

## **FINANCIAL STATEMENTS**

For the Nine Months Ended  
31 December 2012



LANKA VENTURES PLC  
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**LANKA VENTURES PLC**  
**INCOME STATEMENTS (Unaudited)**

	Interim period of 03 Months				Accumulated 09 Months			
	Group		Company		Group		Company	
	Quarter ended 31 December		Quarter ended 31 December		Period ended 31 December		Period ended 31 December	
	2012 (Rs. ' 000)	2011 (Rs. ' 000)	2012 (Rs. ' 000)	2011 (Rs. ' 000)	2012 (Rs. ' 000)	2011 (Rs. ' 000)	2012 (Rs. ' 000)	2011 (Rs. ' 000)
Investment Income	27,271	4,886	15,745	3,475	53,370	44,412	64,048	87,648
Interest Income	11,056	5,480	4,655	4,703	34,587	15,452	15,238	12,722
Total Income	38,327	10,366	20,400	8,178	87,957	59,864	79,286	100,370
Other Operating Income	789	53	48	53	1,569	154	149	154
Administrative Expenses	(7,638)	(8,202)	(7,326)	(6,911)	(22,081)	(22,338)	(21,535)	(20,026)
Promotional Expenses	(66)	(20)	(64)	(20)	(116)	(33)	(98)	(33)
Total Operating	(6,915)	(8,169)	(7,342)	(6,878)	(20,628)	(22,217)	(21,484)	(19,905)
<b>Operating Profit /(Loss)</b>	<b>31,412</b>	<b>2,197</b>	<b>13,058</b>	<b>1,300</b>	<b>67,329</b>	<b>37,647</b>	<b>57,802</b>	<b>80,465</b>
Share of Earnings from Associates	9,838	4,697	-	-	39,366	17,423	-	-
Deemed Disposal Profit	22,761	-	-	-	46,097	-	-	-
Profit/(Loss) Before Interest & Taxation	64,011	6,894	13,058	1,300	152,792	55,070	57,802	80,465
Interest Expenses	(7,055)	(5,247)	(7,055)	(5,247)	(20,347)	(5,706)	(19,682)	(5,706)
Profit/(Loss) Before Taxation	56,956	1,647	6,003	(3,947)	132,445	49,364	38,120	74,759
Taxation	(1,681)	163	(852)	359	(3,036)	(687)	(345)	(73)
Profit/(Loss) for the Period	55,275	1,810	5,151	(3,588)	129,409	48,677	37,775	74,686
Minority Interest	(3,040)	(49)	-	-	(7,456)	(188)	-	-
<b>Profit Attributable to Equity Holders</b>	<b>52,235</b>	<b>1,761</b>	<b>5,151</b>	<b>(3,588)</b>	<b>121,953</b>	<b>48,489</b>	<b>37,775</b>	<b>74,686</b>
Basic earnings per share (Rs.)	1.04	0.04	0.10	(0.07)	2.44	0.97	0.76	1.49

**LANKA VENTURES PLC**  
**BALANCE SHEETS (Unaudited)**

	Group As at 31 December 2012	Company As at 31 December 2012	Group As at 31 March 2012	Company As at 31 March 2012
	(Rs. ' 000)	(Rs. ' 000)	(Audited) (Rs. ' 000)	(Audited) (Rs. ' 000)
<b>ASSETS</b>				
<b>Non - Current Assets</b>				
Property, Plant and Equipment	16,670	6,404	7,910	7,910
Investments	202,427	126,714	241,179	141,339
Investment in Subsidiary	-	500,000	-	500,000
Investment in Associates	723,568	-	644,203	-
Investment in Unit Trust	-	-	50,000	50,000
Investment in Quoted Debentures	8,000	8,000	8,000	8,000
Investment in Unquoted Debentures	13,500	13,500	13,500	13,500
Non - Current Receivables	2,251	2,251	2,368	2,368
	<u>966,416</u>	<u>656,869</u>	<u>967,160</u>	<u>723,117</u>
<b>Current Assets</b>				
Receivables and Prepayments	61,737	101,706	17,610	105,677
Short Term Investments	-	-	-	-
Cash and Cash Equivalents	655,311	133,487	321,093	104,894
	<u>717,048</u>	<u>235,193</u>	<u>338,703</u>	<u>210,571</u>
<b>Total Assets</b>	<b><u>1,683,464</u></b>	<b><u>892,062</u></b>	<b><u>1,305,863</u></b>	<b><u>933,688</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Stated Capital	631,638	631,638	631,638	631,638
Retained Earnings	344,908	49,155	297,955	86,380
	<u>976,546</u>	<u>680,793</u>	<u>929,593</u>	<u>718,018</u>
Minority Interest	193,970	-	158,431	-
	<u>1,170,516</u>	<u>680,793</u>	<u>1,088,024</u>	<u>718,018</u>
<b>Non-Current Liabilities</b>				
Redeemable Preference Shares	300,000	-	-	-
Retirement Benefit Obligations	5,846	5,846	4,749	4,749
Borrowings	200,000	200,000	200,000	200,000
	<u>505,846</u>	<u>205,846</u>	<u>204,749</u>	<u>204,749</u>
<b>Current Liabilities</b>				
Payables	5,431	5,165	11,145	9,839
Tax Payable	1,671	258	1,945	1,082
	<u>7,102</u>	<u>5,423</u>	<u>13,090</u>	<u>10,921</u>
<b>Total Liabilities</b>	<b><u>512,948</u></b>	<b><u>211,269</u></b>	<b><u>217,839</u></b>	<b><u>215,670</u></b>
<b>Total Equity and Liabilities</b>	<b><u>1,683,464</u></b>	<b><u>892,062</u></b>	<b><u>1,305,863</u></b>	<b><u>933,688</u></b>
Net Assets per share (Rs.)	19.53	13.62	18.59	14.36

