

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 3RD QUARTER ENDED,
31ST DECEMBER 2021



CORPORATE INFORMATION

NAME OF THE COMPANY

Convenience Foods (Lanka) PLC - PQ 164

LEGAL FORM & LISTING

A Public Limited Company listed on the Colombo Stock Exchange.

DATE OF INCORPORATION

27th March 1991

REGISTERED OFFICE

Ceylon Biscuits Ltd,
No. 555, High Level Road,
Makumbura, Pannipitiya,
Sri Lanka.

BUSINESS ACTIVITY

Manufacture and Marketing of Textured Vegetable Protein (TVP), Culinary and other Food Products.

DIRECTORS OF THE COMPANY

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

AUDITORS

KPMG Sri Lanka
Chartered Accountants,
32A, Sir Mohomad Macan Markar Mawatha,
Colombo 3, Sri Lanka.

SECRETARIES & REGISTRARS

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

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
National Development Bank of Sri Lanka
Peoples Bank
Standard Chartered Bank
State Bank of India

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2021

For the 09 Months Ended 31st December	Group			Company		
	2021 Rs.	2020 Rs.	Variance Rs.	2021 Rs.	2020 Rs.	Variance Rs.
Revenue	3,360,924,220	2,343,891,346	1,017,032,874	3,360,924,220	2,343,891,346	1,017,032,874
Cost of Sales	(2,525,714,247)	(1,492,388,736)	(1,033,325,511)	(2,525,714,247)	(1,492,388,736)	(1,033,325,511)
Gross Profit	835,209,973	851,502,610	(16,292,637)	835,209,973	851,502,610	(16,292,637)
Other Operating Income	16,548,033	16,660,314	(112,281)	16,548,033	16,660,314	(112,281)
Distribution Expenses	(386,977,991)	(303,343,203)	(83,634,788)	(386,977,991)	(303,343,203)	(83,634,788)
Administrative Expenses	(139,527,935)	(134,967,068)	(4,560,867)	(139,527,935)	(134,967,068)	(4,560,867)
Results from Operating Activities	325,252,080	429,852,653	(104,600,573)	325,252,080	429,852,653	(104,600,573)
Finance Income	31,733,600	47,705,712	(15,972,112)	31,733,600	47,705,712	(15,972,112)
Finance Expenses	(4,978,536)	(1,836,099)	(3,142,437)	(4,978,536)	(1,836,099)	(3,142,437)
Net Finance Income	26,755,064	45,869,613	(19,114,549)	26,755,064	45,869,613	(19,114,549)
Profit Before Tax	352,007,144	475,722,267	(123,715,122)	352,007,144	475,722,267	(123,715,122)
Income Tax Expenses	(67,812,772)	(83,329,794)	15,517,023	(67,812,772)	(83,329,794)	15,517,023
Profit for the Period	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Other Comprehensive Income						
<i>Items that will not be reclassified to profit or loss:</i>						
Re-measurement component of defined benefit plan	-	-	-	-	-	-
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Profit for the Period Attributable to:						
Owners of the Company	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Non-Controlling Interest	-	-	-	-	-	-
Total Profit for the Period	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period	284,194,373	392,392,472	(108,198,100)	284,194,373	392,392,472	(108,198,100)
Basic and Diluted Earnings Per Share	103.34	142.69		103.34	142.69	

Figures in brackets indicate deductions.

