the Audit Committee in this regard who have oversight responsibility for the same.

The Board Audit Committee review significant risks and their mitigation plans. Group Internal Audit department reviews and assess the material risks and the mitigation plans on a continuous basis and report independently to the Board Audit Committee.

PRINCIPAL RISKS AND MITIGATION PLANS

No.	Risk Exposure	Description	Risk Mitigation
1.	Quality Risk	Potential Quality issues in products.	<ul style="list-style-type: none"> • Adequate quality controls check across the Group to assure the quality throughout our process. • Continuous quality management and assurance programs. • Third party, independent quality checks and certifications.
2.	Reputational Risk	Potential losses due to damages to our credibility as a trusted brand in Sri Lanka	<ul style="list-style-type: none"> • Maintenance of highest ethical standards at all times in all business activities. • Prompt follow up actions on complaints and suggestions.
3.	Regulatory & Compliance Risk	Losses and fines arising due to violations of or non-conformance with laws and regulation. This includes internal policies & procedures as well.	<ul style="list-style-type: none"> • Group regulatory affairs division support individual companies in compliance with existing and new laws and regulations. • Legal advices are sorted from legal experts. • Finance and Non finance compliance requirements are monitored on regular basis.
4.	Market Risk	Economic condition and government policies, aggressive competition, new entrants, changes to customer attitudes in the market causing loss of market share or market leadership in the relevant segments.	<ul style="list-style-type: none"> • Continuous focus on innovation. • Regular monitoring of customer/consumer trends. • Enhancing productivity/efficiency to improve price competitiveness. • Monitor market data and strengthen the market.
5.	Supply Chain Risk	Disruptions to the production process by not having right material/service on right time with right quality.	<ul style="list-style-type: none"> • Test product quality control of supplies for effectiveness. • Review key suppliers periodically to ensure they meet the rigorous quality standards. • Consistent engagement with a diverse suppliers to maintain strong relationships.

RISK MANAGEMENT

No.	Risk Exposure	Description	Risk Mitigation
6.	Human Resource Risk	Potential disruption to work as a result of failure to attract, develop and retain skilled workforce and loss of key executives.	<ul style="list-style-type: none"> Talent Management and Succession planning applied at the Company.
7.	System Risk	Potential system failures, inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems.	<ul style="list-style-type: none"> Business continuity and disaster recovery plans are identified and tested on regular basis. Regular system audits conducted to cover key risk.
8.	Exchange Rate Risk	Potential losses due to adverse fluctuation of exchange rates.	<ul style="list-style-type: none"> Managing exchange rates through appropriate financial risk management techniques such as hedging Consistent monitoring of Forex rates and outlook by the Finance Department.
9.	Operational Risk	Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities	<ul style="list-style-type: none"> Business continuity plans to ensure the smooth operation of the business even at the time of disaster. Internal audits on internal controls and compliance.
10.	Product Risk	Probability of new product failing or demand declining for existing products.	<ul style="list-style-type: none"> Focus on product/service innovation Develop strategies to get closer to customers and be responsive to their needs.
11.	Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock holding period and early payment for creditors	<ul style="list-style-type: none"> Continuous reviewing of business models and working capital management Strong relationships with banks and unutilised funding lines. Consistent monitoring of assets and liabilities maturity mismatches
12.	Interest rate Risk	Fluctuations in market interest rates having an impact on the profitability and capital.	<p>Interest rate trends and outlook are monitored on a consistent basis.</p> <p>Interest rate sensitivity analysis is done regularly to measure the potential impacts of rate variations.</p> <p>Consistent negotiations with banks to obtain attractive interest rates,</p>
13.	Health & Safety Risk	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard.	Health & Safety reviews are conducted in locations where internal parties and external consultants consider crucial.
14.	Credit Risk	Potential losses arising due to default by our debtors.	<ul style="list-style-type: none"> Efficient debt follow up and collection practices. Adherence to business specific credit policies.
15.	Social Risk	Labour and human rights violations, environmental degradation, corruption or the implications of undue social and economics stratifications or marginalisation's at CFL causing serious harm to the local people involved, and making business unsustainable in the long run.	<ul style="list-style-type: none"> Implementation of CSR projects across at CFL.

CORPORATE GOVERNANCE

Convenience Foods (Lanka) PLC (CFL), is a subsidiary of CBL Investments Limited (CBLI). 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, CBLI. The Company's values are centered 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 10 (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 2019/20, 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 Non-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 24 and 25 of this Annual Report.

CORPORATE GOVERNANCE

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.

The period of service of Mr. M U S G Thilakawardana, Dr. D M A Kulasooriya and Mr. M S Nanayakkara 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.

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

In accordance with the Company principles and practices the Board of Directors met at least once every quarter or more frequently in the event circumstances require. The attendance of the Board of Directors to the Board meetings are displayed below.

Members	29- May- 19	31- Jul- 19	16- Sep- 19	13- Nov- 19	30- Jan- 20
Mr. R S A Wickramasingha	✓	x	✓	✓	✓
Mr. E T De Zoysa	✓	✓	✓	✓	✓
Ms. D S Wickramasingha	✓	✓	✓	x	✓
Ms. N K Wickramasingha	✓	✓	x	✓	✓
Mr. L J M De Silva	✓	✓	✓	✓	✓
Dr. D M A Kulasooriya	✓	✓	✓	✓	x
Mr. U Thilakawardana	✓	✓	✓	x	x
Mr. M S Nanayakkara	✓	✓	✓	✓	✓

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.

Directors' Remuneration

Directors' Remuneration, in respect of the Company for the financial year 2019/2020 is Rs. 17,833,292 consisting of Executive Directors' and Non-Executive Directors' Remuneration.

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, there by 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.

REMUNERATION COMMITTEE

The Remuneration Committee comprises 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:

Ms. N K Wickramasingha
(Non-Executive Director/Chairman)
Dr. D M A Kulasoorya
(Independent/ Non-Executive Director)
Mr. M U S G Thilakawardana
(Independent/ Non-Executive Director)

AUDIT COMMITTEE

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

The Chairman of the Committee is a member of a recognised Accounting Body. The Audit Committee consists of all Independent Non-Executive Directors. The Managing Director, Assistant General 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 Kulasoorya
(Independent/Non-Executive Director)
Mr. M U S G 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 advise 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 Kulasoorya
(Independent/ Non-Executive Director/
Chairman of the Committee)
Mr. M S Nanayakkara
(Independent/Non-Executive Director)
Mr. M U S G Thilakawardana
(Independent/Non-Executive Director)
Mr. E T De Zoysa
(Executive Director)

The Assistant General 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 M/s 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.

CORPORATE GOVERNANCE

FINANCIAL ACUMEN

Adequate financial guidance is provided to the Board by Mr. M S Nanayakkara and the Assistant General 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 Annual General Meeting 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 Assistant General 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
14 August 2020

Appendix 1 - Statement of Compliance under Section 710 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 1 Executive Director on its Board as at 31 March 2020.
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 1 Executive Director at the conclusion of the AGM for the financial year 2018/19.
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) out 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	Three (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 32 in the report.

CORPORATE GOVERNANCE

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 24 and 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	N/A
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;	Complied	Two (02) out of three (03) members of the Remuneration Committee are independent Non-Executive Directors
(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.		
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 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 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 46 for the members of the Company's Remuneration Committee and statement for the remuneration policy. Refer Corporate Governance Report on page 32.

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 (02) Directors on its Board); or (ii) of Non-Executive Directors a majority of whom shall be Independent, whichever shall be higher.	Complied	The Audit Committee comprise of three (03) Independent Non-Executive Directors as follows: 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 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

Corporate Governance Rule	Compliance Status	Details
<p>b) Functions</p> <p>Shall include</p> <p>(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).</p> <p>(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.</p> <p>(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.</p> <p>(iv) Assessment of the Independence and performance of the Entity's External Auditors.</p> <p>(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.</p>	Complied	Refer Audit Committee Report on page 44.
<p>c) Disclosures</p> <p>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.</p>	Complied	Refer Audit Committee Report on page 44 for CFL Audit Committee members.
<p>The Committee shall make a determination of the Independence of the Auditors and shall disclose the basis for such determination in the Annual Report.</p>	Complied	Refer Audit Committee Report on page 44.
<p>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.</p>	Complied	Refer Audit Committee Report on page 44.

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 Transactions Review Committee	Complied	Refer the Related Party Transaction Review Committee report on page 47.
9.2.2 Composition.	Complied	Refer the Related Party Transaction Review Committee report on page 47.
9.2.4 Meetings.	Complied	Refer the Related Party Transaction Review Committee report on page 47.
9.3.2 DISCLOSURES IN THE ANNUAL REPORT		
a) Details pertaining to 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 fall within the threshold
c) Report of the Related Party Transactions Review Committee.	Complied	Refer the Related Party Transaction Review Committee report on page 47.
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 41.

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 40.
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Complied	Refer pages 53 to 88.
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Complied	Refer page 50 to 52.
168 (1) (d)	Accounting policies and any changes therein.	Complied	Refer pages 57 to 64.
168 (1) (e)	Particulars of the entries made in the interest register during the accounting period.	Complied	Refer page 41.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied	Refer page 32 and 66.
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Complied	Refer page 42.
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Complied	Refer pages 40 and 41.
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 41.
168 (1) (j)	Auditor's relationship or any interest with the Company and its Subsidiaries.	Complied	Refer page 41.
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board.	Complied	Refer page 43.