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

Sgd.  
**D L Wijesekara**  
**Accountant**

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

Sgd.  
**T W De Silva**  
**Director**

Sgd.  
**A J Alles**  
**Director**

14 February 2013

# LANKA VENTURES PLC

## STATEMENT OF CHANGES IN EQUITY (Unaudited) Group

	Stated Capital (Rs. ' 000)	Retained Earnings (Rs. ' 000)	Minority Interest (Rs. ' 000)	Total (Rs. ' 000)
Balance at 1 April 2011	631,638	168,622	91,524	891,784
Net profit / (loss) for the period	-	48,489	188	48,677
Dividend	-	(75,000)	-	(75,000)
<b>Balance as at 31 December 2011</b>	<b>631,638</b>	<b>142,111</b>	<b>91,712</b>	<b>865,461</b>
Balance at 1 April 2012	631,638	297,955	158,431	1,088,024
Issue of shares during the period	-	-	30,861	30,861
Net profit / (loss) for the period	-	121,953	7,456	129,409
Dividend	-	(75,000)	(2,778)	(77,778)
<b>Balance as at 31 December 2012</b>	<b>631,638</b>	<b>344,908</b>	<b>193,970</b>	<b>1,170,516</b>

## STATEMENT OF CHANGES IN EQUITY (Unaudited) Company

	Stated Capital (Rs. ' 000)	Retained Earnings (Rs. ' 000)	Total (Rs. ' 000)
Balance at 1 April 2011	631,638	87,843	719,481
Net profit / (loss) for the period	-	74,686	74,686
Dividend	-	(75,000)	(75,000)
<b>Balance as at 31 December 2011</b>	<b>631,638</b>	<b>87,529</b>	<b>719,167</b>
Balance at 1 April 2012	631,638	86,380	718,018
Net profit / (loss) for the period	-	37,775	37,775
Dividend	-	(75,000)	(75,000)
<b>Balance as at 31 December 2012</b>	<b>631,638</b>	<b>49,155</b>	<b>680,793</b>

**LANKA VENTURES PLC**  
**CASH FLOW STATEMENTS (Unaudited)**

**For the Nine Months Ended 31 December**

	<b>Group 2012</b>	<b>Company 2012</b>	<b>Group 2011</b>	<b>Company 2011</b>
	<b>(Rs. ' 000)</b>	<b>(Rs. ' 000)</b>	<b>(Rs. ' 000)</b>	<b>(Rs. ' 000)</b>
<b>Operating activities</b>				
Cash generated from operations	3,125	43,739	35,917	(15,991)
Tax paid	(83)	-	(1,209)	(493)
<b>Net cash from operating activities</b>	<b>3,042</b>	<b>43,739</b>	<b>34,708</b>	<b>(16,484)</b>
<b>Investing activities</b>				
Purchase of property, plant & equipment	(10,476)	(210)	(5)	(5)
Investment in subsidiary	-	-	-	(200,000)
Investment in associates	(40,000)	-	(384,000)	-
Purchase of long term investments	(2,732)	-	(16,600)	-
Disposal of long term investment	53,726	26,866	-	-
Disposal of unit trust	52,880	52,880	-	-
Disposal of short term investments	-	-	50,000	50,000
<b>Net cash generated from / (used in) investing activities</b>	<b>53,398</b>	<b>79,536</b>	<b>(350,605)</b>	<b>(150,005)</b>
<b>Financing activities</b>				
Proceeds from short term loans	-	-	275,000	275,000
Dividend paid	(77,778)	(75,000)	(75,000)	(75,000)
Interest paid	(20,347)	(19,682)	-	-
Proceeds from issue of preference shares by subsidiary subscribed by minority shareholders	300,000	-	-	-
Proceeds from issue of ordinary shares by subsidiary subscribed by minority shareholders	75,903	-	-	-
<b>Net cash used in financing activities</b>	<b>277,778</b>	<b>(94,682)</b>	<b>200,000</b>	<b>200,000</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>334,218</b>	<b>28,593</b>	<b>(115,897)</b>	<b>33,511</b>
<b>Movement in cash and cash equivalents</b>				
At start of year	321,093	104,894	304,016	153,302
Increase / (decrease)	334,218	28,593	(115,897)	33,511
<b>At end of period</b>	<b>655,311</b>	<b>133,487</b>	<b>188,119</b>	<b>186,813</b>