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST DECEMBER 2021


For the 03 Months Ended 31st December	Group			Company		
	2021 Rs.	2020 Rs.	Variance Rs.	2021 Rs.	2020 Rs.	Variance Rs.
Revenue	1,324,223,773	916,436,774	407,786,999	1,324,223,773	916,436,774	407,786,999
Cost of Sales	(1,021,114,568)	(578,767,983)	(442,346,584)	(1,021,114,568)	(578,767,983)	(442,346,584)
Gross Profit	303,109,205	337,668,790	(34,559,585)	303,109,205	337,668,790	(34,559,585)
Other Operating Income	5,456,836	3,320,895	2,135,941	5,456,836	3,320,895	2,135,941
Distribution Expenses	(142,948,183)	(119,818,371)	(23,129,812)	(142,948,183)	(119,818,371)	(23,129,812)
Administrative Expenses	(55,332,577)	(45,531,471)	(9,801,106)	(55,332,577)	(45,531,471)	(9,801,106)
Results from Operating Activities	110,285,282	175,639,843	(65,354,561)	110,285,282	175,639,843	(65,354,561)
Finance Income	9,334,493	14,437,650	(5,103,157)	9,334,493	14,437,650	(5,103,157)
Finance Expenses	(1,968,458)	(839,604)	(1,128,854)	(1,968,458)	(839,604)	(1,128,854)
Net Finance Income	7,366,036	13,598,047	(6,232,011)	7,366,036	13,598,047	(6,232,011)
Profit Before Tax	117,651,317	189,237,889	(71,586,572)	117,651,317	189,237,889	(71,586,572)
Income Tax Expenses	(23,765,574)	(33,831,094)	10,065,520	(23,765,574)	(33,831,094)	10,065,520
Profit for the Period	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Other Comprehensive Income						
<i>Items that will not be reclassified to profit or loss:</i>						
Re-measurement component of defined benefit plan	-	-	-	-	-	-
Other Comprehensive Income for the Period	-	-	-	-	-	-
Total Comprehensive Income for the Period	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Profit for the Period Attributable to:						
Owners of the Company	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Non-Controlling Interest	-	-	-	-	-	-
Total Profit for the Period	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Total Comprehensive Income for the Period Attributable to:						
Owners of the Company	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Non-Controlling Interest	-	-	-	-	-	-
Total Comprehensive Income for the Period	93,885,743	155,406,795	(61,521,051)	93,885,743	155,406,795	(61,521,051)
Basic and Diluted Earnings Per Share	34.14	56.51		34.14	56.51	

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

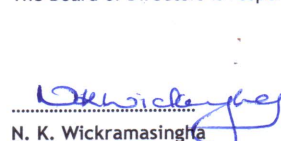
CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021


