

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 4TH QUARTER ENDED,
31ST MARCH 2024



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.

DIRECTORS OF THE COMPANY

Mr. R.S.A. Wickramasingha - Chairman
Mr. M.C.Dahanayake - Managing Director (w.e.f 01st January 2024)
Mr. E.T. De Zoysa - Managing Director (upto 31st December 2023)
Ms. D.S. Wickramasingha - Director
Ms. N.K. Wickramasingha - Director
Mr. L.J.M. De Silva - Director
Mr. M.S. Nanayakkara - Director (upto 31st March 2024)
Mr. M.U.S.G. Thilakawardana - Director (upto 31st March 2024)
Dr. D.M.A. Kulasooriya - Director (upto 31st March 2024)
Ms. S. Ratwatte (w.e.f 31st March 2024)
Mr. I. S. Fonseka (w.e.f 31st March 2024)
Mr. M. Wickremesinghe (w.e.f 31st March 2024)

BUSINESS ACTIVITY

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

AUDITORS

Ernst & Young Sri Lanka.
Chartered Accountants,
Rotunda Towers, No. 109, Galle Road,
Colombo 03, Sri Lanka.

SECRETARIES

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

REGISTRARS

S S P Corporate Services (Pvt) Ltd.
No.101, Inner Flower Road,
Colombo 03.

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Nation Trust Bank
Peoples Bank
Sampath Bank PLC
Standard Chartered Bank
State Bank of India
National Development Bank PLC

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2024

For the 03 Months Ended 31st March	2024 Rs.	2023 Rs.	Variance %
Revenue	1,623,167,107	1,783,821,514	-9.0
Cost of Sales	(1,084,843,879)	(1,380,222,449)	-21.4
Gross Profit	538,323,228	403,599,065	33.4
Other Operating Income	2,982,088	2,556,826	16.6
Selling & Distribution Expenses	(218,208,374)	(186,835,434)	16.8
Administrative Expenses	(135,693,525)	(87,531,730)	55.0
Other Operating Expenses	(59,686,114)	-	100.0
Results from Operating Activities	127,717,303	131,788,727	-3.1
Finance Income	21,253,123	1,629,092	1204.6
Finance Expenses	(2,620,192)	(114,577,777)	-97.7
Net Finance Income/ (Expense)	18,632,931	(112,948,685)	-116.5
Profit Before Tax	146,350,234	18,840,043	676.8
Income Tax Expenses	(21,704,874)	16,099,245	-234.8
Profit for the Period	124,645,360	34,939,288	256.7
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement component of defined benefit plan	(7,850,508)	15,729,693	
Tax on other comprehensive income	2,355,152	(4,718,908)	
Other Comprehensive Income for the Period	(5,495,355)	11,010,785	
Total Comprehensive Income for the Period	119,150,004	45,950,073	159.3
Basic Earnings Per Share	45.33	16.71	

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

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH 2024

For the 12 Months Ended 31st March	2024 Rs.	2023 Rs.	Variance %
Revenue	6,298,075,059	8,041,401,062	-21.7
Cost of Sales	(4,679,625,039)	(6,091,567,450)	-23.2
Gross Profit	1,618,450,020	1,949,833,612	-17.0
Other Operating Income/(Expense)	7,855,031	19,070,169	-58.8
Selling & Distribution Expenses	(841,892,775)	(765,466,114)	10.0
Administrative Expenses	(324,430,286)	(283,071,127)	14.6
Other Operating Expenses	(59,686,114)	-	100.0
Results from Operating Activities	400,295,876	920,366,540	-56.5
Finance Income	40,342,710	21,835,598	84.8
Finance Expenses	(72,349,955)	(294,758,455)	-75.5
Net Finance Income/ (Expense)	(32,007,245)	(272,922,857)	-88.3
Profit Before Tax	368,288,631	647,443,683	-43.1
Income Tax Expenses	(124,099,934)	(126,938,121)	-2.2
Profit for the Period	244,188,697	520,505,562	-53.1
Other Comprehensive Income			
<i>Re-measurement component of defined benefit plan</i>	(7,850,508)	15,729,693	
<i>Tax on other comprehensive income</i>	2,355,152	(4,718,908)	
Other Comprehensive Income for the Period	(5,495,355)	11,010,785	
Total Comprehensive Income for the Period	238,693,341	531,516,347	-55.1
Basic Earnings Per Share	88.80	189.27	