**Explanatory Notes :**

- 1 The interim financial statements are subject to audit.
- 2 The same accounting policies and methods of computation have been followed in interim financial statements as compared with the most recent audited financial statements.
- 3 The interim financial statements have been prepared in accordance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 01 January 2012. These Sri Lanka Accounting Standards comprise of Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS) in terms of which the Company is required to prepare interim financial statements in accordance with LKAS 34 - Interim Financial Reporting. However, the Institute of Chartered Accountants of Sri Lanka allows Companies to prepare interim financial statements during the first financial year commencing on or after 01 January 2012 in accordance with Sri Lanka Accounting Standards that existed immediately prior to that date (SLASs) with disclosures on impact to the Statement of Comprehensive Income for the period and Net Assets based on SLFRS/LKAS.

Accordingly the Company has quantified the impact to the Statement of Comprehensive Income for the period (before taxes) and Net Assets based on SLFRS/LKAS as follows :

**Company / Group**

Area of Impact	Description	Impact to the Statement of Comprehensive Income		Impact to the Net Assets
		Profit for the period as per the Statement of Comprehensive Income	Statement of Other Comprehensive Income	As at 31 December 2012
		nine months ended 31	December 2012	
Staff Loans	All staff loans are recognized initially at fair value. Subsequent interest is calculated based on the market interest rate prevailed at the date of grant of the loan. The difference between the transaction amount and the fair value is determined based on market interest rate is treated as pre-paid staff cost and is amortized.	Increase by Rs. 30,287	No Impact	Increase by Rs. 71,432
Available for Sale Financial Assets	Subsequent measurement of investments classified as Available for Sale is at fair value and the corresponding changes in fair value is recognized in equity through the Statement of Other Comprehensive Income.	No Impact	Decrease by Rs. 3,221,241	No Impact

**Group**

Available for Sale Financial Assets	Subsequent measurement of investments classified as Available for Sale is at fair value and the corresponding changes in fair value is recognized in equity through the Statement of Other Comprehensive Income.	No Impact	Decrease by Rs. 8,412,323	Increase by Rs. 56,969,368
Deemed Disposal Profit	Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions through the Statement of Changes in Equity.	Decrease by Rs. 46,096,500	No Impact	No Impact

- 4 There have been no material events subsequent to the end of the period that require disclosure other than those disclosed in these notes.
- 5 The stated capital comprises 50,000,000 Ordinary Shares.
- 6 During the period, LVL Energy Fund Limited (LEF) issued 1,731,812 ordinary shares @ Rs. 45/- each amounting to Rs. 78 Mn under the private placement resulting in a deemed disposal profit of Rs. 46 Mn shown in the consolidated income statement.
- 7 During the period, LEF issued 30,000,000 cumulative redeemable preference shares @ Rs. 10/- each amounting to Rs. 300 Mn to the DFCC Bank.
- 8 Dividend paid :  
A final dividend of Rs. 1.50 per ordinary share for the financial year ended 31 March 2012 was declared on 20 July 2012 and was paid on 25 September 2012.
- 9 There were no liabilities for management fees or any other similar expenditure not provided for in the interim financial statements.

10 The market price per share

**for the quarter ended 31 December**

	<b>2012</b>	<b>2011</b>
Highest price	Rs. 34.90	42.20
Lowest price	Rs. 30.00	30.30
Market price as at 31 December	Rs. 32.00	38.20

11 Twenty major shareholders of the Company as at 31 December 2012

<b>Name of shareholder/company name</b>	<b>No. of Shares</b>	<b>% of issued Capital</b>
1 Acuity Partners (Private) Limited	39,790,393	79.58
2 Merchant Bank of Sri Lanka Limited A/C No 1	599,800	1.20
3 Mr. A. M. Weerasinghe	521,400	1.04
4 Mr. A. Vijitha	420,000	0.84
5 Mr. A. P. Somasiri	280,000	0.56
6 Merchant Bank of Sri Lanka Limited / Union Investments Limited	279,700	0.56
7 Mr. J. D. N. Kekulawala	270,000	0.54
8 Hallsville Trading Group INC.	220,824	0.44
9 Mr. R. Veerasuntharam	200,000	0.40
10 Waldock Mackenzie Limited / Mr. L. P. Hapangama	193,500	0.39
11 Bank of Ceylon - No 2 A/C	177,600	0.36
12 Mrs. F. S. Sabry	172,700	0.35
13 Miss. J. A. Srimathi	157,842	0.32
14 E. W. Balasuriya & Co. (Private) Limited	150,507	0.30
15 Mr. C. R. Perera	137,734	0.28
16 Mr. M. A. Wijetunge	120,306	0.24
17 Mr. K. C. Vignarajah	119,300	0.24
18 Mr. K. S. D. Senaweera	110,000	0.22
19 Mrs. M. L. De Silva	110,000	0.22
20 J. B. Cocoshell (Private) Limited	105,400	0.21
<b>Total</b>	<b>44,137,006</b>	<b>88.29</b>

12 Percentage of shares held by public as at 31 December 2012 : 20.42%