

CONVENIENCE FOODS (LANKA) PLC

INTERIM REPORT

FOR THE 1ST QUARTER ENDED,
30TH JUNE 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.

BUSINESS ACTIVITY

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

DIRECTORS OF THE COMPANY

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

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

Sampath Bank PLC
Nation Trust Bank PLC
People's Bank
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
State Bank of India
DFCC Bank PLC
Bank of Ceylon
The National Development Bank PLC
Standard Chartered Bank

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH JUNE 2024

For the 03 Months Ended 30th June	2024 Rs.	2023 Rs.	Variance %
Revenue	1,499,647,071	1,496,203,294	0.2
Cost of Sales	(987,473,133)	(1,160,503,379)	(14.9)
Gross Profit	512,173,938	335,699,915	52.6
Other Operating Income	2,097,247	529,298	296.2
Selling and Distribution Expenses	(248,900,970)	(180,665,208)	37.8
Administrative Expenses	(76,318,325)	(65,499,789)	16.5
Results from Operating Activities	189,051,890	90,064,216	109.9
Finance Income	26,982,514	1,854,616	1354.9
Finance Cost	(2,260,926)	(56,092,998)	(96.0)
Net Finance Income	24,721,588	(54,238,382)	(145.6)
Profit Before Tax	213,773,478	35,825,834	496.7
Income Tax Expense	(68,805,126)	(10,747,750)	540.2
Profit for the Period	144,968,352	25,078,084	478.1
Other Comprehensive Income	-	-	-
Other Comprehensive Income for the Period	-	-	-
Total Comprehensive Income for the Period	144,968,352	25,078,084	478.1
Basic Earnings Per Share	52.72	9.12	

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


CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2024

As at	30.06.2024	31.03.2024
	Rs.	Rs.
Assets		
Non Current Assets		
Property, Plant and Equipment	602,743,629	609,256,990
Right of Use Assets	102,705,943	106,115,513
Intangible Assets	4,785,238	5,186,433
Total Non Current Assets	710,234,810	720,558,936
Current Assets		
Inventories	738,540,390	885,042,049
Trade and Other Receivables	868,066,934	846,953,160
Amounts due from Related Companies	36,572,962	25,641,653
Short Term Investments	1,174,099,766	963,880,860
Cash and Cash Equivalents	285,527,161	128,788,816
Total Current Assets	3,102,807,213	2,850,306,538
Total Assets	3,813,042,023	3,570,865,474
Equity and Liabilities		
Equity		
Stated Capital	52,521,178	52,521,178
Other Reserves	41,613,945	41,613,945
Retained Earnings	2,699,406,911	2,554,438,559
Total Equity	2,793,542,034	2,648,573,682
Liabilities		
Non Current Liabilities		
Deferred Tax Liability	14,556,978	9,870,928
Lease Liabilities	113,380,655	113,408,973
Retirement Benefit Obligation	94,931,422	91,606,581
Total Non Current Liabilities	222,869,055	214,886,482
Current Liabilities		
Trade and Other Payables	634,685,818	521,349,190
Lease Liabilities	9,500,866	11,756,853
Current Tax Liabilities	113,421,473	66,087,731
Amount due to Related Companies	39,022,777	108,211,536
Total Current Liabilities	796,630,934	707,405,310
Total Liabilities	1,019,499,989	922,291,792
Total Equity and Liabilities	3,813,042,023	3,570,865,474
Net Assets Value Per Share	1,015.83	963.12

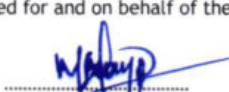
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.


S. K. J. S. Senarathne
General Manager - Finance

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


D. S. Wickramasingha
Director

30th July 2024


M. C. Dahana Jayake
Managing Director

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH JUNE 2024

	Stated Capital Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 1st April 2023	52,521,178	41,613,945	2,346,194,703	2,440,329,826
Profit for the Period	-	-	25,078,084	25,078,084
Balance as at 30th June 2023	52,521,178	41,613,945	2,371,272,787	2,465,407,910
Balance as at 1st April 2024	52,521,178	41,613,945	2,554,438,559	2,648,573,682
Profit for the Period	-	-	144,968,352	144,968,352
Balance as at 30th June 2024	52,521,178	41,613,945	2,699,406,911	2,793,542,034

