

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

For the 2nd Quarter Ended 30th September 2016

NAME OF THE COMPANY
Convenience Foods (Lanka) PLC

LEGAL FORM & LISTING
A Public Limited Company listed on the Colombo Stock Exchange.

DATE OF INCORPORATION
27th March 1991

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

BUSINESS ACTIVITY
Manufacture and Marketing of Textured Vegetable Protein (TVP) 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
Mr. N.A. Wickramage	-	Director
Ms. N.K. Wickramasingha	-	Director
Mr. M.U.S.G. Thilakawardana	-	Director
Dr. D.M.A. Kulasooriya	-	Director
Mr. M.S. Nanayakkara	-	Director

AUDITORS
SJMS Associates
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
Peoples Bank
DFCC Bank

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

	Company			Group		
	06months ended 30/09/2016	06months ended 30/09/2015	Variance	06months ended 30/09/2016	06months ended 30/09/2015	Variance
Revenue	773,209,236	805,222,433	(32,013,197)	773,209,236	805,222,433	(32,013,197)
Cost of sales	(530,801,136)	(539,075,609)	8,274,473	(530,801,136)	(539,075,609)	8,274,473
Gross profit	242,408,100	266,146,824	(23,738,724)	242,408,100	266,146,824	(23,738,724)
Other income	20,683,346	11,578,860	9,104,486	20,683,346	11,578,860	9,104,486
Distribution costs	(151,835,340)	(150,186,905)	(1,648,435)	(151,835,340)	(150,186,905)	(1,648,435)
Administrative expenses	(63,240,742)	(57,276,122)	(5,964,620)	(63,240,742)	(57,276,122)	(5,964,620)
Finance costs	(1,493,907)	(1,212,330)	(281,577)	(1,493,907)	(1,212,330)	(281,577)
Profit before tax	46,521,456	69,050,327	(22,528,871)	46,521,456	69,050,327	(22,528,871)
Income tax expenses	(16,915,681)	(19,334,092)	2,418,411	(16,915,681)	(19,334,092)	2,418,411
Profit for the period	29,605,775	49,716,235	(20,110,460)	29,605,775	49,716,235	(20,110,460)
Other comprehensive income						
Actuarial gain/ (loss) on defined benefit plan	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	29,605,775	49,716,235	(20,110,460)	29,605,775	49,716,235	(20,110,460)
Profit attributable to:						
Equity holders of the parent	29,605,775	49,716,235	(20,110,460)	29,605,775	49,716,235	(20,110,460)
Non-controlling interest	-	-	-	-	-	-
	29,605,775	49,716,235	(20,110,460)	29,605,775	49,716,235	(20,110,460)
Total comprehensive income attributable to:						
Equity holders of the parent	29,605,775	49,716,235	(20,110,460)	29,605,775	49,716,235	(20,110,460)
Non-controlling interest	-	-	-	-	-	-
	29,605,775	49,716,235	(20,110,461)	29,605,775	49,716,235	(20,110,460)
Earnings per share - basic	10.77	18.08		10.77	18.08	

Note: The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30TH SEPTEMBER 2016

	Company			Group		
	03 months ended 30/09/2016	03 months ended 30/09/2015	Variance	03 months ended 30/09/2016	03 months ended 30/09/2015	Variance
Revenue	407,814,767	415,636,650	(7,821,883)	407,814,767	415,636,650	(7,821,883)
Cost of sales	(273,620,224)	(276,219,639)	2,599,415	(273,620,224)	(276,219,639)	2,599,415
Gross profit	134,194,543	139,417,011	(5,222,468)	134,194,543	139,417,011	(5,222,468)
Other income	13,150,697	7,481,819	5,668,878	13,150,697	7,481,819	5,668,878
Distribution costs	(81,822,681)	(78,861,142)	(2,961,539)	(81,822,681)	(78,861,142)	(2,961,539)
Administrative expenses	(32,261,855)	(28,930,670)	(3,331,185)	(32,261,855)	(28,930,670)	(3,331,185)
Finance costs	(728,030)	(833,363)	105,333	(728,030)	(833,363)	105,333
Profit before tax	32,532,674	38,273,655	(5,740,981)	32,532,674	38,273,655	(5,740,981)
Income tax expenses	(10,777,044)	(10,716,624)	(60,420)	(10,777,044)	(10,716,624)	(60,420)
Profit for the period	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Other comprehensive income						
Actuarial gain/ (loss) on defined benefit plan	-	-	-	-	-	-
Actuarial gain/ (loss) on defined benefit plan	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Profit attributable to:						
Equity holders of the parent	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Non-controlling interest	-	-	-	-	-	-
	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Total comprehensive income attributable to:						
Equity holders of the parent	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Non-controlling interest	-	-	-	-	-	-
	21,755,629	27,557,031	(5,801,402)	21,755,629	27,557,031	(5,801,402)
Earnings per share	7.91	10.02		7.91	10.02	