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

The Directors of Convenience Foods (Lanka) PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the year ended 31 March 2020.

GENERAL

Convenience Foods (Lanka) PLC is a public limited liability Company which was incorporated on 27 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

The Chairman's Review on pages 16 to 18 provide an overall assessment of business performance of the Company during the year with comments on financial results, future strategies and prospects.

These reports together with the Financial Statements reflect the state of affairs of the Company and its subsidiary 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 50 to 52.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of the Financial Statements are given on pages 57 to 64, which are consistent with those of the previous period.

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.

INFORMATION ON THE DIRECTORS OF THE COMPANY AND THE GROUP

Directors of the Company as at 31 March 2020

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 24 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

Ms. N K Wickramasingha - Director

Mr. L J M De Silva - Director

*Mr. M U S G Thilakawardana - Director

*Dr. D M A Kulasooriya - Director

*Mr. M S Nanayakkara - Director

*Independent Non-Executive Directors

Directors of the subsidiary Company as at 31 March 2020

Soy Products (Private) Limited

Mr. R S A Wickramasingha

Mr. E T De Zoysa

RETIREMENT AND RE-ELECTION/RE-APPOINTMENT OF DIRECTORS

Mr. R S A Wickramasingha who is 73 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 and is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr. L J M De Silva who is 76 years of age vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2) (b) of the Companies Act No.7 of 2007 and is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

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 2020 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 31 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 2020.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed on page 32 under the corporate governance report.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31 March 2019 and 31 March 2020 are as follows:

	as at 31/03/2020	as at 31/03/2019
Mr. R S A Wickramasingha	Nil	Nil
Ms. D S Wickramasingha	Nil	Nil
Mr. E T De Zoysa	Nil	Nil
Ms. N K Wickramasingha	Nil	Nil
Mr. M U S G Thilakawardana	Nil	Nil
Dr. D M A Kulasooriya	Nil	Nil
Mr. M S Nanayakkara	Nil	Nil
Mr. L J M De Silva	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 71.381% of the shares constituting the Stated Capital of the Company.

AUDITORS

M/s SJMS Associates, Chartered Accountants served as the Auditors during the year under review.

The fee payable to the Auditors for the year under review is Rs. 528,820/-.

M/s Ernst & Young provided tax compliance services during the year under review and the fee payable therefor amounts to Rs. 312,795/-.

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

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

INDEPENDENCE OF AUDITORS

Based on the declaration provided by M/s SJMS Associates, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

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 90 and 91 under Shareholder Information.

RESERVES

The movements of reserves during the year are given under the Statement of Changes in Equity on page 55.

CAPITAL EXPENDITURE

The total capital expenditure during the year was Rs. 81,965,108/- 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 2020 are given in Note 19 to the Financial Statements on page 73.

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 Reporting 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 2020 are given in Note 32 to the Financial Statements.

FINANCIAL RATIOS

The Earnings Per Share and other financial ratios are given under the Performance Summary on page 92.

DIVIDEND

The payment of a first and final dividend of Rs. 5.50 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 DATE

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 which will be a virtual Annual General Meeting held by way of electronic means on 15 September 2020 at Ceylon Biscuits Limited at High Level Road, Makumbura, Pannipitiya.

The Notice of the Annual General Meeting appears on page 96.

ACKNOWLEDGMENTS

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report.

Signed for and on behalf of the Board of Directors by



R S A Wickramasingha
Chairman



E T De Zoysa
Managing Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

14 August 2020
Colombo

REPORT OF THE AUDIT COMMITTEE

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;

1. 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.
2. Internal audit
 - Approve the annual internal audit plan and review internal audit reports and action plans by the Management. Further the committee will assess their scope, independence and appointments
3. External Audit
 - Review the external audit reports, management letters and will assess the scope of the external audit and their independence and take a final decision on their appointment, re-appointment and remuneration.
4. 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 2020 were as follows,

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

Members	24- May-19	26- Jul-19	06- Nov-19	27- Jan-20
Mr. M S Nanayakkara	✓	✓	✓	✓
Mr. U Thilakawardana	x	✓	✓	x
Dr. D M A Kulasooriya	✓	✓	x	✓

The Managing Director, General Manager Group Internal Audit and Assistant General Manager Finance, are permanent invitees for audit committee meetings.

During the financial year ended 31 March 2020, 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.

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 including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations.
 - 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 adequacy and effectiveness 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 is 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 appointment re-appointment and removal of the External Auditor, M/s SJMS Associates (Chartered Accountants) including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.



M S Nanayakkara
Chairman
Audit Committee
14 August 2020

REPORT OF THE REMUNERATION COMMITTEE

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 maximising the overall profitability of the organisation in the long term. The Committee has acted within the parameters set out by the Listing Rules of the Colombo Stock Exchange.

REMUNERATION COMMITTEE COMPOSITION

As per the 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 2020 were as follows,

- Ms. N K Wickramasingha (Chairman)
- Dr. D M A Kulasooriya (Member)
- Mr. M U S G 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 based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
- Ensuring no Director is involved in deciding his own pay package.
- Deciding on the remuneration packages and extra benefits of the Executive Director.
- Review information related to executive pay from time to time to ensure same is in par with the industry rates.
- Assess and recommend to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.

REMUNERATION POLICY

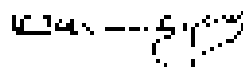
- Attractive and capable of retaining well qualified and knowledgeable employees.
- Rewarding employees based on experience and quantifiable contribution to the Company's bottom line.
- Be in line with industry standards and best practices.

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 as Directors' Remuneration during the year under review is recorded on page 32 under the Corporate Governance report.



N K Wickramasingha
Chairman
Remuneration Committee
14 August 2020

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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 2020 were as follows,

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

Members	24- May-19	26- Jul-19	06- Nov-19	27- Jan-20
Dr. D M A Kulasooriya	✓	✓	x	✓
Mr. M S Nanayakkara	✓	✓	✓	✓
Mr. U Thilakawardana	x	✓	✓	x
Mr. E T De Zoysa	✓	✓	✓	✓

During the financial year ended 31 March 2020, 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/ non 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
14 August 2020

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT



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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 2020, 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 2020, 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. 2,430,828,555 during the year ended 31 March 2020. 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 higher risk associated with revenue from an audit perspective. Due to the higher 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.	<p>Our audit procedures included assessing the Group's application 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.</p> <p>We understood the procedures and controls over the point of transfer of control of goods which was supported by substantive audit procedures including, amongst others:</p> <ul style="list-style-type: none">• Performing analytical review procedures;• Testing a sample of sales transactions around the year end to ensure inclusion in the correct period;• Testing a sample of sales transactions with the invoices and delivery notes

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



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.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 AUDITORS' REPORT



- 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.

A handwritten signature in black ink, appearing to read 'N.M. Stewart', is positioned above the printed name.

SJMS ASSOCIATES

Chartered Accountants

Colombo

31 July 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March	Note	COMPANY		GROUP	
		2019/2020 Rs.	2018/2019 Rs.	2019/2020 Rs.	2018/2019 Rs.
Revenue	5	2,430,828,555	1,996,718,507	2,430,828,555	1,996,718,507
Cost of sales		(1,625,788,081)	(1,414,987,798)	(1,625,788,081)	(1,414,987,798)
Gross profit		805,040,475	581,730,709	805,040,475	581,730,709
Other income	6	85,979,542	70,363,283	85,979,542	70,363,283
Distribution expenses		(415,166,967)	(343,419,875)	(415,166,967)	(343,419,875)
Administrative expenses		(157,995,078)	(138,237,300)	(157,995,078)	(138,237,300)
Finance expenses	7	(1,850,860)	(376,329)	(1,850,860)	(376,329)
Profit before tax	8	316,007,112	170,060,488	316,007,112	170,060,488
Income tax expense	9	(86,567,859)	(51,456,080)	(86,567,859)	(51,456,080)
Profit for the year		229,439,253	118,604,408	229,439,253	118,604,408
Other comprehensive income					
Items that will not be reclassified subsequently to profit/(loss):					
Re-measurement component of defined benefit plan	25	(4,400,129)	8,666,694	(4,400,129)	8,666,694
Deferred tax effect on re-measurement of defined benefit plans		1,232,036	(2,426,674)	1,232,036	(2,426,674)
Total other comprehensive (loss)/income for the year, net of income tax		(3,168,093)	6,240,020	(3,168,093)	6,240,020
Total comprehensive income for the year		226,271,160	124,844,428	226,271,160	124,844,428
Profit for the year attributable to:					
Owners of the Company		229,439,253	118,604,408	229,439,253	118,604,408
Non-controlling interest		-	-	-	-
		229,439,253	118,604,408	229,439,253	118,604,408
Total comprehensive income for the year attributable to:					
Owners of the Company		226,271,160	124,844,428	226,271,160	124,844,428
Non-controlling interest		-	-	-	-
		226,271,160	124,844,428	226,271,160	124,844,428
Earnings per share - basic	10	83.43	43.13	83.43	43.13
Dividend per share	11	4.50	5.00	4.50	5.00