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

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2024

As at	31.03.2024 Rs.	31.03.2023 Rs.
Assets		
Non Current Assets		
Property, Plant and Equipment	609,256,990	619,605,790
Right of Use Assets	106,115,513	119,753,786
Intangible Assets	5,186,433	6,836,928
Deferred Tax Asset	6,487,238	-
Total Non Current Assets	727,046,174	746,196,504
Current Assets		
Inventories	885,042,048	2,335,620,191
Trade and Other Receivables	846,953,160	1,583,103,929
Amounts due from Related Companies	25,641,653	44,397,837
Short Term Investments	963,880,860	-
Cash and Cash Equivalents	128,788,816	149,301,596
Total Current Assets	2,850,306,537	4,112,423,553
Total Assets	3,577,352,711	4,858,620,057
Equity and Liabilities		
Equity		
Stated Capital	52,521,178	52,521,178
Other Reserves	41,613,945	41,613,945
Retained Earnings	2,571,963,046	2,346,194,703
Total Equity	2,666,098,169	2,440,329,826
Liabilities		
Non Current Liabilities		
Deferred Tax Liability	-	15,425,128
Lease Liabilities	113,408,973	115,038,544
Retirement Benefit Obligation	91,606,581	69,182,846
Total Non Current Liabilities	205,015,554	199,646,518
Current Liabilities		
Trade and Other Payables	521,034,169	837,620,587
Lease Liabilities	11,756,853	17,217,559
Current Tax Liabilities	65,236,430	14,142,822
Amount due to Related Companies	108,211,536	132,059,531
Short Term Borrowings	-	1,040,000,000
Bank Overdrafts	-	177,603,214
Total Current Liabilities	706,238,988	2,218,643,713
Total Liabilities	911,254,542	2,418,290,231
Total Equity and Liabilities	3,577,352,711	4,858,620,057
Net assets value per share	969.49	887.39

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

S. K. I. S. Senarathne
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

28th May 2024

M. C. Dissanayake
Managing Director

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST MARCH 2024

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2022	52,521,178	41,613,945	1,982,289,617	2,076,424,740
Surcharge Tax paid for the year 2020/2021	-	-	(157,986,260)	(157,986,260)
Balance as at 1st April 2022 (Adjusted)	52,521,178	41,613,945	1,824,303,357	1,918,438,480
Profit for the period	-	-	520,505,562	520,505,562
Other Comprehensive Income for the year	-	-	11,010,785	11,010,785
Dividend paid for the year 2021/22	-	-	(9,625,000)	(9,625,000)
Balance as at 31st MARCH 2023	52,521,178	41,613,945	2,346,194,704	2,440,329,827
Balance as at 1st April 2023	52,521,178	41,613,945	2,346,194,704	2,440,329,827
Profit for the period	-	-	244,188,697	244,188,697
Other Comprehensive Income for the year	-	-	(5,495,355)	(5,495,355)
Dividend paid for the year 2022/23	-	-	(12,925,000)	(12,925,000)
Balance as at 31st March 2024	52,521,178	41,613,945	2,571,963,046	2,666,098,169

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31ST MARCH 2024

For the 12 Months Ended 31st March	2024 Rs.	2023 Rs.
Cash Flows from Operating Activities		
Profit Before Tax	368,288,631	647,443,683
Adjustments for:		
Depreciation of Property, Plant and Equipment	93,194,319	82,260,766
Amortization of Intangible Assets	1,650,495	1,625,389
Depreciation of Right of use Assets	13,638,273	12,277,316
(Profit)/Loss on Disposal of Assests	4,768,807	-
Interest Income	(40,342,710)	(21,835,598)
Interest Expense	69,533,778	290,548,739
(Reversal)/Provision for Impairment of Trade Receivables	(2,525,088)	4,921,476
Provision for Retirement Benefit Obligation	21,237,940	17,217,461
Operating Profit before Working Capital Changes	529,444,445	1,034,459,232
Changes in Working Capital		
(Increase)/Decrease in Inventories	1,450,578,143	(1,199,245,985)
(Increase)/Decrease in Trade and Other Receivables	736,150,769	(951,635,296)
(Increase)/Decrease in Amount due from Related Companies	18,756,184	(18,060,133)
Increase/(Decrease) in Amount due to Related Companies	(23,847,995)	101,512,553
Increase/(Decrease) in Trade and Other Payables	(1,354,061,329)	1,093,850,773
Cash (Used in)/Generated from Operations	1,357,020,217	60,881,144
Retiring Gratuity Paid	(6,664,713)	(3,193,600)
Interest Paid	(69,533,778)	(290,548,739)
Income Tax Paid	(92,467,397)	(151,332,308)
Surcharge Tax Paid	-	(157,986,260)
Net Cash Flows (Used In)/Generated from Operating Activities	1,188,354,328	(542,179,763)
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(87,710,467)	(85,474,614)
Purchase of Intangible Assets	-	(634,612)
Interest Received	40,342,710	21,835,598
Investment in Subsidiaries	-	20
Net Movement of Investment in Fixed Deposits	(963,880,860)	418,645,514
Net Cash Flows (Used In)/ Generated From Investing Activities	(1,011,248,617)	354,371,906
Cash Flows from Financing Activities		
Dividend Paid	(12,925,000)	(9,625,000)
Repayment of Lease	(7,090,277)	(3,963,385)
Net Cash Flows (Used in)/Generated from Financing Activities	(20,015,277)	(13,588,385)
Net (Decrease) / Increase in Cash and Cash Equivalents	157,090,435	(201,396,241)
Cash and Cash Equivalents at the Beginning of the Period	(28,301,618)	173,094,623
Cash and Cash Equivalents at the End of the Period	128,788,816	(28,301,618)
Cash in Hand and at Bank	128,788,816	(28,301,618)
Cash and Cash Equivalents at the End of the Period	128,788,816	(28,301,618)

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 company for the Twelve months period ended 31st March 2024 were authorized for issue by the Board of Directors on 28th May 2024.