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH JUNE 2024

For the 03 Months Ended 30th June	2024 Rs.	2023 Rs.
Cash Flows from Operating Activities		
Profit Before Tax	213,773,478	35,825,834
Adjustments for:		
Depreciation of Property, Plant and Equipment	23,874,370	23,241,272
Amortization of Intangible Assets	401,195	413,261
Depreciation of Right of use Assets	3,409,570	3,409,570
Interest Income	(26,982,514)	(1,854,616)
Interest Expenses	2,260,926	56,092,998
Provision for Retirement Benefit Obligation	5,139,941	5,225,532
Operating Profit Before Working Capital Changes	221,876,966	122,353,851
Changes in Working Capital		
(Increase)/Decrease in Inventories	146,501,659	676,190,519
(Increase)/Decrease in Trade and Other Receivables	(21,113,774)	363,468,952
(Increase)/Decrease in Amount due from Related Companies	(10,931,309)	4,309,564
Increase/(Decrease) in Amount due to Related Companies	(69,188,759)	(13,224,920)
Increase/(Decrease) in Trade and Other Payables	113,336,628	(932,206,304)
Cash Generated from /(Used to) Operations	380,481,411	220,891,662
Retiring Gratuity Paid	(1,815,100)	(1,151,550)
Interest Paid	(2,260,926)	(56,092,998)
Income Tax Paid	(16,785,334)	(16,343,770)
Net Cash Flows from Operating Activities	359,620,051	147,303,344
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(17,361,009)	(44,215,826)
Interest Received	26,982,514	1,854,616
Withdrawal of / (Investment in) Fixed Deposits	(210,218,906)	-
Net Cash Flows Used in Investing Activities	(200,597,401)	(42,361,210)
Cash Flows from Financing Activities		
Repayment of Lease	(2,284,304)	(1,570,037)
Net Cash Flows Used in Financing Activities	(2,284,304)	(1,570,037)
Net Increase in Cash and Cash Equivalents	156,738,345	103,372,096
Cash and Cash Equivalents at the Beginning of the Period	128,788,816	(28,301,618)
Cash and Cash Equivalents at the End of the Period	285,527,161	75,070,478
Cash in Hand and at Bank	285,527,161	75,070,478
Cash and Cash Equivalents at the End of the Period	285,527,161	75,070,478

Figures in brackets indicate deductions.

The above figures are not audited.

CONVENIENCE FOODS (LANKA) PLC

NOTES TO THE INTERIM 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 financial statements of the company for the three months period ended 30th June 2024 were authorised for issue by the Board of Directors on 30th July 2024.

3 Basis of preparation

The company's interim financial statements for the three months ending 30th June 2024 have been prepared in compliance with LKAS 34 - Interim Financial Reporting, using the same accounting policies and methods as outlined in the Annual Audited Financial Statements for the year ended 31st March 2024.

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 Comparative figures

Certain reclassifications have been made to the comparative figures to improve the comparability and fair presentation of these financial statements. These reclassifications have not resulted in changes to the profit for the quarter or total net assets previously reported as at 30th June 2023.

6 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 June 2024.

7 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 30th June 2024.

8 Events after the reporting period

Dividend

The Board of Directors of the Company has declared a final dividend of Rs. 4.70 per share for the financial year ended 31st March 2024. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has obtained a certificate from auditors.

9 Commitments and contingencies.

Financial commitments

Commitments on account of Letters of Credit as at 30th June 2024 was Rs.261,766,526.08 (31st March 2024: Rs.274,555,318.11). Shipping Guarantees as at 30th June 2024 was Rs.12,930,051.75 (31st March 2024: Rs. 91,264,000.00). Import Bills as at 30th June 2024 was Nil (31st March 2024: 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 this 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 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 30th June 2024 Rs.	03 Months Ended 30th June 2023 Rs.
Highest	920.00	1,299.75
Lowest	847.50	1,150.00
Last traded	873.25	1,220.00

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

	As At 30th June 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	39,667	1.44%
5 MR A.M.D.E.S. JAYARATNE	18,570	0.68%
6 MR S.R.S. DE SARAM & 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	0.37%
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 DFCC BANK PLC/MR.P.PRANAVAN	7,000	0.25%
14 MR R.J.S. JAYAMAH	7,000	0.25%
15 MR Z.G. CARIMJEE	6,867	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	0.17%
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	2,367	0.09%
Sub total	2,595,626	94.39%
Others	154,374	5.61%
Issued Capital	2,750,000	100.00%

3 Director's shareholding as at 30th June 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 30th June 2024 was 28.619% and comprised of approximately 1,646 Shareholders.

5 The Float adjusted market capitalization of the Company as at 30th June 2024 was Rs. 687,267,835.00

6 The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said Option.