The accounting policies and notes from 1 to 35 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	COMPANY		GROUP	
		31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Assets					
Non-current assets					
Property, plant and equipment	12	254,853,934	218,824,003	254,853,934	218,824,003
Right of use assets	13	13,737,955	-	13,737,955	-
Leasehold land	13	-	5,016,573	-	5,016,573
Intangible assets	14	7,310,717	8,458,159	7,310,717	8,458,159
Investment in subsidiary	15	20	20	-	-
Total non-current assets		275,902,627	232,298,755	275,902,606	232,298,735
Current assets					
Inventories	16	212,320,415	174,386,935	212,320,416	174,386,935
Trade and other receivables	17	558,096,376	354,931,431	558,096,376	354,931,431
Amounts due from related parties	18	10,609,314	4,545,058	10,609,314	4,545,058
Other financial assets	19	605,768,523	590,958,151	605,768,523	590,958,151
Cash in hand and at bank	20	142,907,968	7,692,952	142,907,968	7,692,952
Total current assets		1,529,702,595	1,132,514,527	1,529,702,596	1,132,514,527
Total assets		1,805,605,221	1,364,813,282	1,805,605,201	1,364,813,262
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		1,128,702,052	914,805,892	1,128,133,393	914,237,232
Total equity		1,222,837,175	1,008,941,014	1,222,268,516	1,008,372,355
Liabilities					
Non-current liabilities					
Deferred tax liabilities	23	8,418,570	17,685,512	8,418,570	17,685,512
Lease liabilities	24	5,653,707	-	5,653,707	-
Retirement benefit obligations	25	65,002,062	53,441,031	65,002,062	53,441,031
Total non current liabilities		79,074,339	71,126,543	79,074,339	71,126,543
Current liabilities					
Trade and other payables	26	337,848,054	230,827,587	338,416,694	231,396,226
Lease liabilities	24	3,644,564	-	3,644,564	-
Current tax liabilities	27	44,564,374	4,623,415	44,564,374	4,623,415
Amounts due to related parties	28	47,971,650	29,042,336	47,971,650	29,042,336
Bank overdrafts	20.2	69,665,065	20,252,386	69,665,065	20,252,386
Total current liabilities		503,693,707	284,745,724	504,262,346	285,314,363
Total liabilities		582,768,045	355,872,268	583,336,685	356,440,906
Total equity and liabilities		1,805,605,221	1,364,813,282	1,805,605,201	1,364,813,262
Net assets value per share		444.67	366.89	444.46	366.69

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 31 July 2020.



R.S. Wickramasingha
Chairman



E.T. De Zoysa
Managing Director

The accounting policies and notes from 1 to 35 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

COMPANY

Year ended 31 March	Stated capital	Other reserves	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2018	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
Profit for the year	-	-	229,439,253	229,439,253
Other comprehensive loss for the year	-	-	(3,168,093)	(3,168,093)
Total comprehensive income for the year	-	-	226,271,160	226,271,160
Payment of dividend for the year 2018/2019 (Rs. 4.5 per share)	-	-	(12,375,000)	(12,375,000)
Balance as at 31 March 2020	52,521,178	41,613,945	1,128,702,052	1,222,837,175

GROUP

Year ended 31 March	Stated capital	Other reserves	Retained earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2018	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
Profit for the year	-	-	229,439,253	229,439,253
Other comprehensive loss for the year	-	-	(3,168,093)	(3,168,093)
Total comprehensive income for the year	-	-	226,271,160	226,271,160
Payment of dividend for the year 2018/2019 (Rs. 4.5 per share)	-	-	(12,375,000)	(12,375,000)
Balance as at 31 March 2020	52,521,178	41,613,945	1,128,133,393	1,222,268,516

The accounting policies and notes from 1 to 35 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	COMPANY		GROUP	
		2019/2020 Rs.	2018/2019 Rs.	2019/2020 Rs.	2018/2019 Rs.
Cash flows from operating activities					
Profit before taxation		316,007,112	170,060,488	316,007,112	170,060,488
Adjustments for:					
Depreciation	12	41,199,855	47,517,063	41,199,855	47,517,063
Amortisation		1,282,273	1,352,781	1,282,273	1,352,781
Depreciation of right of use assets	13	3,845,453	-	3,845,453	-
Interest income	6	(65,956,787)	(58,659,794)	(65,956,787)	(58,659,794)
Interest expenses		1,528,258	114,107	1,528,258	114,107
Write off of property, plant & equipment		485,322	-	485,322	-
Profit on disposal of property, plant & equipment	6	(10,289,706)	-	(10,289,706)	-
Provision for gratuity	25	11,166,135	10,489,983	11,166,135	10,489,983
Operating profit before working capital changes		299,267,916	170,874,629	299,267,916	170,874,629
(Increase)/decrease in inventories		(37,933,479)	(14,255,097)	(37,933,479)	(14,255,097)
(Increase)/decrease in trade and other receivables		(203,164,945)	(46,320,956)	(203,164,945)	(46,320,956)
(Increase)/decrease in amount due from related parties		(6,064,256)	(17,431)	(6,064,256)	(17,431)
Increase/(decrease) in amount due to related parties		18,929,314	24,679,344	18,929,314	24,679,344
Increase/(decrease) in trade and other payables		107,020,467	5,445,207	107,020,467	5,445,207
Cash generated from operations		178,055,017	140,405,696	178,055,017	140,405,696
Retirement benefits paid	25	(4,005,233)	(2,571,029)	(4,005,233)	(2,571,029)
Income tax paid		(54,661,806)	(98,273,929)	(54,661,806)	(98,273,929)
Net cash generated from operating activities		119,387,978	39,560,737	119,387,978	39,560,737
Cash flows from investing activities					
Payments for property, plant & equipment	12	(81,965,108)	(13,205,896)	(81,965,108)	(13,205,896)
Proceeds from disposal of property, plant and equipment		14,539,706	-	14,539,706	-
Payments for intangible assets	14	(134,830)	(670,651)	(134,830)	(670,651)
Interest received	6	65,956,787	58,659,794	65,956,787	58,659,794
Investment in other financial assets		(14,810,371)	(114,460,039)	(14,810,371)	(114,460,039)
Net cash flow used in investing activities		(16,413,817)	(69,676,792)	(16,413,817)	(69,676,792)
Cash flows from financing activities					
Interest paid		(1,528,258)	(114,107)	(1,528,258)	(114,107)
Repayment of lease liabilities		(3,268,568)	-	(3,268,568)	-
Dividends paid to owners of the Company	11	(12,375,000)	(13,750,000)	(12,375,000)	(13,750,000)
Net cash used in financing activities		(17,171,826)	(13,864,107)	(17,171,826)	(13,864,107)
Net increase in cash & cash equivalents		85,802,336	(43,980,161)	85,802,336	(43,980,161)
Cash & cash equivalents at the beginning of the year		(12,559,434)	31,420,727	(12,559,434)	31,420,727
Cash & cash equivalents at the end of the year		73,242,902	(12,559,434)	73,242,902	(12,559,434)
Cash & cash equivalents at the end of the year					
Cash in hand and at bank	20	142,907,968	7,692,952	142,907,968	7,692,952
Bank overdrafts	20.2	(69,665,065)	(20,252,386)	(69,665,065)	(20,252,386)
		73,242,902	(12,559,434)	73,242,902	(12,559,434)

The accounting policies and notes from 1 to 35 form an integral part of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES

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, Ratmalana. The consolidated Financial Statements of Convenience Foods (Lanka) PLC for the year ended 31 March 2020 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 authorisation for issue

The Financial Statements of the Group for the year ended 31 March 2020 were authorised for issue under a resolution of the Board of Directors on 31 July 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Group (statement of financial position, statement of profit or loss and other 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

A 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 recognised 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 16 - Leases.

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.

SIGNIFICANT ACCOUNTING POLICIES

2.6 Materiality & aggregation

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

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset 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 recognised in the financial statements:

(a) Taxation and deferred tax assets

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

Deferred tax assets are recognised for all deductible temporary differences and tax credits to the extent it is probable that taxable profits will be available against which these losses/credits can be utilised. 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.

Further, the Group's Management has also applied significant judgement in determining the applicable tax rate to be applied for income tax and deferred tax as described in Note 9.3.

(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

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. 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) 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.

The Group has applied the following standard and amendments for the first time for their annual reporting period commencing from 1 April 2019:

- (a) Sri Lanka Accounting standards (SLFRS 16) – Leases
SLFRS 16 replaced Sri Lanka Accounting Standard LKAS 17 (Leases) and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract Lessee and the Lessor. The new standard became effective for annual periods beginning on or after 1 January 2019.

The standard requires a lessee to recognise a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17 where by lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17.

The effect of initially applying SLFRS 16 is described in Note 35.

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.

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 are 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.

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

- 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. Recognise revenue when performance obligation is satisfied

Under the Group’s standard practice, customers have a right to return damaged and/or expired goods. At the time of return, adjustment to revenue is recognised in the financial statements with a corresponding adjustment against trade receivables. Such returns are recognised as income from scrap sales at the point of disposal.

The Group uses historical experience to estimate the number of returns on a portfolio basis. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

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.