As at	Group			Company		
	31.12.2021	31.03.2021	Variance	31.12.2021	31.03.2021	Variance
	Rs.	Rs.		Rs.	Rs.	
Assets						
Non Current Assets						
Property, Plant and Equipment	618,769,917	494,613,301	124,156,616	618,769,917	494,613,301	124,156,616
Right of Use Assets	34,368,168	40,279,015	(5,910,847)	34,368,168	40,279,015	(5,910,847)
Intangible Assets	8,091,887	6,435,508	1,656,379	8,091,887	6,435,508	1,656,379
Investment in Subsidiary	-	-	-	20	20	-
Total Non Current Assets	661,229,971	541,327,824	119,902,147	661,229,991	541,327,844	119,902,147
Current Assets						
Inventories	630,121,554	242,033,806	388,087,748	630,121,554	242,033,806	388,087,748
Trade and Other Receivables	789,085,652	751,933,096	37,152,556	789,085,652	751,933,096	37,152,556
Amounts due from Related Companies	13,328,245	9,331,044	3,997,201	13,328,245	9,331,044	3,997,201
Short Term Investments	497,232,104	940,475,759	(443,243,655)	497,232,104	940,475,759	(443,243,655)
Cash and Cash Equivalents	154,321,844	40,319,426	114,002,418	154,321,844	40,319,426	114,002,418
Total Current Assets	2,084,089,399	1,984,093,131	99,996,268	2,084,089,399	1,984,093,131	99,996,268
Total Assets	2,745,319,371	2,525,420,955	219,898,416	2,745,319,391	2,525,420,975	219,898,416
Equity and Liabilities						
Equity Attributable to Equity - holders of the Parent						
Stated Capital	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	-
Retained Earnings	1,876,132,059	1,619,437,686	256,694,373	1,876,715,719	1,620,021,346	256,694,373
Total Equity	1,970,267,182	1,713,572,809	256,694,373	1,970,850,842	1,714,156,469	256,694,373
Liabilities						
Non Current Liabilities						
Deferred Tax Liability	10,194,884	5,743,322	4,451,562	10,194,884	5,743,322	4,451,562
Lease Liabilities	28,355,141	31,911,903	(3,556,762)	28,355,141	31,911,903	(3,556,762)
Retirement Benefit Obligation	78,739,154	89,531,649	(10,792,495)	78,739,154	89,531,649	(10,792,495)
Total Non Current Liabilities	117,289,180	127,186,874	(9,897,694)	117,289,180	127,186,874	(9,897,694)
Current Liabilities						
Trade and Other Payables	616,906,596	612,512,875	4,393,721	616,322,956	611,929,235	4,393,721
Lease Liabilities	5,148,888	6,189,056	(1,040,168)	5,148,888	6,189,056	(1,040,168)
Current Tax Liabilities	21,173,478	38,328,088	(17,154,610)	21,173,478	38,328,088	(17,154,610)
Amount due to Related Companies	14,534,048	27,631,252	(13,097,204)	14,534,048	27,631,252	(13,097,204)
Total Current Liabilities	657,763,009	684,661,271	(26,898,262)	657,179,370	684,077,631	(26,898,261)
Total Liabilities	775,052,189	811,848,145	(36,795,956)	774,468,550	811,264,505	(36,795,955)
Total Equity and Liabilities	2,745,319,371	2,525,420,955	219,898,416	2,745,319,391	2,525,420,975	219,898,416
Net assets value per share	716.46	623.12		716.67	623.33	

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.


 A. D. T. Mendis
 General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the Board;


 N. K. Wickramasingha
 Director


 E. T. De Zoysa
 Managing Director

25th January 2022

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST DECEMBER 2021

Group	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,133,393	1,222,268,516
Profit for the period	-	-	392,392,472	392,392,472
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 31st December 2020	52,521,178	41,613,945	1,505,400,865	1,599,535,988
Balance as at 1st April 2021	52,521,178	41,613,945	1,619,437,686	1,713,572,809
Profit for the period	-	-	284,194,373	284,194,373
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 31st December 2021	52,521,178	41,613,945	1,876,132,059	1,970,267,182

Company	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2020	52,521,178	41,613,945	1,128,702,052	1,222,837,175
Profit for the period	-	-	392,392,472	392,392,472
Dividend paid for the year 2019/20	-	-	(15,125,000)	(15,125,000)
Balance as at 31st December 2020	52,521,178	41,613,945	1,505,969,524	1,600,104,647
Balance as at 1st April 2021	52,521,178	41,613,945	1,620,021,346	1,714,156,469
Profit for the period	-	-	284,194,373	284,194,373
Dividend paid for the year 2020/21	-	-	(27,500,000)	(27,500,000)
Balance as at 31st December 2021	52,521,178	41,613,945	1,876,715,719	1,970,850,842