Note: The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2016

<i>As at</i>	Company		Variance	Group		Variance
	30.09.2016	31.03.2016		30.09.2016	31.03.2016	
	Rs.	Rs.		Rs.	Rs.	
Assets						
Non current assets						
Property, plant and equipment	290,728,133	291,042,879	(314,746)	290,728,133	291,042,879	(314,746)
Leasehold land	5,254,478	5,289,275	(34,798)	5,254,478	5,289,275	(34,798)
Intangible Asset	8,951,972	9,472,995	(521,023)	8,951,972	9,472,995	(521,023)
Investment in subsidiary	20	20	-	-	-	-
Total non current assets	304,934,603	305,805,170	(870,567)	304,934,583	305,805,150	(870,567)
Current assets						
Inventories	131,769,939	124,110,383	7,659,556	131,769,939	124,110,383	7,659,556
Trade receivables	182,593,885	177,642,709	4,951,176	182,593,885	177,642,709	4,951,176
Other receivables	9,871,573	18,533,853	(8,662,280)	9,871,573	18,533,853	(8,662,280)
Amounts due from related party	4,465,817	4,147,669	318,148	4,465,817	4,147,669	318,148
Short term investments	286,854,364	308,009,301	(21,154,937)	286,854,364	308,009,301	(21,154,937)
Cash in hand and at bank	24,604,409	1,058,381	23,546,028	24,604,409	1,058,381	23,546,028
Total current assets	640,159,987	633,502,296	6,657,691	640,159,987	633,502,296	6,657,691
Total assets	945,094,590	939,307,466	5,787,124	945,094,570	939,307,446	5,787,124
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	-
Retained earnings	627,948,476	609,342,701	18,605,775	627,728,765	609,122,990	18,605,775
Total equity	680,469,654	661,863,879	18,605,775	680,249,943	661,644,168	18,605,775
Liabilities						
Non current liabilities						
Deferred Tax Liabilities	16,599,075	15,984,925	614,150	16,599,075	15,984,925	614,150
Interest bearing borrowing	-	1,481,482	(1,481,482)	-	1,481,482	(1,481,482)
Retirement benefit obligations	45,006,496	45,425,885	(419,389)	45,006,496	45,425,885	(419,389)
Total non current liabilities	61,605,571	62,892,292	(1,286,721)	61,605,571	62,892,292	(1,286,721)
Current liabilities						
Trade payables	101,178,355	77,872,148	23,306,207	101,178,355	77,872,148	23,306,207
Interest bearing borrowing	10,370,346	17,777,756	(7,407,410)	10,370,346	17,777,756	(7,407,410)
Income tax payable	3,733,880	2,846,834	887,046	3,733,880	2,846,834	887,046
Amounts due to related party	3,022,199	2,829,962	192,236	2,673,253	2,481,015	192,237
Other payables	12,074,321	17,301,637	(5,227,316)	12,642,957	17,870,275	(5,227,318)
Accrued charges	72,640,264	66,199,778	6,440,486	72,640,264	66,199,778	6,440,486
Bank overdraft	-	29,723,179	(29,723,179)	-	29,723,179	(29,723,179)
Total current liabilities	203,019,364	214,551,294	(11,531,930)	203,239,054	214,770,985	(11,531,931)
Total liabilities	264,624,935	277,443,587	(12,818,651)	264,844,625	277,663,278	(12,818,652)
Total equity and liabilities	945,094,590	939,307,466	5,787,124	945,094,570	939,307,446	5,787,124
Net assets value per share	247.44	240.68		247.36	240.60	