SIGNIFICANT ACCOUNTING POLICIES

4.3.4 Other income

Other income is recognised on an accrual basis.

4.4 Expenditure recognition

Expenses are recognised 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 Leases

Policy applicable after 1 April 2019

The Group recognises a right of use asset and a lease liability which is measured at the present value of the lease payments that are payable on that date. In calculating the present value of lease payments, the

Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After initial recognition, the Group applies the cost model for the right of use asset and depreciates the asset from the commencement date to the end of the useful life of the underlying asset. Where the right does not transfer the ownership of the asset, the Group depreciates it from commencement date to the earlier of the end of the useful life of the right of use asset or end of the lease term. In addition, interest expense on the lease liability is recognised in the profit or loss. Right of use assets are subject to impairment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable prior to 1 April 2019

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.

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

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attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

4.9 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.

4.10 Investment in subsidiary

In the Company's Financial Statements, the investment in subsidiary is treated as a long term investment and stated at cost less impairment. 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.

4.11 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.

4.12 Financial assets

4.12.1 Initial recognition

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.

4.12.2 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.

Debt instruments

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.

4.12.3 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 right to receive cash flows from the asset have expired.
- The Group has transferred its right 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.

4.12.4 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.

4.13 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.

4.14 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.

4.15 Retirement benefit obligations

4.15.1 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.

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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.

4.15.2 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.

4.16 Financial liabilities

4.16.1 Recognition and measurement

The Group recognises 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 (FVTPL) 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 recognised in profit or loss.

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

ii. 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.

4.16.2 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.

4.17 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.

4.18 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.

4.19 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.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Sales	2,501,445,242	2,062,012,416	2,501,445,242	2,062,012,416
Sales return	(70,616,686)	(65,293,909)	(70,616,686)	(65,293,909)
	2,430,828,555	1,996,718,507	2,430,828,555	1,996,718,507

6. OTHER INCOME

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Interest income	65,956,787	58,659,794	65,956,787	58,659,794
Exchange gains	(67,005)	812,675	(67,005)	812,675
Scrap sales net income	5,174,515	5,237,241	5,174,515	5,237,241
Profit on disposal of assets	10,289,706	-	10,289,706	-
Sundry income	4,625,539	5,653,573	4,625,539	5,653,573
	85,979,542	70,363,283	85,979,542	70,363,283

7. FINANCE EXPENSES

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Bank charges	322,602	262,223	322,602	262,223
Overdraft interest	-	66,298	-	66,298
Lease interest	1,442,368	-	1,442,368	-
Interest on security deposit	85,890	47,808	85,890	47,808
	1,850,860	376,329	1,850,860	376,329

NOTES TO THE FINANCIAL STATEMENTS

8. PROFIT BEFORE TAX

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

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Directors fees	1,875,000	1,850,000	1,875,000	1,850,000
Staff costs	343,810,769	276,767,358	343,810,769	276,767,358
Contributions to Employees' Provident Fund	19,692,878	16,172,824	19,692,878	16,172,824
Contributions to Employees' Trust Fund	4,877,456	4,046,711	4,877,456	4,046,711
Defined benefit plan contribution	11,166,135	10,489,983	11,166,135	10,489,983
Depreciation	41,199,855	47,517,063	41,199,855	47,517,063
Amortisation	1,282,273	1,352,781	1,282,273	1,352,781
Depreciation of right of use assets	3,845,453	-	3,845,453	-
Audit and related services	798,876	726,251	798,876	726,251
Loss allowance for trade receivables	6,513,063	842,874	6,513,063	842,874

9. INCOME TAXES

9.1 Income tax recognised in profit or loss

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Current tax (Note 9.1)	95,138,795	54,904,278	95,138,795	54,904,278
Over provision of previous year's taxes	(536,031)	(60,620)	(536,031)	(60,620)
Deferred tax (Note 23)	(8,034,905)	(3,387,578)	(8,034,905)	(3,387,578)
Total income tax expense recognised in the current year	86,567,859	51,456,080	86,567,859	51,456,080

The income tax expenses for the year can be reconciled to the accounting profit as follows:

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Profit before tax	316,007,112	170,060,488	316,007,112	170,060,488
Tax at the applicable tax rate of 28% (2019 : 28%)	88,481,991	47,616,937	88,481,991	47,616,937
Tax effect on expenses that are not deductible in determining taxable profits	21,020,338	16,856,756	21,020,338	16,856,756
Tax effect on expenses that are deductible in determining taxable profits	(32,831,435)	(25,994,157)	(32,831,435)	(25,994,157)
Tax effect on interest income	18,467,900	16,424,742	18,467,900	16,424,742
Income tax expenses at the effective income tax rate	95,138,795	54,904,278	95,138,795	54,904,278
Statutory tax rate	28%	28%	28%	28%
Effective tax rate	30%	32%	30%	32%

9.2 Income tax recognised in other comprehensive income

Year ended 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Deferred tax arising from re-measurement component of employee benefit obligation	1,232,036	(2,426,674)	1,232,036	(2,426,674)

9.3 Income tax rate considered

As instructed by the Ministry of Finance on 31 January 2020 and 05 March 2020, a number of changes have been proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) through the Circular No. PN/IT-2020-03 (revised), to be implemented with effect from 1 January 2020, pending formal amendments being made to the Act. Accordingly, the income tax rate announced and applicable to the Group with effect from 01 January 2020 is 18%.

However, as per LKAS 12 and the guidance issued by the CA Sri Lanka, a country's enactment process has to be sufficiently progressed to a stage, in order for an announced tax rate to be considered as 'substantively enacted' and applied in computing the current and deferred taxes. Therefore, for an income tax rate(s) to be considered as substantively enacted for the purpose of LKAS 12, the legislative process relating to such amendment needs to be completed. Until such time, the prevailing legislated rates have to be considered for the purpose of LKAS 12 in determining as substantively enacted.

In conformity with the above guideline, the Group has applied the rate of 28% in computing the income tax and deferred tax for the period ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2019/2020 Rs.	2018/2019 Rs.	2019/2020 Rs.	2018/2019 Rs.
Amount used as the numerator				
Profit after tax attributable to ordinary shareholders	229,439,253	118,604,408	229,439,253	118,604,408
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	83.43	43.13	83.43	43.13

11. DIVIDENDS PER SHARE

Year ended 31 March	COMPANY		GROUP	
	2019/2020 Rs.	2018/2019 Rs.	2019/2020 Rs.	2018/2019 Rs.
First and final dividend	12,375,000	13,750,000	12,375,000	13,750,000
Number of ordinary shares	2,750,000	2,750,000	2,750,000	2,750,000
Dividend per share	4.50	5.00	4.50	5.00

* The previous year's final dividend was paid in the financial year 2019/20.

12. PROPERTY, PLANT AND EQUIPMENT

Company / Group

Year ended 31 March	Buildings	Machinery	Furniture fittings and office equipment	Motor vehicles	Installations, tools and equipment	Point of sale equipment	Capital work in progress	Total
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 April 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 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
Additions during the year	20,494,717	-	3,489,514	16,400,000	243,037	1,375,588	39,962,251	81,965,108
Disposals during the year	-	-	-	(17,938,650)	-	-	-	(17,938,650)
Write off during the year	-	(822,713)	(2,959,484)	-	(3,200,371)	-	-	(6,982,569)
Balance at 31 March 2020	243,849,340	167,695,628	42,917,938	71,554,695	32,119,684	6,379,512	39,962,251	604,479,048
Accumulated depreciation								
Balance at 01 April 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 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
Disposals during the year	-	-	-	(13,688,650)	-	-	-	(13,688,650)
Charge for the year	9,135,557	13,975,451	4,833,645	9,769,538	1,745,685	1,739,980	-	41,199,855
Write off during the year	-	(770,099)	(2,669,496)	-	(3,057,652)	-	-	(6,497,247)
Balance at 31 March 2020	80,312,489	149,678,706	32,726,659	54,267,024	27,280,377	5,359,859	-	349,625,114
Written down value								
Balance at 31 March 2020	163,536,852	18,016,922	10,191,278	17,287,671	4,839,307	1,019,653	39,962,251	254,853,934
Balance 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

12.1. Cost of PPE amounting to Rs. 151,863,196 (31 March 2019 - Rs. 118,378,478) which were fully depreciated are still in use as at the end of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

13. RIGHT OF USE ASSETS / LEASEHOLD LAND

13.1 Right of use assets

As at 31 March	COMPANY/GROUP		
	Leasehold land	Motor Vehicles	Total
	Rs.	Rs.	Rs.
Cost			
Recognition on initial application of SLFRS 16	6,580,075	12,566,834	19,146,909
Balance at the end of the year	6,580,075	12,566,834	19,146,909
Accumulated depreciation			
Recognition on initial application of SLFRS 16	1,563,502	-	1,563,502
Charge for the year	75,400	3,770,053	3,845,453
Balance at the end of the year	1,638,901	3,770,053	5,408,954
Written down value at the end of the year	4,941,174	8,796,781	13,737,955