3 Basis of preparation

The interim financial statements of the company for the twelve months period ended 31st March 2024 have been prepared in accordance with the requirements of LKAS - 34 Interim Financial Reporting and accounting policies and methods set out in the Annual Audited Financial Statements for the year ended 31st March 2023.

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 March 2024.

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 March 2024.

7 Commitments and contingencies

Financial commitments

Commitments on account of Letters of credit as at 31st March 2024 was Rs. 274,555,318.11 (31st March 2023: Rs.180,364,438). Shipping Guarantees as at 31st March 2024 was Rs.91,264,000.00 (31st March 2023: Nil). Import Bills as at 31st March 2024 was Nil (31st March 2023: Nil).

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 Commissioner General of Inland Revenue (CGIR) has filed a petition in the Supreme Court seeking Special Leave to Appeal against the judgment of the Court of Appeal, for the income tax assessment for the year of assessment 1991/1992, which had been given in favor of the Company. The Supreme Court has granted Special Leave to Appeal to questions of law. The matter was refixed for argument on 08th November 2024. Based on the information currently available the Management is of the view that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the result of the operations, financial position or liquidity of the Company. Accordingly, no provision for any liability has been made in these Financial Statements.

A third-party supplier has filed a lawsuit against the company for a shipment of goods under the Indian Credit facility which was rejected by the State Authorities as it failed to comply with the required standards in terms of the Operating Guidelines of Importation of Essential Items under Indian Credit Facility, no payment could be made without Sri Lanka Custom releasing the commodity and sending a recommendation to the Indian Credit Facility Coordinating Unit (ICFCU). The case is set to go to trial, with the final outcome still pending judicial review. Since the legal procedures are still at an initial stage, the management is not able to determine the outcome of such legal proceedings with reasonable certainty. Hence, no provisions have been made with respect to the above claim made by the supplier.

CONVENIENCE FOODS (LANKA) PLC
ADDITIONAL NOTES

1 Share prices during the Quarter

	03 Months Ended 31st March 2024	03 Months Ended 31st March 2023
	Rs.	Rs.
Highest	969.75	1,400.00
Lowest	855.00	1,153.00
Last traded	920.00	1,208.00

2 Names and the number of shares held by the 25 major shareholders

	As At 31st March 2024	
	No of Shares	% of Holding
1 CBL INVESTMENTS LIMITED	1,962,977	71.38%
2 HATTON NATIONAL BANK PLC/DAWI INVESTMENT TRUST (PVT) LTD	225,562	8.20%
3 J.B. COCOSHELL (PVT) LTD	208,438	7.58%
4 DAWI INVESTMENT TRUST (PVT) LTD	42,757	1.55%
5 MR A.M.D.E.S. JAYARATNE	18,570	0.69%
6 MR S.R.S. DE SARAME & MRS S.T.T. JAYASUNDERA	15,000	0.55%
7 MR K.C. VIGNARAJAH	14,730	0.54%
8 COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	12,526	0.46%
9 MR U.I. SURIYABANDARA	10,209	0.38%
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 DFCC BANK PLC/MR.P.PRANAVAN	6,821	0.25%
16 MRS S. VIGNARAJAH	6,300	0.23%
17 MRS M.M. UDESHI	6,000	0.22%
18 DR S. YADDEHIGE	4,798	0.18%
19 MR N.K. FLEMMING	4,064	0.15%
20 MR U.C. BANDARANAYAKE & MRS L. BANDARANAYAKE	4,023	0.15%
21 MR A.J. RUMY	3,900	0.14%
22 MR S.K. HATHIRAMANI (DECEASED)	3,850	0.14%
23 MRS Z.M. ADAMALLY	3,433	0.12%
24 SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	3,000	0.11%
25 MRS Y.K. AMARASINGHE	2,409	0.09%
Sub total	2,598,579	94.51%
Others	151,421	5.49%
Issued Capital	2,750,000	100.00%

3 Director's holding as at 31st March 2024

Mr. R.S.A. Wickramasingha - Chairman	Nil
Mr. M.C.Dahanayake - Managing Director	Nil
Ms. D.S. Wickramasingha - Director	Nil
Ms. N.K. Wickramasingha - Director	Nil
Mr. L.J.M. De Silva - Director	Nil
Ms. S.T. Ratwatte - Director	Nil
Mr. I. S. Fonseka - Director	Nil
Mr. M.E. Wickremesinghe - Director	Nil

4 Public holding percentage as at 31st March 2024 was 28.619% and comprised of 1,623 Shareholders.

5 The Float adjusted market capitalization of the company as at 31st March 2024 was Rs. 724,061,160

6 The Float adjusted market capitalization of the company falls under Option 5 of Rule 7.13.1 (i) (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.