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST DECEMBER 2021

For the 09 Months Ended 31st December	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows from Operating Activities				
Profit Before Tax	352,007,144	475,722,267	352,007,144	475,722,267
Adjustments for:				
Depreciation of Property, Plant and Equipment	40,254,889	24,222,040	40,254,889	24,222,040
Amortization of Intangible Assets	1,049,326	1,001,653	1,049,326	1,001,653
Depreciation of Right of use Assets	5,910,847	3,263,368	5,910,847	3,263,368
Profit on Disposal of Assests	-	(7,851,677)	-	(7,851,677)
Interest Income	(31,733,600)	(47,450,366)	(31,733,600)	(47,450,366)
Interest Expenses	3,772,174	1,324,914	3,772,174	1,324,914
Provision for Retirement Benefit Obligation	13,643,305	11,748,645	13,643,305	11,748,645
Operating Profit before Working Capital Changes	384,904,085	461,980,844	384,904,085	461,980,844
Changes in Working Capital				
(Increase)/Decrease in Inventories	(388,087,748)	(36,266,351)	(388,087,748)	(36,266,351)
(Increase)/Decrease in Trade and Other Receivables	(37,152,556)	(142,531,213)	(37,152,556)	(142,531,213)
(Increase)/Decrease in Amount due from Related Companies	(3,997,201)	(7,314,047)	(3,997,201)	(7,314,047)
Increase/(Decrease) in Amount due to Related Companies	(13,097,204)	(11,946,623)	(13,097,204)	(11,946,623)
Increase/(Decrease) in Trade and Other Payables	4,393,721	54,296,950	4,393,721	54,296,950
Cash Generated from Operations	(53,036,904)	318,219,558	(53,036,904)	318,219,559
Retiring Gratuity Paid	(24,435,800)	(307,585)	(24,435,800)	(307,585)
Interest Paid	(3,772,174)	(1,324,914)	(3,772,174)	(1,324,914)
Income Tax Paid	(80,515,819)	(83,632,179)	(80,515,819)	(83,632,179)
Net Cash Flows from Operating Activities	(161,760,696)	232,954,880	(161,760,696)	232,954,880
Cash Flows from Investing Activities				
Purchase of Property, Plant and Equipment	(164,411,504)	(39,086,899)	(164,411,504)	(39,086,899)
Purchase of Intangible Assets	(2,705,705)	-	(2,705,705)	-
Proceeds from Disposal of Assests	-	7,868,479	-	7,868,479
Interest Received	31,733,600	47,450,366	31,733,600	47,450,366
Net Movement of Investment in Fixed Deposits	443,243,655	(139,311,302)	443,243,655	(139,311,302)
Net Cash Flows Used in Investing Activities	307,860,045	(123,079,356)	307,860,045	(123,079,356)
Cash Flows from Financing Activities				
Dividend Paid	(27,500,000)	(15,125,000)	(27,500,000)	(15,125,000)
Repayment of Lease	(4,596,930)	3,489,173	(4,596,930)	3,489,173
Net Cash Flows Used in Financing Activities	(32,096,930)	(11,635,827)	(32,096,930)	(11,635,827)
Net (Decrease) / Increase in Cash and Cash Equivalents	114,002,419	98,239,697	114,002,419	98,239,698
Cash and Cash Equivalents at the Beginning of the Period	40,319,425	73,242,903	40,319,425	73,242,903
Cash and Cash Equivalents at the End of the Period	154,321,844	171,482,599	154,321,844	171,482,599
Cash in Hand and at Bank	154,321,844	171,482,599	154,321,844	171,482,599
Cash and Cash Equivalents at the End of the Period	154,321,844	171,482,599	154,321,844	171,482,599

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

CONVENIENCE FOODS (LANKA) PLC NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1 Corporate information

Convenience Foods (Lanka) PLC ('the Company') is engaged in the manufacture and marketing of Textured Vegetable Protein (TVP), Culinary and other food products.

Convenience Foods (Lanka) PLC is a public limited company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange.

2 Approval of financial statements

The interim condensed financial statements of the group and the company for the nine months period ended 31st December 2021 were authorised for issue by the Board of Directors on 28th January 2022.

3 Basis of preparation

The interim financial statements of the company and group for the nine months period ended 31st December 2021 have been prepared in accordance with the requirements of LKAS - 34 Interim Financial Reporting and have been prepared in accordance with the same accounting policies and methods set out in the Annual Audited Financial Statements for the year ended 31st March 2021.

4 Segmental information

Segmental information is not presented since the company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

5 Significant unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 31st December 2021.

6 Events after the reporting period

There were no significant events after the reporting period that would require adjustments to or disclosures in these interim financial statements for the period ended 31st December 2021.