13.2 Leasehold land

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Leasehold land				
Cost	-	6,580,075	-	6,580,075
Accumulated amortisation	-	(1,563,502)	-	(1,563,502)
Balance at the end of the year	-	5,016,573	-	5,016,573
Transfer to right of use asset on initial application of SLFRS 16 w.e.f 1 April 2019				
Cost	-	(6,580,075)	-	(6,580,075)
Accumulated amortisation	-	1,563,502	-	1,563,502
	-	-	-	-

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, Ratmalana.	Urban Development Authority	99 Years commencing from 23 March 1994	2A- 2R- 5.50P	2

14. INTANGIBLE ASSETS

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Computer software				
Cost				
Balance at the beginning of the year	12,899,474	12,228,823	12,899,474	12,228,823
Additions during the year	134,830	670,651	134,830	670,651
Balance at the end of the year	13,034,305	12,899,474	13,034,305	12,899,474
Accumulated amortisation				
Balance at the beginning of the year	4,441,315	3,158,131	4,441,315	3,158,131
Charge for the year	1,282,273	1,283,184	1,282,273	1,283,184
Balance at the end of the year	5,723,588	4,441,315	5,723,588	4,441,315
Written down value at the end of the year	7,310,717	8,458,159	7,310,717	8,458,159

15. INVESTMENT IN SUBSIDIARY

Unquoted investments	Holding %	Number of shares	31.03.2020 Rs.	31.03.2019 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	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Raw materials and consumables	128,177,622	56,340,250	128,177,622	56,340,250
Finished goods	55,850,527	90,253,946	55,850,527	90,253,946
Spares and accessories	35,505,817	28,593,673	35,505,817	28,593,673
	219,533,966	175,187,869	219,533,967	175,187,869
Less: Impairment allowance for slow moving inventories (Note 16.1)	(7,213,551)	(800,934)	(7,213,551)	(800,934)
	212,320,415	174,386,935	212,320,416	174,386,935

NOTES TO THE FINANCIAL STATEMENTS

16.1 Impairment allowance for slow moving inventories

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	800,934	660,794	800,934	660,794
Charge during the year	6,412,617	458,280	6,412,617	458,280
Write off	-	(318,140)	-	(318,140)
Balance at the end of the year	7,213,551	800,934	7,213,551	800,934

17. TRADE AND OTHER RECEIVABLES

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Trade receivables	424,719,099	330,115,894	424,719,099	330,115,894
Less: Loss allowances for trade receivables (Note 17.1)	(7,892,725)	(1,379,662)	(7,892,725)	(1,379,662)
Trade receivable - net	416,826,373	328,736,232	416,826,373	328,736,232
Other receivables*	141,270,003	26,195,199	141,270,003	26,195,199
	558,096,376	354,931,431	558,096,376	354,931,431

*Other receivables mainly comprise of advances and prepayments amounting to Rs. 138,640,838 (FY 2018/19 - Rs. 24,186,738) for the Group and Rs. 138,640,838 (FY 2018/19 - Rs. 24,186,738) for the Company.

17.1 Loss allowance for of trade receivables

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	1,379,662	540,126	1,379,662	540,126
Loss allowance during the year	6,513,063	842,874	6,513,063	842,874
Write off	-	(3,338)	-	(3,338)
Balance at the end of the year	7,892,725	1,379,662	7,892,725	1,379,662

18. AMOUNTS DUE FROM RELATED PARTIES

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Ceylon Biscuits Limited	7,741,114	1,560,957	7,741,114	1,560,957
CBL Foods International (Pvt) Ltd	175,586	332,612	175,586	332,612
Plenty Foods (Pvt) Ltd	543,229	792,054	543,229	792,054
SPAR SL (Pvt) Ltd	2,149,385	1,859,435	2,149,385	1,859,435
	10,609,314	4,545,058	10,609,314	4,545,058

19. OTHER FINANCIAL ASSETS

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Fixed deposits	605,768,523	590,958,151	605,768,523	590,958,151
	605,768,523	590,958,151	605,768,523	590,958,151

20. CASH IN HAND AND AT BANK

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
People's Bank current account	5,007,115	433,194	5,007,115	433,194
Hatton National Bank current account	1,339,391	1,190,584	1,339,391	1,190,584
Petty cash	228,715	150,000	228,715	150,000
Hatton National Bank money market savings (Note 20.1)	136,332,746	5,919,174	136,332,746	5,919,174
	142,907,968	7,692,952	142,907,968	7,692,952

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 overdrafts

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Hatton National Bank current account	69,665,065	20,252,386	69,665,065	20,252,386

NOTES TO THE FINANCIAL STATEMENTS

21. STATED CAPITAL

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	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

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
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

On 25 February 1992 and 25 June 1993, a total of 168,004 (One Hundred and Sixty Eight Thousand and Four) shares of the Company were purchased at a cost of Rs. 1,386,055 for the Share Trust setup by the Company. During the year ended 31 March 2015, the shares held by the trust were sold and the Company recognised the gain on disposal of shares held by trust. When these shares were disposed of by the Trust, the amount received were recognised as an increase in equity, and the resulting surplus from the transaction were transferred to a reserve without recognising any adjustments to the profit or total comprehensive income for the respective year.

23. DEFERRED TAX LIABILITY

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	(17,685,512)	(18,646,416)	(17,685,512)	(18,646,416)
Charge/(reversal) during the year				
Through income statement	8,034,905	3,387,578	8,034,905	3,387,578
Through OCI	1,232,036	(2,426,674)	1,232,036	(2,426,674)
Balance at the end of the year	(8,418,570)	(17,685,512)	(8,418,570)	(17,685,512)

23.1 Deferred tax for the period is arising from:

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Origination of temporary difference from PPE	1,659,679	1,170,272	1,659,679	1,170,272
Origination of temporary difference from right of use assets	140,416	-	140,416	-
Origination of temporary difference from inventory provision	2,019,794	-	2,019,794	-
Origination of temporary difference from debtors provision	2,209,963	-	2,209,963	-
Origination of temporary difference from RBO - through profit/ (loss)	2,005,052	2,217,307	2,005,052	2,217,307
Origination of temporary difference from RBO - through OCI	1,232,036	(2,426,674)	1,232,036	(2,426,674)
	9,266,941	960,905	9,266,941	960,905

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

As at 31 March	COMPANY		GROUP	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Deferred tax asset				
Retirement benefit obligation (RBO)	18,200,577	14,963,489	18,200,577	14,963,489
Loss allowance for trade receivables	2,209,963	-	2,209,963	-
Impairment allowance for slow moving inventories	2,019,794	-	2,019,794	-
Right of use assets	140,417	-	140,417	-
Deferred tax liability				
Property, plant & equipment (PPE)	(30,989,321)	(32,649,000)	(30,989,321)	(32,649,000)
Net deferred tax liability	(8,418,570)	(17,685,512)	(8,418,570)	(17,685,512)

NOTES TO THE FINANCIAL STATEMENTS

24. LEASE LIABILITIES

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	-	-	-	-
Recognition on initial application of SLFRS 16	12,566,832	-	12,566,832	-
Interest expense	1,442,368	-	1,442,368	-
Payments	(4,710,930)	-	(4,710,930)	-
Balance at the end of the year	9,298,271	-	9,298,271	-
Current	3,644,564	-	3,644,564	-
Non-current	5,653,707	-	5,653,707	-
Balance at the end of the year	9,298,271	-	9,298,271	-
Following are the amounts recognised in profit or loss for the year ended 31 March 2020:				
Depreciation charge on right of use assets	3,845,453	-	3,845,453	-
Interest expense on lease liabilities	1,442,368	-	1,442,368	-
Total amount recognised in profit or loss	5,287,821	-	5,287,821	-
Expenses relating to short term leases amounting to Rs. 9,772,005 has been recognised in profit or loss.				
Amount recognised in the statement of cash flows:				
Total cash flows for leases	4,710,936	-	4,710,936	-

24.1 Maturity analysis

Less than 1 year	3,644,564
Between 1 - 2 years	4,147,632
Between 2-5 years	1,506,075
More than 5 years	-

25. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	COMPANY		GROUP	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Balance at the beginning of the year	53,441,031	54,188,772	53,441,031	54,188,772
Current service cost	5,127,298	4,529,217	5,127,298	4,529,217
Interest cost	6,038,837	5,960,765	6,038,837	5,960,765
Actuarial losses/ (gains) recognised	4,400,129	(8,666,694)	4,400,129	(8,666,694)
Payments during the year	(4,005,233)	(2,571,029)	(4,005,233)	(2,571,029)
Balance at the end of the year	65,002,062	53,441,031	65,002,062	53,441,031

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

As at 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Current service cost	5,127,298	4,529,217	5,127,298	4,529,217
Interest cost	6,038,837	5,960,765	6,038,837	5,960,765
Actuarial losses/ (gains) recognised	4,400,129	(8,666,694)	4,400,129	(8,666,694)
	15,566,264	1,823,288	15,566,264	1,823,288

25.1 An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2020 by M/s.' 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).