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

Singed
Dasun Mendis
Finance Manager

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

Singed
E T De Zoysa
Managing Director

Singed
D S Wickramasingha
Director

9th November 2016

9th November 2016

Note: The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 st March 2015	52,521,178	522,488,399	575,009,577
Profit for the period	-	49,716,235	49,716,235
Dividend paid for the year 2014/15	-	(15,125,000)	(15,125,000)
Balance as at 30th September 2015	<u>52,521,178</u>	<u>557,079,634</u>	<u>609,600,812</u>
Balance as at 31 st March 2016	52,521,178	609,342,701	661,863,879
Profit for the period	-	29,605,775	29,605,775
Dividend paid for the year 2015/16	-	(11,000,000)	(11,000,000)
Balance as at 30th September 2016	<u>52,521,178</u>	<u>627,948,476</u>	<u>680,469,654</u>

Group	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 31 st March 2015	52,521,178	522,268,688	574,789,866
Profit for the period	-	49,716,235	49,716,235
Dividend paid for the year 2014/15	-	(15,125,000)	(15,125,000)
Balance as at 30th September 2015	<u>52,521,178</u>	<u>556,859,923</u>	<u>609,381,101</u>
Balance as at 31 st March 2016	52,521,178	609,122,990	661,644,168
Profit for the period	-	29,605,775	29,605,775
Dividend paid for the year 2015/16	-	(11,000,000)	(11,000,000)
Balance as at 30th September 2016	<u>52,521,178</u>	<u>627,728,765</u>	<u>680,249,943</u>

Note: The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER 2016

	Company		Group	
	06 months ended 30/09/2016	06 months ended 30/09/2015	06 months ended 30/09/2016	06 months ended 30/09/2015
Cash flows from operating activities				
Profit before taxation	46,521,456	69,050,327	46,521,456	69,050,327
Adjustments for:				
Depreciation	21,704,653	18,958,236	21,704,653	18,958,236
Amortization	521,024	34,798	521,024	34,798
Interest income	(14,471,675)	(8,797,164)	(14,471,675)	(8,797,164)
profits on disposal of assests	(4,489,174)	(1,703,736)	(4,489,174)	(1,703,736)
Interest expense	975,865	1,089,233	975,865	1,089,233
Provision for gratuity	4,897,914	4,259,058	4,897,914	4,259,058
Operating profit before working capital changes	55,660,062	82,890,752	55,660,062	82,890,752
(Increase)/decrease in inventories	(7,659,556)	(5,893,530)	(7,659,556)	(5,893,530)
(Increase)/decrease in trade receivables	(4,951,176)	54,083,337	(4,951,176)	54,083,337
(Increase)/decrease in other receivables	8,662,280	15,219,864	8,662,280	15,219,864
(Increase)/decrease in amount due from related parties	(318,148)	-	(318,148)	-
Increase/(decrease) in amount due to related parties	192,236	45,000	192,237	45,000
Increase/(decrease) in trade payables	23,306,207	(52,973,817)	23,306,207	(52,973,817)
Increase/(decrease) in other payables	(5,227,316)	14,055,069	(5,227,318)	14,055,069
Increase/(decrease) in accrued charges	6,440,486	16,065,644	6,440,486	16,065,644
Cash flow generated from operations	76,105,075	123,492,319	76,105,075	123,492,319
Gratuity paid	(5,317,302)	(243,340)	(5,317,302)	(243,340)
Tax paid	(15,414,485)	(36,282,875)	(15,414,485)	(36,282,875)
Net cash flow generated from operations	55,373,288	86,966,104	55,373,287	86,966,104
Cash flows from investing activities				
Purchase of property, plant & equipment	(21,496,484)	(39,137,666)	(21,496,484)	(39,137,666)
Investment in capital work-in progress	-	(649,397)	-	(649,397)
Proceeds from disposal of assests	4,630,548	1,921,950	4,630,548	1,921,950
Interest received	14,471,675	8,797,164	14,471,675	8,797,164
(Increase)/decrease in short term investment	21,154,937	(29,617,074)	21,154,937	(29,617,074)
Net cash flow used in investing activities	18,760,676	(58,685,023)	18,760,676	(58,685,023)
Cash flows from financing activities				
loan Repayment	(8,888,891)	(8,888,891)	(8,888,891)	(8,888,891)
Dividend paid	(11,000,000)	(15,125,000)	(11,000,000)	(15,125,000)
Interest paid	(975,865)	(1,089,233)	(975,865)	(1,089,233)
Net cash generated from /(used in) financing activities	(20,864,756)	(25,103,124)	(20,864,756)	(25,103,124)
Net increase/ (decrease) in cash & cash equivalents	53,269,208	3,177,957	53,269,207	3,177,957
Cash & Cash Equivalents at the beginning of the period	(28,664,798)	(19,398,026)	(28,664,798)	(19,398,026)
Cash & Cash Equivalents at the end of the period	24,604,409	(16,220,070)	24,604,409	(16,220,070)
Cash & Cash Equivalents at the end of the period				
Cash in hand and at bank	24,604,409	18,798,137	24,604,409	18,798,137
Bank overdraft	-	(35,018,208)	-	(35,018,208)
	24,604,409	(16,220,070)	24,604,409	(16,220,070)