7. Commitments and contingencies.

Financial commitments

Commitments on account of Letters of credit as at 31st December 2021 was Rs. 423,089,784 (31st March 2021: Rs. 151,271,106). Shipping Guarantees as at 31st December 2021 was Rs. 423,338,220 (31st March 2021: Rs. 176,965,000). Import Bills as at 31st December 2021 was Rs. 160,695,573 (31st March 2021: Rs. 24,586,848).

Capital commitments

There were no significant capital commitments as at reporting date.

Contingencies - pending litigations

There were no other significant contingent liabilities as at the reporting date, except for the following;

The Company had made an appeal to the Court of Appeal on a question of law arising from the determination of the Board of Review and is made under and in terms of Section 122 (1) of the Inland Revenue Act No. 28 of 1979 (as amended). The income tax payable as per the Board of Review determination for the year of assessment 1991/1992 amounts to a sum of Rs. 8,871,886 and surcharge on income tax of Rs. 1,072,031 (plus any penalties payable thereon). The Court of Appeal has given judgment in favor of the Company and has annulled the assessment. The Commissioner General of Inland Revenue has filed a petition in the Supreme Court seeking Special Leave to Appeal against the judgment of the Court of Appeal on this matter.

CONVENIENCE FOODS (LANKA) PLC
ADDITIONAL NOTES

1 Share prices during the Quarter

	03 Months Ended 31st December 2021	03 Months Ended 31st December 2020
	Rs.	Rs.
Highest	1,352.00	1,197.00
Lowest	1,000.00	600.00
Last traded	1,246.00	1,113.30

2 Names and the number of shares held by the 20 major shareholders

	As At 31st December 2021	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.38%
2 DAWI INVESTMENT TRUST (PVT) LTD	233,001	8.47%
3 J.B. COCOSHELL (PVT) LTD	212,210	7.72%
4 BANSEI SECURITIES CAPITAL (PVT) LTD/DAWI INVESTMENT TRUST (PVT) LTD	25,000	0.91%
5 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
6 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	15,000	0.55%
7 MR K.C. VIGNARAJAH	14,720	0.54%
8 MR W.D.N.H. PERERA	10,063	0.37%
9 MR U.I. SURIYABANDARA	9,498	0.35%
10 MR G.W. AMARATUNGA	8,677	0.32%
11 MR L.H.S. PEIRIS	8,499	0.31%
12 MR E.D.K. WEERASURIYA & MR S. WEERASURIYA	8,169	0.30%
13 MR R.J.S. JAYAMAHA	7,000	0.26%
14 MR Z.G. CARIMJEE	6,867	0.25%
15 MRS S. VIGNARAJAH	6,300	0.23%
16 MRS M.M. UDESHI	6,000	0.22%
17 DR S. YADDEHIGE	4,798	0.17%
18 DFCC BANK PLC/MR.P.PRANAVAN	4,500	0.16%
19 MR A.J. RUMY	4,300	0.16%
20 MR N.K. FLEMMING	4,090	0.15%
Sub total	2,570,239	93.46%
Others	179,761	6.54%
Issued Capital	2,750,000	100.00%

3 Director's holding as at 31st December 2021

Mr. R S Wickramasingha	Nil
Ms. D S Wickramasingha	Nil
Mr. E T De Zoysa	Nil
Ms. N K Wickramasingha	Nil
Mr. L J M De Silva	Nil
Mr. M U S G Thilakawardana	Nil
Dr. D M A Kulasooriya	Nil
Mr. M S Nanayakkara	Nil

4 Public holding percentage as at 31st December 2021 was 28.619% and comprised of approximately 1,637 Shareholders.

5 The Float adjusted market capitalization of the company as at 31st December 2021 was Rs. 980,630,658.00

6 The Float adjusted market capitalization 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.