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

	31.03.2020	31.03.2019
Discount rate	10.0%	11.3%
Future salary increment rate		
Executives	9%	11%
Staff	9%	11%
Associates	9%	11%
Retirement age	55 years	55 years
Average expected future services	10 years	10 years

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

25.4 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	31.03.2020 Rs.	31.03.2019 Rs.
Sensitivity analysis		
Project benefit obligation on current assumption	65,002,062	53,441,031
One percentage point increase (+1%) in discount rate	(4,004,233)	(3,636,368)
One percentage point decrease (-1%) in discount rate	4,581,688	4,142,984
One percentage point increase (+1%) in salary escalation rate	4,713,374	4,188,994
One percentage point decrease (-1%) in salary escalation rate	(4,197,718)	(3,746,619)

NOTES TO THE FINANCIAL STATEMENTS

26. TRADE AND OTHER PAYABLES

As at 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Trade creditors	186,411,677	133,815,701	186,411,677	133,815,701
Other payables	16,531,201	19,693,423	17,099,840	20,262,062
Accrued expenses	134,905,176	77,318,464	134,905,176	77,318,464
	337,848,054	230,827,587	338,416,694	231,396,226

27. CURRENT TAX LIABILITIES

As at 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	4,623,415	48,053,685	4,623,415	48,053,685
Over provision for previous year's taxes (Note 9.1)	(536,031)	(60,620)	(536,031)	(60,620)
Provision for the period (Note 9.1)	95,138,795	54,904,278	95,138,795	54,904,278
	99,226,179	102,897,343	99,226,179	102,897,343
Tax credit				
Economic service charge, self assessment payments, other refunds and final tax payments	(53,985,397)	(95,653,586)	(53,985,397)	(95,653,586)
Withholding tax receivable	(676,408)	(2,620,344)	(676,408)	(2,620,344)
Balance at the end of the year	44,564,374	4,623,415	44,564,374	4,623,415

28. AMOUNTS DUE TO RELATED PARTIES

As at 31 March	COMPANY		GROUP	
	2019/2020	2018/2019	2019/2020	2018/2019
	Rs.	Rs.	Rs.	Rs.
CBL Foods International (Pvt) Ltd	4,460,766	2,546,608	4,460,766	2,546,608
Plenty Foods (Pvt) Ltd	16,077,188	1,995,260	16,077,188	1,995,260
CBL Global Foods (Pvt) Ltd	22,085,512	11,054,199	22,085,512	11,054,199
CBL Natural Foods (Pvt) Ltd	1,630,000	208,160	1,630,000	208,160
CBL Canneries (Pvt) Ltd	92,000	128,800	92,000	128,800
Ceylon Biscuits Limited	1,279,270	10,288,165	1,279,270	10,288,165
CBL Cocos (Pvt) Ltd	20,000	-	20,000	-
CBL Management Services (Pvt) Ltd	2,326,914	2,821,144	2,326,914	2,821,144
	47,971,650	29,042,336	47,971,650	29,042,336

29. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

29.1 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.

Company/Group As at 31 March 2020	Carrying amount
Financial assets	
- Assets carried at amortised cost	
Other financial assets	605,768,523
Trade receivables	416,826,373
Other receivables	2,153,776
Amounts due from related parties	10,609,314
Cash and cash equivalents	142,907,968
Total financial assets	1,178,265,954
Financial liabilities	
- Liabilities carried at amortised cost	
Trade payables	186,411,677
Lease liabilities	9,298,271
Amounts payable to related parties	47,971,650
Bank overdrafts	69,665,065
Total financial liabilities	313,346,663

NOTES TO THE FINANCIAL STATEMENTS

Company/Group As at 31 March 2019	Carrying amount
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
Total financial liabilities	183,110,423

29.1.1 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.

30. 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.

30.1 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 2020 comprises Modern Trade, Distributors, Direct Dealers and individuals representing 51%, 42%, 7% and 0.20% 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 fulfill 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.

Company/Group As at 31 March	As at 31.03.2020	As at 31.03.2019
(a) The maximum exposure to credit risk at reporting date		
Cash at bank and cheques in hand (Note 20)	142,679,252	7,542,952
Other financial assets	605,768,523	590,958,151
Trade receivables	416,826,373	328,736,232
	1,165,274,148	927,237,335

NOTES TO THE FINANCIAL STATEMENTS

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

Company/Group As at 31 March	Gross Receivables		Loss Allowance		Carrying Value	
	2020	2019	2020	2019	2020	2019
Not due	224,696,373	159,773,821	-	-	224,696,373	159,773,821
Past due:						
Past due 1-30 days	146,440,566	144,922,866			146,440,566	144,922,866
Past due 31-60 days	22,375,661	19,311,952	-	-	22,375,661	19,311,952
Past due 61-90 days	15,107,872	3,182,781	-	-	15,107,872	3,182,781
Past due 91-120 days	4,212,692	839,269	-	-	4,212,692	839,269
More than 120 days	11,885,935	2,085,205	7,892,725	1,379,662	3,993,210	705,543
Total	424,719,099	330,115,894	7,892,725	1,379,662	416,826,374	328,736,232

The Group grants credit approvals to its 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 31.03.2020	As at 31.03.2019
(c) Movement in the loss allowances		
Balance at the beginning of the year	1,379,662	540,126
Loss allowance during the year	6,513,063	842,874
Write off	-	(3,338)
Balance at the end of the year	7,892,725	1,379,662

(d) Cash at bank and other financial assets - fixed deposits

The Group held cash at bank and other financial assets of Rs. 748,447,775 as at 31 March 2020 (31 March 2019 - Rs. 598,501,103) which represents its maximum credit exposure on these assets. These are invested/held with licensed commercial banks to limit its exposure to credit risk, which have better ratings.

Respective credit ratings of the banks are as follows,

As at 31 March	COMPANY/GROUP			
	31.03.2020		31.03.2019	
	Rs. 000	%	Rs. 000	%
A+	439,314	59%	368,410	62%
AA+	309,134	41%	230,091	38%
Total	748,448		598,501	

Source: <http://www.fitchratings.lk> as of 10 June 2020

30.2 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	
	31.03.2020 Rs.	31.03.2019 Rs.	31.03.2020 Rs.	31.03.2019 Rs.
Financial Liabilities				
Less than one year	313,346,663	183,110,423	313,346,663	183,110,423
More than one year	-	-	-	-
	313,346,663	183,110,423	313,346,663	183,110,423
Lease Liability				
Less than one year	3,644,564	-	3,644,564	-
More than one year	5,653,707	-	5,653,707	-
	9,298,271	-	9,298,271	-

The Group does not have any financial liquidity risk since the Group does not have any borrowings as at 31 March 2020 and the Group maintains adequate cash and cash equivalents to meet its obligations.

30.3 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. 432,975,430, shipping guarantee valued at Rs. 45,558,000 and import bills valued at Rs. nil as at 31 March 20 (31 March 2019 - Rs. 118,345,986, Rs. 34,557,000 and 20,934,337 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 2020.

NOTES TO THE FINANCIAL STATEMENTS

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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Other financial assets	605,768,523	590,958,151	605,768,523	590,958,151
Impact to profit before tax				
One percentage point increase (+1%) in interest rate	6,057,685	5,909,582	6,057,685	5,909,582
One percentage point decrease (-1%) in interest rate	(6,057,685)	(5,909,582)	(6,057,685)	(5,909,582)

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.

31. RELATED PARTY DISCLOSURES

31.1 Transactions with Key Management Personnel

Related parties include Key Management Personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the 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	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Short term employee benefits	44,266,469	41,299,547	44,266,469	41,299,547
Post employment benefits	4,822,110	4,172,250	4,822,110	4,172,250
	49,088,579	45,471,797	49,088,579	45,471,797

31.2 Transactions of the Company with Group companies

Name of the Company	Relationship	Nature of transaction	Transaction value	Balance as at	Balance as at
			2019/2020	31.03.2020	31.03.2019
			Rs.	Rs.	Rs.
Ceylon Biscuits Limited	Subsidiary of the parent entity	Sales	20,883,133	7,741,114	1,560,957
		Purchase of raw materials	3,616,747	(1,279,270)	(10,288,165)
		Services received	874,969	-	
Plenty Foods (Pvt) Ltd	Subsidiary of the parent entity	Sales	3,259,401	543,229	792,054
		Purchase of raw materials	23,611,320	(16,077,188)	(1,995,260)
		Reimbursement of expenses to the Company	925,507	-	
		Reimbursement of expenses from the Company	11,459,661	-	
CBL Foods International (Pvt) Ltd	Subsidiary of the parent entity	Sales	711,094	175,586	332,612
		Purchase of raw materials	20,306,415	(4,460,766)	(2,546,608)
		Services received	1,435,259	-	
CBL Cocos (Pvt) Ltd	Subsidiary of the parent entity	Purchase of samples	20,000	(20,000)	-
Ritzbury Lanka (Pvt) Ltd	Subsidiary of the parent entity	Stores rent expenses	2,370,000	-	-
CBL Natural Foods (Pvt) Ltd	Subsidiary of the parent entity	Purchase of raw materials	1,630,000	(1,630,000)	(208,160)
CBL Management Services (Pvt) Ltd	Subsidiary of the parent entity	Internal group services	28,899,030	(2,326,914)	(2,821,144)
CBL Global Foods (Pvt) Ltd	Subsidiary of the parent entity	Purchase of finished goods	60,296,233	(22,085,512)	(11,054,199)
SPAR SL (Pvt) Ltd	Joint venture of the parent entity	Sales	8,199,654	2,149,385	1,859,435
CBL Canneries (Pvt) Ltd	Subsidiary of the parent entity	Purchase of raw materials	253,000	(92,000)	(128,800)

Sale 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.