Note: 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) and other food products.

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

2. Approval of financial statements

The interim condensed financial statements of the group and the company for the six months period ended 30th September 2016 were authorised for issues by the Board of Directors on 9th November 2016.

3. Basis of preparation

The interim financial statements of the company and group for the six months period ended 30th September 2016 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 2016. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited financial statement for the year ended 31st March 2016.

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.

These interim condensed financial statements are presented in Sri Lankan Rupees (RS.) and all values are rounded to the nearest rupee except when otherwise indicated.

4. Segmental information

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the period ended 30th September 2016.

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.

7. Commitments and contingencies

There has been no significant change in the nature of contingencies and commitments, which were disclosed in the annual report for the year ended 31st March 2016.

CONVENIENCE FOODS (LANKA) PLC

Additional Notes

1 Share prices during the Quarter

	03 Months Ended 30th September 2016 Rs.	03 Months Ended 30th September 2015 Rs.
Highest	444.90	534.90
Lowest	300.00	420.00
Closing	400.00	424.40

2 Names and the number of shares held by the 21 major shareholders

	As At 30th September 2016	
	No of Shares	% of holding
1.CEYLON BISCUITS LIMITED	1,962,977	71.381%
2.DAWI INVESTMENT TRUST (PVT) LTD	174,784	6.356%
3.PEOPLE'S LEASING & FINANCE PLC/C D KOHOMBANWICKRAMA	167,791	6.101%
4.MR.H W M WOODWARD	70,628	2.568%
5.MR.A M D E S JAYARATNE	18,570	0.675%
6.MR.K C VIGNARAJAH	14,200	0.516%
7.BANSEI SECURITIES CAPITAL PVT LTD /DAWI INVESTMENT PVT LTD	14,159	0.515%
8.MR.E.D.K.WEERASURIYA	10,765	0.391%
9.MR. R J S JAYAMAHA	10,398	0.378%
10.MR.L.H.S.PEIRIS	7,730	0.281%
11.MRS.N.A.CHNDRASENA & MR.J U N CHANDRASENA	7,505	0.273%
12.MR.G.W.AMARATUNGA	6,900	0.251%
13.MR.Z.G.CARIMJEE	6,867	0.250%
14.MR.D.J.N.HETTIARACHCHI	6,369	0.232%
15.MRS.S.VIGNARAJAH	6,300	0.229%
16.MR.A.J.R.RUMY	6,200	0.225%
17.MRS.M.M.UDESHI	6,000	0.218%
18.MR.D.RATHNAYAKE	5,700	0.207%
19.MR. U. I.SURIYABANDARA	5,512	0.200%
20.NDB PLC/SAKUNIINVESTMENT TRUST (PVT) LTD	5,000	0.182%
Sub total	2,514,355	91.431%
Others	235,645	8.569%
Issued Capital	2,750,000	100.000%

3 Director's holding as at 30th September 2016

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

4 Public Holding Percentage as at 30th September was **28.62%** and comprised of approximately 1,555 Shareholders