32. COMMITMENTS AND CONTINGENCIES

32.1 Financial commitments

Commitments on account of letters of credit as at 31 March 2020 was Rs. 432,975,430 (31 March 2019: Rs. 118,345,986). Shipping Guarantees as at 31 March 2020 was Rs. 45,558,000 (31 March 2019: 34,557,000). Import Bills as at 31 March 2020 was Rs. nil (31 March 2019: Rs. 20,934,337).

32.2 Capital commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the financial statements amounted to approximately Rs. 142,682,430 (2018/19 - nil).

NOTES TO THE FINANCIAL STATEMENTS

32.3 Contingencies

There were no significant contingent liabilities as at the reporting date.

33. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date that would require adjustments to or disclosures in the financial statements other than the impact of matters arising from COVID 19 as disclosed in Note 34 and the following;

The company had made an appeal to the Court of Appeal on a question of law arising from the determination of the Board of Review and is made under and in terms of Section 122 (1) of the Inland Revenue Act No. 28 of 1979 (as amended). The income tax payable as per the Board of Review determination for the year of assessment 1991/1992 amounts to a sum of Rs. 8,871,886 and surcharge on income tax of Rs. 1,072,031 (plus any penalties payable thereon). The Court of Appeal delivered its judgment on 27 May 2020 allowing the appeal made by the Company and annulled the assessment confirmed by the Board of Review.

The Inland Revenue Department has subsequently filed an appeal to the Supreme Court on 07 July 2020, which falls within the 42 days' time bar available for appeal from the date of the judgment. Pending the final decision, no provision has been made in these financial statements.

34. IMPACT OF COVID-19

On 11 March 2020 the World Health Organisation declared the novel corona virus ("COVID-19) outbreak a pandemic. Responding to the potentially serious threat that COVID - 19 presents to public health, the Sri Lankan government has taken measures to contain the outbreak, pending further developments. The impact of COVID-19 and measures to prevent its spread are affecting the local economies and these have triggered significant disruptions to businesses worldwide, resulting in economic slowdown in many countries, including Sri Lanka.

The wider economic impacts of these events include:

- Disruption to business operations and economic activity in Sri Lanka, with a cascading impact on both upstream and downstream supply chains;
- Significant disruption to businesses in a number of sectors, both within Sri Lanka and in the rest of the world. The affected sectors include trade and transportation, travel and tourism, entertainment, manufacturing, construction, retail, insurance, education and the financial sector;
- Significant decrease in demand for non-essential goods and services;
- An increase in economic uncertainty, reflected in more volatile asset prices and currency exchange rates.

The entity being an essential service provider, continued its operations even during the pandemic due to increased demand for the products offered by the entity. Based on the publicly available information at the date these financial statements were authorised for issue, Management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the entity and economic environment, in which the entity operates, including the measures already taken by the Sri Lankan government.

Management considered the following operating risks that may adversely affect the Group:

- Temporary restrictions on certain imported raw materials;
- Recession in the Sri Lankan economy that could significantly reduce the purchasing power of consumers; and
- Challenges in timely collection of outstanding dues.

In order to mitigate the risks resulting from potential adverse scenarios, Management started to implement the measures, which notably include:

- review of its existing commitments related to capital expenditures in the view of their cancellation or postponement;
- adjustment to the scale of the Group's operations to respond to the possible increase/ decrease in demand for the products offered by the entity;
- renegotiating contractual obligations, wherever possible to reduce the outflow of financial resources; and
- rigorous follow up on debtor collections.

In Management's view, and based on an assessment of the future cash flows for a one year period, the above factors support the assertion that the Company will have sufficient resources to continue in operation for a period over one year. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the effect of this pandemic, as well as the impact on the financial position and results of the Group for future periods.

35. INITIAL APPLICATION OF SLFRS 16

The Group applied SLFRS 16 Leases from 01 April 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The Group adopted SLFRS 16 using the modified retrospective approach. Accordingly the information presented for FY 18/19 has not been restated, i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. Additionally, the disclosure requirements in SLFRS 16 have not been applied to comparative information.

The Group has made use of the practical expedient available on transition to SLFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with LKAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 01 April 2019.

Impact on adoption of the standard

The Group holds leasehold land obtained on a 99 year lease which has been fully paid for, and a lease contract for motor vehicles. The requirements of SLFRS 16 was applied to these leases from 01 April 2019.

Leases previously classified as leasehold land have been recognised as a right of use asset at the carrying amount immediately before transition.

For the remaining lease contracts mentioned above, the Group has:

- Recognised a right of use asset and lease liability in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognised depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Consequently in the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from "Rent" in previous period to "Right of use assets depreciation" for the Right of use assets and "Finance cost" for interest accrued on lease liability. As a result the "Rent", "Depreciation expense" and "Finance cost" of the current year is not comparable to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

Under SLFRS 16, right of use assets are tested for impairment in accordance with LKAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by SLFRS 16. This expense is presented within 'distribution expenses' in profit or loss amounting to Rs. 9,772,005.

The Group has used the following practical expedients when applying the modified retrospective approach of transition to leases previously classified as operating leases applying LKAS 17:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right of use assets and lease liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right of use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Impact on transition

When measuring lease liabilities on 01 April 2019, for leases that were classified as operating leases, the incremental borrowing rate applied to discount the lease payments is 13%.

This has resulted in recognising (including reclassification from leasehold land) a "Right of use asset" of Rs. 17.58 Mn and a corresponding "Lease liability" of Rs. 12.57 Mn.

The following table shows the operating lease commitments by applying LKAS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

Operating lease commitments as at 01 April 2019	18,245,518
Short-term leases and leases of low-value assets	(2,705,000)
Effect of discounting the above amounts	(2,973,686)
Lease liability recognised as at 01 April 2019	12,566,832

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ORDINARY SHAREHOLDERS

Number of Shareholders - 1,658 as at 31 March 2020

From	To	Number of Shareholders	Number of Shares	Holding %
1	1,000	1,603	129,003	4.69
1,001	10,000	47	159,232	5.79
10,001	100,000	5	99,706	3.63
100,001	1,000,000	2	399,082	14.51
Over 1,000,000		1	1,962,977	71.38
		1,658	2,750,000	100.00

CATEGORIES OF SHAREHOLDERS

Categories	Number of Shareholders	Number of Shares	Holding %
Local Individuals	1,596	290,643	10.57
Local Institutions	51	2,417,371	87.90
Foreign Individuals	9	37,816	1.38
Foreign Institutions	2	4,170	0.15
	1,658	2,750,000	100.00

DETAILS OF SHARES TRADED DURING THE YEAR

Market Price per Share	As at 31.03.2020	As at 31.03.2019
Highest during the year	Rs. 440.00	Rs. 570.00
Lowest during the year	Rs. 275.00	Rs. 300.00
As at end of the year	Rs. 337.40	Rs. 399.60
Market Capitalisation (Rs. Mn)	927.85	1,098.90

MAJOR SHAREHOLDERS EQUITY

	As at 31 31.03.2020		As at 31.03.2019	
	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. DAWI INVESTMENT TRUST (PVT) LTD	200,000	7.273	185,712	6.753
3. PEOPLE'S LEASING & FINANCE PLC/ C D KOHOMBANWICKRAMA	199,082	7.239	204,645	7.442
4. MRS. C A D S WOODWARD	26,994	0.982	70,628	2.568
5. J B COCOSHELL (PVT) LTD	23,166	0.842	-	-
6. MR. A M D S JAYARATNE	18,570	0.675	18,570	0.675
7. BANSEI SECURITIES CAPITAL PVT LTD/ DAWI INVESTMENT TRUST (PVT) LTD	16,766	0.610	13,013	0.473
8. MR. K C VIGNARAJAH	14,210	0.517	14,210	0.517
9. MR. R J S JAYAMAHA	10,000	0.364	10,000	0.364
10. MR. U I SURIYABANDARA	9,091	0.331	7,882	0.287
11. MR. E D K WEERASURIYA & MR A WEERASURIYA	8,951	0.325	8,951	0.325
12. MR. G W AMARATUNGA	8,677	0.316	6,900	0.251
13. MR. L H S PEIRIS	7,730	0.281	7,730	0.281
14. MR. Z G CARIMJEE	6,867	0.250	6,867	0.250
15. MRS. S VIGNARAJAH	6,300	0.229	6,300	0.229
16. MR. A J RUMY	6,200	0.225	6,200	0.225
17. MRS N A CHANDRASENA & MR.J U N CHANDRASENA	6,005	0.218	6,005	0.218
18. MRS. M M UDESHI	6,000	0.218	6,000	0.218
19. MR. D RATNAYAKE	5,700	0.207	5,700	0.207
20. DR. S YADDEHIGE	4,998	0.182	4,998	0.182
Sub total	2,548,284	92.665	2,553,288	92.847
Others	201,716	7.335	196,712	7.153
Issued Capital	2,750,000	100.000	2,750,000	100.000

Public Holding Percentage as at 31 March 2020 was 28.619% and comprised of approximately 1,657 Shareholders.

The Float Adjusted Market Capitalisation of the company as at 31 March 2020 was Rs. 265,541,560/-.

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

	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018 Restated	For the Year Ended 31.03.2017	For the Year Ended 31.03.2016
Profitability (Rs.)					
Revenue (Net)	2,430,828,555	1,996,718,507	1,825,160,656	1,546,475,941	1,655,253,143
Profit from operating activities	231,878,430	100,073,534	200,267,440	95,296,456	127,241,375
Finance cost	(1,850,860)	(376,329)	(327,338)	(1,943,100)	(3,110,807)
Other income	85,979,542	70,363,283	57,038,049	44,916,987	25,912,149
Profit before taxation	316,007,112	170,060,488	256,978,151	138,270,344	150,042,717
Taxation	(86,567,859)	(51,456,080)	(86,944,533)	(51,155,944)	(53,512,713)
Profit after taxation	229,439,253	118,604,408	170,033,618	87,114,400	96,530,003
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	1,128,133,393	914,237,232	803,179,294	648,537,093	567,509,045
Non current liabilities	79,074,339	71,126,543	72,835,188	61,655,770	62,892,291
Total investor's fund	1,301,342,855	1,079,498,899	970,149,605	804,327,986	724,536,460
Assets Employed (Rs.)					
Current assets	1,529,702,596	1,132,514,527	981,225,269	683,010,492	633,502,296
Current liabilities	504,262,346	285,314,364	278,367,697	163,597,760	214,770,986
Working capital	1,025,440,249	847,200,163	702,857,572	519,412,732	418,731,310
Non-current asset	275,902,606	232,298,735	267,292,033	284,915,254	305,805,150
Total assets employed	1,301,342,855	1,079,498,899	970,149,605	804,327,986	724,536,460
Key Financial Indicators					
Market price of a share as at year end	337.40	399.60	430.00	310.00	365.00
Net assets per share	444.46	366.69	326.30	270.06	240.60
Earnings per share	83.43	43.13	61.83	31.68	35.10
Dividend per share	4.50	5.00	4.00	4.00	5.50
Price earnings ratio (year end)	4.04	9.27	6.95	9.79	10.40
Market capitalisation (Rs.'000)	927,850	1,098,900	1,182,500	852,500	1,003,750
Return on capital employed	24.43%	15.79%	26.52%	17.43%	21.14%
Dividend pay out ratio	5.39%	11.59%	6.47%	12.63%	15.67%
Interest cover (Times covered)	172	453	786	72	49
Current ratio (No. of Times)	3.03	3.97	3.52	4.17	2.95
Dividends Yield ratio	1.33%	1.25%	0.93%	1.29%	1.51%
Earnings Yield	24.73%	10.79%	14.38%	10.22%	9.62%

EMPLOYEE STATISTICS

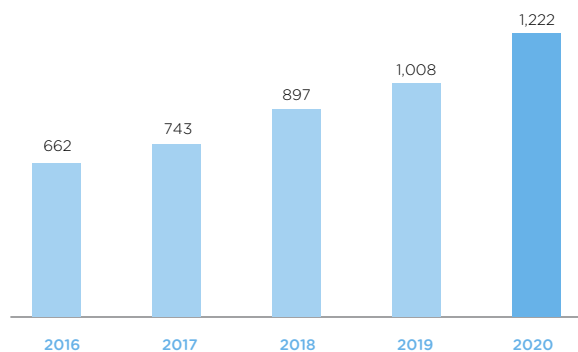
Employee Strength

	Group	
	As at 31.03.2020	As at 31.03.2019
Executive Staff		
Director	2	1
Senior Managers	2	2
Managers	8	7
Assistant Managers	7	7
Executives	19	20
	38	37
Non Executive Staff		
Support Staff		
Permanent	124	110
Contract	-	-
Factory Staff		
Permanent	115	120
Contract	5	4
	244	234
Functional Analysis of Executives		
General Management	1	1
Finance	5	5
Stores	1	1
Information Technology	1	1
Sales & Marketing	15	14
Production	4	4
Quality	3	3
Research & Development	2	2
Procurement	2	2
Human Resources	1	1
Administration	2	2
Engineering	1	1
	38	37

GRAPHICAL REVIEW

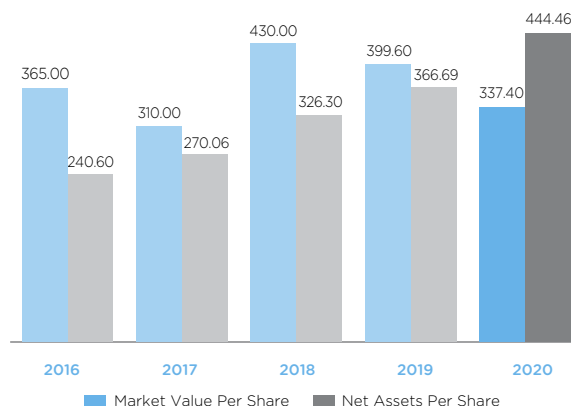
SHAREHOLDER'S FUNDS GRAPH

(Rs. Million)



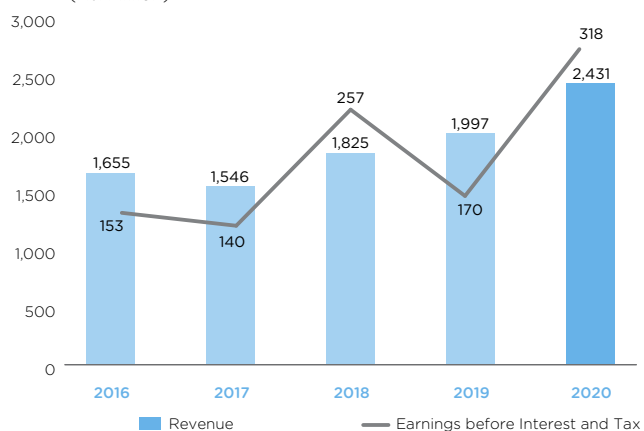
MARKET VALUE VS NET ASSETS PER SHARE

(Rs.)

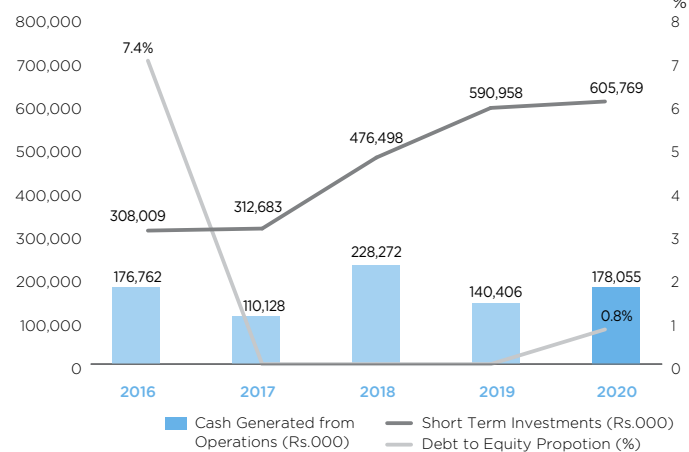


REVENUE VS EBIT

(Rs. Million)



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.

DIVIDEND YIELD

Ordinary dividend per share divided by market price per share.

EARNINGS YIELD

Earnings per share divided by market price 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 revenue 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.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Ninth (29th) Annual General Meeting of Convenience Foods (Lanka) PLC will be held by electronic means on Tuesday, 15 September 2020 at 3.30 p.m. centered 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 2020 and the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 5.50 per share for the year ended 31 March 2020.
3. To pass the ordinary resolution set out below to re-appoint Mr. R S A Wickramasingha who is 73 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 73 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 76 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 76 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 M/s S J M S Associates, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their Remuneration.
6. To authorise the Directors to determine donations for the year ending 31 March 2021 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
14 August 2020
Colombo

Notes:

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Registration Process for the Annual General Meeting attached hereto.

NOTES

NOTES

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 Amaraweera 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 Mudiyansele Ananda Kulasoorya	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 Ninth (29th) Annual General Meeting of the Company to be held on 15 September 2020 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. 5.50 per share for the year ended 31 March 2020.		
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 M/s S J M S Associates, Chartered Accountants as the Company's Auditors and to authorise the Directors to determine their remuneration.		
5. To authorise the Directors to determine donations for the year ending 31 March 2021 and up to the date of the next Annual General Meeting.		

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

.....
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.

FORM OF PROXY

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 thinks fit.
6. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08 (email soy.pwcs@gmail.com), not later than 48 hours before the time appointed for the Meeting.

In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

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 Ratmalana.
Tel : +94 11 2611154, 2624408, 5003000
E-mail : inquiry.cf@cblk.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 Wickramasingha - Chairman
Mr. E T De Zoysa - Managing Director
Ms. D S Wickramasingha
Ms. N K Wickramasingha
Mr. L J M De Silva
Mr. M U S G Thilakawardana
Dr. D M A Kulasooriya
Mr. M S Nanayakkara

AUDITORS

SJMS Associates (An affiliate of Deloitte Touche
Tohmatsu India LLP),
Chartered Accountants,
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
People's Bank
National Development Bank of Sri Lanka
DFCC Bank PLC

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Convenience Foods (Lanka) PLC

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E-mail : inquiry.cf@cbl.lk

Web : www.muncheelk.com